
Lepu Medical Technology (Beijing) Co., Ltd.
2022 Annual Report

Important notice

As at the date of this annual report, the company is in compliance with the corporate governance requirements applicable to it as a PRC public company listed on the Shanghai Stock Exchange in all material aspects.

All directors have attended the board meeting of considering this report.

The audit opinion of BDO China Shu Lun Pan CPAs to the Company financial report for this year is: Standard unqualified opinion.

The alternation condition of accounting firm in this report period: The Company accounting firm for this year has changed to BDO China Shu Lun Pan CPAs.

Non-standard audit opinions notification

Applicable Not Applicable

The Company was unprofitable when it was listed and has not achieved profitability at present.

Applicable Not Applicable

Report-period profit distribution plan or transfer plan of provident fund to share capital reviewed by the board of directors

Applicable Not applicable

The Company has passed the preliminary profit distribution plan through consideration of this board of directors: Based on the total share capital of date of record in the future implementation of the equity distribution plan in 2022, after the repurchased shares are deducted, a cash dividend of RMB 3.41 (including tax) will be distributed to all shareholders for every 10 shares, 0 shares will be distributed to all shareholders for bonus shares (including tax), and 0 shares will be transferred to all shareholders from the capital reserve fund for every 10 shares.

Preferred stock profits distribution plan in this reporting period approved by the Board of Directors

Applicable Not Applicable

Section I . Company Introduction and Main Financial Indicators

1. Company profile

| | | | |
|--------------------------------|--|--|--------|
| Stock abbreviation | Lepu Medical | Stock code | 300003 |
| Share exchange for listing | Shenzhen Stock Exchange | | |
| Contact person and information | Board Secretary | Securities Affairs Representative | |
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2. Brief introduction to main businesses or products in the report period

I. Main business and report

We are the only total-solution provider in the PRC across the full life cycle of cardiovascular disease management, our business sectors are divided into medical devices, pharmaceuticals, medical Care Solutions.

Medical device: We are a pioneer in the innovative coronary medical device market in the PRC, and primarily offer cardiovascular medical devices such as coronary interventional products, peripheral interventional products, structural heart disease products, cardiac rhythm management products, and electrophysiology and digital subtraction angiography (DSA) equipment, etc. In recent years, we have gradually expanded the resources in precision manufacturing, design and development, clinical registration, academic promotion, sales channels and supply chain to non-cardiovascular medical devices such as in-vitro diagnosis and surgical anesthesia by using the industry experience accumulated in cardiovascular implant intervention for many years. We had obtained 569 NMPA type II and type III licenses, 224 CE certificates and 33 FDA approvals in medical devices as of December 31, 2022. During the reporting period, we have been newly approved with 29 NMPA licenses and 53 CE certificates.

Pharmaceutical: We are one of the platform companies for cardiovascular disease management in China, and our products mainly include active pharmaceutical ingredients and finished dosage forms (FDF) pharmaceuticals. We had 85 pharmaceuticals included in the NRDL as of December 31, 2022, primarily antihyperlipidemic, antihypertensive,

antihyperglycemic, anti-thrombotic and anti-heart failure pharmaceuticals. During the reporting period, 5 generic drugs of us have been approved.

Medical Care Solutions: We provide cardiovascular-related medical care solutions through our cardiovascular hospital, Internet hospitals, check-up center, independent clinical laboratories, and online pharmacies. . In addition, we provide all kinds of hardware equipment for monitoring vital signs for hospitals and individual consumers at all levels, and we can provide long-distance dynamic ECG monitoring services based on artificial intelligence AI-ECG Platform. Related products include medical equipment, software systems and medical consumables. At present, we are further exploring vertical sectoration areas with strong consumer attributes such as ophthalmology, dentistry and dermatology through mergers and acquisitions and self-research.

Facing the challenge of normalization of volume-based procurement, we adhere to the development strategies of "innovation, consumption, internationalization, integration, efficiency improvement and steady development" and resist the price risk of depreciation of a single product with the advantage of platform.

In terms of innovation, we have been deeply involved in the field of cardiovascular intervention, continuously invested and iteratively optimized to form an echelon R&D line, and dynamically adjusted the R&D process through insight into the market structure, giving priority to projects with excellent competitive pattern and optimistic commercialization prospects, and ensuring the long-term competitiveness of the R&D line. During R&D of innovative products, we have explored a sustainable way to incubate innovative products. From R&D and commercialization of a single product to the planning and commercialization of the entire R&D matrix, we have mature experience. At present, our R&D line has covered various subdivisions of cardiovascular intervention such as coronary intervention, peripheral intervention, structural heart disease, cardiac rhythm management and electrophysiology, and the product portfolio is extensive in different stages of life cycle. Under the normalization environment of volume-based procurement, we insist on innovation, prudently conduct R&D projects of line layout and product portfolio in the matrix, closely track policy changes to predict market conditions, promote the progress of project R&D and commercialization in an orderly manner, and select suitable products in the portfolio for commercialization at the right time to ensure the stable growth of innovative products with pricing power in the early and middle life cycle. The following table shows the estimated important products to be listed in each year from 2023 to 2026 by combing the core products in the existing R&D line in accordance with the previous R&D experience and the routine time of the approval procedure

of China Food and Drug Administration. As of the disclosure date of the report, some products have been approved for sales. Under the normalization and institutionalization of volume-based procurement, we will also horizontally copy the market-oriented competitive advantage accumulated in coronary artery all the year round to cardiovascular implant intervention in other sub-sectors, quickly increase the market share to the leading position before the arrival of volume-based procurement in inter-provincial alliance, and actively respond to volume-based procurement in inter-provincial alliance or national level in order to further enhance the market share. And our advantages of large-scale production can also ensure further cost control after the products enter volume-based procurement of provincial alliance or the national level, and try to hedge the possible risk of depreciation caused by volume-based procurement.

| | 2023 | 2024 | 2025 | 2026 |
|--------------------------|---|--|--|---|
| Coronary | ★ Fractional Flow Reserve (FFR) measurement catheter/device | ★ Pulsed sonic balloon dilatation catheter AI-QCA | ★ Rapamycin infusion system Rapamycin-coated balloon catheter | ★ Intra vascular ultrasound Drug-coated coronary scoring balloon Drug-coated cutting balloon Pressure-controlled intermittent coronary sinus occlusion |
| Peripheral artery | ★ Small peripheral cutting balloon | Large peripheral cutting balloon ★ Pulsed sonic balloon dilatation catheter Above-the-knee PTA drug-coated balloon, below-the-knee PTA drug-coated balloon | ★ Vasodilator administration system ★ Rapamycin drug-coated balloon Peripheral vascular dissection stent | ★ Bioabsorbable drug eluting stent |
| Structural heart disease | ★ Biodegradable PFO occluder | Biodegradable ASD occluder ★ Transcatheter aortic valve replacement TAVR | Transapical mitral valve clip repair system (chordae tendineae) ★ Transapical mitral valve clip repair system | Biodegradable left atrial appendage occluder Transfemoral mitral valve clip repair system |
| CRM/electrophysiology | | ★ Radiofrequency septal puncture needle and device | ★ Cryo balloon ablation catheter and device Smart pacemaker | ★ Ultrasonic ablation catheter and device for renal artery ★ Pulsed electric field ablation catheter and device for atrial fibrillation |
| Heart failure | | | ★ Implantable cardiac contractility modulator | ★ Implantable resynchronization therapy pacemaker Left atrium assist device |
| Health management | ★ AED | ★ AI CGM | | |

| | | | | |
|------------------------|--|--|---|-------------------------|
| Consumer healthcare | ★ Orthokeratology lenses (Ventura) | ★ Orthokeratology lenses (Xingtai) Orthokeratology lenses care solution series ★ Modified sodium hyaluronate solution for injection | ★ Poly lactic acid dermis injection filling agent ★ Cross-linked sodium hyaluronate for injection | Composite filling agent |
|------------------------|--|--|---|-------------------------|

In terms of consumption, in addition to the existing health management medical device products, as shown in the above table, we have also explored in various vertical sectors, acquired relevant products and channel resources through acquisition and integration in ophthalmology, dentistry and dermatology, and cooperated with the R&D team in the layout and incubation of relevant pipelines. In 2023, this sector is expected to become a new source of revenue and profit growth of us. At present, the living standards of residents have improved, and the COVID-19 epidemic has also had a great impact on people's health awareness. We believe that there will be a huge market space for medical products with consumption attributes. Under the background of volume-based procurement in China, we hope to achieve a steady growth of overall performance through multi-channel income sources, so in recent years, we have explored the layout of consumer medical field. We have sold the existing health management medical device products through online e-commerce and offline pharmacies, among which the offline pharmacy under the charge of the retail team of the Company, having a certain synergistic effect with the pharmaceutical sales outside hospitals. Online e-commerce is the focus of our strategic layout. Through continuous internal resource integration, we are gradually optimizing the management of e-commerce channels, improving the marketing ability of online self-operated stores, enhancing our brand reputation and product awareness through high-quality products and perfect after-sales service system, and improving customer stickiness.

About internationalization, we continue to tap the potential of overseas business development through extensive product portfolio and multi-channel sales system. We have continuously promoted product registration and declaration of products overseas. During the reporting period, we had 53 new CE certifications, and at present, our products and services are sold in more than 150 overseas countries and regions. Our products sold overseas include coronary interventional products, occluder, in vitro diagnosis, staplers, ultrasonic scalpel and active pharmaceutical ingredients, etc. In 2023, with the convenience of overseas navigation, we are actively participating in medical device exhibitions around the world, fully exploiting the resources of overseas distributors and hospitals, and promoting overseas registration and commercialization of products of various business lines. As of the disclosure date of the report, we have confirmed to participate in medical device exhibitions in Turkey, Thailand,

Uzbekistan, Malaysia, Japan, India, Brazil, Scotland, the United States, South Korea, Saudi Arabia, South Africa, Spain, Germany and Russia, etc. The Company will actively display various products including but not limited to coronary interventional products, occluder, vital signs monitoring, in-vitro diagnosis and surgical anesthesia, etc., at the exhibition, so as to enhance the international reputation of our brand.

During the reporting period, the Company was listed on Six Swiss Exchange in Switzerland, and after underwriting fees was deducted, it raised a net capital of USD 220 million. In the future, we plan to develop overseas business from the following four directions: (1) We plan to set up overseas R&D centers to try global R&D, including clinical and registration applications for innovative products with proprietary intellectual property rights; (2) We plan to invest in new production bases overseas to increase production capacity and support global product supply; (3) We plan to set up a BD center overseas to authorize the introduction or joint development of products with leading technologies; (4) We plan to establish a sales and distribution network with customer service capability overseas, so as to penetrate the sales channels into the global medical institutions and retail channels and improve the global brand awareness of Lepu.

(1) Medical device

The medical device sector is the largest revenue sector of our business, it mainly includes cardiovascular intervention, in vitro diagnosis and surgical anesthesia, among which cardiovascular intervention is the core business sector of us. During the reporting period, the medical device sector of the Company realized an operating income of RMB 5878.8487 million, the main reason for the decline in revenue of the medical device sector is that the export of detection reagents related to COVID-19 contributed a lot to the operating income of this sector in the same period last year. After the impact of this part of income is deducted, the operating income of the regular business of our medical device sector had a year-on-year increase of 35.64%.

The representative products of our cardiovascular intervention business sector are shown in the following table. The income of cardiovascular intervention mainly comes from coronary intervention and structural heart disease business, and the product lines of peripheral intervention, cardiac rhythm management and electrophysiology are being enriched, and their income contribution is still low at this stage. With the implementation of centralized volume-based procurement of coronary stents organized by the central government, the proportion of traditional coronary metal stents business continued to decline, and the operating income of innovative product portfolio of cardiovascular intervention increased by 43.60 % year-on-year during the reporting period.

| Major class | Segmentation type | Product name | Category |
|---|--|--|-----------|
| Coronary interventional products | Stent | Partner [®] intra vascular drug (rapamycin) eluting stent system | Class III |
| | | Nano plus [®] intra vascular carrier-free pastille (rapamycin) eluting stent system | Class III |
| | | GuReater [®] cobalt-base alloy rapamycin eluting stent system | Class III |
| | | NeoVas [®] bioabsorbable coronary artery rapamycin eluting stent system | Class III |
| | Drug-coated balloon | Vesselin [®] coronary artery drug-coated balloon catheter | Class III |
| | Functional balloon | Vesscide [®] cutting balloon system | Class III |
| | Diagnostic category | Fractional Flow Reserve (FFR) measurement catheter | Class III |
| VessTec [™] disposable tubular stapler | | Class III | |
| Structural heart disease | Congenital heart disease occluder products | MemoPart [®] atrial septal defect occluder (double riveting) | Class III |
| | | MemoCarna [®] atrial septal defect occluder (oxide film) | Class III |
| | | MemoPart [®] ventricular septal defect occluder (double riveting) | Class III |
| | | MemoCarna [®] ventricular septal defect occluder (oxide film) | Class III |
| | | MemoPart [®] patent ductus arteriosus occluder (double riveting) | Class III |
| | | MemoCarna [®] patent ductus arteriosus occluder (oxide film) | Class III |
| | MemoSorb [®] fully degradable occluder | Class III | |
| Cardioembolic stroke prevention occluder products | MemoLefort [®] Left atrial appendage occluder | Class III | |
| Cardiac rhythm management products | Pacemaker | Qinming2312 single chamber pacemaker | Class III |
| | | Qinming8631 D/DR Series double chamber pacemaker | Class III |
| Peripheral intervention | Balloon | Peripheral cutting balloon | Class III |
| Image device | DSA | Medical angiographic X-ray machine Vicor-CV Robin C/Robin F type | Class III |
| | | Medical angiographic X-ray machine Vicor-CV Swift type | Class III |
| | | Vicor-LARK Mobile C-shaped arm X-ray machine | Class II |
| | Medical image process system | Vicor-AE | Class II |
| | High pressure injector | High pressure injector for angiography | Class II |
| | Color ultrasound | Diasonograph (type: LP3) | Class II |
| | | Diasonograph (type: LP5) | Class II |
| | | Diasonograph (type: LP7) | Class II |
| | | Diasonograph (type: LE-20) | Class II |
| Liver ultrasound | Quantitative liver shear wave diasonograph (Lescan) | Class III | |

Coronary intervention is most affected by the policies of volume-based procurement among our business sectors. At present, the business sector has achieved a smooth transition of centralized purchasing cycle. With the listing of new innovative products, the coronary intervention business is expected to start a new round of growth. In terms of coronary metal stents, influenced by the national policies on volume-based procurement, our revenue of coronary metal stents decreased significantly in 2021. In 2022, we completed the renewal of the bid, and the winning price of the product was RMB 798 (excluding incidental service fee). In the last round, our product won the bid price of RMB 645 (including the incidental service fee), and the price increased slightly. In terms of drug-coated balloons, in March 2023, we completed the renewal of the drug-coated balloons of the Beijing-Tianjin-Hebei 3+N Alliance, and the winning bid price of the product was RMB 6,285. The price system remained stable; In terms of coronary pathway products, products such as coronary guidewire, coronary guide catheter, and coronary dilation balloon, etc. have won the bid one after another in the volume-based procurement of provincial alliances. We had re-established the sales team of pathway accessories consumables, hoping to increase market share through centralized procurement and realize the sales revenue growth of this business. Under the continuous influence of the three-year policies on volume-based procurement, we combed the R&D line and continuously polished. Relying on the accumulated experience of R&D, clinical application and registration in the field of cardiovascular high-value consumables for more than 20 years, we realized the research, development and sales of a series of cardiovascular innovative medical device products, including drug-coated balloons, degradable stents, cutting balloons (coronary artery), biodegradable occluders, cutting balloons (periphery), disposable tubular staplers and Fractional Flow Reserve (FFR) measurement catheter, etc., cooperated with the advantages of channel, realized the optimization and adjustment of income structure, effectively eliminated policy risks, and promoted the sustainable and benign development of cardiovascular intervention sector in the future.

In the field of coronary intervention, our products have basically covered the whole process of PCI surgery, including DSA equipment needed for imaging diagnosis, various accessories needed for establishing vascular pathway for interventional surgery, functional balloons involved in PCI surgery, traditional metal stents, degradable stents and drug-coated balloons. As of the disclosure date of the report, our important products, Fractional Flow Reserve (FFR) measurement catheter (GXZB 20223071559) and Fractional Flow Reserve (FFR) measurement device (GXZB 20233070007), have obtained the registration certificate of medical devices approved by National Medical Products Administration. The products can

calculate and obtain coronary blood flow Fraction Flow Reservation (FFR), the FFR value can evaluate the hemodynamic significance of coronary artery stenosis. If the FFR value is lower than 0.8, it indicates that coronary artery stenosis has significantly led to myocardial ischemia, and coronary artery revascularization needs PCI or other interventional therapy. At present, FFR is the "gold standard" for the functional evaluation of coronary artery stenosis, including *Guidelines on Myocardial Revascularization* of ESC/EACTS (European Society of Cardiology/European Association for Cardiothoracic Surgery), *Key Update of Expert Consensus Statement* in 2018 of SCAI (Society for Cardiovascular Angiography and Interventions) of the United States, and *Guideline for Percutaneous Coronary Intervention in China* published in China, all of them use FFR to guide PCI and make precise treatment plans for coronary artery stenosis. In the field of vascular access products, during the reporting period, our disposable microcatheter and radial artery compression hemostat were successfully approved and registered by NMPA, which can be used for various interventional operations at the same time, further enriching our pathway product line. During the reporting period, the research and development progress of our key products for coronary intervention is shown in the following table. At present, we have submitted a registration application to NMPA for pulsed sonic balloon, and we are preparing to submit a registration application for the anchoring balloon.

| Category | Product | Design stage | Preclinical | Clinical | Registration |
|----------------------------|--|--------------|-------------|----------|----------------------|
| Functional balloon | ☆ Pulsed sonic balloon dilatation catheter | √ | √ | √ | √ |
| | Percutaneous transluminal coronary angioplasty (PTCA) balloon dilatation | √ | √ | √ | √ |
| | Coronary scoring balloon | √ | √ | √ | √ |
| | Anchoring balloon | √ | √ | | Prepare registration |
| | Drug-coated coronary scoring balloon | √ | | | |
| | Drug-coated cutting balloon | √ | | | |
| | Pressure-controlled intermittent coronary sinus occlusion | √ | | | |
| Drug-coated balloon | ☆ Rapamycin infusion system | √ | √ | √ | |
| | Rapamycin-coated balloon catheter | √ | √ | √ | |
| Intra vascular measurement | ☆ Intravascular ultrasound (IVUS) | √ | | | |
| | Pressure sensor system | √ | | | |

Note: The anchoring balloon has passed the comparison of the same variety and did not involve clinical trials

In the field of structural heart disease, our existing commercial products are mainly occluders, including cardiac occluders and cardiac stroke prevention occluders. In the field of

congenital heart disease, our products include atrial septal defect (ASD), ventricular septal defect (VSD) and patent ductus arteriosus (PDA) occluders. We insist on innovation, from the first generation (single/double riveting) to the second generation (single riveting of oxide film), and gradually iterate and upgrade until the third generation is biodegradable/bioabsorbable. In February, 2022, our key innovative product, MemoSorb® biodegradable occluder, obtained the medical device registration certificate approved by NMPA, it is the first biodegradable occluder approved for marketing in the world, avoiding various complications of traditional metal occluders and benefiting patients for a long time. MemoSorb® has been clinically applied in many hospitals in China since its sales. For biodegradable atrial septal (ASD) occluder, the registration application is expected to be submitted to NMPA in the second quarter of 2023. In the field of cardiogenic stroke prevention, our left atrial appendage (LAA) occluder has been commercialized, and the biodegradable left atrial appendage (LAA) occluder is currently in the clinical trial stage. Our traditional patent foramen ovale (PFO) occluder (single/double metal riveting) has been certified by CE and listed overseas. At present, the biodegradable traditional patent foramen ovale (PFO) occluder has been submitted to NMPA for registration and is being supplemented, and it is expected to be approved for sales in 2023.

In the future, we will further lay out the field of valvular disease. At present, the clinical products include transcatheter implantable aortic valve system, apical mitral valve repair system (chordae tendineae) and apical mitral valve clip repair system. As a self-expanding, pre-bending and short-stent valve, our ScienCrown® valve is obviously different from the domestic self-expanding valve products and foreign ball-expanding valve products in the market at present. In terms of valve performance, it has the advantages of smooth bowing, coaxial release, stable deployment, good support and 100% recovery, etc. under working conditions, solving the pain points of existing clinical demands and bringing new standard treatment methods to patients. ScienCrown® transcatheter implantable aortic valve system has completed clinical enrollment, and it is expected that, the registration application will be submitted to NMPA in the fourth quarter of 2023. The clinical enrollment of MemoClip-A® transapical mitral valve clip repair system will be completed soon, and it is expected to be complete in the second quarter of 2023 and the registration application will be submitted to NMPA in the fourth quarter of 2023.

| Category | Product | Design stage | Preclinical | Clinical | Registration |
|----------|--|--------------|-------------|----------|----------------------|
| Occluder | MemoSorb® biodegradable atrial septal defect occluder | √ | √ | √ | Prepare registration |
| | ☆MemoSorb® biodegradable patent foramen ovale occluder | √ | √ | √ | √ |
| | MemoSorb® bioabsorbable patent | √ | √ | √ | |

| | | | | | |
|-----------------|--|---|---|---|--|
| | foramen ovale occluder | | | | |
| | Bio-Lefort® biodegradable left atrial appendage occluder | √ | √ | √ | |
| Aortic valve | ☆ ScienCrown® transcatheter aortic valve replacement TAVR | √ | √ | √ | |
| | ☆ ScienMelon® transcatheter heart valve prosthesis with macromolecular valve leaflet | √ | √ | | |
| | Transcatheter aortic valve (balloon dilatation) | √ | √ | | |
| | ScienChute® transcatheter aortic valve stenosis treatment | √ | | | |
| | ScienChute® pulsed sonic generation equipment | √ | | | |
| | Aortic valve infusion system | √ | | | |
| Mitral valve | ☆ MemoClip-A® transapical mitral valve clip repair system (clip) | √ | √ | √ | |
| | MemoChord® transapical mitral valve clip repair system (chordae tendineae) | √ | √ | √ | |
| | Transcatheter valve ring repair system | √ | √ | | |
| | MemoClip-F® transapical mitral valve clip repair system | √ | √ | | |
| | Transcatheter mitral valve replacement | √ | √ | | |
| | Transcatheter musculi papillares repair system | √ | √ | | |
| Tricuspid valve | MemoClamp® transcatheter tricuspid valve repair system | √ | | | |
| | Transcatheter tricuspid valve replacement | √ | | | |
| Pulmonary valve | Transcatheter pulmonary valve replacement | √ | | | |

Through the collaboration of our internal R&D platform and the research on the development stages of the subdivided fields, we have further laid out corresponding R&D lines in the fields of peripheral implant intervention, cardiac rhythm management, electrophysiology, heart failure and neuro-modulation, and these business sectors are expected to become the new driving force for our subsequent cardiovascular implant intervention business growth.

In the field of peripheral implantation intervention, during the reporting period, our peripheral cutting balloon was approved by National Medical Products Administration. This is the first domestically-funded product approved for marketing in the field of peripheral arterial disease treatment in China, filling the blank of domestic similar products. This product can cut the hyperplastic or slightly calcified intima, with little irregular tear on the intima and little vascular damage, and is also conducive to the follow-up treatment of drug-coated balloons, providing more accurate surgical treatment tools for patients with peripheral arterial diseases and clinicians, and enriching clinical treatment schemes.

In the field of cardiac rhythm management and electrophysiology, the registration applications of our RF-Lance® radiofrequency septal puncture instrument and RF-Lance® disposable radiofrequency septal puncture needle have been submitted to NMPA as of the disclosure date of the report. Septal puncture is a necessary part of electrophysiological and structural heart disease surgery. Traditional mechanical puncture has a long learning curve, therefore, it is difficult for doctors to accurately predict the puncture point during operations, and the risk of complications is high. Radiofrequency septal puncture uses radio frequency energy to puncture, effectively reducing the risk of atrial septal puncture complications and shortening the learning curve of atrial septal puncture. At present, there is no commercialization of similar products in China, and it is expected that our product can fill the market gap and realize the first mover advantage.

| Category | Product | Design stage | Preclinical | Clinical | Registration |
|--------------------------------|--|--------------|-------------|----------|----------------------|
| Peripheral intervention | | | | | |
| Stent | ☆ Bioabsorbable drug eluting stent | √ | √ | | |
| | Peripheral vascular dissection stent | √ | √ | √ | |
| Drug-coated balloon | Above-the-knee PTA drug-coated balloon | √ | √ | √ | |
| | Below-the-knee PTA drug-coated balloon | √ | √ | √ | |
| | ☆ Vasodilator administration system | √ | √ | √ | |
| | ☆ Rapamycin peripheral drug-coated balloon | √ | √ | √ | |
| | ☆ Rapamycin infusion system | √ | | | |
| Functional balloon | Large cutting balloon | √ | √ | √ | Prepare registration |
| | ☆ Pulsed sonic balloon dilatation catheter | √ | √ | √ | Prepare registration |
| Volume reduction | Thrombus aspiration device | √ | | | |
| | Water-powered thrombectomy device | √ | | | |
| | Peripheral plaque rotational atherectomy system | √ | √ | | |
| | Rapid thrombus aspiration catheter and device | √ | √ | | √ |
| Electrophysiolog | | | | | |
| Ultrasonic ablation | ☆ Ultrasonic ablation catheter and device for renal denervation | √ | √ | √ | |
| | Ultrasonic ablation catheter and device for pulmonary artery denervation | √ | | | |
| Radiofrequency ablation | ☆ RF-Lance® radiofrequency puncture instrument | √ | √ | √ | √ |

| | | | | | |
|---|--|---|---|---|---|
| | ☆ RF-Lance® disposable radiofrequency septal puncture needle | √ | √ | √ | √ |
| | Radiofrequency ablation catheter and device for renal denervation | √ | √ | | |
| | Radiofrequency ablation catheter and device for chronic obstructive pulmonary disease (COPD) | √ | | | |
| | Radiofrequency venous cavity closing catheter and device | √ | √ | √ | |
| Pulsed electric field ablation | ☆ Pulsed electric field ablation catheter and device for atrial fibrillation | √ | | | |
| Cryo ablation | ☆Cryo balloon ablation catheter and device | √ | √ | √ | |
| | Spray cryocatheter for chronic obstructive pulmonary disease (COPD) | √ | | | |
| | Transbronchoscopic intracavitary cryocatheter | √ | | | |
| Cardiac rhythm management products | | | | | |
| Cardiac rhythm management products | Qinming8632 smart pacemaker | √ | √ | √ | |
| | MRI compatible smart pacemaker | √ | √ | | |
| | Implantable cardiac resynchronization defibrillator | √ | | | |
| Neuro-modulation | | | | | |
| Neuro-modulation | Implantable deep brain nerve stimulator | √ | √ | | |
| | Implantable vagus nerve stimulator | √ | | | |
| | Implantable spinal nerve stimulator | √ | | | |
| Heart failure | | | | | |
| Interatrial shunt device | Interatrial shunt device I | √ | √ | √ | |
| | Interatrial shunt device II (biodegradable) | √ | √ | | |
| | FireyDeva® interatrial shunt device III (radiofrequency ablation) | √ | √ | | |
| Circular mechanical support | Transcatheter left ventricular assist device | √ | √ | | |
| | Expandable left ventricular assist device | √ | | | |
| | Coronary artery protection and assist device | √ | | | |
| Others | ☆ Implantable resynchronization therapy pacemaker | √ | | | |
| | ☆ Implantable cardiac contractility modulator | √ | √ | | |

In the field of in vitro diagnosis, we can provide nearly a full product line of in vitro diagnostic products, including instruments, equipment and reagent consumables, covering biochemical, immune (chemiluminescence), molecular, blood and coagulation, POCT and other in vitro diagnosis sub-fields and important technical platforms. We has a strong advantage in instrument manufacturing. The products are upgraded and iterated in accordance with clinical demands, and the performance is continuously improved. In the future, we will further supplement the research and development and approval of supporting diagnostic reagents. Benefiting from the strong global demand for related products in COVID-19 in 2021-2022, the increasing variety of conventional products and the rapid expansion of sales channels, this business sector has a good growth trend.

In view of the policies of volume-based procurement in the field of in vitro diagnosis, we actively participates in it, and it is expected to further explore the in-hospital channels and achieve steady business growth through volume-based procurement. In November, 2022, Jiangxi Province Healthcare Security Administration announced *Notice on the Publicity of the Results of the Intended Volume-based Procurement of Liver Function Biochemical Testing Reagents by Inter-provincial Alliance*, and the results of the selected prices and manufacturers in the volume-based procurement of liver function biochemical reagents in 23 provinces and cities were announced, and all the declared items of the Company were selected as finalists.

As of the disclosure date of the report, the Company has approved 30 Class II and III instruments and equipment listed in the field of in vitro diagnosis, and 339 supporting diagnostic reagents. The following table shows some representative instruments and equipment and supporting diagnostic reagents of the Company. In the biochemical field, the products of the Company cover the detection of liver function, kidney function, electrolyte, glucose metabolism, blood lipid, cardiac markers and other related markers. In the field of chemiluminescence, the magnetic particle fully automated chemiluminescence immunoassay analyzer of the Company has formed a series of products, covering the detection of cardiac markers, tumors, infectious diseases, nail art, sex hormones, inflammation, autoimmune antibodies, glucose metabolism, bone metabolism and other related markers. The high-speed magnetic particle chemiluminescence instrument obtained the registration certificate in December 2022. In the aspect of coagulation and blood diagnosis, the Company has been iterating over the thromboelastograph, and launched a fully fully automated thromboelastograph, performing eight-channel detection at the same time to meet the demands of blood and coagulation-related detection. In the field of molecular diagnosis, the fully fully automated medical PCR analysis system, fully fully automated nucleic acid

extractor and other products of the Company have superior performance, and fast PCR analysis system and dual-module PCR are being registered.

| In vitro diagnostic device | In-vitro diagnostic reagent / test kit |
|---|--|
| Fluorescence immunochromatography analyzer LEPU Fluo-1800 Fluorescence immunochromatography analyzer LEPU Quant-Fluo 800 | N-terminal pro-brain natriuretic peptide, high-sensitivity cardiac troponin I, cardiac troponin I/heart-type fatty acid binding protein, cardiac troponin I/myoglobin/creatin kinase isoenzyme, D-dimer, S100-β protein, procalcitonin, urinary microalbumin, cystatin C, neutrophil gelatinase-related lipocalin and β2-microglobulin |
| Colloidal gold immunochromatographic analyzer | N-terminal pro-brain natriuretic peptide, cardiac troponin I, heart-type fatty acid binding protein, cardiac troponin I/myoglobin/creatin kinase isoenzyme, D-dimer, myeloperoxidase, lipoprotein phospholipase A2, C-reactive protein, procalcitonin, and serum amyloid A/C-reactive protein |
| Fully automated biochemical analyzers | Liver function, kidney function, electrolyte, glucose metabolism, blood lipid and cardiac markers, etc. |
| Fully automated chemiluminescence immunoassay analyzer iTube 3000 | Cardiac markers, tumors, infectious diseases, thyroid function, sex hormones, inflammation, autoimmune antibodies, glucose metabolism, markers related to bone metabolism, etc. |
| Fully automated blood group analyzer | ABO, RhD blood type antigen test card, Rh blood group typing test card, anti-human globulin test card, etc. |
| Fully-automated thromboelastographic analyzer CFMS LEPU-Auto8 Thromboelastographic analyzer CFMS LEPU-8880/8800 | Heparinase cup and general cup |
| Fully automated platelet aggregator LEPU FastRing FR 1000 | Epoxidase-1 platelet aggregation detection test kit card, P2Y12 receptor platelet aggregation detection test kit card |
| Fully automated medical PCR analysis system | Nucleic acid extraction, purification reagent |
| Blood sugar, ketone body and uric acid detector | Blood sugar test paper, carcass test paper and uric acid test paper |
| Pipeline Automatic ELISA Workstation | General test paper |

In the field of surgical and anesthesia devices and consumables, the business sector of the Company has maintained a rapid growth in recent years, benefiting from the domestic substitution brought about by the policies of volume-based procurement. As shown in the following table, Lepu Surgery has a comprehensive layout in open surgical stapler, endoscopic surgical stapler, endoscopic surgical auxiliary products, non-vascular interventional stents (esophageal/respiratory/biliary/intestinal stents) and anesthetic consumables. In open surgery, the Company has a extensive stapler product line and complete specifications. In terms of endoscopic surgery, the products of the Company cover stapler, ultrasonic scalpel and various auxiliary products, and the R&D line of absorbable material tissue holders is an important layout of the innovative products of the Company. In December, 2022, Fujian Provincial Healthcare Security Bureau organized the provincial alliance for volume-based procurement of medical consumables such as endoscope cutting,

kissing and suturing devices. All products of the whole lines of endoscope series of the several brands owned by Lepu Surgery won the bid, and the manual and electric endoscope of Changsha Runjie, a brand owned by Lepu Surgery, was qualified for the first allocation of surplus. In 2023, by winning the bid of volume-based procurement, the market share of relevant products of the Company is expected to further increase, and this business sector can achieve steady growth.

| | Major class | Sub-category |
|------------|---|--|
| Surgery | Stapler (open) | Linear \ tubular stapler, anorectal stapler, linear \ arc cutting stapler and skin stapler |
| | Stapler (endoscope) | Endoscopic stapler I (manual), endoscopic stapler II (manual), electric endoscopic stapler |
| | Ultrasonic scalpel (open and endoscope) | Host and 3mm cutter head |
| | Auxiliary products (endoscope) | Puncture device, tissue holder, ligature device, fascia closer, incision protective sleeve, etc. |
| | Non-vascular interventional stent | Esophageal stent, respiratory stent, biliary stent and intestinal stent |
| Anesthesia | Consumables | Medicated central venous catheter, central venous catheter, tracheal intubation, arterial blood sample collector, medical laryngeal mask, anesthesia mask and portable infusion pump, etc. |

During the reporting period, Vsonic 600 for ultrasonic diagnostic equipment for digestive tract endoscope independently developed by the Company obtained NMPA registration certificate. The product consists of an ultrasonic probe, a probe driver, an image processor, a keyboard and a foot switch, and can realize ultrasonic imaging of the human digestive tract (including esophagus, stomach, duodenum and colon) and surrounding tissues. As shown in the following table, in addition to the approved products during the reporting period, the company will further lay out the endoscope and its supporting consumables.

| | Design stage | Preclinical | Clinical | Registration | Approved for sales |
|---|--------------|-------------|----------|--------------|--------------------|
| Ultrasonic diagnostic equipment for digestive tract endoscope | √ | √ | √ | √ | √ |
| Electronic lower gastrointestinal endoscope | √ | √ | √ | √ | √ |
| Ultrasonic diagnostic equipment for respiratory tract endoscope | √ | √ | √ | √ | Expected in 2023Q3 |
| Electronic upper gastrointestinal endoscope | √ | √ | √ | √ | √ |
| Disposable pyeloscope | √ | √ | √ | √ | Expected in 2023Q2 |
| Electronic bronchoscope | √ | √ | | | Expected in 2024Q1 |
| 170° electronic colonoscope | √ | √ | | | Expected in 2024Q1 |

| | | | | | |
|---|---|---|--|--|--------------------|
| Disposable electronic bronchoscope | √ | √ | | | Expected in 2024Q1 |
| Ultrasonic endoscope for digestive tract | √ | √ | | | Expected in 2024Q3 |
| Ultrasonic endoscope for respiratory tract | √ | √ | | | Expected in 2024Q3 |
| Transbronchoscopic intracavitary freezing treatment machine | √ | | | | Expected in 2025Q1 |
| One-way valve system for bronchus | √ | | | | Expected in 2025Q4 |

(2) Pharmaceutical

The pharmaceutical sector is a long-term and stable cash flow business of the Company, mainly divided into FDF (generic drugs) and API. During the reporting period, the pharmaceutical sector realized an operating income of RMB 3438.0886 million, with a year-on-year increase of 5.52%; Among them, the FDF (generic drugs) realized an operating income of RMB 2988.8238 million, with a year-on-year increase of 6.06%; The operating income of active pharmaceutical ingredient reached RMB 449.2649, with a year-on-year increase of 2.06%.

The FDF products include all kinds of generic drugs and Chinese patent medicines. The product layout of the Company closely focuses on the core strategy of serving the majority of cardiovascular patients, mainly targeting the main cardiovascular indications, including lowering blood fat, lowering blood sugar, lowering blood pressure, resisting heart failure and thrombosis. At present, the important generic drugs of the Company in the cardiovascular field include clopidogrel bisulfate, atorvastatin calcium, valsartan capsules, amlodipine besylate tablets, losartan potassium and hydrochlorothiazide tablets, isosorbide mononitrate sustained-release tablets, Tigrello tablets, apixaban tablets and acarbose tablets, etc. During the reporting period, as shown in the following table, clopidogrel hydrogen sulfate aspirin tablets, aspirin enteric-coated tablets, rivaroxaban tablets, sitagliptin phosphate tablets and valsartan and amlodipine tablets (I) of the Company have all been registered in accordance with the conformity evaluation of generic drugs, and have been approved for sales.

| Pharmaceutical name | Indications | Registration classification |
|--|--|-----------------------------|
| Clopidogrel hydrogen sulfate aspirin tablets | Acute coronary syndrome, myocardial infarction, stable angina pectoris | Chemical drug 4 |
| Aspirin enteric-coated tablets | It can inhibit platelet aggregation and prevent thrombosis | Chemical drug 4 |
| Rivaroxaban tablests | Prevention and treatment of venous thrombosis by acute hip or knee replacement surgery | Chemical drug 4 |
| Sitagliptin phosphate tablets | Type II diabetes | Chemical drug 4 |
| Valsartan and amlodipine tablets (I) | Hypertension | Chemical drug 4 |

Note: Valsartan and amlodipine tablets (I) valsartan 80mg, amlodipine 5mg

In 2023, the Company will continue to actively use the brand advantages in the cardiovascular field, exert synergies in various marketing channels, continuously tap the market space of existing generic drugs and proprietary Chinese medicines, fully promote the newly approved generic drugs, promote the market competition pattern as shown in the following table, and actively seek cooperation opportunities for potential innovative drugs in the cardiovascular field, so as to seek the stable development of the pharmaceutical sector.

| Type | Pharmaceutical name | Indications | Stage |
|----------------|---|---|--------------|
| Hyperglycemia | Sitagliptin phosphate tablets | Diabetes mellitus | Resigtration |
| | Invokana and metformin extended-release tablets | Diabetes mellitus | Resigtration |
| | Jardiance | Diabetes mellitus | Resigtration |
| | Recombinant GLP-1 receptor stimulant injection | Diabetes mellitus | Clinical |
| | Insulin glargine | Diabetes mellitus | Resigtration |
| Hypertension | Doxazosin mesylate extended release tablets | Symptomatic treatment of benign prostatic hyperplasia Hypertension | Resigtration |
| | Nifedipine controlled released tablets | Hypertension | Resigtration |
| Hyperlipidemia | Rosuvastatin calcium tablets | Reducing blood lipid | Resigtration |
| | Ezetimibe and pitavastatin calcium tablet | Lipid-lowering, treatment of acute coronary syndrome | Clinical |
| Others | Oseltamivir phosphate for suspension | Used for the prevention and treatment of viral cold. | Resigtration |
| | Tofacitinib citrate sustained-release tablets | Rheumatoid arthritis, psoriatic arthritis, ulcerative colitis | Resigtration |
| | Ursodeoxycholic acid capsule | Sterol gallstones, cholestatic liver disease, bile reflux gastritis | Resigtration |
| | Ritonavir tablet | Treatment of advanced or non-progressive AIDS patients independently or in combination with antiretroviral nucleoside drugs; It can be used in combination with Nematode tablets for the treatment of COVID-19. | Resigtration |

(3) Medical Care Solutions

The medical care solutions sector is a new business sector actively cultivated by the Company. This business is an innovative business of the Company, with constantly increasing investment. In the future, the business will rely on the advantages of data and technology to continuously expand its sales channels. In the reporting period, the medical service and health management sector realized an operating income of RMB 1292.5048 million, with a year-on-year increase of 4.91%. Compared with the same period of last year, excluding the contribution of products related to COVID-19 epidemic in this sector, the

operating income of routine business in the medical service and health management sector of the Company has a year-on-year increase of 11.73%.

(I) Medical Service

Based on the platform strategy of one-stop service for cardiovascular diseases of the Company, the Company strategically deployed a cardiovascular specialist hospital,, internet hospitals, a check-up center, Internet hospitals and independent clinical laboratories, and online pharmacies.

High-Tech Specialized Cardiovascular Hospital in Hefei is a large-scale tertiary specialized hospital focusing on the treatment of cardiovascular diseases, with a total establishment of 500 beds, integrating medical treatment, first aid, rehabilitation and scientific research, and providing comprehensive diagnosis and treatment services for patients with cardiovascular diseases. In accordance with the strategic layout of the Company, the hospital is an important part of innovative product clinical trials of the Company. As of the disclosure date of the report, the Company has conducted and completed clinical trials in this hospital with some important innovative products, such as the transcatheter aortic valve replacement (ScienCrown[®]), the transapical mitral valve clip system (MemoClip-A[®]), the transapical mitral valve artificial chordae repair system, biodegradable patent foramen ovale occluder and biodegradable atrial septal defect occluder, etc. At present, the hospital animal testing center has been put into operation, it increases new sources of income for the hospital and enhance its profitability. It is expected that the hospital operation will break even in 2023.

(II) Health management

The health management business of the Company has formed a series of product solutions for vital sign monitoring, chronic disease management and rehabilitation management based on artificial intelligence technology, connecting different health scenes inside and outside the hospital, realizing the interconnection of various independent diagnostic products, covering disease prevention, diagnosis, treatment and rehabilitation.

In terms of vital sign monitoring, the Company has a wide range of vital sign monitoring products with AI-ECG as the core, realizing various functions such as dynamic ECG, static ECG, bedside monitoring and wearable telemetry, etc., helpful for hospital information construction to improve the efficiency of diagnosis and treatment, and at the same time, providing convenience for vital sign monitoring of patients at home. The accuracy of AI-ECG artificial intelligence technology of the Company has been tested by authoritative databases such as CSE, MIT, AHA, NST and CTS. The intelligent diagnosis categories are refined to 16 categories, and there are more than 100 kinds of abnormal ECG events. The

accuracy of P wave group positioning can reach 98.9%, the accuracy of atrial fibrillation identification can reach 99.97%, and the comprehensive accuracy of ECG analysis and diagnosis can reach over 95.2%. At present, the Company has cooperated with 14,000+medical institutions nationwide for ECG artificial intelligence technology, the accumulated ECG real-time data has exceeded 220 million, and the total ECG report has reached 3.8 million.

In terms of chronic disease management, the Company provides complete solutions for family chronic disease management, including health integrated machine, oximeter, ECG detector, ventilator, oxygen generator, etc. Through its own OTC sales team, the company gradually spreads all kinds of products including integrated machine in pharmacies, and also actively carries out online e-commerce platform sales.

In terms of rehabilitation management, the products of the Company include neural function reconstruction, pelvic floor rehabilitation, sports rehabilitation and other products to realize remote rehabilitation guidance and optimize home rehabilitation management.

The Company launched a strategic layout in the field of consumer medical devices, and constantly explored the consumer market. As shown in the following table, at present, there are products in the fields of dentistry, ophthalmology and dermatology. In the field of dentistry, Leqi, a subsidiary company of Lepu, focuses on invisible orthodontics for children and adults, and in accordance with the demands of market sectors, it has launched a series of special products such as efree children's growth trend aligner and ifree children's and adolescents' invisible aligner to provide quality products for more age groups. In the field of ophthalmology, Shanghai Essence, a subsidiary company, represents and sells orthokeratology lenses and supporting nursing products. The Company is also rapidly promoting the independent research and development of orthokeratology lenses and supporting nursing products. As of the disclosure date of the report, the orthokeratology lenses of Ventura, a subsidiary company, have been approved for sales. In the field of dermatology, the Company has laid out a series of dermatology products by using the R&D platform of materials science. At present, B5 hyaluronic acid moisturizing essence has been sold on the e-commerce platform. On the basis of cosmetic products, the Company will further launch injection products.

| | Dental department | Ophthalmology Department | Dermatology Department | Health management |
|---------|--------------------------|----------------------------------|--|---|
| Brand | Lepu Leqi | Ventura/Ventura | Lepu Lab | Lepu |
| Product | TOPSPEED Bracket series | Orthokeratology lenses (Ventura) | B5 hyaluronic acid secondary polishing essence | Vital signs monitoring (static and dynamic) |

| | | | | |
|--|--------------------------------------|----------------------------------|---|---|
| | | | | ECG/bedside monitoring/wearable telemetry) |
| | efree Growth invisible aligner | Orthokeratology lenses (Ventura) | Blue copper peptide conotoxin secondary polishing essence | Chronic care management (comprehensive/sleeping) |
| | ifree Three-in-one invisible aligner | | | Rehabilitation management (pelvic floor/nerve/pain/sport) |
| | Lepu Leqi Invisible aligner | | | |

II. Position of the Company in the industry

We are the only total-solution provider in the PRC across the full life cycle of cardiovascular disease management, our products and services involve medical devices, pharmaceuticals, medical care solutions. We are one of the earliest companies in the PRC to offer coronary interventional products, have the only national engineering technology research center for interventional diagnosis and treatment of cardiac implants awarded by the Ministry of Science and Technology, and has successfully developed and commercialized the first domestic coronary stent, the first pacemaker, the first bioabsorbable stent, the first coronary cutting balloon and the first AI-ECG Platform in China.

After more than 20 years of concentrated management, we have consolidated our first-mover advantage in the field of cardiovascular disease. In accordance with the analysis of Frost & Sullivan, in 2021, our revenue of innovative products such as coronary bioabsorbable stent, coronary drug-coated balloon, congenital heart disease occluder and coronary cutting balloon will rank among the top three in China market. As a R&D-driven enterprise, we adhere to the principle of "one generation under R&D, one generation under registration, and one generation under production and sales". As of December 31, 2022, we have applied for 1,650 patents, more than 600 products sold in China and overseas countries, 569 class II and III medical device registration certificates approved by NMPA, 33 certifications by the US FDA and 224 certifications by the EU CE.

3. Major accounting data and financial indicators

(1) Major accounting data and financial index in recent three years

Does the Company need to retrospectively adjust or restate previous annual accounting data?

Yes No

RMB

| | End of 2022 | End of 2021 | % Change | End of 2020 |
|--------------------|-------------------|-------------------|----------|-------------------|
| Total assets (RMB) | 24,484,033,145.01 | 20,698,662,317.96 | 18.29% | 18,156,865,082.22 |

| | | | | |
|--|-------------------|-------------------|----------|------------------|
| Total equity attributable to shareholders of the Company(RMB) | 15,146,202,761.30 | 11,473,861,050.60 | 32.01% | 9,872,791,251.61 |
| | 2022 | 2021 | % Change | 2020 |
| Operating revenue(RMB) | 10,609,442,080.61 | 10,659,734,875.07 | -0.47% | 8,038,667,540.97 |
| Net profit attributable to shareholders of the Company (RMB) | 2,202,809,390.54 | 1,719,324,578.02 | 28.12% | 1,801,932,532.92 |
| Net profit attributable to shareholders of the Company after deducting non-recurring profit and loss (RMB) | 2,142,486,458.55 | 1,854,940,941.11 | 15.50% | 1,412,890,674.82 |
| Net cash flows from operating activities (RMB) | 2,790,709,307.02 | 3,061,991,851.71 | -8.86% | 2,089,699,304.89 |
| Basic earnings per share (RMB /share) | 1.2223 | 0.9596 | 27.38% | 1.0141 |
| Diluted earnings per share (RMB /share) | 1.2124 | 0.9510 | 27.49% | 1.0141 |
| Return on weighted average net assets | 17.60% | 16.00% | 1.60% | 21.12% |

(2) Main accounting data in each quarter

Unit: RMB

| | The first quarter | The second quarter | The third quarter | The fourth quarter |
|--|-------------------|--------------------|-------------------|--------------------|
| Operating revenue(RMB) | 2,549,111,243.52 | 2,784,395,695.02 | 2,428,292,257.91 | 2,847,642,884.16 |
| Net profit attributable to shareholders of the Company (RMB) | 545,393,656.31 | 722,633,989.40 | 542,075,039.22 | 392,706,705.61 |
| Net profit attributable to shareholders of the Company after deducting non-recurring profit and loss (RMB) | 547,208,342.77 | 716,302,017.19 | 541,264,649.98 | 337,711,448.61 |
| Net cash flows from operating activities (RMB) | 448,932,891.19 | 729,360,086.55 | 643,377,663.85 | 969,038,665.43 |

Whether there are significant differences between above financial indexes and their total value and relevant financial indexes in the revealed quarterly reports and semi-annual bulletin of the Company

Yes No

4. Capital stock and shareholders

(1) Table of number of common stockholders and preferred shareholders recovering voting rights and shareholdings of top 10 shareholders

| Unit: Share | | | | | | | | | |
|--|---------------------------------------|---|-----------------------|---|-----------------------------|---|---|---|---|
| Total number of common shareholders at the end of the reporting period | 96,059 | Total number of common shareholders at the end of the month before the disclosure date of the Annual Report | 83,934 | The sum of preferred stock shareholders recovering voting rights at the end of reporting period | 0 | Total number of preferred shareholders recovering voting rights at the end of the month before the disclosure date of the Annual Report | 0 | Total number of shareholders holding special voting shares (if any) | 0 |
| Shareholding of the top 10 shareholders | | | | | | | | | |
| Shareholders' name | Nature of shareholder | Shareholding proportion | Number of shares held | Number of shares held with restricted conditions | Pledge, marking or freezing | | | | |
| | | | | | Stock status | Quantity | | | |
| 725th Research Institute of China State Shipbuilding Corporation Limited | State-owned legal person | 12.98% | 244,063,788.00 | | | | | | |
| PU Zhongjie | Domestic natural person | 12.13% | 228,074,749.00 | 173,402,757.00 | Pledge | 167,230,000.00 | | | |
| WP MEDICAL TECHNOLOGIES, INC | Foreign legal entity | 6.59% | 123,968,600.00 | 92,976,450.00 | | | | | |
| Banker's undertaking | Foreign legal entity | 4.70% | 88,421,980.00 | | | | | | |
| Hong Kong Securities Clearing Company Limited | Foreign legal entity | 4.53% | 85,206,638.00 | | | | | | |
| Houde Yimin (Beijing) Investment Management Co., Ltd. | Domestic non-state-owned legal person | 3.60% | 67,750,000.00 | | Pledge | 23,634,454.00 | | | |
| Houde Yimin (Ningbo) Investment Management Co., Ltd. | Domestic non-state-owned legal person | 1.91% | 35,850,000.00 | | | | | | |
| Bank Of China Limited - Huabao CSI medical trading open-end index securities | Others | 0.92% | 17,347,235.00 | | | | | | |

| | | | | | | |
|---|---|-------|---------------|--|--|--|
| investment fund | | | | | | |
| XIONG Qingchuan | Domestic natural person | 0.75% | 14,120,400.00 | | | |
| Monetary Authority of Macao - self-owned funds | Foreign legal entity | 0.73% | 13,658,161.00 | | | |
| Description of associated relationships or concerted action of the above shareholders | Mr. PU Zhongjie, WP Medical Technologies, Inc., Houde Yimin (Beijing) Investment Management Co., Ltd. and Houde Yimin (Ningbo) Investment Management Co., Ltd. were persons acting in concert within the meaning of PRC law. There is no relationship between other shareholders of the Company or concerted action as stipulated in <i>Measures for the Administration of Acquisition of Listed Companies</i> (Order No.35 of China Securities Regulatory Commission). | | | | | |

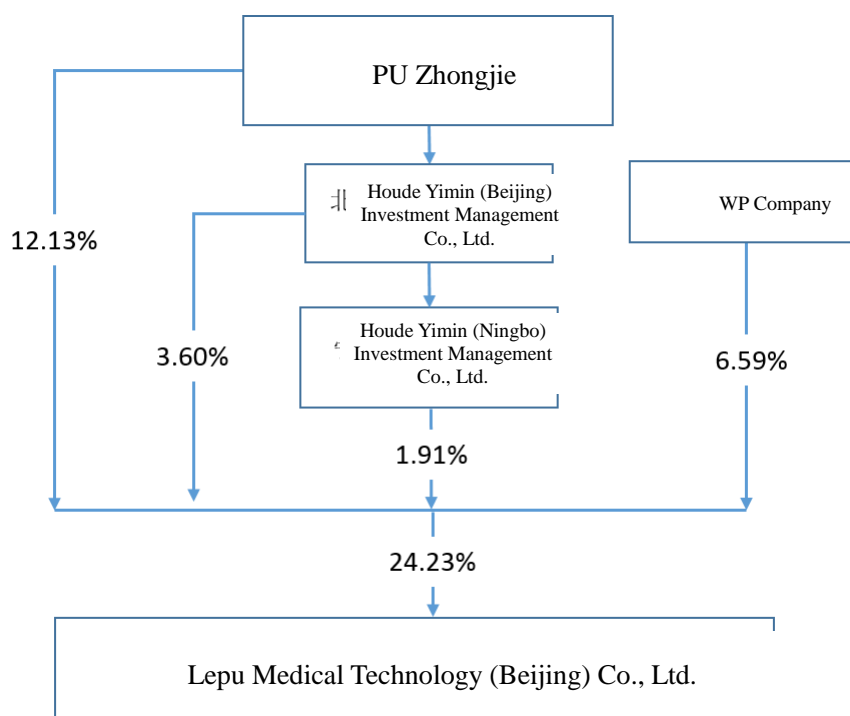
Does the Company have voting rights difference arrangement?

Applicable Not Applicable

(2) Table of total number of the preferred shareholders and shareholdings of top 10 preferred shareholders of the Company

There is not details about statement of shareholding informations of preferred shareholders in the reporting period of the Company.

(3) Property right and control relationship between the Company and the actual controller is disclosed in the form of block diagram



5. Bonds existing on approval date of the annual report

Applicable Not Applicable

Section II. Management's Discussion and Analysis

During the reporting period, although some hospital businesses were affected to some extent due to COVID-19, the regular business of the Company still achieved steady growth. Details are as follows:

During the reporting period, the Company realized an operating income of RMB 10609.4421 million, net profit attributable to shareholders of the Company was RMB 2202.8094 million, with a year-on-year increase of 28.12%; net profit attributable to shareholders of the Company after deducting non-recurring profit and loss was RMB 2142.4865 million, with a year-on-year growth of 15.50%; net cash flow from operating activities amounted to RMB 2790.7093 million. The main reason for the decline of the above-mentioned income indicators and net cash flow indicators from operating activities is that the detection reagent products related to COVID-19 contributed a lot to the revenue and net profit in the same period last year.

At the end of the reporting period, total assets of the Company were RMB 24484.0331 million, with an increase of 18.29% compared with that in the beginning; net assets attributable to shareholders of the Company was RMB 15146.2028 million, with an increase of 32.01% compared with that in the beginning; return on weighted average net assets was 17.60%.

1. Medical device

The medical device sector is the largest sector of the business of the Company. During the reporting period, the sector realized an operating income of RMB 5878.8487 million.

With the implementation of centralized volume-based procurement of coronary stents organized by the central government, the business of traditional metal drug stents dropped significantly, but the innovative product portfolio of the Company increased significantly. During the reporting period, the operating income of cardiovascular innovative product portfolio has a year-on-year increase of 43.60%.

In the same period of last year, the detection reagents related to COVID-19 contributed a lot to the growth of the operating income of the medical device sector of the Company. Excluding this part of the income, the operating income of the medical device sector of the Company had a year-on-year increase of 35.64% compared with that in the same period of last year. After the centralized collection of coronary metal stents, the routine business of the medical device plate of the Company quickly resumed a good growth trend, leading to the overall performance growth of the Company.

2. Pharmaceutical

The pharmaceutical sector is a long-term and stable cash flow business of the Company, mainly divided into preparations (generic drugs) and active pharmaceutical ingredients. During the reporting period, the pharmaceutical sector realized an operating income of RMB 3438.0886 million, with a year-on-year increase of 5.52%; Among them, the FDF (generic drugs) realized an operating income of RMB 2988.8238 million, with a year-on-year increase of 6.06%; The operating income of active pharmaceutical ingredient reached RMB 449.2649 million, with a year-on-year increase of 2.06%.

3. Medical care solution

The medical care solution sector is a new business sector actively cultivated by the Company. This business is an innovative business of the Company, with constantly increasing investment. In the future, the business will rely on the advantages of data and technology to continuously expand its sales channels. In the reporting period, the medical care solution sector realized an operating income of RMB 1292.5048 million, with a year-on-year increase of 4.91%. Compared with the same period of last year, excluding the contribution of products related to COVID-19 epidemic in this sector, the operating income of routine business in the medical service and health management sector of the Company has a year-on-year increase of 11.73%.

Section III. Corporate Governance

I. Overview of Corporate Governance

During the reporting period, the Company strictly complied with the Company Law, the Securities Law, the Governance Guidelines for Listed Companies, the GEM Listing Rules of Shenzhen Stock Exchange, the Guidelines on the Standardized Operation of GEM Listed Companies of Shenzhen Stock Exchange and other relevant laws and administrative regulations, as well as the Articles of Association, Rules of Procedure for the Shareholders' Meeting, Rules of Procedure for the Board of Directors and the provisions of other internal control systems, and constantly improved the corporate governance structure.

1. Shareholders and Shareholders' Meeting

The Company shall convene and hold the general meeting of shareholders in strict accordance with the Rules of the Shareholders' Meeting of Listed Companies, the Articles of Association, the Rules of Procedure for the Shareholders' Meeting and other provisions, and

shall provide convenience for the shareholders to attend the meeting so that they can fully exercise their rights as shareholders. The Shareholders' Meeting of the Company has a procedure in the process of reviewing each proposal, during which all shareholders will be equally treated and the explanation and description will be given in terms of the inquiry of shareholders, together with the reception of suggestions and opinions of shareholders, to ensure the right of voice of minority shareholders.

2. About Company, controlling shareholders and actual controllers

The Company, independent of the controlling shareholders and actual controllers in personnel, assets, business, management organization and financial accounting system, has independent and complete main business and independent management ability, and can independently operate, run and assume responsibilities and risks.

The controlling shareholders and actual controllers of the Company can exercise their rights and undertake corresponding obligations according to the law. During the reporting period, there is no direct or indirect intervention in the Company's decision-making and operating activities beyond the authorized authority of the shareholders' meeting and the Board of Directors, or infringement of other shareholders' interests by its controlling position, which has no adverse impact on the corporate governance structure and independence.

3. About Director and Board of Directors:

The condition that the Company directors, whose appointment and removal strictly follow the approval procedures of the Board of Directors and the Shareholders' Meeting, are not allowed to serve as Company directors as stipulated in Article 147 of the Company Law does not occur, not in compliance with the Articles of Association of the Company and relevant laws and regulations. All directors work rigorously, diligently and responsibly during their tenure, continue to pay attention to the Company's operating conditions, take the initiative to participate in relevant training, and improve the standard operation level. They actively involve in Board meetings, give full play to their professional expertise, make prudent decisions, and safeguard the interests of the Company and shareholders.

The convening and holding of Board meetings of the Company are in line with the requirements of relevant regulations; The contents of the Board minutes are authentic, accurate, complete, and safe to be filed; Meeting resolutions shall be fully, accurately and timely disclosed; The Board of Directors consists of strategy committee, audit committee, compensation and evaluation committee and nomination committee.

4. About Supervisor and Board of Supervisors

The condition that the supervisor of the Company, who is qualifiedly appointed under the relevant requirements of the Articles of Association, is not prohibited from serving as the

supervisor of the Company as stipulated in Article 147 of the Company Law does not occur. The procedures of convening, holding and voting of the meeting of the Board of Supervisors of the Company shall comply with the Rules of Procedure of the Board of Supervisors.

The Company's supervisors can exercise the powers of the Board of Supervisors and fulfill their duties conscientiously and diligently.

5. About Performance Assessment, Incentive and Restraint Mechanism

The Company has established an enterprise performance evaluation and incentive system, and it is fair and transparent as for the performance evaluation standards and procedures of directors, supervisors and senior executives, whose income is linked to the business performance of the Company. And it is open and transparent in terms of the appointment of senior executives that is in line with the provisions of laws and regulations.

6. About Information Disclosure and Transparency

During the reporting period, the Company shall disclose the Company's information truthfully, accurately, completely, timely and fairly in strict accordance with relevant laws and regulations, the Articles of Association of the Company, the Information Disclosure Management System and other provisions. The Company has issued 4 regular reports and 103 provisional announcements through China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and www.cninfo.com.cn, designated media by the CSRC.

7. About Investor Relationship Management

In accordance with relevant laws and regulations and the requirements of the Investor Relationship Management System, the Company designates the secretary of the Board of Directors as the person in charge of investor relationship management, responsible for coordinating investor relationship, receiving shareholder visits, answering investor inquiries, providing investors with information disclosed by the Company, etc. The Company responds to investor inquiries the forms such as the telephone, email, investor relation interaction platform, "Investor Relation" column on the Company website, investor reception day and others, to strengthen information communication and promote positive interaction with investors, while effectively improving the transparency of the Company.

8. About Stakeholders

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

9. Establishment and Implementation of Internal Audit System

Under the Board of Directors, the Audit Committee is mainly in charge of communication, supervision, meeting organization and verification of internal and external audit of the Company. The Audit Department is set up under the Audit Committee as the daily office. After the Company is listed, the Audit Department actively operates and improves the department functions and personnel arrangement in accordance with the requirements of the listed company, and inspects and supervises the establishment and implementation of the Company's internal control system as well as the authenticity and integrity of the Company's financial information.

Are there significant differences between the actual situation of corporate governance and laws, administrative regulations, and the regulations on listed company governance issued by the China Securities Regulatory Commission?

Yes No

The actual situation of corporate governance is fully in accordance with laws, administrative regulations and the provisions of CSRC on the governance of listed companies.

II. The Independence of the Company in Terms of Assets, Personnel, Finance, Organization and Business, etc. Relative to the Controlling Shareholders and Actual Controllers.

Compared with the controlling shareholders, the Company is independent in business, personnel, assets, institutions, finance and other aspects, and has a complete business system and the ability to operate independently.

III. Remuneration of the Directors, Supervisors and Senior Executives

Decision-making procedure for remuneration of directors, supervisors and senior executives of the Company for the fifth term: The allowance scheme for directors and supervisors of the Company has been reviewed and approved by the annual Shareholders' Meeting in 2021; The 2022 base salary plan for the Company's senior executives was reviewed and approved by the 26th meeting of the fifth Board of Directors, and the 2022 performance appraisal compensation was reviewed and approved by the 33rd meeting of the fifth Board of Directors.

Basis of confirmation for remuneration of directors, supervisors and senior executives of the Company for the fifth term: The allowance of the Company's directors and supervisors shall be determined by the allowance plan decided by the annual Shareholders' Meeting in 2021; The compensation of the Company's senior executives shall be determined by the sum

of the 2022 basic remuneration decided at the 26th meeting of the fifth Board of Directors and the 2022 performance remuneration decided at the 33rd meeting of the fifth Board of Directors.

Actual payment of remuneration of directors, supervisors and senior executives of the Company for the fifth term: During the reporting period, the Company paid the payable remuneration of the directors, supervisors and senior executives in full.

IV. Work of the Board of Supervisors

The Board of Supervisors did not find any risks of the Company during the supervision activity within the reporting period

The Board of Supervisors commonly consent the supervision matters during the reporting period.

V. Situation of the Company Personnel

1. Employees' Quantity, Major Composition as well as Educational Status

| | |
|---|----------------------------------|
| Number of current employees of parent company at the end of reporting period (person(s)) | 2,115 |
| Number of current employees of main subsidiaries at the end of reporting period (person(s)) | 8,537 |
| Total number of current employees at the end of reporting period (person(s)) | 10,652 |
| Total number of employees paid in the current period (person(s)) | 10,652 |
| The number of retired staff paid by parent company and main subsidiaries (person(s)) | 0 |
| Professional composition | |
| Professional composition classification | Number of profession (person(s)) |
| Production personnel | 3,622 |
| Salesperson | 3,409 |
| Technical personnel | 2,663 |
| Financial staff | 278 |
| Administrative staff | 680 |
| Total | 10,652 |
| Educational level | |
| Education level classification | Quantity (person(s)) |
| Doctor | 39 |
| Postgraduate | 716 |
| Undergraduate | 3,408 |
| Junior College | 3,180 |
| Junior college below | 3,309 |
| Total | 10,652 |

2. Remuneration policy

In terms of salary policy, the Company has set up a fair remuneration distribution system to attract and retain talents and fully motivate employees in line with the principles of rewarding the advanced, urging the laggard and improving the work enthusiasm of employees. Based on the market salary standard, with reference to the industry salary level and the promotion and development needs of employees, the Company will carry out remuneration adjustment of varying ranges every year to ensure that the Company's remuneration is competitive in the industry, so as to enhance the work enthusiasm of employees, improve work efficiency and create more profits for the Company.

3. Training plan

The Company has a perfect training system, which adopts the mode of combining internal training and external training, and has developed a perfect training system for employees in different positions and corresponding personnel training plans: including new employee induction training, in-service personnel professional skills improvement training, management quality and skills training, and the establishment of the Company's internal trainer team.

VI. Profit distribution of common stocks and increased capital stock by transferring of capital reserves.

On May 17, 2022, the 2021 annual Shareholders' Meeting of the Company reviewed and approved the 2021 annual profit distribution plan. On June 23, 2022, the Company disclosed the 2021 Annual Announcement on the Implementation of Equity Distribution (Announcement No. : 2022-050), that is, on the basis of 1,804,589,657 shares of the total capital stock of the Company minus 1,774,493,376 shares of the total capital stock after 30,096,281 shares of the repurchased shares, the Company pays RMB 2.75 in cash (including tax) to all shareholders for every 10 shares, and a total of RMB 487,985,678.40 (including tax) was paid as cash dividends. The registration of equity for current equity allocation dated on June 29, 2022, and the ex-rights and ex-dividend dated on June 30, 2022. By the end of this report, the Company has completed the implementation of equity allocation in 2021.

VII. Construction and Implementation of Internal Control System during the Reporting Period

1. Construction and Implementation of Internal Control

According to the CSRC, Securities Law, and Basic Norms for Enterprise Internal Control and other relevant regulations, the Company has established a strong applicability

and operability of the internal control management system. During the reporting period, the Company combined industry characteristics and actual conditions to further improve the construction of internal control system, optimize the management and control mode, improve the internal control mechanism, system and process, strengthen the internal audit supervision and the internal audit department's supervision over the implementation of the Company's internal control system, ensure the effective implementation of the internal control system, and continuously enhance the standard operation level of the Company, effectively prevent the risk of operation and management, and promote the sustainable, stable and rapid development of the Company.

2. The Specific Circumstances of the Internal Control of Significant Defects Found within the Reporting Period

During the reporting period, the Company has no major defects in internal control.

VIII. Internal Control Self-evaluation Report or Internal Control Audit Report

1. Internal Control Self-assessment Report

| | | |
|---|--|---|
| Disclosure date of full internal control appraisal report | April 26, 2023 | |
| Disclosure index of full internal control appraisal report | http://www.cninfo.com.cn | |
| Proportion of the evaluation unit assets in the total assets of the Company's consolidated financial statements | 100.00% | |
| Proportion of operating income which is included in the evaluation accounted for the Company's consolidated financial statements operating income | 100.00% | |
| Defect identification standard | | |
| Category | Financial Statement | Non-financial Statement |
| Qualitative standard | <p>Major defects: Identify any level of malpractice in senior management; Correct published financial reports; The certified public accountant finds that there is a material misstatement in the current financial report, but the internal control fails to find the misstatement in the process of operation; The supervision of the Audit Committee of the Company and the internal audit structure of the Company on its internal control is ineffective;</p> <p>Significant defects: Accounting policy is not selected and applied in accordance with the accepted accounting standards; No procedures and control measures against fraud was not established. Failure</p> | <p>Major defects: The Company's decision-making procedure causes significant errors; Lack of institutional control or systemic failure of important business, and lack of effective compensatory control; Serious loss of middle and senior executives and senior technical personnel; The results of internal control evaluation, especially the major defects, have not been rectify. Other situations that have a major negative impact on the Company.</p> <p>Significant defects: Decision-making procedures lead to general failures; Defects in the important business institution or system; The key post business personnel are seriously lost The</p> |

| | | |
|--|--|--|
| | <p>to establish appropriate control procedures for the accounting of unconventional or special transactions; Ineffective control over the financial reporting process of the ending period.</p> <p>Common defect: Other internal control defects not reaching the standards for the major defects or significant defects.</p> | <p>results of internal control evaluation, especially the significant defects, have not been rectify. Other situations that have a relatively significant negative impact on the Company.</p> <p>Common defect: Inefficient decision-making process; Defects in the general business institution or system; The general post business personnel are seriously lost; The common defect fails to be corrected;</p> |
| Quantitative standard | <p>Major defects: The amount of misstatement of the total assets is equal to or not less than 1% of the total assets in the consolidated accounting statements; The amount of misstatement of operating income is equal to or not less than 1% of the total operating income of consolidated accounting statements; Gross misstatement of profit is equal to or not less than 5% of the gross profit in consolidated accounting statements.</p> <p>Significant defects: 0.5% of total assets in consolidated accounting statements is equal to or not more than 1% of the misstatement of total assets in consolidated accounting statements 0.5% of total income in consolidated accounting statements is equal to or not more than 1% of the misstatement of total income in consolidated accounting statements 3% of total profits in consolidated accounting statements is equal to or not more than 5% of the misstatement of total profits in consolidated accounting statements</p> <p>Common defect: 0.5% of the misstatement of total assets in consolidated accounting statements; 0.5% of the misstatement of total income in consolidated accounting statements; 3% of the misstatement of total income in consolidated accounting statements;</p> | <p>Major defects: The amount of direct losses - 0.5% of total assets.</p> <p>Significant defects: 0.2% of total assets is not more than the amount of direct loss that is equal to or not more than 0.5% of total assets.</p> <p>Common defect: The amount of direct losses is equal to or not more than 0.2% of total assets.</p> |
| Number of major defects in financial report (number) | | 0 |
| Number of major defects in non-financial report (number) | | 0 |
| Number of significant defects in financial report (number) | | 0 |
| Number of significant defects in non-financial report (number) | | 0 |

Section V Environmental and Social Responsibility

I. Major environmental protection issues

Whether the listed company and its subsidiaries are affiliated to key pollution discharge units published by the Ministry of Environmental Protection

Yes No

Environmental protection related policies and industry standards

During the reporting period, the relevant laws, regulations and industry standards complied by the Company's subsidiaries involved in pollution discharge in the production and operation process are as follows:

Mixed Preparation Pharmaceutical Industry Water Pollution Discharge Standard GB21908-2008, Pharmaceutical Industry Air Pollutant Discharge Standard GB37823-2019, Boiler Air Pollutant Discharge Standard GB13271-2014, Technical Specification for Hazardous Waste Identification Standard HG1276-2022, Hazardous Waste Storage Pollution Control Standard GB18597-2001, Regulations on Pollution Discharge Permit Management, Measures on Pollution Discharge Permit Management, Pharmaceutical Industry Air Pollutant Discharge Standard DB33/310005-2021, Comprehensive Sewage Discharge Standard GB8978-1996, Quality Standard of Sewage Discharged to the Urban Sewer GB/T 31962-2015, Indirect Emission Limits of Nitrogen and Phosphorus Pollutants in the Industrial Enterprise Wastewater DB33/887-2013.

Administrative permit for environmental protection

Lepu Pharmaceuticals Co., Ltd. (West Factory) : Received on: July 20, 2020, Validity period: 3 years

Lepu Pharmaceuticals Co., Ltd. (West Factory) : Received on: July 17, 2020, Validity period: 3 years

Lepu Medical Technology (Beijing) Co., Ltd.: Received on: July 24, 2020, Validity period: 3 years

Zhejiang Lepu Pharmaceuticals Co., Ltd.: Received on: September 22, 2022, Validity period: 5 years

Treatment of pollutants

1) Lepu Pharmaceuticals

(1) Construction and operation of wastewater treatment facilities:

The existing sewage treatment station of Henan Lepu Pharmaceuticals Co., Ltd. has a treatment capacity of 100t/d. After wastewater treatment, it is discharged into Xiangcheng

Municipal sewage treatment plant through the urban sewage network. Currently, the sewage treatment facility in the plant runs normally, and the treatment effect can meet the receiving standards of the urban sewage treatment plant of the city. Due to the newly built production projects in the east and west plant areas, in order to meet the subsequent sewage treatment needs, a set of sewage treatment facilities have been built in the east and west plant areas of the Company, which are currently undergoing commissioning. According to the national regulations on hazardous waste management, a hazardous waste storage warehouse has been built in the plant area, which has been put into use. Lepu Medical Technology (Beijing) Co., Ltd. to build 100t/d sewage treatment facilities has completed the bidding work.

(2) Construction and operation of wastewater treatment facilities:

All the pollutants in the boiler exhaust gas are discharged up to the standard, and the exhaust gas treatment facilities are in normal operation. VOC and dust are discharged up to the standard through testing. Two sets of dust treatment facilities have been built in the solid workshop, and are currently in normal operation.

2) Zhengjiang Lepu

(1) Construction and operation of wastewater treatment facilities:

The current wastewater treatment station of Zhejiang Lepu Pharmaceutical has a treatment capacity of 1200t/d. After treatment, the wastewater uniformly enters Jiaojiang Municipal Sewage Treatment Plant, with good COD and total nitrogen removal effect in terms of wastewater treatment, and can ensure that the effluent meets the management standard of subsequent sewage treatment plant.

(2) Construction and operation of wastewater treatment facilities:

The Company has established a whole-plant waste gas collection and treatment system: In a single production workshop, the waste gas exhaust pipe of the production equipment is connected to the main exhaust pipe (negative pressure); The part that is easy to produce the waste gas without organization discharge is arranged on the upper part of the collecting hood, and connected to the exhaust gas discharge main. The Company also takes different treatment measures according to the characteristics of the waste gas discharged by the production process of different products. All kinds of organic solvent waste gas are absorbed into the waste gas main by two-stage condensation and one-stage water spray. The waste water treatment station shall be covered and treated with negative pressure air extraction. After pretreatment, it shall be put into the main pipe for RTO incineration. After biological deodorization, it shall be discharged to the standard.

Emergency plan for environmental emergencies

In order to prevent and reduce the occurrence of environmental emergencies, control, mitigate and eliminate the hazards caused by environmental emergencies, establish and improve the emergency mechanism of environmental emergencies, improve the ability of the enterprise to deal with environmental emergencies, and effectively prevent, timely control and eliminate all kinds of environmental emergencies, the Company shall take the following measures:

1. Composition of headquarters
2. Emergency response
 - (1) Alarm and communication
 - (2) On-site rescue
3. Emergency rescue of environmental pollution accidents
 - (1) Pollutants and main sources
 - (2) Cause analysis of environmental pollution
 - (3) Emergency rescue measures for environmental pollution accidents
 - (4) Disposal of environmental pollution accidents and preventive measures
4. Safeguard measures
 - (1) Material supply guarantee
 - (2) System guarantee
5. Training and drilling

Environmental self-monitoring program

1) Lepu Pharmaceuticals

The Company formulates a self-monitoring plan according to the requirements of the government environmental protection department and the discharge permit implementation standards and entrusts a qualified third-party monitoring company to carry out monitoring in order to improve the Company's environmental management, master the Company's emission of various pollutants, evaluate the Company's impact on the surrounding environment, strengthen the Company's emission management of pollutants in the production process, accept the supervision and inspection of the environmental protection department.

(1) Monitoring items

Wastewater monitoring items: Flow rate, pH value, chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, suspended matter, five-day BOD, acute toxicity, total organic carbon;

Waste gas monitoring items: Nitrogen oxides, particulate matter, sulfur dioxide, non-methane hydrocarbons, Riggleman blackness;

Noise monitoring items: Noise of the factory boundary;

Surrounding environment quality monitoring item: Non-methane hydrocarbon, odor concentration, hydrogen sulfide, ammonia, particulate matter.

(2) Monitoring frequency

Frequency of wastewater monitoring: Flow rate, pH value, chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, suspended matter, five-day BOD once a month, acute toxicity, total organic carbon once half a year;

Organized waste gas monitoring: Nitrogen oxides once a month, non-methane hydrocarbon, sulfur dioxide, Ringelmann blackness, particulate matter once half a year;

Frequency of monitoring around unorganized waste gas plant boundary: Non-methane hydrocarbon, odor concentration, hydrogen sulfide, ammonia, particulate matter once half a year.

2) Zhejiang Lepu Pharmaceuticals

The Company formulates a self-monitoring plan according to the requirements of the government environmental protection department and the discharge permit implementation standards and entrusts a qualified third-party monitoring company to carry out monitoring in order to improve the Company's environmental management, master the Company's emission of various pollutants, evaluate the Company's impact on the surrounding environment, strengthen the Company's emission management of pollutants in the production process, accept the supervision and inspection of the environmental protection department.

(1) Monitoring Items

Wastewater monitoring items: Volatile phenols, total nitrogen (calculated by N), total phosphorus (calculated by P), anilines, total organic carbon, total cyanide, chroma, suspended matter, pH value, formaldehyde, 5-day BOD, animal and vegetable oil, adsorbable organic halides, petroleum, trichloromethane, toluene, sulfide, flow rate, BOD, ammonia nitrogen;

Waste gas monitoring items: Volatile organic compounds, n-hexane, tetrahydrofuran, acetone, dichloromethane, hydrogen chloride, methanol, odor concentration, ethyl acetate, acetonitrile, ethanol, toluene, acetic acid, ammonia (ammonia), isopropyl alcohol, sulfur dioxide, nitrogen oxides, hydrogen sulfide, n-heptane, triethylamine, particulate matter, dioxins, non-methane hydrocarbons, formaldehyde, cyclohexane;

Noise monitoring items: Noise of the factory boundary;

Groundwater and soil

Surrounding environment quality monitoring item: Non-methane hydrocarbon, odor concentration, ammonia, hydrogen chloride, methylene chloride, toluene, ethyl acetate, methanol, formaldehyde, acetone, acetonitrile, benzene series, volatile organic compounds;

(2) Monitoring frequency

Frequency of wastewater monitoring: Flow rate, pH value, chemical oxygen demand, ammonia nitrogen once six hours, total nitrogen once a day, total phosphorus once a month, sulfide once half a year, anilines, total organic carbon, total cyanide, chrominance, suspended solids, pH value, formaldehyde, five-day BOD, animal and vegetable oil, adsorbable organic halides, petroleum, trichloromethane, toluene, sulfide once a quarter;

Frequency of wastewater monitoring: Non-methane hydrocarbons once every six hours, volatile organic compounds once every month, particulate matter once every quarter, n-hexane, tetrahydrofuran, acetone, dichloromethane, hydrogen chloride, methanol, odor concentration, ethyl acetate, acetonitrile, ethanol, toluene, acetic acid, ammonia (ammonia), isopropyl alcohol, sulfur dioxide, nitrogen oxides, hydrogen sulfide, n-heptane, triethylamine, dioxins, formaldehyde, cyclohexane once a year;

Frequency of monitoring around unorganized waste gas plant boundary: Non-methane hydrocarbon, odor concentration, ammonia, hydrogen chloride, methylene chloride, toluene, ethyl acetate, methanol, formaldehyde, acetone, acetonitrile, benzene series, volatile organic compounds once half a year;

Factory boundary noise monitoring frequency: Noise once a quarter;

Frequency of groundwater and soil monitoring: Full index once a year;

Conditions related to the investment in environmental governance and protection and payment of environmental protection tax

1) In 2022, Lepu Pharmaceuticals invested RMB 11,396,168.18 in environmental governance and protection, and paid RMB 6,962.79 of environmental protection tax.

2) In 2022, Zhejiang Lepu Pharmaceuticals invested RMB 27,360,000 in environmental governance and protection, and paid RMB 1,627.74 of environmental protection tax.

Measures to reduce carbon emissions during the reporting period and effects

Applicable Not Applicable

Administrative penalties for environmental problems during the reporting period

| Name of the Company or subsidiary | Cause of punishment | Violation situation | Penalty result | The impact on the production and operation of listed companies | Corrective action of the Company |
|-----------------------------------|---------------------|---------------------|----------------|--|----------------------------------|
| Lepu Pharmaceuticals Co., Ltd | None | None | None | None | None |
| Lepu Pharmaceuticals Co., Ltd. | None | None | None | None | None |

Section VI. Financial Report

Auditor's Report

Xin Kuai Shi Bao Zi 2023-ZGB001

To the Shareholders of Lepu Medical Technology (Beijing) Co., Ltd:

Opinion

We have audited the accompanying financial statements of Lepu Medical Technology (Beijing) Co., Ltd ("LEPU"), which comprise the consolidated and company's balance sheets as at 31 December 2022, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2022 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of LEPU in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We identified the following key audit matters in our audit:

1. Impairment of Goodwill
2. Revenue recognition

| Key Audit Matters | How these matters were addressed in the audit |
|---|--|
| 1. Impairment of Goodwill | |
| As at 31 December 2022, the carrying amount of goodwill of the Lepu was | We performed the following audit procedures, among others, in relation to the impairment |

| Key Audit Matters | How these matters were addressed in the audit |
|--|--|
| <p>RMB3,493,493,303.00, with a provision of goodwill impairment of RMB162,516,492.11. Please refer to note V.21 to the consolidated financial statements for further details. Management of Lepu performed impairment test annually for goodwill, based on which management adjusted the carrying amount accordingly. The calculation of the impairment of goodwill involved significant management judgements and assumptions, such as future sales and growth rate, gross profit rate, net profit rate, discount rates etc., which are key parameters for the estimate of asset groups' expected future cash flows. As the assessment process is relatively complicated and involves significant estimates, which may be affected by unexpected future market and economic conditions, impairment assessment of goodwill was considered as a key audit matter during the year.</p> | <p>assessment of goodwill:</p> <ol style="list-style-type: none"> <li data-bbox="799 241 1410 443">(1) obtaining an understanding of key internal controls of goodwill from management to assess their design and operating effectiveness. <li data-bbox="799 456 1410 658">(2) evaluating reasonableness of management's identification of each asset group as well as goodwill allocation into asset groups or combinations of asset groups. <li data-bbox="799 672 1410 1554">(3) performing impairment test on goodwill at year end to evaluate whether the realized operating performance of the relevant asset group has reached the profit forecast in the earlier period; reviewing earnings forecast statement prepared by management, using the "Present Value of Expected Future Net Cash Flow" model for evaluation. The major parameters such as future sales and growth rate, gross profit rate, net profit rate and discount rate were selected based on the parameters at the time of acquisition, and were corrected according to the current situation and the judgment of the future market; reviewing the appropriateness of the assumptions and methods adopted by the external appraisal agency. <li data-bbox="799 1568 1410 2033">(4) for related asset groups that were not evaluated at the time of acquisition, we performed evaluation using models and discount rates that were widely accepted. Moreover, we involved internal appraisal experts to evaluate the assumptions and methods adopted by management, in particular the discount rate used in the asset groups' cash flow forecast and the cash flow |

| Key Audit Matters | How these matters were addressed in the audit |
|--|---|
| | <p>growth rate beyond 5 years. Particular attention was paid to the future revenue and operating results in the cash flow projections, by means of making comparison between historical performance and operating development programme.</p> <p>(5) evaluating sufficiency of disclosures relating goodwill.</p> |
| <p>2. Revenue recognition</p> <p>Please refer to disclosures on revenue recognition in “III. Significant Accounting Policies and Accounting Estimates (27). Revenue” and note 46 to the consolidated financial statements. For the year ended 31 December 2022, Lepu and its subsidiaries (the “Group”) generated revenue of RMB10,609,442,080.61.</p> <p>revenue was considered as a key audit matter during the year due to the inherent risk that management might potentially manipulate timing of revenue recognition to achieve specific goals or expectations as it is one of the Group’s key performance indicators.</p> | <p>We performed the following audit procedures, among others, in relation to the revenue recognition:</p> <ol style="list-style-type: none"> (1) obtaining an understanding of key internal controls of revenue recognition from management to assess their design and operating effectiveness. (2) selecting significant customers to check the sales contracts signed between the Group and the customers, and conducting interviews with management; performing five-step analysis to identify single performance obligation and contract terms relating to transfer of control, to evaluate whether revenue recognition is in compliance with the Accounting Standards for Business Enterprises. (3) performing analytical review on revenue and gross profit combined by product type to identify any abnormal fluctuation. (4) on sample basis of significance and exceptional criteria, examining supporting documents in relation to revenue recognition, such as accounting vouchers, sales records, contracts, shipping documents, receipts, delivery receipts, customs declarations, bills |

| Key Audit Matters | How these matters were addressed in the audit |
|-------------------|--|
| | <p>of lading etc. to verify the existence and accuracy of revenue.</p> <p>(5) sending confirmation to selected major customers, in conjunction with the auditing of accounts receivables, advance payments and contract liabilities, to verify the transaction amount during the reporting period and year-end balance, and checking subsequent receipt after the balance sheet date to verify the accuracy of revenue, accounts receivables, advance payments and contract liabilities.</p> <p>(6) performing cut-off test on sales transactions before and after the balance sheet date, on sample basis, by reviewing sales contracts, sales invoices, warehouse delivery notes, customs declarations, bills of lading, goods receipts and other supporting documents related to revenue recognition to evaluate whether revenue was recorded in an appropriate period.</p> |

Other Information

Management of LEPU (“management”) is responsible for the other information. The other information comprises all of the information included in the 2022 annual report of LEPU, other than the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing LEPU's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within LEPU to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO China Shu Lun Pan
Certified Public Accountants LLP

Certified Public Accountant of China:
(Engagement Partner)

Certified Public Accountant of China:
Shanghai, China

25 April 2023

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Balance Sheet
31 December 2022
(All amounts in RMB Yuan unless otherwise stated)

| Assets | Note | 2022.12.31 | 2021.12.31 |
|---|------|--------------------------|--------------------------|
| Current assets: | | | |
| Cash at bank and on hand | V.1 | 5,467,278,785.39 | 3,797,546,828.75 |
| Settlement reserve | | | |
| Lending funds | | | |
| Financial assets held-for-trading | V.2 | 277,214,058.48 | |
| Derivative financial assets | | | |
| Notes receivable | V.3 | 98,366,738.81 | 53,771,351.46 |
| Accounts receivable | V.4 | 1,908,630,201.32 | 1,661,121,687.38 |
| Receivable financing | V.5 | 134,291,997.64 | 81,021,515.38 |
| Prepayments | V.6 | 381,572,138.38 | 283,134,355.78 |
| Insurance premium receivable | | | |
| Reinsurance premium receivable | | | |
| Reserves for reinsurance contracts receivable | | | |
| Other receivables | V.7 | 124,645,400.43 | 178,277,572.38 |
| Financial assets purchased under agreements to resell | | | |
| Inventories | V.8 | 2,266,591,888.06 | 1,938,933,788.59 |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | V.9 | 4,844,368.53 | 31,853,472.12 |
| Other current assets | V.10 | 85,517,197.42 | 121,667,039.96 |
| Total current assets | | 10,748,952,774.46 | 8,147,327,611.80 |
| Non-current assets: | | | |
| Loans and advances granted | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term receivables | V.11 | 8,259,759.08 | 11,129,273.70 |
| Long-term equity investments | V.12 | 1,229,469,446.74 | 1,071,749,553.79 |
| Investments in other equity instruments | V.13 | 1,168,919,655.06 | 1,509,640,296.41 |
| Other non-current financial assets | V.14 | 158,610,000.00 | 93,840,000.00 |
| Investment properties | V.15 | 330,246,655.45 | 317,595,880.00 |
| Fixed assets | V.16 | 2,604,619,204.30 | 2,182,280,171.68 |
| Construction in progress | V.17 | 1,513,606,170.30 | 1,158,461,800.35 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | V.18 | 221,916,109.85 | 189,321,935.56 |
| Intangible assets | V.19 | 1,369,652,469.86 | 1,398,639,683.60 |
| Development expenses | V.20 | 988,319,738.44 | 711,493,159.25 |
| Goodwill | V.21 | 3,330,976,810.89 | 3,273,478,338.67 |
| Long-term deferred expenses | V.22 | 232,882,532.36 | 197,778,637.70 |
| Deferred income tax assets | V.23 | 131,471,432.98 | 137,554,855.18 |
| Other non-current assets | V.24 | 446,130,385.24 | 298,371,120.27 |
| Total non-current assets | | 13,735,080,370.55 | 12,551,334,706.16 |
| Total assets | | 24,484,033,145.01 | 20,698,662,317.96 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Balance Sheet (Continued)
31 December 2022
(All amounts in RMB Yuan unless otherwise stated)

| Liabilities and owners' equity | Note | 2022.12.31 | 2021.12.31 |
|--|------|--------------------------|--------------------------|
| Current liabilities: | | | |
| Short-term borrowings | V.25 | 380,767,436.73 | 583,919,755.30 |
| Loans from central bank | | | |
| Placements from banks and other financial institutions | | | |
| Financial liabilities held-for-trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | V.26 | 182,573,344.20 | 228,532,548.74 |
| Accounts payable | V.27 | 1,337,648,654.76 | 1,134,629,803.32 |
| Advances from customers | | | |
| Contract liabilities | V.28 | 731,115,959.06 | 353,961,526.94 |
| Securities sold under agreements to repurchase | | | |
| Deposits from customers and interbanks | | | |
| Receiving from vicariously traded securities | | | |
| Receiving from vicariously sold securities | | | |
| Employee benefits payable | V.29 | 206,701,431.48 | 199,547,939.45 |
| Taxes payable | V.30 | 332,693,089.65 | 210,761,655.01 |
| Other payables | V.31 | 481,937,974.61 | 327,402,746.63 |
| Fee and commission payable | | | |
| Reinsured accounts payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | V.32 | 1,560,077,144.38 | 249,739,598.07 |
| Other current liabilities | V.33 | 109,821,099.32 | 43,833,317.73 |
| Total current liabilities | | 5,323,336,134.19 | 3,332,328,891.19 |
| Non-current liabilities: | | | |
| Reserve fund for insurance contracts | | | |
| Long-term borrowings | V.34 | 731,548,392.02 | 1,209,505,484.75 |
| Bonds payable | V.35 | 1,506,513,884.78 | 2,673,396,874.29 |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | V.36 | 162,725,224.80 | 125,111,500.56 |
| Long-term payable | | | |
| Long-term employee benefits payable | | | |
| Estimated liabilities | | | |
| Deferred income | V.37 | 183,747,808.29 | 140,026,782.82 |
| Deferred income tax liabilities | V.23 | 205,678,436.74 | 264,770,701.75 |
| Other non-current liabilities | V.38 | | 679,985,509.35 |
| Total non-current liabilities | | 2,790,213,746.63 | 5,092,796,853.52 |
| Total liabilities | | 8,113,549,880.82 | 8,425,125,744.71 |
| Owners' equity: | | | |
| Share capital | V.39 | 1,880,609,691.00 | 1,804,587,310.00 |
| Other equity instruments | V.40 | 214,753,553.08 | 214,766,365.30 |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Capital reserve | V.41 | 3,243,079,193.31 | 983,705,934.14 |
| Less: Treasury shares | V.42 | 355,820,438.37 | 364,191,936.22 |
| Other comprehensive income | V.43 | -90,764,197.71 | 128,902,935.45 |
| Special reserve | | | |
| Surplus reserve | V.44 | 664,046,161.45 | 585,170,176.55 |
| Provision for general risks | | | |
| Retained earnings | V.45 | 9,590,298,798.54 | 8,120,920,265.38 |
| Total equity attributable to shareholders of the Company | | 15,146,202,761.30 | 11,473,861,050.60 |
| Non-controlling interests | | 1,224,280,502.89 | 799,675,522.65 |
| Total equity | | 16,370,483,264.19 | 12,273,536,573.25 |
| Total liabilities and equity | | 24,484,033,145.01 | 20,698,662,317.96 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Balance Sheet
31 December 2022
(All amounts in RMB Yuan unless otherwise stated)

| Assets | Note | 2022.12.31 | 2021.12.31 |
|---|------|--------------------------|--------------------------|
| Current assets: | | | |
| Cash at bank and on hand | | 2,453,996,209.68 | 1,001,509,986.73 |
| Financial assets held-for-trading | | | |
| Derivative financial assets | | | |
| Notes receivable | XV.1 | 500,000.00 | 3,050,820.01 |
| Accounts receivable | XV.2 | 190,424,139.66 | 343,228,479.65 |
| Receivable financing | XV.3 | 466,906.50 | 4,024,270.06 |
| Prepayments | | 75,915,731.60 | 60,855,894.42 |
| Other receivables | XV.4 | 1,738,194,238.89 | 729,429,377.06 |
| Inventories | | 268,471,006.13 | 240,998,491.74 |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | 1,332,439.64 | 945,122.02 |
| Total current assets | | 4,729,300,672.10 | 2,384,042,441.69 |
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | XV.5 | 9,415,081,474.03 | 9,263,375,632.84 |
| Investments in other equity instruments | | 761,235,737.08 | 864,934,804.50 |
| Other non-current financial assets | | 158,610,000.00 | 93,840,000.00 |
| Investment properties | | 42,167,219.61 | 44,221,277.73 |
| Fixed assets | | 354,883,224.71 | 355,710,242.41 |
| Construction in progress | | 12,861,392.97 | 15,656,621.52 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | 9,919,402.63 | 10,833,025.13 |
| Intangible assets | | 66,671,398.74 | 71,648,738.95 |
| Development expenses | | 232,640,379.55 | 135,087,802.38 |
| Goodwill | | | |
| Long-term deferred expenses | | 68,922,923.03 | 72,473,109.47 |
| Deferred income tax assets | | 30,806,901.71 | 51,889,967.70 |
| Other non-current assets | | 764,504,704.02 | 1,088,098,155.23 |
| Total non-current assets | | 11,918,304,758.08 | 12,067,769,377.86 |
| Total assets | | 16,647,605,430.18 | 14,451,811,819.55 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Balance Sheet (Continued)
31 December 2022
(All amounts in RMB Yuan unless otherwise stated)

| Liabilities and owners' equity | Note | 2022.12.31 | 2021.12.31 |
|---|------|--------------------------|--------------------------|
| Current liabilities: | | | |
| Short-term borrowings | | 150,143,041.70 | 412,983,794.02 |
| Financial liabilities held-for-trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | | 111,555,122.95 | 70,970,087.03 |
| Advances from customers | | | |
| Contract liabilities | | 52,735,425.78 | 47,482,165.20 |
| Employee benefits payable | | 34,106,247.66 | 37,713,780.61 |
| Taxes payable | | 34,722,931.40 | 47,548,039.98 |
| Other payables | | 1,933,265,762.01 | 785,381,961.21 |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 1,502,513,339.28 | 189,681,125.49 |
| Other current liabilities | | 5,417,976.46 | 4,799,659.70 |
| Total current liabilities | | 3,824,459,847.24 | 1,596,560,613.24 |
| Non-current liabilities: | | | |
| Long-term borrowings | | 731,548,392.02 | 1,209,505,484.75 |
| Bonds payable | | 1,506,513,884.78 | 2,673,396,874.29 |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | 5,072,677.98 | 5,499,073.48 |
| Long-term payable | | | |
| Long-term employee benefits payable | | | |
| Estimated liabilities | | | |
| Deferred income | | 12,566,666.67 | 16,986,345.19 |
| Deferred income tax liabilities | | | 27,082,481.39 |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 2,255,701,621.45 | 3,932,470,259.10 |
| Total liabilities | | 6,080,161,468.69 | 5,529,030,872.34 |
| Owners' equity: | | | |
| Share capital | | 1,880,609,691.00 | 1,804,587,310.00 |
| Other equity instruments | | 214,753,553.08 | 214,766,365.30 |
| Including: Preference shares | | | |
| Perpetual bonds | | | |
| Capital reserve | | 3,887,723,492.11 | 2,561,836,944.62 |
| Less: Treasury shares | | 355,820,438.37 | 364,191,936.22 |
| Other comprehensive income | | -3,824,056.34 | 65,171,925.73 |
| Special reserve | | | |
| Surplus reserve | | 788,470,523.96 | 709,594,539.06 |
| Retained earnings | | 4,155,531,196.05 | 3,931,015,798.72 |
| Total equity | | 10,567,443,961.49 | 8,922,780,947.21 |
| Total liabilities and equity | | 16,647,605,430.18 | 14,451,811,819.55 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Income Statement
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2022 | 2021 |
|--|------|-------------------|-------------------|
| I. Total operating revenue | | 10,609,442,080.61 | 10,659,734,875.07 |
| Including: Operating revenue | V.46 | 10,609,442,080.61 | 10,659,734,875.07 |
| Interest income | | | |
| Premium earned | | | |
| Income for handling charges and commissions | | | |
| II. Total operating costs | | 7,926,747,100.31 | 8,207,652,668.99 |
| Including: Operating cost | V.46 | 3,983,285,816.15 | 4,156,636,959.74 |
| Interest expense | | | |
| Handling charges and commissions | | | |
| Refunded premiums | | | |
| Net amount of compensation payout | | | |
| Net amount withdrawn for insurance contract reserves | | | |
| Policy dividend expense | | | |
| Reinsured expenses | | | |
| Taxes and surcharges | V.47 | 117,466,953.94 | 113,779,694.00 |
| Selling expenses | V.48 | 2,033,685,507.32 | 2,109,190,634.47 |
| Administrative expenses | V.49 | 742,669,161.21 | 748,343,631.51 |
| Research and development expenses | V.50 | 957,062,067.79 | 907,941,337.65 |
| Financial expenses | V.51 | 92,577,593.90 | 171,760,411.62 |
| Including: Interest expenses | | 188,775,142.07 | 228,486,195.36 |
| Interest income | | 87,989,301.57 | 57,585,210.52 |
| Add: Other income | V.52 | 83,567,038.34 | 79,518,644.90 |
| Investment income (loss expressed with "-") | V.53 | -75,334,941.16 | -396,883,394.79 |
| Including: Income from investment in associates and joint ventures | | -90,833,476.49 | -152,253,735.93 |
| Gains from derecognition of financial assets measured at amortised cost | | | |
| Exchange gain (loss expressed with "-") | | | |
| Net exposure hedging benefits (loss expressed with "-") | | | |
| Gains from change in fair value (loss expressed with "-") | V.54 | 4,420,275.05 | 29,340,000.00 |
| Loss on impairment of credit (loss expressed with "-") | V.55 | -34,280,115.19 | -29,907,564.58 |
| Loss on impairment of assets (loss expressed with "-") | V.56 | -37,952,811.58 | -9,448,114.80 |
| Gains from disposal of asset (loss expressed with "-") | V.57 | 24,271.66 | 19,900,661.89 |
| III. Operating profit (loss expressed with "-") | | 2,623,138,697.42 | 2,144,602,438.70 |
| Add: Non-operating income | V.58 | 14,130,594.23 | 63,653,152.61 |
| Less: Non-operating expenses | V.59 | 25,487,685.30 | 62,103,610.25 |
| IV. Total profit before tax (total loss expressed with "-") | | 2,611,781,606.35 | 2,146,151,981.06 |
| Less: Income tax expense | V.60 | 367,094,359.34 | 365,733,333.63 |
| V. Net profit (net loss expressed with "-") | | 2,244,687,247.01 | 1,780,418,647.43 |
| (I) Classified by continuity of operations | | | |
| 1. Net profit from continuing operations (net loss expressed with "-") | | 2,244,687,247.01 | 1,780,418,647.43 |
| 2. Net profit from discontinued operations (net loss expressed with "-") | | | |
| (II) Classified by ownership | | | |
| 1. Net profit attributable to shareholders of the Company (net loss expressed with "-") | | 2,202,809,390.54 | 1,719,324,578.02 |
| 2. Net profit attributable to non-controlling interests (net loss expressed with "-") | | 41,877,856.47 | 61,094,069.41 |
| VI. Net other comprehensive income after tax | | -403,722,885.20 | 169,088,418.98 |
| Net other comprehensive income after tax attributable to shareholders of the Company | | -386,236,335.41 | 160,971,791.96 |
| (I) Other comprehensive income that may not be subsequently reclassified to profit and loss | | -438,712,349.53 | 188,125,333.50 |
| 1. Change in remeasurement of defined benefit plans | | | |
| 2. Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss | | 503,001.06 | |
| 3. Change in fair value of investments in other equity instruments | | -439,215,350.59 | 188,125,333.50 |
| 4. Changes in fair value of other equity instrument investments | | | |
| (II) Other comprehensive income that will be subsequently reclassified to profit or loss | | 52,476,014.12 | -27,153,541.54 |
| 1. Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss | | -148,238.03 | -1,940.44 |
| 2. Change in fair value of other debt investments | | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | | |
| 4. Provision for credit impairment of other debt investments | | | |
| 5. Cash flow hedging reserve | | | |
| 6. Exchange differences arising from translation of foreign currency financial statements | | 52,624,252.15 | -27,151,601.10 |
| 7. Others | | | |
| Net other comprehensive income attributable to non-controlling interests after tax | | -17,486,549.79 | 8,116,627.02 |
| VII. Total comprehensive income | | 1,840,964,361.81 | 1,949,507,066.41 |
| Total comprehensive income attributable to shareholders of the Company | | 1,816,573,055.13 | 1,880,296,369.98 |
| Total comprehensive income attributable to non-controlling interests | | 24,391,306.68 | 69,210,696.43 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | | 1.2223 | 0.9596 |
| (II) Diluted earnings per share (RMB/share) | | 1.2124 | 0.9510 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Income Statement
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2022 | 2021 |
|---|------|------------------|------------------|
| I. Operating revenue | XV.6 | 1,518,250,388.99 | 1,211,444,098.16 |
| Less: Operating cost | XV.6 | 497,421,331.93 | 433,464,850.28 |
| Taxes and surcharges | | 21,379,761.87 | 15,963,789.94 |
| Selling expenses | | 206,164,920.08 | 237,514,057.42 |
| Administrative expenses | | 217,227,730.67 | 201,190,241.91 |
| Research and development expenses | | 149,048,425.47 | 193,800,232.29 |
| Financial expenses | | 128,760,620.55 | 195,025,100.48 |
| Including: Interest expenses | | 214,253,359.06 | 244,090,531.96 |
| Interest income | | 85,397,159.04 | 54,576,575.25 |
| Add: Other income | | 15,552,030.79 | 9,759,241.16 |
| Investment income (loss expressed with "-") | XV.7 | 507,587,665.77 | 1,811,811,122.25 |
| Including: Income from investment in associates and joint ventures | | -79,890,010.05 | -144,846,560.15 |
| Gains from derecognition of financial assets measured at amortised cost | | | |
| Net exposure hedging benefits (loss expressed with "-") | | | |
| Gains from change in fair value (loss expressed with "-") | | 4,770,000.00 | 29,340,000.00 |
| Loss on impairment of credit (loss expressed with "-") | | -3,948,234.65 | -2,123,514.02 |
| Loss on impairment of assets (loss expressed with "-") | | -1,505,465.52 | -5,910,972.78 |
| Gain from disposal of assets (loss expressed with "-") | | 11,921.61 | |
| II. Operating profit (Loss expressed with "-") | | 820,715,516.42 | 1,777,361,702.45 |
| Add: Non-operating income | | 498,981.99 | 94,248.40 |
| Less: Non-operating expenses | | 1,625,037.56 | 3,179,086.25 |
| III. Total profit before tax (loss expressed with "-") | | 819,589,460.85 | 1,774,276,864.60 |
| Less: Income tax expense | | 30,829,611.82 | -52,079,094.44 |
| IV. Net profit (Net loss expressed with "-") | | 788,759,849.03 | 1,826,355,959.04 |
| (I) Net profit from continuing operations (net loss expressed with "-") | | 788,759,849.03 | 1,826,355,959.04 |
| (II) Net profit from discontinued operations (net loss expressed with "-") | | | |
| V. Net other comprehensive income after tax attributable to shareholders of the company | | -66,378,778.64 | 81,019,693.91 |
| (I) Other comprehensive incomes that will not be reclassified into profit or loss | | -66,393,902.74 | 81,021,634.35 |
| 1.Change in remeasurement of defined benefit plans | | | |
| 2.Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss | | | |
| 3.Change in fair value of investments in other equity instruments | | -66,393,902.74 | 81,021,634.35 |
| 4.Change in fair value of credit risks of own credit risks | | | |
| (II) Other comprehensive income that will be subsequently reclassified to profit or loss | | 15,124.10 | -1,940.44 |
| 1.Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss | | 15,124.10 | -1,940.44 |
| 2.Change in fair value of other debt investment | | | |
| 3.Amount of financial assets reclassified into other comprehensive income | | | |
| 4.Provision of credit impairment of other debt investments | | | |
| 5.Cash flow hedging reserve | | | |
| 6.Exchange differences arising from translation of foreign currency financial statements | | | |
| 7.Others | | | |
| VI. Total comprehensive income | | 722,381,070.39 | 1,907,375,652.95 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Cash Flows
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2022 | 2021 |
|---|------|--------------------------|-------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | | 11,498,883,714.13 | 11,490,798,837.57 |
| Net increase in deposit from customer and due from bank and other financial institutions | | | |
| Net increase in borrowings from central bank | | | |
| Net increase in borrowings from other financial institutions | | | |
| Cash received from premium income from direct insurance contracts | | | |
| Net cash received from reinsurance business | | | |
| Net increase in policyholders' deposits and investments contract liabilities | | | |
| Cash received from interests, handling charges and commissions | | | |
| Net increase in loans from other banks and other financial institutions | | | |
| Net increase in repurchase business | | | |
| Net cash received from agency purchases and sales of securities | | | |
| Cash received from tax refund | | 169,038,553.17 | 254,636,208.28 |
| Cash received relating to other operating activities | | 263,686,758.18 | 170,426,947.19 |
| Sub-total of cash inflows from operating activities | | 11,931,609,025.48 | 11,915,861,993.04 |
| Cash paid for goods and services | | 3,963,940,294.76 | 3,709,334,148.82 |
| Net increase in loans and advances to customers | | | |
| Net increase in central bank and interbank deposits | | | |
| Cash paid for claims of direct insurance contracts | | | |
| Net increase in lending funds | | | |
| Cash paid for interests, handling charges and commissions | | | |
| Cash paid for the policy dividends | | | |
| Cash paid to and on behalf of employees | | 2,048,842,320.61 | 1,841,263,775.09 |
| Payments of taxes and surcharges | | 1,131,995,185.10 | 979,847,523.70 |
| Cash paid relating to other operating activities | | 1,996,121,917.99 | 2,323,424,693.72 |
| Sub-total of cash outflows from operating activities | | 9,140,899,718.46 | 8,853,870,141.33 |
| Net cash flows from operating activities | | 2,790,709,307.02 | 3,061,991,851.71 |
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | 74,591,199.57 | 280,258,031.88 |
| Cash received from investment income | | 24,562,502.50 | 533,267,218.26 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,553,222.51 | 2,085,938.02 |
| Net cash received from the disposal of subsidiaries and other business entities | | | 152,601.60 |
| Cash received relating to other investing activities | | 106,638,371.02 | 191,981,098.59 |
| Sub-total of cash inflows from investing activities | | 208,345,295.60 | 1,007,744,888.35 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | 905,215,530.83 | 984,395,333.19 |
| Cash paid for investments | | 723,484,521.01 | 171,080,114.83 |
| Net increase in pledged loans | | | |
| Net cash paid for acquisition of subsidiaries and other business units | | 21,426,911.42 | 453,005,901.62 |
| Cash paid relating to other investing activities | | 157,547,347.59 | 259,728,283.53 |
| Sub-total of cash outflows from investing activities | | 1,807,674,310.85 | 1,868,209,633.17 |
| Net cash flows from investing activities | | -1,599,329,015.25 | -860,464,744.82 |
| III. Cash flows from financing activities: | | | |
| Cash received from capital contributions | | 2,115,818,452.87 | 51,584,210.16 |
| Including: Cash received by subsidiaries from receiving investments made by minority interest | | 582,821,869.41 | 51,584,210.16 |
| Cash received from borrowings | | 1,828,000,000.00 | 3,745,333,033.33 |
| Cash received relating to other financing activities | | 262,979,778.11 | 619,740,000.00 |
| Sub-total of cash inflows from financing activities | | 4,206,798,230.98 | 4,416,657,243.49 |
| Cash repayment of borrowings | | 2,515,370,360.00 | 4,258,985,903.55 |
| Cash payments for distribution of dividends profits or interest expenses | | 642,484,722.41 | 636,041,211.20 |
| Including: Dividends and profits paid by subsidiaries to non-controlling interests | | 6,837,837.84 | 48,998,909.59 |
| Cash payments for other financing activities | | 636,194,538.06 | 419,036,019.36 |
| Sub-total of cash outflows from financing activities | | 3,794,049,620.47 | 5,314,063,134.11 |
| Net cash flows from financing activities | | 412,748,610.51 | -897,405,890.62 |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | 21,125,242.47 | -11,314,831.22 |
| V. Net increase in cash and cash equivalents | | 1,625,254,144.75 | 1,292,806,385.05 |
| Add: Beginning balance of cash and cash equivalents | | 3,684,043,645.03 | 2,391,237,259.98 |
| VI. Ending balance of cash and cash equivalents | | 5,309,297,789.78 | 3,684,043,645.03 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Cash Flows
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | Note | 2022 | 2021 |
|---|------|-------------------------|-------------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from sale of goods or rendering of services | | 1,798,438,630.91 | 1,285,482,388.63 |
| Cash received from tax refund | | 757,793.03 | 246,653.35 |
| Cash received relating to other operating activities | | 69,610,996.85 | 52,444,171.76 |
| Sub-total of cash inflows from operating activities | | 1,868,807,420.79 | 1,338,173,213.74 |
| Cash paid for goods and services | | 275,215,879.95 | 258,958,674.15 |
| Cash paid to and on behalf of employees | | 518,223,146.98 | 496,027,593.28 |
| Payments of taxes surcharges | | 197,004,139.03 | 76,128,368.68 |
| Cash paid relating to other operating activities | | 333,719,239.73 | 296,030,414.11 |
| Sub-total of cash outflows from operating activities | | 1,324,162,405.69 | 1,127,145,050.22 |
| Net cash flows from operating activities | | 544,645,015.10 | 211,028,163.52 |
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | 10,451,867.42 | 227,457,709.68 |
| Cash received from returns on investments | | 87,099,853.08 | 1,526,495,610.42 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 38,381.61 | 8,190,545.40 |
| Net cash received from the disposal of subsidiaries and other business entities | | 276,815,056.74 | 584,200,000.00 |
| Cash received relating to other investing activities | | 47,459,501.39 | 66,915,493.17 |
| Sub-total of cash inflows from investing activities | | 421,864,660.24 | 2,413,259,358.67 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 55,784,943.19 | 81,666,857.93 |
| Cash paid to acquire investments | | 232,611,914.00 | 274,936,871.79 |
| Net cash paid for acquisition of subsidiaries and other business units | | 297,023,363.98 | 1,061,635,658.98 |
| Cash paid relating to other investing activities | | 92,800,000.00 | 140,000,000.00 |
| Sub-total of cash outflows from investing activities | | 678,220,221.17 | 1,558,239,388.70 |
| Net cash flows from investing activities | | -256,355,560.93 | 855,019,969.97 |
| III. Cash flows from financing activities: | | | |
| Cash received from capital contributions | | 1,532,996,583.46 | |
| Cash received from borrowings | | 1,544,000,000.00 | 3,395,959,700.00 |
| Cash received relating to other financing activities | | 1,162,505,236.24 | |
| Sub-total of cash inflows from financing activities | | 4,239,501,819.70 | 3,395,959,700.00 |
| Cash repayment of borrowings | | 2,205,250,000.00 | 3,432,575,903.55 |
| Cash payments for distribution of dividends profits or interest expenses | | 626,500,099.81 | 578,728,101.16 |
| Cash payments for other financing activities | | 248,144,533.56 | 122,018,435.54 |
| Sub-total of cash outflows from financing activities | | 3,079,894,633.37 | 4,133,322,440.25 |
| Net cash flows from financing activities | | 1,159,607,186.33 | -737,362,740.25 |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | 2,367,969.41 | -2,601,051.82 |
| V. Net increase in cash and cash equivalents | | 1,450,264,609.91 | 326,084,341.42 |
| Add: Beginning balance of cash and cash equivalents | | 1,001,034,621.83 | 674,950,280.41 |
| VI. Ending balance of cash and cash equivalents | | 2,451,299,231.74 | 1,001,034,621.83 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Changes in Owners' Equity
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | 2022 | | | | | | | | | | | | | |
|---|--|--------------------------|--------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------------|-------------------|--------------------|----------------|-------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | | | Minority interests | Total equity | |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Provision for general risks | Retained earnings | | | Sub-total |
| | Preference shares | Perpetual bonds | Others | | | | | | | | | | | |
| I. Ending balance of last year | 1,804,587,310.00 | | | 214,766,365.30 | 983,705,934.14 | 364,191,936.22 | 128,902,935.45 | | 585,170,176.55 | | 8,120,920,265.38 | 11,473,861,050.60 | 799,675,522.65 | 12,273,536,573.25 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | | | | |
| Business combination under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II. Beginning balance of the year | 1,804,587,310.00 | | | 214,766,365.30 | 983,705,934.14 | 364,191,936.22 | 128,902,935.45 | | 585,170,176.55 | | 8,120,920,265.38 | 11,473,861,050.60 | 799,675,522.65 | 12,273,536,573.25 |
| III. Increase/decrease for the year (Decrease expressed with "-") | 76,022,381.00 | | | -12,812.22 | 2,259,373,259.17 | -8,371,497.85 | 219,667,133.16 | | 78,875,984.90 | | 1,469,378,533.16 | 3,672,341,710.70 | 424,604,980.24 | 4,096,946,690.94 |
| (I) Total comprehensive income | | | | | | | 386,236,335.41 | | | | 2,202,809,390.54 | 1,816,573,055.13 | 24,391,306.68 | 1,840,964,361.81 |
| (II) Capital paid in and reduced by shareholders | 76,022,381.00 | | | -12,812.22 | 2,170,699,155.78 | -8,371,497.85 | | | | | | 2,255,080,222.41 | 405,113,673.56 | 2,660,193,895.97 |
| 1. Ordinary shares paid by shareholders | 88,421,980.00 | | | | 1,427,519,194.10 | | | | | | | 1,515,941,174.10 | | 1,515,941,174.10 |
| 2. Capital paid by holders of other equity instruments | 3,182.00 | | | -12,812.22 | 95,579.92 | | | | | | | 85,949.70 | | 85,949.70 |
| 3. Amount of share-based payments recognized in owners' equity | | | | | 80,945,128.77 | | | | | | | 80,945,128.77 | 2,036,248.35 | 82,981,377.12 |
| 4. Others | -12,402,781.00 | | | | 662,139,252.99 | -8,371,497.85 | | | | | | 658,107,969.84 | 403,077,425.21 | 1,061,185,395.05 |
| (III) Profit distribution | | | | | | | | | 78,875,984.90 | | -566,861,655.13 | -487,985,670.23 | -4,900,000.00 | -492,885,670.23 |
| 1. Transfer to surplus | | | | | | | | | 78,875,984.90 | | -78,875,984.90 | | | |

| Item | 2022 | | | | | | | | | | | | | |
|--|--|--------------------------|--------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------------|-------------------|-------------------|--------------------|-------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | | | | Minority interests | Total equity |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Provision for general risks | Retained earnings | Sub-total | | |
| | Preference shares | Perpetual bonds | Others | | | | | | | | | | | |
| reserve | | | | | | | | | 0 | | | | | |
| 2.Transfer to provision for general risks | | | | | | | | | | | | | | |
| 3.Distribution to owners (or shareholders) | | | | | | | | | | | -487,985,670.23 | -487,985,670.23 | -4,900,000.00 | -492,885,670.23 |
| 4.Others | | | | | | | | | | | | | | |
| (IV) Transfer within owners' equity | | | | | | | 166,569,202.25 | | | | -166,569,202.25 | | | |
| 1.Capitalization of capital reserve (or share capital) | | | | | | | | | | | | | | |
| 2.Capitalization of surplus reserve (or share capital) | | | | | | | | | | | | | | |
| 3.Loss offset by surplus reserve | | | | | | | | | | | | | | |
| 4.Transfer to retained earnings arising from change in defined benefit plans | | | | | | | | | | | | | | |
| 5.Transfer from other comprehensive income to retained earnings | | | | | | | 166,569,202.25 | | | | -166,569,202.25 | | | |
| 6.Others | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | |
| 1.Transfer in the year | | | | | | | | | | | | | | |
| 2.Utilisation in the year | | | | | | | | | | | | | | |
| (VI) Others | | | | | 88,674,103.39 | | | | | | | 88,674,103.39 | | 88,674,103.39 |
| IV. Ending balance of the year | 1,880,609,691.00 | | | 214,753,553.08 | 3,243,079,193.31 | 355,820,438.37 | 90,764,197.71 | | 664,046,161.45 | | 9,590,298,798.54 | 15,146,202,761.30 | 1,224,280,502.89 | 16,370,483,264.19 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Changes in Owners' Equity (Continued)
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | 2021 | | | | | | | | | | | | | |
|---|--|--------------------------|--------|----------------|-----------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------------|-------------------|------------------|--------------------|-------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | | | | Minority interests | Total equity |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Provision for general risks | Retained earnings | Sub-total | | |
| | Preference shares | Perpetual bonds | Others | | | | | | | | | | | |
| I. Ending balance of last year | 1,804,581,117.00 | | | | 959,178,574.08 | 254,282,089.95 | 37,457,150.30 | | 402,534,580.65 | | 6,923,321,919.53 | 9,872,791,251.61 | 664,635,196.86 | 10,537,426,448.47 |
| Add: Changes in accounting policies | | | | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | | | | |
| Business combination under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II. Beginning balance of the year | 1,804,581,117.00 | | | | 959,178,574.08 | 254,282,089.95 | 37,457,150.30 | | 402,534,580.65 | | 6,923,321,919.53 | 9,872,791,251.61 | 664,635,196.86 | 10,537,426,448.47 |
| III. Increase/decrease for the year (Decrease expressed with "-") | 6,193.00 | | | 214,766,365.30 | 24,527,360.06 | 109,909,846.27 | 91,445,785.15 | | 182,635,595.90 | | 1,197,598,345.85 | 1,601,069,798.99 | 135,040,325.79 | 1,736,110,124.78 |
| (I) Total comprehensive income | | | | | | | 160,971,791.96 | | | | 1,719,324,578.02 | 1,880,296,369.98 | 69,210,696.43 | 1,949,507,066.41 |
| (II) Capital paid in and reduced by shareholders | 6,193.00 | | | 214,766,365.30 | -31,521,783.42 | 109,909,846.27 | | | | | | 73,340,928.61 | 114,828,538.95 | 188,169,467.56 |
| 1. Ordinary shares paid by shareholders | | | | | | | | | | | | | 51,584,210.16 | 51,584,210.16 |
| 2. Capital paid by holders of other equity instruments | 6,193.00 | | | 214,790,321.83 | 175,754.15 | | | | | | | 214,972,268.98 | | 214,972,268.98 |
| 3. Amount of share-based payments recognized in owners' equity | | | | | 43,377,811.14 | | | | | | | 43,377,811.14 | 1,081,340.12 | 44,459,151.26 |
| 4. Others | | | | -23,956.53 | -75,075,348.71 | 109,909,846.27 | | | | | | -185,009,151.51 | 62,162,988.67 | -122,846,162.84 |
| (III) Profit distribution | | | | | | | | | 182,635,595.90 | | -591,252,238.98 | -408,616,643.08 | -48,998,909.59 | -457,615,552.67 |
| 1. Transfer to surplus | | | | | | | | | 182,635,595.90 | | -182,635,595.90 | | | |

| Item | 2021 | | | | | | | | | | | | | |
|--|--|--------------------------|--------|----------------|-----------------|-----------------------|----------------------------|-----------------|-----------------|-----------------------------|-------------------|-------------------|--------------------|-------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | | | | Minority interests | Total equity |
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Provision for general risks | Retained earnings | Sub-total | | |
| | Preference shares | Perpetual bonds | Others | | | | | | | | | | | |
| reserve | | | | | | | | | 90 | | | | | |
| 2.Transfer to provision for general risks | | | | | | | | | | | | | | |
| 3.Distribution to owners (or shareholders) | | | | | | | | | | | -408,616,643.08 | -408,616,643.08 | -48,998,909.59 | -457,615,552.67 |
| 4.Others | | | | | | | | | | | | | | |
| (IV) Transfer within owners' equity | | | | | | | | | | | 69,526,006.81 | | | |
| 1.Capitalization of capital reserve (or share capital) | | | | | | | | | | | | | | |
| 2.Capitalization of surplus reserve (or share capital) | | | | | | | | | | | | | | |
| 3.Loss offset by surplus reserve | | | | | | | | | | | | | | |
| 4.Transfer to retained earnings arising from change in defined benefit plans | | | | | | | | | | | | | | |
| 5.Transfer from other comprehensive income to retained earnings | | | | | | | | | | | 69,526,006.81 | | | |
| 6.Others | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | | | |
| 1.Transfer in the year | | | | | | | | | | | | | | |
| 2.Utilisation in the year | | | | | | | | | | | | | | |
| (VI) Others | | | | | 56,049,143.48 | | | | | | | 56,049,143.48 | | |
| IV. Ending balance of the year | 1,804,587,310.00 | | | 214,766,365.30 | 983,705,934.14 | 364,191,936.22 | 128,902,935.45 | | 585,170,176.55 | | 8,120,920,265.38 | 11,473,861,050.60 | 799,675,522.65 | 12,273,536,573.25 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Changes in Owners' Equity (Continued)
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | 2022 | | | | | | | | | | |
|---|------------------|--------------------------|-----------------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| | | Preference shares | Perpetual bonds | Others | | | | | | | |
| I. Ending balance of last year | 1,804,587,310.00 | | | 214,766,365.30 | 2,561,836,944.62 | 364,191,936.22 | 65,171,925.73 | | 709,594,539.06 | 3,931,015,798.72 | 8,922,780,947.21 |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Beginning balance of the year | 1,804,587,310.00 | | | 214,766,365.30 | 2,561,836,944.62 | 364,191,936.22 | 65,171,925.73 | | 709,594,539.06 | 3,931,015,798.72 | 8,922,780,947.21 |
| Increase/decrease for the year (Decrease expressed with "-") | 76,022,381.00 | | | -12,812.22 | 1,325,886,547.49 | -8,371,497.85 | -68,995,982.07 | | 78,875,984.90 | 224,515,397.33 | 1,644,663,014.28 |
| (I)Total comprehensive income | | | | | | | -66,378,778.64 | | | 788,759,849.03 | 722,381,070.39 |
| (II)Capital paid in and reduced by shareholders | 76,022,381.00 | | | -12,812.22 | 1,237,941,098.33 | -8,371,497.85 | | | | | 1,322,322,164.96 |
| 1.Ordinary shares paid by shareholders | 88,421,980.00 | | | | 1,427,519,194.10 | | | | | | 1,515,941,174.10 |
| 2.Capital paid by holders of other equity instruments | 3,182.00 | | | -12,812.22 | 95,579.92 | | | | | | 85,949.70 |
| 3.Amount of share-based payments recognized in owners' equity | | | | | 52,205,633.26 | | | | | | 52,205,633.26 |
| 4.Others | -12,402,781.00 | | | | -241,879,308.95 | -8,371,497.85 | | | | | -245,910,592.10 |
| (III)Profit distribution | | | | | | | | | 78,875,984.90 | -566,861,655.13 | -487,985,670.23 |
| 1.Transfer to surplus reserve | | | | | | | | | 78,875,984.90 | -78,875,984.90 | |

| Item | 2022 | | | | | | | | | | |
|--|------------------|--------------------------|-----------------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|-------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| | | Preference shares | Perpetual bonds | Others | | | | | | | |
| 2.Distribution to owners (or shareholders) | | | | | | | | | | -487,985,670.23 | -487,985,670.23 |
| 3.Others | | | | | | | | | | | |
| (IV)Transfer within owners' equity | | | | | | | -2,617,203.43 | | | 2,617,203.43 | |
| 1.Capitalization of capital reserve (or share capital) | | | | | | | | | | | |
| 2.Capitalization of surplus reserve (or share capital) | | | | | | | | | | | |
| 3.Loss offset by surplus reserve | | | | | | | | | | | |
| 4.Transfer to retained earnings arising from change in defined benefit plans | | | | | | | | | | | |
| 5.Transfer from other comprehensive income to retained earnings | | | | | | | -2,617,203.43 | | | 2,617,203.43 | |
| 6.Others | | | | | | | | | | | |
| (V)Special reserve | | | | | | | | | | | |
| 1.Transfer in the year | | | | | | | | | | | |
| 2.Utilisation in the year | | | | | | | | | | | |
| (VI)Others | | | | | 87,945,449.16 | | | | | | 87,945,449.16 |
| IV. Ending balance of the year | 1,880,609,691.00 | | | 214,753,553.08 | 3,887,723,492.11 | 355,820,438.37 | -3,824,056.34 | | 788,470,523.96 | 4,155,531,196.05 | 10,567,443,961.49 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Changes in Owners' Equity (Continued)
2022
(All amounts in RMB Yuan unless otherwise stated)

| Item | 2021 | | | | | | | | | | |
|---|------------------|--------------------------|-----------------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| | | Preference shares | Perpetual bonds | Others | | | | | | | |
| I. Ending balance of last year | 1,804,581,117.00 | | | | 2,486,335,584.16 | 254,282,089.95 | | | 526,958,943.16 | 2,680,064,310.48 | 7,243,657,864.85 |
| Add: Changes in accounting policies | | | | | | | | | | | |
| Correction of previous errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Beginning balance of the year | 1,804,581,117.00 | | | | 2,486,335,584.16 | 254,282,089.95 | | | 526,958,943.16 | 2,680,064,310.48 | 7,243,657,864.85 |
| III. Increase/decrease for the year (Decrease expressed with "-") | 6,193.00 | | | 214,766,365.30 | 75,501,360.46 | 109,909,846.27 | 65,171,925.73 | | 182,635,595.90 | 1,250,951,488.24 | 1,679,123,082.36 |
| (I) Total comprehensive income | | | | | | | 81,021,634.35 | | | 1,826,355,959.04 | 1,907,377,593.39 |
| (II) Capital paid in and reduced by shareholders | 6,193.00 | | | 214,766,365.30 | 19,452,216.98 | 109,909,846.27 | | | | | 124,314,929.01 |
| 1. Ordinary shares paid by shareholders | | | | | | | | | | | |
| 2. Capital paid by holders of other equity instruments | 6,193.00 | | | 214,790,321.83 | 175,754.15 | | | | | | 214,972,268.98 |
| 3. Amount of share-based payments recognized in owners' equity | | | | | 19,276,462.83 | | | | | | 19,276,462.83 |
| 4. Others | | | | -23,956.53 | | 109,909,846.27 | | | | | -109,933,802.80 |
| (III) Profit distribution | | | | | | | | | 182,635,595.90 | -591,252,238.98 | -408,616,643.08 |
| 1. Transfer to surplus reserve | | | | | | | | | 182,635,595.90 | -182,635,595.90 | |

| Item | 2021 | | | | | | | | | | |
|--|------------------|--------------------------|-----------------|----------------|------------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|------------------|
| | Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total equity |
| | | Preference shares | Perpetual bonds | Others | | | | | | | |
| 2.Distribution to owners (or shareholders) | | | | | | | | | | -408,616,643.08 | -408,616,643.08 |
| 3.Others | | | | | | | | | | | |
| (IV) Transfer within owners' equity | | | | | | | -15,847,768.18 | | | 15,847,768.18 | |
| 1.Capitalization of capital reserve (or share capital) | | | | | | | | | | | |
| 2.Capitalization of surplus reserve (or share capital) | | | | | | | | | | | |
| 3.Loss offset by surplus reserve | | | | | | | | | | | |
| 4.Transfer to retained earnings arising from change in defined benefit plans | | | | | | | | | | | |
| 5.Transfer from other comprehensive income to retained earnings | | | | | | | -15,847,768.18 | | | 15,847,768.18 | |
| 6.Others | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | |
| 1.Transfer in the year | | | | | | | | | | | |
| 2.Utilisation in the year | | | | | | | | | | | |
| (VI) Others | | | | | 56,049,143.48 | | -1,940.44 | | | | 56,047,203.04 |
| IV. Ending balance of the year | 1,804,587,310.00 | | | 214,766,365.30 | 2,561,836,944.62 | 364,191,936.22 | 65,171,925.73 | | 709,594,539.06 | 3,931,015,798.72 | 8,922,780,947.21 |

Legal representative: Pu Zhongjie Chief Financial Officer: Wang Yong Accounting Manager: Li Yun

Lepu Medical Technology (Beijing) Co., Ltd

Notes to the Financial Statements

(All amounts in RMB Yuan unless otherwise stated)

I. Basic Information of the Company

(1) General

Lepu Medical Technology (Beijing) Co., Ltd (the "Company"), formerly known as Beijing Lepu Medical Instrument Co., Ltd, was established on 11 June 1999 with the approval from Beijing Municipal Administrative Bureau for Industry and Commerce. The registered share capital of the Company was RMB12.60 million then with Luoyang Ship Material Research Institute contributing the capital in cash of RMB8.82 million and WP Medical Technologies, Inc (hereinafter referred to as the " US WP") contributing the capital in technology of RMB3.78 million. The aforementioned paid-in capital was verified by Beijing Yanping CPA Co., Ltd. who issued the verification report numbered Yankuaikeyanzi (2000) No. 018.

As at 31 December 2022, the Company has cumulatively issued 1,880,609,691.00 shares with a registered share capital of RMB1,804,581,117, as of the approval date of this report, the change of industrial and commercial registration is in progress.

Social credit code: 911100007000084768

Registered address: No. 37 Chaoqian Road, Changping District, Beijing

Legal representative: Mr. Pu Zhongjie (蒲忠傑)

Scope of business: Production and sales of medical equipment and accessories; Technical development of medical instruments and accessories; Provide technical consulting services for self-produced products; Import and export of the above products; Technology import and export; Commission agent (excluding auction, commodities involving quota license management and special regulation management shall be handled according to relevant state regulations). (Market subjects independently choose business projects and carry out business activities according to law; For projects subject to approval according to law, business activities shall be carried out according to the approved contents after approval by relevant departments; Shall not engage in the business activities of the projects prohibited or restricted by the industrial policies of the State and this municipality).

The financial statements have been approved by the board of Directors of the Company on 25 April 2023.

(2) Scope of the consolidated financial statements

As at 31 December 2022, particulars of the Company's principal second-level subsidiaries are as follows:

| Name of subsidiary |
|---|
| Lepu Qianshi Digital Technology (Shanghai) Co., Ltd. |
| Lepu Medical Equipment(Beijing) Co., Ltd. |
| Beijing Ruixiang Taikang Technology Co., Ltd. |
| Beijing Tiandi Hexie Technology Co., Ltd. |
| Lepu Medical Electronics Technology Co., Ltd. |
| Lepu Scientech Medical Technology (Shanghai) Co., Ltd |
| Ningbo Bingkun Medical Technology Co., Ltd. |
| Beijing Lepu Medical Technology Co., Ltd.(used name: Beijing Lepu Medical Technology Co., Ltd) |
| Lepu Medical (Europe) Coöperatief U.A. |
| Beijing Star GK Medical Device Co., Ltd. |
| Shenzhen Sonolepu Medical Technology Co., Ltd. |
| Shenzhen Lepu Intelligent Medical Equipment Co., Ltd. |
| Lepu Pharmaceutical Co., Ltd. |
| Zhejiang Lepu Pharmaceutical Co., Ltd. |
| Beijing Haihetian Technology Development Co., Ltd. |
| Beijing Lepucare Technology Co., Ltd. |
| Beijing Lejian Medical Investment Co., Ltd. |
| Beijing JWJ Science & Technology Development Co., Ltd. |
| Anhui High Tech Cardiovascular Hospital Management Co., Ltd. |
| Beijing Guoyihui Healthcare Technology Co., Ltd. |
| Beijing Lepu Growth Investment Management Co., Ltd. |
| Lepu Medical (Shenzhen) International Development Center Co., Ltd. |
| Lepu (Shenzhen) Medical Technology Co., Ltd. |
| Qingdao Minyi Investment Center (Limited Partnership) |
| Beijing Lepu Tongxin Technology Co., Ltd. |
| Shenzhen Purwell Medical Technology Co., Ltd. |
| Tianjin Yuhengjia Medical Technology Co., Ltd. |
| Xiangcheng Lepu Hospital Management Co., Ltd. |
| Liaoning Bo'ao Bio-pharmaceutical Co., Ltd. |
| Shanghai Lepu CloudMed Co., Ltd(used name: Shanghai Yocaly Health Management Co. Ltd) |
| Beijing Lepu Precision Medical Technology Co., Ltd.(used name:Beijing Weikangtongda Medical Technology Co., Ltd.) |
| Lepu International Holdings (Shenzhen) Co., Ltd. |

| Name of subsidiary |
|--|
| Lepu Ruikang (Shanghai) Intelligent Technology Co., Ltd |
| Lepu Guanzhi Biotechnology Co., Ltd. |
| Lepu Youkang (Beijing) Pharmaceutical Technology Co., Ltd. |
| Yinchuan Lepu Internet Hospital Co., Ltd. |
| Shanxi Xingtai Biotechnology Co., Ltd |
| Sichuan Xingtaipule Medical Technology Co., Ltd. |
| Aonuo (Qingdao) Pharmaceutical Co., Ltd. |
| Suzhou Bonsmile Medical Technology Co., Ltd. |
| Tibet Tiandome Technology Development Co., Ltd. |
| Beijing Huaco Healthcare Technologies Co., Ltd. |
| Lepu (Beijing) Medical Technology Co., Ltd. |
| Lepu (Shenzhen) Surgical Medical Instrument Co., Ltd. |
| Beijing Ledongpukang Medical Technology Co., Ltd. |
| Lepu Ruikang (Beijing) Pension Service Management Co., LTD |
| Lepu Jiantang Pharmaceutical (Chongqin) Co., Ltd. |

II. Basis of Preparation for the Financial Statements

(1) Basis of preparation

The financial statements have been prepared in accordance with the *Accounting Standards for Business Enterprises – Basic Standards* and other various accounting standards, Application Guideline of the Accounting Standards for Business Enterprises, Interpretation of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as *No. 15 of Regulations on Information Disclosures of Companies that Issue Public Offering Shares – General Rules of Preparing Financial Reports* issued by China Securities Regulatory Commission (CSRC).

(2) Going concern

As at 31 December 2022, the Company did not have any material uncertain eventuality that may prejudice the Company's ability to continue as a going concern.

III. Significant Accounting Policies and Accounting Estimates

(1) Statement of compliance with the Accounting Standards for Business

Enterprises

The financial statements of the Company for the year ended 31 December 2022 are in compliance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely present the consolidated and company's financial position of the Company as at 31 December 2022, and of the consolidated and company's financial performance and cash flows for the year then ended.

(2) Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

(3) Operating cycle

The Company's operating cycle is 12 months.

(4) Reporting currency

The Company's reporting currency is Renminbi ("RMB").

(5) Accounting treatment for business combinations under common control and business combinations not under common control

For business combination under common control: The assets and liabilities (including the goodwill that generated from the ultimate controller's acquisition of the combined party) that the combining party obtains in a business combination shall be measured at their respective carrying amounts as recorded by the combined party in the consolidated financial statements of the ultimate controller on the combining date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combinations (or total par value of issued shares) shall be adjusted to capital stock premium in the capital reserve. If the balance of capital stock premium is insufficient, any excess is adjusted to retained earnings.

For business combination that are not under common control: The cost of the combination is the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree at the date of purchase. Goodwill is recognized by the difference between the cost of business combination over the fair value of net identifiable assets acquired. In case the cost of business combination is smaller than the fair value of net identifiable assets of the acquiree, the negative balance shall be

counted into current profit and loss. For identifiable net assets, liabilities and contingent liabilities of the acquiree obtained from business combination that meet the recognition conditions shall be measured at fair value on the acquisition date.

The relevant direct costs of the combination shall be recorded into the current profit or loss when incurred. The transaction costs of the equity securities or debt securities issued for business combination shall be included in the initially confirmed amount of the equity securities or debt securities.

(6) Methods of preparation of consolidated financial statements

1、 Consolidation scope

The scope of consolidation in the consolidated financial statements is determined on a control basis, including the Company and all subsidiaries. Control means that the company has the power over the invested entity, can obtain variable returns from its participation in relevant activities of the invested entity, and is capable of affecting the amount of returns by using the power over the invested entity.

2、 Consolidation procedure

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow. The impact of internal transactions between the Company and its subsidiaries as well between subsidiaries shall be offset. If the relevant assets are impaired in internal transaction, the loss shall be recognized in full. If the accounting policies and accounting periods adopted by the subsidiaries are different from those of the Company, some necessary adjustments shall be made by following the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The owner's equity of the subsidiary, the share of the current net profit or loss and current comprehensive income attributable to the minority shareholder shall be separately presented under the owner's equity of the consolidated balance sheet, the net profit and the total comprehensive income of the consolidated income statement. If the current loss assumed by the minority shareholders of a subsidiary exceeds the share in the opening owner's equity of the subsidiary, the balance shall be offset against the minority shareholders' equity.

(1) Acquisition of subsidiaries or businesses

During the reporting period, if a subsidiary or businesses are acquired due to the business combination under the common control, the opening balance of the operating results and cash flow for the period of the combination shall be included in the consolidated financial statements. Additionally, the opening balance of the consolidated financial statements and the relative items in the comparative statements shall be adjusted, as if the reporting entity of the combination always exists since the ultimate controller begins the control.

For control over the invested entity under the common control due to additional investment or the like, the equity investment held prior to obtaining the control over the combined party, the profits or losses, other comprehensive income and other changes in the net assets recognized for the period from the acquisition date or the date when the combining party and the combined party are under the same control, whichever is later, to the combining date, shall be offset against the opening retained earnings or current profit or loss in the period of the comparative statements respectively.

During the reporting period, if a subsidiary or businesses are acquired due to the business combinations not under common control, they shall be included in the consolidated financial statements on the basis of the fair value of all identifiable assets, liabilities and contingent liabilities determined from the acquisition date.

For control over the invested entity not under the common control due to additional investment or the like, the equity of the acquiree held before the acquisition date will be remeasured at the fair value on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income. Whereas, the equity of the acquiree held before the acquisition date involving other comprehensive income that can be reclassified into profit or loss afterwards, and other changes in owner's equity under the equity method shall be converted into the current investment income of the period including the acquisition date.

(2) Disposal of subsidiaries

① General approach

When lose the control over the invested party for the disposal of part of equity investments or other reasons, it shall remeasure the remaining equity at the fair value on the date that the control power is lost. The difference between the sum of the consideration derived from the equity disposal and the fair value of the

remaining equity shares, and the sum of the net asset share entitled from the acquisition date or combining date continually calculated by the original shareholding ratio in subsidiaries and goodwill, shall be included in the investment income of the current period when the control power is lost. Other comprehensive income related to the original equity investment in the subsidiaries that can be reclassified into profit and loss afterwards, and other changes in owner's equity under the equity method shall be converted into the current investment income when lose the control.

② Disposal of subsidiaries by stages

For the disposal of equity investment in subsidiaries through multiple transactions until lose the power of control, the said transactions shall be accounted as a package deal if the terms, conditions and economic effects of all transactions for the disposal of equity investment in subsidiaries satisfy one or more of the following circumstances:

- i. These transactions are concluded at the same time or in consideration of mutual influence.;
- ii. Only these transactions as a whole can achieve a complete business result.
- iii. One transaction depends on at least one other transaction.
- iv. The single transaction is not economic, but it will be economic when considering it together with other transactions.

If each transaction is a package deal, it shall be treated as a transaction for disposal of subsidiaries and the control over the subsidiaries will be lost; however, before losing control power, the difference between each disposal price and the net asset share of the subsidiary entitled corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements, and then included in profits and losses of the period that the control power is lost.

If each transaction is not a package deal, it shall be treated as the partial disposal of equity investment in the subsidiary without loss of control before losing the power of control; however, it shall follow the general approach to the disposal of subsidiaries in case of loss of control.

(3) Acquisition of minority interests in subsidiaries

The difference between the long-term equity investment newly acquired due to the acquisition of minority interest and the share of net assets of the subsidiary entitled from the acquisition date or combining date continually calculated by the new

shareholding ratio shall be offset against the share premium under capital reserve in the consolidated balance sheet. If the capital reserve is insufficient to offset the difference, any excess shall be adjusted against the retained earnings.

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

The difference between the disposal price and the share of net assets entitled corresponding to the disposal of long-term equity investments continually calculated from the acquisition date or combining date shall be offset against the share premium under capital reserve in the consolidated balance sheet. If the capital reserve is insufficient to offset the difference, any excess shall be adjusted against the retained earnings.

(7) Recognition criteria for cash and cash equivalents

Cash indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents are referred as investment that held in a short term, highly liquid and were readily convertible to known amounts of cash and subject to insignificant risk of value change.

(8) Classification of joint arrangement and accounting methods for joint operation

Joint arrangement includes joint operation and joint venture.

A joint venture party shares the related assets and liabilities, which means joint operation. The Company confirms that the following items are related to the share of interests in joint operation:

- (1) The assets held by the Company alone, and the jointly-held assets by the share of the Company.
- (2) The liabilities held by the Company alone, and the jointly-held liabilities by the share of the Company.
- (3) The revenue from the sales of shares of co-operation output.
- (4) The revenue from the sales according to ratio in co-operation output.
- (5) The expenditure arose alone and from co-operation according to the share of the Company.

The company's long-term equity investments in joint ventures are accounted for under the

equity method, further details are given in Note "(III) 10. Long term equity investments" in this note.

(9) Foreign currency transactions and translation of foreign exchange financial statements

1. Foreign currency transactions

Foreign currency transactions are translated into RMB using the spot exchange rates prevailing on the transaction date.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to special foreign currency borrowings that have been taken out for the acquisition or construction of qualifying assets, which are capitalized according to the principle of borrowing costs.

2. Translation of foreign currency financial statements

The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates on the transaction date. The income and expense items in the income statements are translated at the spot exchange rates of the transaction date.

When disposing of foreign operations, the difference arising from the translation of financial statements for the foreign operations shall be transferred from the owner's equity to profit or loss.

(10) Financial instruments

When the Company becomes a party in the financial instrument contract, a financial asset, financial liability or equity instruments will be recognized.

1. Classification of the financial instruments

Based on the business model under which the Company manages assets and the characteristics of contractual cash flows of financial assets, the financial assets are divided into financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Company classifies a financial asset that meets any of the following conditions, as well is not designated to be financial assets at fair value through profit or loss as

assets at amortized cost:

- The business model is in order to collect contractual cash flows.
- Contract cash flow is only the payment of principal and interest on the principal amount outstanding.

The Company classifies a financial asset that meets any of the following conditions, as well is not designated to be measured at fair value through profit and loss as financial assets at fair value through other comprehensive income (debt instruments):

- The business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- Contract cash flow is only the payment of principal and interest on the principal amount outstanding.

The Company can irrevocably designate equity instruments not held for trading as financial assets at fair value through other comprehensive income (equity instruments) at initial recognition. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instrument from the perspective of the issuer.

Financial assets other than the above financial assets at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through profit and loss. If the accounting mismatch can be eliminated or significantly reduced, at initial recognition, the Company can irrevocably designate the financial assets that should be classified as measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit and loss.

Financial liabilities are divided into financial liabilities at fair value through profit and loss, and financial liabilities at amortized cost at initial recognition.

Financial liabilities that meet any of the following conditions can be designated to financial liabilities at fair value through profit and loss:

- 1) The designation can eliminate or significantly reduce the accounting mismatches.
- 2) Manage and take performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with the risk management or investment strategy of the

enterprise as set out in formal written documentation, and report to the key managers on this basis within the company.

3) The financial liability contains embedded derivatives that are subject to a separate spin-off.

2. Recognition basis and measure method of financial instruments

(1) Financial assets at amortized cost

Financial assets at amortized cost include notes receivables and accounts receivables, other receivables, long-term receivables, and debt investments, etc., which are initially measured at fair value, and the relevant transaction expenses are included in the initially recognized amount; however, accounts receivable without major financing components and accounts receivable with financing component less than one year left out by the Company are initially measured at the contract transaction price.

The interest calculated by the effective interest rate method is included in profit or loss during the holding period.

The difference between the acquisition price and the carrying value of the financial asset is included in profit or loss upon recovery or disposal.

(2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments) include receivables financing, other debt investment, etc., which are initially measured at fair value, and the relevant transaction expenses are included in the initially recognized amount. The financial asset is subsequently measured at fair value. Except for the interest calculated by the effective interest rate method, impairment losses or gains and exchange gains or losses, changes in fair value are included in other comprehensive income.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to profit or loss.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income(equity instruments) include equity instrument investments ,etc, which are initially measured at fair value, and the relevant transaction expenses are included in the

initially recognized amount. Such financial assets subsequently measured at fair value, and the changes in fair value are included in other comprehensive income. As well the dividends obtained are included in current profits and losses.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, which are initially measured at fair value, and the relevant transaction expenses are included in profit or loss. The financial asset is subsequently measured at fair value, where the changes in fair value are included in profit or loss.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities, and derivative financial liabilities, etc., which are initially measured at fair value, and the relevant transaction expenses are included in profit or loss. The financial liability is subsequently measured at fair value, where the changes in fair value are included in profit or loss.

Upon derecognition, the difference between its book value and the paid consideration is included in profit or loss.

(6) Financial liabilities at amortized cost

Financial liabilities at amortized cost include short-term loans, notes payable, accounts payable, other payable, long-term loans, bonds payable, and long-term accounts payable, which are initially measured at fair value, and the relevant transaction expenses are included in the initially recognized amount.

The interest calculated by the effective interest method is included in profit or loss during the holding period.

Upon derecognition, the difference between the paid consideration and the book value of the financial liability is included in profit or loss.

3、 Derecognition and transfer of financial assets

The Company derecognizes financial assets if any of the following conditions is met:

- the right to receive cash flows from the financial asset expires,
- the financial asset has been transferred and almost all risks and rewards

relating to the financial asset have been transferred to the transferee,

- the financial asset has been transferred to the transferee, and the Company has not transferred or retained substantially all risks and rewards relating to the financial asset, nor does it maintain the control over the financial asset.

When a financial asset is transferred, if almost all risks and rewards relating to the financial asset are retained, the recognition of the financial asset will not be terminated.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the company adopts the principle of substance over form.

The Company divides the transfer of financial assets into overall transfer and partial transfer. In case the overall transfer of the financial asset meets the criteria for derecognition, the difference between the following two items will be included in profit or loss:

(1) The book value of transferred financial assets.

(2) the sum of the consideration received as a result of the transfer and the accumulated changes in fair value which were previously directly included in owner's equity (the financial asset involved in transfer is the financial asset at fair value through other comprehensive income(debt instruments)).

In case where the transfer of only part of the financial asset meets the criteria for derecognition, the carrying amount of financial asset being transferred is allocated between the portions to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the following two items will be included in profit or loss:

(1) The book value of the derecognized part financial assets;

(2) The sum of the consideration of the derecognized part and the amount corresponding to the derecognized part of the accumulated changes in fair value which were previously included in owner's equity (the financial asset involved in transfer is the financial asset at fair value through other comprehensive income(debt instruments)).

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized, and its consideration shall be recognized as a financial liability.

4、 Derecognition of financial liabilities

A financial liability or a part of financial liability is derecognized when the obligation specified in the contract is discharged or cancelled in whole or in part. An agreement between the Group and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

As for substantive changes made to all or part of the contract terms of the existing financial liabilities, the existing financial liabilities or part of them will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability.

When financial liabilities are derecognized in whole or in part, the difference between the carrying amount of the financial liability derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is recognized in profit or loss for the period.

If the Company repurchases partial financial liabilities, the overall book value of the financial liabilities shall be distributed according to the relative fair value of the continuously recognized part and the derecognized part on the repurchase date. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in profit or loss for the period.

5、 Method for determination of fair values of financial assets and financial liabilities

For financial instruments with an active market, their fair value shall be determined by the quotation in the active market. In case there is no active market, the fair value shall be calculated by valuation technology. During the valuation, the Company adopts the valuation technology which is the most appropriate at that time and with sufficient available data and other information, selects the input value consistent with the characteristics of asset or liability considered by market participants in the relevant transaction, and gives priority to the use of relevant observable input values. Unobservable input values are used only when the relevant observable input values cannot be obtained or it is impractical to obtain them.

6、 Test method and accounting method for impairment of financial assets

The Company estimates expected credit loss for financial assets at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments), and financial guarantee contract, etc. individually or in combination.

The Company considers reasonable and reliable information about past events, current situation and forecast of future economic situation, taking the weight risk of default, calculating the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received and recognizing the expected credit loss.

If the credit risk of a financial instrument has increased significantly since its initial recognition, the Company shall measure the provision for loss based on the expected credit loss of the instrument over the entire duration. If the credit risk of financial instruments has not increased significantly since the initial recognition, the Company shall measure the provision for loss based on the expected credit loss in the next 12 months. The increase or reversal amount of the provision for loss arising therefrom shall be included in the current profits and losses as impairment losses or gains.

The Company compares the risk of default of a financial instrument on the balance sheet date with the risk on the initial recognition date to determine the relative change of default risk during the expected duration of the financial instrument, so as to evaluate whether the credit risk of the financial instrument has increased significantly since the initial recognition. Generally, when it is overdue for more than 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove the credit risk has not increased significantly since initial recognition.

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

If there is objective evidence indicating that a financial asset has been impaired, the company shall make provision for impairment of the financial asset individually.

For the receivables and contract assets arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 14—Revenue*(2017), whether or not they contain significant financing components, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For lease receivables, the Company chooses to always measure their loss

allowance at the amount of the expected credit losses for the lifetime.

If the Company no longer reasonably expects that the contractual cash flow of financial assets can be recovered in whole or in part, the book balance of the financial assets shall be written down.

(11) Inventories

1. Classification and cost of inventories

The inventories include raw materials, finished goods, and work in progress, etc.

Inventories are initially measured at cost, which includes the cost of purchase, processing costs and other expenses incurred in bringing the inventories to their present location and condition.

2. Valuation method of inventory delivered

When inventories are delivered, the actual cost is determined using the weighted-average method.

3. Basis for determining the net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When its net realizable value is lower than its cost, a provision for decline in value of inventories shall be made. Net realizable value refers to the amount of estimated price deducting estimated completion cost, sale expenses and related sales taxes in daily activities.

In the normal production and operation process, the net realizable value of finished goods, work in process and materials for sale, is determined by estimated price deducting estimated selling costs and related taxes. For the inventory of materials that need to be processed, its net realizable value is determined by estimated price deducting estimated completion cost, sale expenses and related sales taxes. For inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated based on the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contract, the net realizable value of excess inventories is calculated based on the general sales price.

After the provision for inventory value decline is made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the provision for inventory value decline is reversed within the amount originally provided for, and the reversed amount is recognized in profit or loss for the current period.

4. Inventory system

The Company adapts a perpetual inventory system.

5. Amortization method of low-value consumables and packaging materials

- (1) Low-value consumables are amortized using the one-time reversal method;
- (2) Packaging materials are amortized using the one-time reversal method.

(12) Contract asset

1. Methods and criteria for recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation of the Company and the payment by the customer. The right to receive consideration for goods transferred or services provided by the Company to the customer (and where that right is dependent on factors other than the passage of time) is shown as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's unconditional (depending only on the passage of time) rights to receive consideration from customers are shown separately as receivables.

2. Method of expected credit loss of contract assets and accounting treatment

The method of determining expected credit losses on contract assets and the accounting treatment are detailed in note "(III) 10. Test method and accounting method for impairment of financial assets" in this note.

(13) Held for sale

The carrying amount of a non-current asset or disposal group is classified as held for sale if it is recovered principally through sale (including exchange of non-monetary assets with commercial substance) rather than through continuing use.

The Company classifies non-current assets or disposal groups as held for sale when both of the following conditions are met:

- (1) The sale is immediate in its present condition, based on the practice of selling such assets or disposal groups in similar transactions;
- (2) It is highly probable that the sale will occur, i.e. the Company has resolved on a plan of sale and obtained firm purchase commitments, and the sale is expected to be completed within one year. Where the relevant regulations require the approval of the relevant authority or regulatory authority of the Company before a sale can take place, and such

approval has been obtained.

(1) The sale is immediate in its present condition, based on the practice of selling such assets or disposal groups in similar transactions;

(2) It is highly probable that the sale will occur, i.e. the Company has resolved on a plan of sale and obtained firm purchase commitments, and the sale is expected to be completed within one year. Where the relevant regulations require the approval of the relevant authority or regulatory authority of the Company before a sale can take place, and such approval has been obtained;

Non-current assets classified as held for sale (excluding financial assets, deferred income tax assets, assets arising from employee benefits) or disposal groups, the book value of which is higher than the net amount of the fair value less sales expenses is written down to such net amount recognized as impairment loss of assets, and included in profit or loss, while impairment of assets held for sale is also provided.

(14) Long-term equity investments

1. Judgement criteria for common control that have significant influence

Joint control refers to the common control over an arrangement according to relevant agreements, whose relevant activities can only be decided after the unanimous consent of the participants sharing control. Where the Company and other joint venture parties jointly control the invested entity and have rights to the net assets of it, the invested entity is its joint venture of the company.

Significant influence means that the enterprise has the power to participate in the financial and operational decisions of the invested entity, but cannot control or jointly control the formulation of these policies with other parties. The invested entity is an associated enterprise of the Company, where it can influence the invested entity significantly.

2. Determination of initial investment cost

(1) Long-term equity investments acquired through business combinations

For long-term equity investments obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of combination in the consolidated financial statements of the ultimate controller shall be accounted as the initial investment cost of the long-term investment.

The difference between the initial investment cost of a long-term equity investment and the carrying value of the consideration paid is adjusted against the equity

premium in capital reserve; if the equity premium in capital reserve is not sufficient for elimination, retained earnings are adjusted. If additional investments exercise control over an investee under the common control, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amount of the long-term equity investment before it reaches consolidation plus the carrying amount of the consideration paid for the further acquisition of shares at the date of consolidation is adjusted against equity premium, and if the equity premium is not sufficient for elimination, it is reduced against retained earnings.

For long-term equity investment acquired through business combination not under common control, cost of combination on the purchase date will be treated as the initial investment cost. If the investee not under common control can be controlled due to additional investment and other reasons, the sum of the book value of the originally held equity investment plus the new investment cost shall be regarded as the initial investment cost.

(2) Long-term equity investments acquired by other means

For long-term equity investments acquired by cash payment, the initial cost of investment is the actual amount of cash paid for the purchase.

For long-term equity investments acquired by issuing equity securities, the initial cost of investment is the fair value of the equity securities issued.

3. Subsequent measurement and recognition method of profit or loss

(1) Long-term equity investments accounted for under the cost method

The company's long-term equity investments in subsidiaries are accounted for using the cost method, unless the investment meets the conditions of holding for sale. In addition to the cash dividends or profits declared but not yet distributed included in the price actually paid or consideration when obtaining the investment, the company recognizes cash dividends or profits declared by the investee as investment income for the period in accordance with the amount to which they are attributable.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in associates and joint ventures are accounted for under the equity method. If the initial investment cost of a long-term equity investment is higher than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term

equity investment is not adjusted. If the initial investment cost is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

The investment income and other comprehensive income are recognized in accordance with the investee's share of net profit or loss and other comprehensive income, respectively, and the carrying value of long-term equity investments is adjusted. The carrying value of long-term equity investments is reduced accordingly to the extent of the investee's share of profits or cash dividends declared by the investee. For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in owner's equity"), the carrying value of the long-term equity investment is adjusted and recognized as owner's equity.

The share of net profit or loss of the investee, other comprehensive income and other changes in owner's equity is recognized on the basis of the fair value of the investee's identifiable assets at the time of acquisition, in accordance with the Company's accounting policies and accounting periods, and after adjusting the net profit and other comprehensive income of the investee.

The portion of the unrealized gains or losses from internal transactions with associates and joint ventures that is attributable to the company in proportion to the shareholding shall be offset, and investment income is recognized on this basis, except where the assets invested or sold constitute a business. Unrealized internal transaction losses incurred with the investee are recognized in full if they belong to asset impairment losses.

In recognizing the share of net loss incurred by the associates or joint ventures, not only the company has the obligation to bear extra losses, but also the carrying value of long-term equity investments and other long-term interests that substantially constitute a net investment in the associates or joint ventures are written down to zero. If the associates or joint ventures achieve net profit in subsequent periods, the company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

(3) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized in profit or loss for the

period.

For partial disposal of long-term equity investment accounted by equity method, if the remaining equity is still accounted by equity method, other comprehensive income recorded in previous equity method shall be transferred in proportion on the same basis as the investee's direct disposal of relevant assets or liabilities, and other changes in owner's equity shall be transferred into the loss or profit in proportion.

For loss of joint control or significant influence in the investee due to reasons such as disposal of part of the equity investment, other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method, it shall be using the same accounting basis as the investee directly disposing related assets or liabilities. Other changes in owner's equity shall be transferred to the current profit and loss when the equity method is terminated.

For loss of control in the investee due to reasons such as disposal of part of the equity investment, if remaining shareholding can apply common control or impose significant influence to the investee, it shall be accounted for under equity method when preparing individual financial statements, as well as be treated as accounting for under equity method since the shareholding is obtained make adjustment. The other comprehensive income recognized before taking control of the investee shall be carried forward in portion on the same accounting basis as the investee directly disposing related assets or liabilities, and other changes in owner's equity under the equity method shall be carried forward to the current profit and loss in proportion. If the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses. Other comprehensive income and other changes in owner's equity recognized before obtaining the control of the investee shall be carried forward in full.

If the transactions from the step-by-step disposal of equity to the loss of controlling equity fall under a series of transactions, each transaction is accounted for as a disposal of subsidiary with control lost. However, the difference between the consideration for each transaction before losing control and the carrying value of the long-term equity investments corresponding to the equity disposed of is

recognized as other comprehensive income and transferred to profit or loss upon loss of control. If the transaction do not fall under a series of transactions, the Company shall separately carry out accounting treatment for each transaction.

(15) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, which include the leased land use right, the land use right held and ready to be transferred after appreciation and buildings that have been leased out (including the buildings used for leasing after the completion of self-construction or development activities and the buildings used for leasing in the future in the process of construction or development).

Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will flow and the cost can be measured reliably. Otherwise, the expenditures are charged to the current profit or loss as incurred.

The Company uses the cost model to measure the existing investment properties. For "the investment properties- buildings for rent" on the cost model, the same depreciation policy as the fixed assets in the Company is adopted, and the land right for rent is implemented according to the same amortization policy as intangible assets.

(16) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that held for production of goods or provision of services, leasing to others, or for administrative purposes, which have useful life over one accounting year. Fixed assets are recognized when the following conditions are met at the same time:

(1) It is probable that the related economic benefits of fixed assets will flow to the company;

(2) The costs of fixed assets can be reliably measured.

Fixed assets are initially measured at cost (taking into account the impact of expected disposal expenses).

Subsequent expenditures related to fixed assets are included in the cost of the fixed assets, if it is probable that the economic benefits associated with the fixed assets will flow and their cost can be measured reliably, and the carrying amount of the

replaced part is derecognized. Subsequent expenditures other than these are charged to the current profit or loss as incurred.

2. Depreciation method

The Company made provision for the fixed assets by using straight-line method, and determined the depreciation ratio according to the category of fixed assets, the estimated useful life and estimated rate of salvage value. For fixed assets with provision for impairment, the depreciation amount shall be determined in the future according to the book value after deducting the provision for impairment and the remaining useful life. If the useful lives of the components of fixed assets are different or they provide economic benefits to the enterprise in different ways, the Company will choose different depreciation rates or depreciation methods for them and depreciate separately.

The depreciation method, useful life, residual value ratio and annual depreciation rate of fixed assets are as below:

| Type | Depreciation method | Useful life (year) | Residual value ratio (%) | Annual depreciation rate (%) |
|-----------------------------|----------------------|--------------------|--------------------------|------------------------------|
| Buildings and structures | Straight-line method | 20-40 | 5 | 2.38-4.75 |
| Machinery and equipment | Straight-line method | 6-15 | 5 | 6.33-15.83 |
| Transportation equipment | Straight-line method | 3-12 | 5 | 7.92-31.67 |
| Office equipment and others | Straight-line method | 2-10 | 5 | 9.50-47.50 |

3. Disposal of fixed assets

Fixed assets are derecognized when being disposed of, or expected no economic benefits will be generated through use or disposal of Proceeds from the disposal of fixed assets on sale, transfer, retirement or destruction, net of their carrying amount and related taxes, are included in profit or loss for the current period.

(17) Construction in progress

The cost of construction in progress is determined on the basis of actual construction expenditures, including construction costs, installation costs, borrowing costs capitalized and other necessary expenses before the construction reaches its intended usable state.

Construction in progress is transferred to the fixed assets when it reaches the intended usable state, and the depreciation shall be accrued from the following month.

(18) Borrowing costs

1. Principles for recognition of capitalized borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitalization are capitalized and charged to the cost of the relevant assets; other borrowing costs are recognized as expenses when incurred and charged to current profit or loss in accordance with the amounts incurred.

Assets eligible for capitalization are assets such as fixed assets, investment properties and inventories that require a substantial time period for their acquisition or production activities to reach their intended use or saleable condition.

2. Period of capitalization of borrowing costs

The capitalization period is the period from the point at which capitalization of borrowing costs commences to the point at which capitalization ceases, excluding the period during which capitalization of borrowing costs is suspended.

Capitalization of borrowing costs commences when both of the following conditions are met:

- (1) Asset expenditures were incurred, which include expenditure from cash paid, non-cash assets transferred or interest-bearing debts assumed for the acquisition or production of an asset eligible for capitalization;
- (2) Borrowing costs were incurred;
- (3) Necessary acquisition or production activities were carried out to bring an asset to reach its intended use or saleable condition.

Borrowing costs cease to be capitalized when the acquisition or production of an asset eligible for capitalization reaches its intended use or saleable condition.

3. Suspension of capitalization of borrowing costs

Borrowing costs are suspended when there is an unusual interruption in the process of acquisition or production of an asset eligible for capitalization that lasts for more than three consecutive months; if the interruption is necessary to bring the asset eligible for capitalization to its intended usable or saleable condition, the borrowing costs continue to be capitalized. Borrowing costs incurred during the period of interruption are recognized in profit or loss, and the costs continue to be capitalized until construction of assets or production activities resumed.

4. Calculation of the capitalization rate and capitalized amount of borrowing costs

Where funds are borrowed under a specific-purpose borrowings for the acquisition or production of an asset eligible for capitalization, the capitalized amount of borrowing costs is the actual expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed under general-purpose borrowings for the acquisition or production of an asset eligible for capitalization, the amount of borrowing costs to be capitalized for general borrowings is calculated by multiplying the weighted average amount of asset expenditure in excess of the portion of accumulated asset expenditure over special borrowings by the capitalization rate of the general borrowings taken up. The capitalization rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

Exchange differences on the principal and interest on special borrowings in foreign currencies during the period of capitalization are capitalized and included in the cost of the assets eligible for capitalization. Except the foreign currency special borrowings, the exchange differences arising on the principal of and interest on other foreign currency borrowings are included in profit or loss for the period.

(19) Intangible assets

1. Valuation method of intangible asset

(1) An intangible asset is initially measured at cost when it is acquired by the Company

The cost of an externally acquired intangible asset comprises the purchase price, related taxes and other expenditures directly attributable to bringing the asset to its intended use.

(2) Subsequent measurement

The useful life of an intangible asset is analyzed at the time of acquisition.

Tangible assets with finite useful lives are amortized over the period in which they will generate economic benefits for the enterprise. Intangible assets with indefinite useful lives are not amortized if it is not foreseeable that they will provide economic benefits to the enterprise.

2. The estimation of intangible assets with finite useful lives

The useful life and amortization method of intangible assets with finite useful lives

are reviewed at the end of each year.

3. The judgment basis of intangible assets with indefinite useful lives and procedures for reviewing their useful lives

The Company identifies intangible assets with indefinite useful lives when it is not foreseeable that the asset will provide it economic benefits to the company, or when the useful life of the asset is uncertain.

Judgments on the basis of indefinite useful life: (i) derived from contractual rights or other legal rights, but there is no clear useful life under the contract or the law; (ii) the period during which the intangible asset brings economic benefits to the Company still cannot be judged after taking into account the situation in same industries or relevant expert arguments, etc.

At the end of each year, a review of the useful lives of intangible assets with indefinite useful lives is conducted, mainly on a bottom-up basis, by the relevant departments using the intangible assets, to evaluate whether there are changes in the basis for determining indefinite useful lives, etc.

4. Specific criteria for classifying the research and development phases

Expenditure on research and development projects within the Company is divided into research phase expenditure and development phase expenditure.

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

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

5. Specific conditions for capitalization of development stage expenditure

Research stage expenditures are charged to current profit or loss as incurred. Expenditure in the development phase is recognized as an intangible asset if it meets both of the following conditions, otherwise it is charged to current profit or loss:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) There is an intention to complete the intangible asset and use or sell it;

(3) The manner in which intangible assets generate economic benefits, including the ability to demonstrate the existence of a market for the product produced using the intangible asset or for the intangible asset itself and, where the intangible asset will be used internally, the ability to demonstrate its usefulness;

(4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

(5) The expenditure attributable to the development stage of the intangible asset can be measured reliably;

Where it is impossible to distinguish between research phase expenditure and development phase expenditure, all research and development expenditures incurred are charged to current profit or loss.

(20) Impairment of long-term assets

Long-term equity investments, investment properties measured under the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets are tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment is made for the difference and an impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. Provision for asset impairment is calculated and recognized on an individual asset basis or, if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest combination of assets that can generate cash inflows independently.

Goodwill arising from business combinations, intangible assets with indefinite useful lives and intangible assets that have not yet reached a usable condition are tested for impairment at least at the end of each year, regardless of whether there is an indication of impairment.

The Company performs goodwill impairment testing and the carrying value of goodwill arising from a business combination is apportioned to the relevant group of assets from the date of purchase in accordance with a reasonable method; if it is difficult to apportion to the relevant group of assets, it is apportioned to the relevant group of asset combination.

A relevant group of assets or a combination of groups of assets can benefit from the synergies of a business combination.

When testing for impairment of a relevant group of assets or a combination of groups of assets that includes goodwill, if there is an impairment, the group of assets or combination of groups of assets that does not include goodwill is first tested, the recoverable amount is calculated and compared with the relevant carrying amount, and a corresponding impairment loss is recognized. Impairment test is then carries out on the asset group or combination of asset groups containing goodwill and compared its book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or combination of asset groups, and then offset the book value of other assets in proportion according to the proportion of the book value of other assets in the asset group or combination of asset groups except goodwill.

The above impairment losses on assets, once recognized, will not be reversed in subsequent accounting periods.

(21) Long-term amortized expenses

Long-term amortized expenses are expenses that have been incurred but should be borne by the current and future periods and are apportioned over a period of more than one year. The Company's long-term amortized expenses include renovation costs, consulting services and tooling, etc.

1. Amortization method

Long-term amortized expenses are amortized evenly over the benefit period of the expense item.

2. Amortization period

The amortization period is determined based on the period of earnings and if a long-term amortization item does not benefit subsequent accounting periods, the amortized value of the unamortized item is transferred to current profit or loss in full.

(22) Contract liability

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation of it and the payment by the customer. The Company's obligations to transfer goods or provide services to customers

for consideration received or receivable from customers are shown as contractual liabilities. The contract assets and contract liabilities are presented under the same contract on a net basis.

(23) Employee benefits

1. Accounting treatment of short-term employee benefits

During the accounting period when employees provide services, the Company shall recognize the short-term employee compensation actually incurred as liability and record it in the current profits and losses or relevant asset costs.

Employee benefits of the Company include social insurance charges, housing provident funds, labor union expenditures and the personnel education funds. The Company shall determine the welfare benefits in accordance with the prescribed allocation base and ratio required by corresponding regulations during the accounting period when the employees provide services.

The employee welfare expenses incurred by the Company shall be recorded in the current profits and losses or relevant asset costs according to the actual amount; where the employee welfare is non-monetary, it shall be measured at the fair value.

2. Accounting treatment for post-employee benefits

(1) Defined contribution plan

According to relevant regulations of the local government, the Company shall pay the basic endowment insurance and unemployment insurance for the employees. During the accounting period when the employees provide services, the payable amount shall be calculated according to the payment base and proportion required by the local regulations. The payable amounts are recognized as liabilities and included in the current profits and losses or relevant asset costs. In addition, the Company also participates in the enterprise annuity plan / supplementary pension fund approved by the relevant national departments. The Company shall pay to the annuity plan / local social insurance institution in accordance with the prescribed percentage of the total wages, and the corresponding expenditure shall be included in the current profits and losses or related asset costs.

(2) Defined benefit plan

The Company shall determine the welfare obligations generated by the defined

benefit plan to vest in the period that the employees render services according to the projected accumulated benefit unit method and include them in the current profits and losses or relevant asset cost.

The deficit or surplus generated from the present value of defined benefit plan obligation less the fair value of the defined benefit asset is recognized as a net defined benefit liability or net defined benefit asset. When the Company has a surplus in the defined benefit plan, it shall measure the net defined benefit asset at the lower level of the surplus in the defined benefit plan and the asset ceiling.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period for which the employee provides services, are discounted by the market yield of treasury bonds or quality corporate bonds in the active market of the same term and currency on the balance sheet date and under the terms of the defined benefit plan.

Service costs arising from the defined benefit plan and the net interests of net defined benefit liability or net defined benefit asset are included in the current profits or losses or relevant asset costs; changes in the remeasurement of the net defined benefit liability or net defined benefit asset are included in other comprehensive income and are not transferred to profits and losses during the subsequent accounting period, and all the parts originally included in other comprehensive income are transferred to undistributed profits within equity at the termination of the original defined benefit plan.

At the timing of settlement of the defined benefit plan, the gain or loss on a settlement is the difference between the present value of the defined benefit plan obligation being settled and the settlement price determined on the settlement date.

3. Accounting treatment of termination benefits

The Company shall recognize a liability and expense for termination benefits in profit or loss at the earlier of the following dates: when the Company can no longer withdraw the offer of those benefits for its unilaterally termination of labor relationship plan or layoff; and when the Company recognizes costs for a restructuring and involves the payment of termination benefits.

(24) Estimated liabilities

Any obligations related to contingent matters meet the following conditions, a provision

shall be recognized:

- (1) The Company has a present obligation as a result of a past event;
- (2) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (3) A reliable estimate can be made of the amount of the obligation.

The provisions are initially measured at the best estimate of the expenditures required to settle the relevant present obligations.

When determining the best estimate, consider factors such as contingent risks, uncertainties and time value of money related to contingencies. Where the effect of the time value of money is material, the amount of a provision shall be determined after discounting the relevant future cash flows.

Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used; in other cases, the best estimate is treated separately :

If the contingent events involve a single project, it shall be determined according to the most likely amount.

If they involve multiple items, it shall be determined according to various possible results and relevant probabilities.

If all or part of the expenses required to settle the provisions are compensated by a third party, the compensation amount shall be recognized separately as an asset when it is expected to be received, and the recognized compensation amount shall not exceed the book value of the provisions.

The Company reviews the book value of the provisions on each balance sheet date, and if there is conclusive evidence that the book value does not reflect the current best estimate, the book value shall be adjusted to reflect the current optimal estimate.

(25) Share-based payment

The share payment of the Company is a transaction that grants equity instruments or assumes equity-based liabilities to obtain services provided by employees or other parties.

The share payment of the Company is the payment of the shares settled in equity.

1. Share payment and equity instruments settled by equity

Where the share payment of equity settlement is exchanged for the service provided by the employee, it shall be measured at the fair value of the equity

instrument granted to the employee. For the share payment transaction with the viable right immediately after the grant, the Company shall recognize relevant costs or expenditures according to the fair value of the equity instrument on the grant date, with a corresponding increase in equity. For the service within the vesting period after the service or share options conditioned upon the achievement of the specified performance conditions, on each balance sheet date of the vesting period, the Company, according to the best estimate of the number of equity instruments, shall account for the current services in the relevant costs or expenditures according to the fair value, with a corresponding increase in equity.

If the terms of the share payment settled by equity are modified, the services obtained are confirmed at least in accordance with the unmodified terms. In addition, any increase in the fair value of the granted equity instrument or any change that is favorable to the employee on the date of modification is confirmed.

During the vesting period, if the granted equity instrument is cancelled, the Company shall account for the cancellation as an acceleration of vesting, and shall therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period into the current profits and losses, with a corresponding increase in equity. However, if a new equity instrument is granted, and on the grant date, the new equity instrument granted is used to replace the cancelled equity instrument, the alternative equity instrument granted is processed in the same way as the terms and conditions of the original equity instrument.

2. Share payment and equity instruments settled by cash

The share-based payment settled in cash shall be measured according to the fair value of liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. For the share payment transaction with the viable right immediately after the grant, the Company shall recognize relevant costs or expenditures according to the fair value of the assumed liabilities, and increase the liabilities accordingly. For granted after complete performance conditions waiting period of service or meet the vesting share-based payment transactions, in the waiting period for each of the balance sheet date, the Company will record the services acquired in the current period into the relevant costs or expenses and record the corresponding liabilities based on the best estimate of the practicable rights and the fair value of the liabilities assumed by the Company. On

each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of the liabilities shall be re-measured, and the changes shall be recorded into the current profits and losses.

(26) Preferred shares, perpetual bonds and other financial instruments

In accordance with the terms of the contract and the economic substance of the issued perpetual bonds reflected therein rather than in legal form only, the Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments upon initial recognition.

Financial instruments such as perpetual bond issued by the Company meeting one of the following conditions, shall be classied as financial liabilities as a whole or its components at initial recognition:

(1) The Company cannot unconditionally avoid contractual obligations performing by delivering cash or other financial assets;

(2) Contract obligations including delivery of variable number of own equity instruments for settlement;

(3) It includes derivative instruments that are settled by their own equity, and the derivative instruments cannot exchange fixed amount of cash or other financial assets with fixed amount of their own equity instruments for settlement;

(4) There are contract terms that indirectly form contractual obligations;

(5) When the issuer liquidates, the perpetual bonds are in the same order as the ordinary bonds and other debts issued by the issuer.

Financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions shall be classied as equity instruments at initial recognition.

(27) Revenue

1. Accounting policy adopted in revenue recognition and measurement

Revenue is recognized when the Company performs its performance obligations in the contract, namely, when the customer obtains control of the relevant goods or services. To gain control of the relevant goods or services means to dominate the use of the goods or services and obtain almost all the economic benefits from it.

If two or more performance obligations are included in the Contract, the Company shall, on the commencement date of the contract, allocate the transaction price to each performance obligation in proportion to the standard-alone selling prices of

the distinct goods or service. The Company measures revenue at the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding payments collected on behalf of a third party and amounts expected to be returned to the customer. The Company determines the transaction price according to the terms of the contract and in combination with its previous customary practices, and considers the influence of variable consideration, significant financing components existing in the contract, non-cash consideration, consideration payable to a customer and other factors when determining the transaction price. The Company shall include in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If there is a significant financing component in the contract, the Company shall determine the transaction price that reflect the price a customer would have paid for the promised goods or services if the customer had paid cash for those goods or service when or as they transfer to the customer, and amortize the difference between the transaction price and the contract consideration by the effective interest rate method during the contract period.

If one of the following conditions is met, it shall be the performance obligations within a certain period, otherwise, at a certain point:

- The customer shall obtain and consume the economic benefits brought by the Company during the performance of the Company.
- The customer can control the goods under construction during the performance process.
- The commodities produced by the Company during the performance of the contract have irreplaceable purposes, and the Company has the right to collect money for the accumulated part of the contract that has been completed throughout the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance progress within that period, except if the performance progress cannot be reasonably determined. Considering the nature of the goods or services, the Company adopts the output

method or the input method to determine the performance progress. If the performance progress cannot be reasonably determined, and the cost incurred is expected to be compensated, the Company shall recognize the income according to the cost amount incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. In determining whether the Customer has acquired control of the goods or services, the Company shall consider the following indications:

- The Company has the present right to payment collection for the goods or services, that is, the customer has a present payment obligation for the goods or services.
- The Company has transferred legal title to the merchandise to the customer, meaning that the customer already has legal title to the merchandise.
- The Company has transferred the commodity to the customer, namely the customer has physical possession of the commodity.
- The Company has transferred the main risks and reward in the ownership of the commodity to the customer, who has acquired the main risks and reward in the ownership of the commodity.
- The customer has accepted the goods or services, etc.

2. Specific principles

1) For the goods sold by distribution, the sales income shall be recognized after confirming that the other party has obtained the goods and signed on the logistics documents. The Company shall provide the buyer with the medical equipment distributed by the Company and relevant materials according to the requirements of the contract or agreement, and the sales income is recognized after the acceptance of the buyer;

2) The Company shall recognize revenue from selling goods directly to the hospital after the hospital confirms that the goods are used and the invoice is received;

3) The Company sells the goods to the agents on a commission basis, and the sales revenue shall be recognized based on the actual usage confirmed by the hospital with the agents on monthly basis or based on the list issued by the agents according to the contract;

4) For medical equipment sold by means of installment settlement, the amount of commodity sales revenue shall be determined according to the fair value of the

receivable contract or agreed price after completing the installation and debugging of the medical equipment and passing the inspection;

(28) Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

If the costs incurred by the Company to achieve the performance of the Contract do not fall within the scope of inventory, fixed assets or intangible assets, it shall be recognized as an asset when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Company to be used to fulfill its future performance obligations.
- The cost is expected to be recovered.

If the Company is expected to recover the incremental cost incurred in obtaining the contract, it shall be included in the contract acquisition cost that is recognized as an asset.

The assets related to the contract cost shall be amortized on the same basis as the income recognition of goods or services related to the assets; however, if the amortization period of the contract acquisition cost does not exceed one year, the Company shall include them in the current profits and losses upon occurrence.

If the book value of the assets related to the contract cost is higher than the difference between the following items, the Company shall make provision for impairment of the excess part and confirm it as an asset impairment loss:

1. Residual consideration expected to be obtained from the transfer of goods or services related to the asset;
2. Estimated costs arising from the transfer of the related goods or services.

If the impairment factors in the previous period change later so that the aforementioned difference is higher than the book value of the asset, the Company shall reverse the previously recognized impairment provision and account into the current profits and losses, but the book value of the asset cannot reverse to higher than where it would have been absent an impairment.

(29) Government subsidy

1. Type

Government subsidy consist of monetary or non-monetary assets obtained from the government, which is divided into asset-related government subsidies and revenue-related government subsidies.

Asset-related government subsidies refer to the government subsidies obtained by the Company and used for the acquisition or construction of long-term assets or obtainment of such assets by other forms. Revenue-related government subsidies refer to those other than asset-related government subsidies.

Government subsidies related to assets are used for the purchase and construction of fixed assets, intangible assets and other long-term assets;

Government subsidies related to revenue are those other than asset-related government subsidies.

2. Confirmation point

Government subsidies shall be recognized when the Company can meet the related conditions stipulated in the financial supporting policies, and it is expected to obtain the financial supporting assets

(1) The Company can meet the conditions attached to the government subsidies;

(2) The Company can receive government subsidies.

3. Accounting treatment

Asset-related government subsidies shall offset the book value of the relevant assets or be recognized as deferred income. If recognized as deferred income, the current profits and losses during the service life of relevant assets in a reasonable and systematic method (those related to the daily activities of the Company shall be included in other earnings; if unrelated to the daily activities of the Company, it shall be included in non-operating income);

Revenue-related government subsidies used to compensate the Company for related costs or losses of the future period shall be recognized as deferred income, and shall be included in the current profit and loss (those related to the daily activities of the Company shall be included in other earnings; if unrelated to the daily activities of the Company, it shall be included in non-operating income) or offset relevant costs or losses during the period when they are recognized; those

used to compensate the Company for related costs or losses already incurred shall be included in the current profit and loss (those related to the daily activities of the Company shall be included in other earnings; if unrelated to the daily activities of the Company, it shall be included in non-operating income) or offset relevant costs or losses.

The policy preferential loans obtained by the Company are divided into the following two situations and should be treated separately:

(1) If the government allocates the discount interest funds to the lending bank, and the lending bank provides loans to the Company at the policy preferential interest rate, the Company shall take the actual loan amount received as the entry value of the loan, and calculate the relevant loan expenses according to the loan principal and the policy preferential interest rate.

(2) If the government directly allocates the discount interest funds to the Company, the Company will deduct the relevant loan expenses with the corresponding discount interest.

(30) Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and the deferred income tax. Except for the income tax arising from the business merger and the transactions or matters directly included in the owner's equity (including other comprehensive income), the Company includes the current income tax and deferred income tax into the current profits and losses. Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax basis of the assets and liabilities and their book value.

The deferred income tax assets shall be recognized for the deductible temporary difference to the extent that the future taxable income is likely to be obtained for deducting deductible temporary difference. For the deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred income tax assets shall be recognized to the extent that the future taxable income is likely to be used to offset the deductible losses and tax credits.

For the taxable temporary differences, the deferred income tax liabilities are recognized, except in special circumstances.

No recognition of deferred income tax assets or deferred income tax liabilities may include:

- Initial recognition of the goodwill;
- It is not a business merger, occurrence and does not affect the accounting profits and taxable income (or deductible losses) transactions or matters.

Deferred income tax liabilities are recognized for taxable temporary differences related to investments of subsidiaries, affiliates and joint ventures, unless the Company can control the timing of the temporary difference and the temporary difference will likely not to be reversed in the foreseeable future. Deferred income tax assets are recognized for the deductible temporary differences related to the investment of subsidiaries, affiliates and joint ventures, when the temporary difference is likely to turn back in the foreseeable future and the taxable income used to deduct the deductible temporary difference is likely to be obtained in the future.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is likely that sufficient taxable income is not obtained to offset the deferred income tax assets, the book value of the deferred income tax assets is written down. If there are sufficient taxable income, the written down value is reversed.

When it has the legal right to net settle and intends to net settle or acquire assets and pay off liabilities simultaneously, the current income tax assets and the current income tax liabilities are reported as the net offset.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are offset in the net amount when:

- The tax payer has the legal right to net settle the current income tax assets and the current income tax liabilities;
- Deferred income tax assets and deferred income tax liabilities are with the same tax collection and administration department of the same tax subject income tax related or related to different tax subject, but in the future period of every important deferred income tax assets and liabilities, involving the tax subject intention to netting current income tax assets and liabilities or assets, liabilities at the same time.

(31) Lease

Lease refers to a contract in which the lessor gives the use right of the assets to the lessee for consideration within a certain period of time. On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is a lease or contains a lease.

If the contract also contains a number of separate leases, the Company shall split the contract and treat each lease separately. Where the contract contains both the leased and non-leased parts, the lessee and the lessor shall split the leased and non-leased parts.

For rent reductions and deferred payments on existing lease contracts directly caused by the COVID-19 outbreak, and while meeting the following conditions, the Company will not evaluate any lease changes or reevaluate the classification of lease under simplified method:

The lease consideration after the concession is reduced or basically unchanged before the concession, among which, the lease consideration is not discounted or discounted at the discount rate before the concession;

- The reduction is for the lease payments payable before 30 June 2022 only, the increase or decrease of lease payments due after 30 June 2022 does not affect the satisfaction of the condition; and
- After considering the qualitative and quantitative factors, the other terms and conditions of the lease have no major changes.

1. The Company as the lessee**(1) Right-of-use assets**

At the commencement date, the Company recognizes the right-of-use assets for leasing other than short-term leasing and low-value assets. The right-of-use assets are initially measured at costs. The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received(if any);
- Any initial direct costs incurred by the Company;
- Any estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Company shall subsequently adopt the straight-line method to depreciate the right-of-use assets. For the ownership of the leased assets at the expiration of the lease term, the Company shall draw depreciation within the remaining useful life of the leased assets; otherwise, the Company shall depreciate the leased assets from the earlier of the lease term or the remaining useful life of such leased assets.

The Company shall determine whether the impairment of the right-of-use assets has occurred in accordance with the principle of note "III. (20) Impairment of long-term asset", and account for the recognized impairment loss.

(2) Lease liabilities

At the commencement date, the Company recognizes the lease liabilities for leasing other than short-term leasing and low-value assets. The lease liabilities are initially measured at the present value of the outstanding lease payments. The lease payment includes:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be payable by the under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Company adopts the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, its incremental borrowing interest rate will be used as the discount rate.

The Company calculates the interest expense of the lease liabilities during each period of the lease term at a fixed periodic interest rate, and includes them in the current profits and losses or relevant asset costs.

Variable lease payments not included in the measurement of lease liabilities are included into current gains and losses or relevant asset costs upon actual occurrence.

After the commencement date, if the following circumstances occur, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of the right-of-use assets has been reduced to zero, but the lease

liabilities still need to be further reduced, the difference shall be included in the current profit and loss:

When the appraisal result of the purchase option, renewal option or termination option changes, or the actual exercise of the foregoing option is inconsistent with the original appraisal result, the Company remeasures the lease liabilities at the present value calculated by the changed lease payment and the revised discount rate;

In the event of changes in the substantial fixed payment, the expected amount payable of the guarantee allowance, or the index or ratio used to determine the amount of lease payment, the Company shall remeasure the lease liabilities according to the present value of the changed lease payment and the original discount rate. However, if the change in the lease payment comes from the change in the floating rate, the present value is calculated using the revised discount rate.

(3) Short-term lease and low-value asset leasing

The Company chooses not to recognize the right-of-use assets and lease liabilities for the short-term lease and low-value asset lease, and includes the relevant lease payment into the current profits and losses or the relevant asset cost in the straight-line method during each period of the lease term. Short-term lease refers to a lease at the commencement of lease, not exceeding 12 months and without the purchase option. Low-value asset lease refers to the lease with low value when a single leased asset is a new asset. If the Company sublets or expects to sublet the leased assets, the original lease is not a low-value asset lease.

(4) Lease modifications

If a lease is changed and the following conditions are met, the Company will account for the lease change as a separate lease.

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease scope adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount

rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial termination or complete termination of the lease in the profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

(5) COVID-19-related rent reductions

For those leases that use the simplified rent reduction method related to COVID-19, the Company does not evaluate whether the lease changes have occurred, and continues to calculate the interest expense of the lease liabilities according to the discount rate consistent with the one before the reduction and include it into the current profits and losses, and continues to depreciate the right-of-use assets in accordance with the same method as the one before the reduction. In case of rent reduction, the Company shall take the reduced rent as the variable lease payment amount. When the reduction agreement is reached to terminate the original rent payment obligation, the Company shall offset the relevant asset cost or expense at the undiscounted amount and adjust the lease liabilities accordingly; if the rent payment is delayed, the Company shall offset the previously recognized lease liability upon the actual payment.

For short-term lease and low-value asset lease, the Company continues to include the original contract rent into the relevant asset cost or expenses based on the method used prior to the reduction. In case of rent reduction, the Company shall use the reduced rent as the variable lease payment and offset the relevant asset costs or expenses during the reduction period; if the rent payment is delayed, the Company shall recognize the rent payable during the original payment period and offset the previously recognized amount payable upon the actual payment.

2. The Company as the lessor

At the commencement date, the Company divides the lease into finance lease and operating lease. Finance lease refers to a lease that essentially transfers almost all the risks and rewards of the ownership of the leased assets, regardless of whether the ownership is ultimately transferred or not. Operating lease refers to a lease other than a finance lease. When the Company is the sublease lessor, the transfer

lease is classified based on the right-of-use assets generated by the original lease.

(1) Accounting treatment of operating leasing

The lease collection amount of the operating lease is recognized as rental income according to the straight-line method during each period of the lease term. The Company will capitalize the initial direct expenses related to the operating lease and apportion them into the current profits and losses during the lease term on the same basis as the rental income recognition. Variable lease payments not included in lease are recorded in the current profits and losses upon actual occurrence. In case of any change in the operating lease, the Company shall treat it as a new lease from the effective date of the change, and the amount received in advance or lease receivable related to the lease before the change shall be regarded as the amount of the new lease.

(2) Accounting treatment of finance leasing

At the commencement date, the Company recognizes the finance lease receivable and stop the recognition of the finance lease assets. When the Company initially measures the financial lease receivable, the net lease investment is the entry value of the financial lease receivable. The net lease investment is the sum of the present value (discounted based on the interest rate implicit in the lease) of the non-guaranteed residual value and the lease amount that is not received at the commencement of the lease.

The Company calculates and recognizes interest income for each period of the lease term at fixed periodic interest rates. The termination of recognition and impairment of finance lease receivables shall be treated in accordance with note "III. (10) Financial Instruments".

Variable lease payments not included in the net lease investment are recorded into the current profits and losses upon actual occurrence.

If the finance lease is changed and meets the following conditions, the Company shall treat the change as a separate lease:

- This change expands the lease scope by increasing the right to use one or more leased assets;
- The added consideration is equal to the separate price of the extended part of the lease adjusted for the circumstances of the contract.

If the change of finance lease is not treated as a separate lease, the Company shall handle the changed lease under the following circumstances:

- If the change takes effect on the beginning date of the lease and the lease will be classified as operating lease, the Company shall account it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the lease assets;
- If the change takes effect on the start date of the lease and the lease will be classified as a finance lease, the Company shall account it in accordance with the policy of this note "III, (10) Financial Instruments" on the modification or re-agreement of the contract.

(3) COVID-19-related rent reductions

For operating lease that uses the simplified rent reduction method related to COVID-19, the Company continues to recognize original contract rent based on the method used prior to the reduction as lease income. In case of rent reduction, the Company shall take the reduced rent as the variable lease payment amount and reduce the rental income during the reduction periods; if the rent payment is delayed, the Company shall recognize original contract rent as lease receivable and reduce the previously recognized lease receivable upon the actual receipt.

For finance lease that uses the simplified rent reduction method related to COVID-19, the Company continues to recognize interest income calculated based on previous discount rate as lease income. In case of rent reduction, the Company shall take the reduced rent as the variable lease payment amount. When the reduction agreement is reached, and the original rent payment obligation is waived, the Company shall reduce the previously recognized lease income based on the pre-discounted amount or discounted amount prior to the reduction. The Company records the insufficient offset as investment income and adjusts corresponding lease receivable; if the rent payment is delayed, the Company shall reduce the previously recognized lease receivable upon the actual receipt.

3. Sales and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale-leaseback transaction is sales according to the principle described in note "III. (27)

Revenue".

(1) As the lessee

If the asset transfer in the sale-lease-back transaction is for sale, the Company as the lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the asset transfer in the sale-lease-back transaction is not for sale, the Company shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. For accounting treatment of financial liabilities, see this note "III. (10) Financial Instruments".

(2) As the lessor

If the asset transfer in the sales and leaseback transaction is the sale, the Company as the lessor shall account for the purchase of the asset and for the lease applying the "2. The Company acts as the lessor" policy; If the asset transfer in the sale-lease-back transaction is not for sale, the Company as the lessor shall not recognise the transferred asset and shall recognise a financial asset equal to the transfer proceeds. For accounting treatment of financial assets, please refer to note "III. (10) Financial Instruments".

(32) Termination of business operation

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

- (1) The component represents an independent main business or a separate major operating area;
- (2) This component is part of a related plan to dispose of a separate main business or a separate major operating area;
- (3) This component is a subsidiary company acquired exclusively for resale.

On-going profit and losses are listed separately in the income statement. Operating gains and losses such as impairment loss and turnover amount and disposal gains shall be reported as termination gains and losses. For the termination of operation reported in the

current period, the Company shall report the information previously reported as the on-going profits and losses as the termination profit and loss of the comparative accounting period.

(33) Significant accounting judgements and estimates

1. Changes in major accounting policies

(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 15

On 30 December 2021, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2021] No. 35, hereinafter referred to as “Interpretation No. 15”).

- Accounting treatment for trial run sales

Interpretation No.15 stipulates the accounting treatment and presentation of products or by-products produced by an enterprise before a fixed asset reaches the working condition for its intended use or in the process of research and development, and stipulates that the net amount after offsetting costs by revenue related to trial run sales shall not be used to offset the costs of fixed assets or research and development expenditures. The provisions came into force from 1 January 2022, and retroactive adjustment shall be made for trial operation sales occurring between the beginning of the earliest period for presentation of financial statements and 1 January 2022.

The Company’s implementation of the provisions has no material impact on the Company’s financial position and operating results.

- Judgment on loss-making contracts

Interpretation No.15 specifies that the “contract performance costs” considered by an enterprise when determining whether a contract constitutes a loss-making contract shall include the incremental cost of performing the contract and the amortized amount of other costs directly related to the performance of the contract. The provisions came into force from 1 January 2022. Enterprises shall implement the provisions for contracts under which all obligations have not been fulfilled as at 1 January 2022. The cumulative effect shall be used to adjust to the retained earnings and other relevant financial statement items at the beginning of the year to which the implementation date belongs to, and the comparative financial statement data of prior period shall not be adjusted.

The Company's implementation of the provisions has no impact on the Company's financial position and operating results.

2. Changes in significant accounting estimates

Not applicable.

IV. Tax

1) Main taxes and rates

| Type | Tax basis | Tax rate (%) |
|--|--|--------------|
| VAT | The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period | 1,3,5,6,9,13 |
| Urban maintenance and construction tax | Based on value-added tax and consumption taxes paid | 5,7 |
| C Enterprise income tax | Based on taxable profits | 15,25 |

O

Companies subject to different enterprise income tax rates are disclosed as follows:

| Name of tax payer | Tax rate(%) |
|---|-------------|
| Lepu Medical Technology (Beijing) Co., Ltd | 15 |
| Lepu Medical Equipment(Beijing) Co., Ltd | 15 |
| Beijing Tiandi Hexie Technology Co., Ltd | 15 |
| Lepu Medical Electronics Technology Co., Ltd | 15 |
| Shanghai Shape Memory Alloy Material Co., Ltd | 15 |
| Jiangsu Brightness Medical Device Co., Ltd | 15 |
| Beijing Lepu Medical Technology Co., Ltd | 15 |
| Lepu(Beijing) Diagnostics Co., Ltd | 15 |
| Yantai Addcare Bio-Tech Limited Company | 15 |
| Shenzhen Sonolepu Medical Technology Co., Ltd | 15 |
| Shenzhen Lepu Intelligent Medical Equipment Co., Ltd | 15 |
| Lepu Pharmaceutical Co., Ltd | 15 |
| Lepu Pharmaceutical Technology Co., Ltd | 15 |
| Lepu Hengjiuyuan Pharmaceutical Co., Ltd | 15 |
| Beijing Yongzheng Pharmaceutical Co., Ltd | 15 |
| Zhejiang Lepu Pharmaceutical Co., Ltd | 15 |
| Lepu Zhiyao Technology Co., Ltd | 15 |
| Beijing Aipuyi Medical Testing Center Co. Ltd | 15 |
| Beijing JWJ Science & Technology Development Co., Ltd | 15 |
| Shanghai Lepu Cloudmed Co., Ltd (used name: Shanghai Yocaly Health Management Co., Ltd) | 15 |
| Shenzhen Creative Industry Co., Ltd | 15 |
| Lepu Smart Core (Tianjin) Medical Equipment Co., Ltd | 15 |
| Shenzhen Carewell Electronics Co., Ltd | 15 |
| Shenzhen Viatom Technology Co., Ltd | 15 |

| | |
|--|----|
| Sichuan Xingtai Pule Medical Technology Co., Ltd | 15 |
| Beijing Huaco Healthcare Technologies Co., Ltd | 15 |
| Shanxi Tiansheng Pharmaceutical Co., Ltd. | 15 |
| Tianjin Jiumijiu Optometry Technology Co., Ltd. | 15 |
| Jiangsu Shangzhi Medical Instrument Co., Ltd. | 15 |
| IPE Biotechnology Co., Ltd | 15 |

2) Tax incentives

Enterprise income tax incentives

(1) The company was approved as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing Taxation Bureau of Taxation in December 2020. The approval certificate of high-tech enterprise is "GR202011004226", and the certificate is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(2) Lepu Medical Equipment (Beijing) Co., Ltd. was approved as a high-tech enterprise by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Taxation Bureau, State Administration of Taxation in October 2020. The approval certificate of high-tech enterprise is "GR202011002701", and the validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(3) Beijing Tiandi Hexie Technology Co., Ltd. was approved as high-tech enterprises by Beijing Science and Technology Commission, Beijing Municipal Bureau of Finance, Beijing Municipal Taxation Bureau, State Administration of Taxation in December 2022. The approval certificate of high-tech enterprises is "GR202211003069" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(4) Lepu Medical Electronics Technology Co., Ltd. was approved as a high-tech enterprise by Shaanxi Provincial Department of Science and Technology, Shaanxi Provincial Finance Department and Shaanxi Provincial Taxation Bureau of the State Administration of Taxation in October 2021. The certificate number is "GR202161000568" and valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(5) Shanghai Shape Memory Alloy Material Co., Ltd. was approved as a high-tech enterprise by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai

Municipal Tax Service, State Taxation Administration in November 2020. The approval certificate number of the high-tech enterprise is "GR202031005228", which is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(6) On 30 November 2021, Jiangsu Brightness Medical Device Co., Ltd. was approved as a high-tech enterprise by the Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province, Jiangsu State Taxation Bureau and Jiangsu Provincial Local Taxation Bureau on 30 December 2021. The approval certificate of high-tech enterprise is "GR202132005093" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(7) Beijing Lepu Medical Technology Co., Ltd. was approved as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Municipal Tax Service, State Taxation Administration in October 2021. The approval certificate of high-tech enterprise is GR202111000006, and the validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(8) Lepu(Beijing) Diagnostics Co., Ltd. was jointly recognized as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing Municipal Tax Service, State Taxation Administration in July 2020. The approval certificate of high-tech enterprise is "GR202011001272" and the period is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(9) Yantai Addcare Bio-Tech Limited Company was approved as a high-tech enterprise by Shandong Provincial Department of Science and Technology, Department of Finance of Shandong Province, Shandong Provincial Taxation Bureau, State Administration of Taxation on 17 August 2020. The approval certificate of high-tech enterprise is "GR202037000937", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(10) Shenzhen Sonolepu Medical Technology Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau in December 2022. The approval certificate of high-tech enterprise is "GR202244206174" and is valid for three years.

It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(11) Shenzhen Lepu Intelligent Medical Equipment Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration in December 2022. The certificate number is "GR202244200821" and valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(12) Lepu Pharmaceutical Co., Ltd. was approved as a high-tech enterprise by the Department of Science and Technology of Henan Province, The Department of Finance of Henan Province, The Provincial Taxation Bureau of Henan Province, and the Local Taxation Bureau of Henan Province in October 2021. The approval certificate of the high-tech enterprise is "GR202141002247", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(13) Lepu Pharmaceutical Technology Co., Ltd. passed the high-tech enterprise certification in September 2020, and received the high-tech enterprise certificate by Henan Provincial Technology Department, Henan Provincial Finance Department, Henan Provincial State Taxation Bureau and Henan Provincial Local Taxation Bureau. The certificate number is "GR202041000353", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(14) Lepu Hengjiuyuan Pharmaceutical Co., Ltd. which passed the high-tech enterprise certification in September 2020, and received the high-tech enterprise certificate jointly issued by Henan Provincial Department of Technology, Henan Provincial Finance Department, Henan Provincial State Taxation Bureau and Henan Provincial Local Taxation Bureau in September 2020. The certificate number is "GR202041000266", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(15) Beijing Yongzheng Pharmaceutical Co., Ltd. passed the high-tech enterprise certification in October 2021, and received the high-tech enterprise certificate jointly issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Bureau of Taxation and the State Administration of Taxation in October 2021. The certificate number is "GR202111002954", valid for three years. It enjoyed the preferential tax

rate of 15% for high-tech enterprises in 2022.

(16) Zhejiang Lepu Pharmaceutical Co., Ltd. was approved as a high-tech enterprise by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial State Taxation Bureau and Zhejiang Provincial Local Taxation Bureau in December 2020. The approval certificate of high-tech enterprise is "GR202033005652", and the validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(17) Lepu Zhiyao Technology Co., Ltd. was approved as a high-tech enterprise by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, Zhejiang Provincial Taxation Bureau, State Administration of Taxation in December 2021. The approval certificate of high-tech enterprise is "GR202133001464" and valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(18) Beijing Aipuyi Medical Inspection Centre Co., Ltd. was recognized as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing State Taxation Bureau in December 2021. The approval certificate of high-tech enterprise is "GR202111004599", which is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(19) Beijing JWJ Science & Technology Development Co., Ltd. was recognized as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing State Taxation Bureau in October 2021. The approval certificate number of high-tech enterprise is "GR202111001140", which is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(20) Shanghai Lepu Cloudmed Co., Ltd was approved as a high-tech enterprise by Shanghai Science and Technology Commission, Shanghai Finance Commission and Shanghai Taxation Bureau in December 2022. The certificate number is "GR202231002246" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(21) Shenzhen Creative Industry Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission

and Shenzhen Taxation Bureau of the State Administration of Taxation in December 2021. The certificate number is "GR202144203071" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(22) Lepu Smart Core (Tianjin) Medical Equipment Co., Ltd. was approved as a high-tech enterprise by Tianjin Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Taxation Bureau in December 2020. The certificate number is "GR202012002228" and valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(23) Shenzhen Carewell Electronics Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation in December 2020. The certificate number is "GR202044206139" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(24) Shenzhen Viatom Technology Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Taxation Bureau in December 2022. The certificate number is "GR202244201183" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(25) Sichuan Xingtai Pule Medical Technology Co., Ltd. was approved as a high-tech enterprise by Sichuan Department of Science and Technology, Sichuan Department of Finance and Sichuan Taxation Bureau of Taxation in December 2021. The certificate number is "GR202151002878" and is valid for three years. In 2022, it will enjoy the preferential tax rate of 15% for high-tech enterprises.

(26) Beijing Huaco Healthcare Technologies Co., Ltd. was approved as a high-tech enterprise by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, and Beijing Municipal Taxation Bureau of the State Taxation Bureau in December 2021. The approval certificate of high-tech enterprise is "GR202111007086" and valid for three years. In 2022, it will enjoy the preferential tax rate of 15% for high-tech enterprises.

(27) In December 2021, Shanxi Tiansheng Pharmaceutical Co., Ltd. was approved as a high-

tech enterprise by the Department of Science and Technology of Shanxi Province, Shanxi State Taxation Bureau and Shanxi Provincial Taxation Bureau. The approval certificate of high-tech enterprise is "GR202114000399" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(28) In 3 December 2021, Tianjin Jiumijiu Optometry Technology Co., Ltd. was approved as a high-tech enterprise by Tianjin Municipal Bureau of Science and Technology, Tianjin Municipal Bureau of Finance, Tianjin Municipal Taxation Bureau, State Administration of Taxation. The approval certificate of high-tech enterprise is "GR202112003808" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(29) In 12 December, 2022, Jiangsu Shangzhi Medical Instrument Co., Ltd. was approved as a high-tech enterprise by the Department of Science and Technology of Jiangsu Province, Jiangsu State Taxation Bureau and Jiangsu Provincial Local Taxation Bureau. The approval certificate of high-tech enterprise is "GR202232017056" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2022.

(30) IPE Biotechnology Co., Ltd was approved as a high-tech enterprise by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, and Beijing Municipal Taxation Bureau of the State Taxation Bureau in December 2022. The approval certificate of high-tech enterprise is "GR202211004835" and valid for three years. In 2022, it enjoyed the preferential tax rate of 15% for high-tech enterprises.

3) Other tax incentives

(1) According to the relevant requirements of the *Provisions on Transitional Policies for the Pilot Program of the Collection of Value-Added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36)*, the *Circular on Clarifying the Exemption of Elderly Care Agencies from Value-added Tax and Other Policies (Cai Shui [2019] No. 20)* and the *Announcement of the Ministry of Finance and the State Taxation Administration on Extending the Implementation Period of Certain Preferential Tax Policies (Cai Shui [2021] No.6)*, medical services rendered by a medical institution are exempt from value-added tax. Therefore, Beijing Aipuyi Medical Testing Center Co. Ltd. is exempt from value-added tax, urban construction tax and education surcharge.

(2) According to the *Circular of the State Administration of Taxation of the Ministry of Finance on Issues Relating to the Administration of Tax-Exempt Qualification Certification for Non-Profit Organizations (Cai Shui [2018] No. 13)*, medical service income obtained by a non-profit medical institution at prices stipulated by the State is exempt from various taxes. The real estate, land, vehicles and vessels used by a non-profit medical institution are exempt from property tax, urban land use tax and vehicle and vessel use tax. The portion of non-medical service income that is directly used to improve the conditions of medical and health services can be deducted from its taxable income upon review and approval by the tax authorities, and the balance is subject to corporate income tax. According to the *Circular of the Department of Finance of Anhui Province and Anhui Provincial Tax Service, State Taxation Administration on Announcement of the 2015 Provincial-level Non-profit Organization Tax-Exemption Qualification List* and *Circular of the Department of Finance of Anhui Province and Anhui Provincial Tax Service, State Taxation Administration on Announcement of the 2020 Provincial-level Non-profit Organization Tax-Exemption Qualification List (Wan Cai Shui Fa [2020] No. 1280)*, Hefei High-tech Cardiovascular Hospital is a non-profit organization qualified for tax exemption and enjoys preferential tax policies for non-profit organizations within five years from the year of recognition.

V. Notes to the Consolidated Financial Statements**(1) Cash at bank and on hand**

| Item | 2022.12.31 | 2021.12.31 |
|--|------------------|------------------|
| Cash on hand | 998,841.96 | 534,460.52 |
| Bank deposits | 4,721,596,434.76 | 3,666,190,504.74 |
| Other monetary funds | 744,683,508.67 | 130,821,863.49 |
| Total | 5,467,278,785.39 | 3,797,546,828.75 |
| Including: cash at bank and on hand deposited overseas | 2,126,350,141.54 | 372,392,264.10 |

Note:

The cash at bank and on hand balances restricted for use due to mortgage, pledge, and frozen, restricted to access due to centralised management of funds, or restricted to be remitted to China from foreign countries are as following:

| Item | 2022.12.31 | 2021.12.31 |
|-----------------------------------|----------------|----------------|
| Deposit for bank acceptance bills | 81,058,816.58 | 53,008,268.16 |
| Fixed deposits | 56,490,090.32 | 59,282,351.55 |
| Frozen deposits | 5,339,263.86 | |
| Performance Bond | 1,648,552.38 | 677,640.48 |
| Total | 144,536,723.14 | 112,968,260.19 |

(2) Financial assets held-for-trading

| Item | 2022.12.31 | 2021.12.31 |
|---|----------------|------------|
| Financial assets at fair value through profit or loss | 277,214,058.48 | |
| Including: Equity instrument investment | 19,104,943.05 | |
| wealth management products | 258,109,115.43 | |
| Total | 277,214,058.48 | |

Note:

Investments in equity instruments are investments in shares of listed companies held

by the Company.

(3) Notes receivable

1. Notes receivable by category

| Item | 2022.12.31 | 2021.12.31 |
|------------------------|---------------|---------------|
| Bank acceptance notes | 68,366,738.81 | 34,766,157.96 |
| Trade acceptance notes | 30,000,000.00 | 19,005,193.50 |
| Total | 98,366,738.81 | 53,771,351.46 |

2. Notes receivable pledged at the end of the year

| Item | Amount pledged |
|-----------------------|----------------|
| Bank acceptance notes | 3,274,907.07 |
| Total | 3,274,907.07 |

3. Outstanding endorsed or discounted notes unmatured at the end of the year

| Item | Amount derecognised at the end of the period | Amount not derecognised at end of period |
|------------------------|--|--|
| Bank acceptance notes | | 25,897,840.48 |
| Trade acceptance notes | | 30,000,000.00 |
| Total | | 55,897,840.48 |

(4) Accounts receivable

1. Ageing analysis of accounts receivable:

| Ageing | 2022.12.31 | 2021.12.31 |
|---------------|------------------|------------------|
| Within 1 year | 1,582,742,600.68 | 1,285,290,038.70 |
| 1-2 years | 182,488,635.91 | 230,056,532.64 |
| 2-3 years | 120,018,798.29 | 131,358,287.55 |
| 3-4 years | 74,821,688.85 | 61,489,537.16 |
| 4-5 years | 44,370,357.92 | 56,995,599.49 |

| Ageing | 2022.12.31 | 2021.12.31 |
|-------------------------------|------------------|------------------|
| Over 5 years | 58,274,108.65 | 57,291,537.57 |
| Sub-total | 2,062,716,190.3 | 1,822,481,533.11 |
| Less: Provision for bad debts | 154,085,988.98 | 161,359,845.73 |
| Total | 1,908,630,201.32 | 1,661,121,687.38 |

2.Accounts receivable by method of bad debt provision

| Category | 2022.12.31 | | | | Carrying Value | 2021.12.31 | | | | Carrying Value |
|---|------------------|----------------|-------------------------|----------------|------------------|------------------|----------------|-------------------------|----------------|------------------|
| | Book balance | | Provision for bad debts | | | Book balance | | Provision for bad debts | | |
| | Amount | Percentage (%) | Amount | Percentage (%) | | Amount | Percentage (%) | Amount | Percentage (%) | |
| Provision for bad debts made on an individual basis | 2,027,715.40 | 0.10 | 2,027,715.40 | 100 | | 2,027,715.40 | 0.11 | 2,027,715.40 | 100 | |
| Provision for bad debts made on a grouping basis | 2,060,688,474.90 | 99.90 | 152,058,273.58 | 7.38 | 1,908,630,201.32 | 1,820,453,817.71 | 99.89 | 159,332,130.33 | 8.75 | 1,661,121,687.38 |
| Including: | | | | | | | | | | |
| Expected credit loss of grouping basis | 2,060,688,474.90 | 99.90 | 152,058,273.58 | 7.38 | 1,908,630,201.32 | 1,820,453,817.71 | 99.89 | 159,332,130.33 | 8.75 | 1,661,121,687.38 |
| Total | 2,062,716,190.30 | 100 | 154,085,988.98 | | 1,908,630,201.32 | 1,822,481,533.11 | 100 | 161,359,845.73 | | 1,661,121,687.38 |

Provision for bad debts made on an individual basis:

| Name | 2022.12.31 | | | Reasons for Provision |
|--|---------------------|-------------------------|----------------|---------------------------|
| | Book balance | Provision for bad debts | Percentage (%) | |
| Xinxiang Yashijie Medical Laboratory (Limited Partnership) | 2,027,715.40 | 2,027,715.40 | 100.00 | Estimatedly irrecoverable |
| Total | 2,027,715.40 | 2,027,715.40 | | |

Accounts receivable with provision for bad debts on a grouping basis:

Items of bad debt provided on grouping basis:

| Name | 2022.12.31 | | |
|---------------|-------------------------|-------------------------|---------------|
| | Accounts receivable | Provision for bad debts | Percentage(%) |
| Within 1 year | 1,582,742,600.68 | 7,913,713.68 | 0.50 |
| 1-2 years | 182,488,635.91 | 18,248,863.62 | 10.00 |
| 2-3 years | 120,018,798.29 | 24,003,759.65 | 20.00 |
| 3-4 years | 74,821,688.85 | 22,446,506.69 | 30.00 |
| 4-5 years | 42,342,642.52 | 21,171,321.29 | 50.00 |
| Over 5 years | 58,274,108.65 | 58,274,108.65 | 100.00 |
| Total | 2,060,688,474.90 | 152,058,273.58 | |

Provision, reversal or recovery, and offset or written-off of bad debts during the reporting periods

| Type | 2021.12.31 | Change in the year | | | 2022.12.31 |
|--|----------------|--------------------------------|-----------------------------------|-----------------------|----------------|
| | | Provision accrued and reversed | Increase in business combinations | Offset or written off | |
| Expected credit loss of grouping basis | 159,332,130.33 | 26,080,071.87 | 2,720,553.94 | 36,074,482.56 | 152,058,273.58 |
| Provision for bad debts | 2,027,715.40 | | | | 2,027,715.40 |
| made on an individual basis | 161,359,845.73 | 26,080,071.87 | 2,720,553.94 | 36,074,482.56 | 154,085,988.98 |

Accounts receivable written off during the reporting periods

| Item | Amount |
|-------------|---------------|
| Written-off | 36,074,482.56 |

Top five accounts receivable by ending balance of debtors

The total amount of the top five accounts receivable with ending balance aggregated by party in arrears was RMB205,395,127.39, representing 9.96% of the total ending balance of accounts receivable, and the corresponding provision for bad debts with ending balance aggregated to RMB8,673,895.71.

(5) Receivable financing**Receivable financing**

| Item | 2022.12.31 | 2021.12.31 |
|------------------|----------------|---------------|
| Notes receivable | 134,291,997.64 | 81,021,515.38 |
| Total | 134,291,997.64 | 81,021,515.38 |

Note:

1) The Company and some of its subsidiaries discounts and endorses a portion of its bank acceptance bills more frequently for day-to-day fund management purposes. Therefore, the Company and some of its subsidiaries classified bank acceptance bills with higher remaining credit rating on the books as financial assets measured at fair value through other comprehensive income, and the Company believed that the bank acceptance bills held by it are not subject to significant credit risk and will not incur significant losses due to bank defaults, and therefore no bad debt provision has been recognized.

2) As of 31 December 2022, bank acceptance drafts worth RMB41,092,577.87 were pledged to China Zheshang Bank Co., Ltd for the application of issuing notes payable, and the pledging period was from 16 April 2022 to 16 April 2023.

3) As of 31 December 2022, the bank acceptance receivable of the Company, which has been endorsed or discounted and is not yet due on the balance sheet date, is RMB53,020,750.76, and all the acceptance is terminated.

(6) Prepayments**1) Ageing of prepayments**

| Ageing | 2022.12.31 | | 2021.12.31 | |
|---------------|----------------|---------------|----------------|---------------|
| | Amount | Percentage(%) | Amount | Percentage(%) |
| Within 1 year | 306,237,085.94 | 80.26 | 244,929,506.94 | 86.51 |
| 1-2 years | 53,762,367.05 | 14.09 | 29,169,401.75 | 10.30 |
| 2-3years | 13,205,510.86 | 3.46 | 1,670,147.74 | 0.59 |
| Over 3 years | 8,367,174.53 | 2.19 | 7,365,299.35 | 2.60 |
| Total | 381,572,138.38 | 100.00 | 283,134,355.78 | 100.00 |

2) Top five prepayments by supplier based on ending balance

The total amount of the top five prepayments of the ending balance, classified by concentration of prepaid objects, aggregated to RMB35,184,147.32, representing 9.22% of the total closing balance of prepayments.

(7) Other receivables

| Item | 2022.13.31 | 2021.12.31 |
|-------------------|----------------|----------------|
| Other receivables | 124,645,400.43 | 178,277,572.38 |
| Total | 124,645,400.43 | 178,277,572.38 |

1. Other receivables**(1) Ageing analysis:**

| Ageing | 2022.12.31 | 2021.12.31 |
|-------------------------------|----------------|----------------|
| Within 1 year | 45,582,271.18 | 97,426,184.91 |
| 1-2 years | 21,190,382.11 | 78,136,800.04 |
| 2-3years | 70,809,442.32 | 57,458,874.87 |
| 3-4 years | 53,446,718.32 | 83,995,938.90 |
| 4-5years | 82,632,296.43 | 4,484,292.03 |
| Over 5 years | 25,634,820.10 | 21,476,481.91 |
| Sub-total | 299,295,930.46 | 342,978,572.66 |
| Less: Provision for bad debts | 174,650,530.03 | 164,701,000.28 |
| Total | 124,645,400.43 | 178,277,572.38 |

(1) Other receivables by method of bad debt provision

| Type | 2022.12.31 | | | | | 2021.12.31 | | | | |
|---|----------------|----------------|-------------------------|----------------|----------------|----------------|----------------|-------------------------|----------------|----------------|
| | Book balance | | Provision for bad debts | | Carrying value | Book balance | | Provision for bad debts | | Carrying value |
| | Amount | Percentage (%) | Amount | Percentage (%) | | Amount | Percentage (%) | Amount | Percentage (%) | |
| Provision for bad debts made on an individual basis | 129,805,890.71 | 43.37 | 129,805,890.71 | 100.00 | | 129,805,890.71 | 37.85 | 129,805,890.71 | 100.00 | |
| Provision for bad debts made on a grouping basis | 169,490,039.75 | 56.63 | 44,844,639.32 | 26.46 | 124,645,400.43 | 213,172,681.95 | 62.15 | 34,895,109.57 | 16.37 | 178,277,572.38 |
| Including: | | | | | | | | | | |
| Expected credit loss of grouping basis | 169,490,039.75 | 56.63 | 44,844,639.32 | 26.46 | 124,645,400.43 | 213,172,681.95 | 62.15 | 34,895,109.57 | 16.37 | 178,277,572.38 |
| Total | 299,295,930.46 | 100.00 | 174,650,530.03 | | 124,645,400.43 | 342,978,572.66 | 100.00 | 164,701,000.28 | | 178,277,572.38 |

Other receivables assessed individually for provision for bad debts at the end of the year:

| Name | 2022.12.31 | | | Reasons for Provision |
|---|----------------|-------------------------|---------------|-------------------------|
| | Book balance | Provision for bad debts | Percentage(%) | |
| Beijing Bound-Assegai Technical and Trade Co., Ltd. | 127,799,293.21 | 127,799,293.21 | 100.00 | Estimated irrecoverable |
| Beijing Yalian Yashijie Technology Trade Co., Ltd. | 2,006,597.50 | 2,006,597.50 | 100.00 | Estimated irrecoverable |
| Total | 129,805,890.71 | 129,805,890.71 | | |

Other receivables with provision for bad debts on a grouping basis:

The project of collective assessment:

| Name | 2022.12.31 | | |
|---------------|-------------------|-------------------------|---------------|
| | Other receivables | Provision for bad debts | Percentage(%) |
| Within 1 year | 45,582,271.17 | 227,911.55 | 0.50 |
| 1-2 years | 21,190,382.11 | 2,119,038.22 | 10.00 |
| 2-3 years | 70,809,442.33 | 14,161,888.46 | 20.00 |
| 3-4 years | 2,177,905.54 | 653,371.68 | 30.00 |
| 4-5 years | 4,095,218.50 | 2,047,609.31 | 50.00 |
| Over 5 years | 25,634,820.10 | 25,634,820.10 | 100.00 |
| Total | 169,490,039.75 | 44,844,639.32 | |

(2) Provision for bad debt

| Provision for bad debt | Stage 1 | Stage 2 | Stage 3 | Total |
|--|---|---|---|----------------|
| | Expected credit losses for next 12 months | Expected credit losses during the whole life span (not credit impaired) | Expected credit losses during the whole life span (credit impaired) | |
| Beginning Balance (1/1/2021) | 34,895,109.57 | | 129,805,890.71 | 164,701,000.28 |
| Beginning balance for the current year (1/1/2021) | | | | |
| --Transfer to stage 2 | | | | |
| --Transfer to stage 3 | | | | |
| --Transfer back stage 2 | | | | |
| --Transfer back stage1 | | | | |
| Provision made during the year | 9,828,482.18 | | | 9,828,482.18 |
| Reverse during the year | | | | |
| Offset during the year | | | | |
| Written during off the year | 1,269,674.11 | | | 1,269,674.11 |
| Other changes | 1,390,721.68 | | | 1,390,721.68 |
| Closing Balance | 44,844,639.32 | | 129,805,890.71 | 174,650,530.03 |

(3) Provision for bad debts made, reversed or recovered during the reporting period.

| Type | 2021.12.31 | Change in the year | | | 2022.12.31 |
|-----------------|---------------|--------------------|--------------------------------|-----------------------|---------------|
| | | Accrued | Transferred form consolidation | Offset or written off | |
| Expected credit | 34,895,109.57 | 9,828,482.18 | 1,390,721.68 | 1,269,674.11 | 44,844,639.32 |

| Type | 2021.12.31 | Change in the year | | | 2022.12.31 |
|---|----------------|--------------------|--------------------------------|-----------------------|----------------|
| | | Accrued | Transferred form consolidation | Offset or written off | |
| loss of grouping basis | | | | | |
| Provision for bad debts made on an individual basis | 129,805,890.71 | | | | 129,805,890.71 |
| Total | 164,701,000.28 | 9,828,482.18 | 1,390,721.68 | 1,269,674.11 | 174,650,530.03 |

(4) Other receivables actually written off during the reporting period

| Item | Amount |
|-------------|--------------|
| Written-off | 1,269,674.11 |

(5) Others categorized by nature

| Nature of other receivables | 2022.12.31 | 2021.12.31 |
|-----------------------------|----------------|----------------|
| Come-and-go money | 262,086,444.37 | 318,551,152.56 |
| Reserve | 23,954,251.82 | 12,150,044.54 |
| Others | 13,255,234.27 | 12,277,375.56 |
| Total | 299,295,930.46 | 342,978,572.66 |

(6) Top five other receivables by ending balance of debtors

The aggregate amount of the top five other receivables at the end of the period, grouped by party in default, was RMB200,421,207.96, representing 66.96% of the total ending balance of other receivables, and the corresponding aggregate closing balance of the provision for bad debts was RMB146,294,528.26.

(8) Inventories**Breakdown of inventories**

| Type | 2022.12.31 | | | 2021.12.31 | | |
|------------------|------------------|---|------------------|------------------|---|------------------|
| | Book balance | Provision for impairment of inventories/ provision for impairment of contract performance cost | Carrying value | Book balance | Provision for impairment of inventories/ provision for impairment of contract performance cost | Carrying value |
| Raw materials | 919,977,229.57 | 1,929,365.58 | 918,047,863.99 | 779,717,096.05 | 1,386,152.41 | 778,330,943.64 |
| Work in progress | 380,410,500.74 | 510,515.67 | 379,899,985.07 | 351,489,049.94 | 12,078.72 | 351,476,971.22 |
| Finished goods | 1,011,717,053.25 | 43,073,014.25 | 968,644,039.00 | 819,052,548.38 | 9,926,674.65 | 809,125,873.73 |
| Total | 2,312,104,783.56 | 45,512,895.50 | 2,266,591,888.06 | 1,950,258,694.37 | 11,324,905.78 | 1,938,933,788.59 |

Provision for impairment of inventories and provision for impairment of contract performance cost

| Item | 2021.12.31 | Increase for the year | | Decrease for the year | | 2022.12.31 |
|------------------|---------------|-----------------------|------------|-------------------------|--------|---------------|
| | | Provision made | Others | Reversal or writing-off | Others | |
| Raw materials | 1,386,152.41 | 719,486.96 | | 176,273.79 | | 1,929,365.58 |
| Work in progress | 12,078.72 | | 579,841.68 | 81,404.73 | | 510,515.67 |
| Finished goods | 9,926,674.65 | 37,233,324.62 | | 4,086,985.02 | | 43,073,014.25 |
| Total | 11,324,905.78 | 37,952,811.58 | 579,841.68 | 4,344,663.54 | | 45,512,895.50 |

(9) Non-current assets due within one year

| Item | 2022.12.31 | 2021.12.31 |
|---|--------------|---------------|
| Long-term receivables due within one year | 4,844,368.53 | 16,275,600.92 |
| Finance lease receivables due within one year | | 697,871.20 |
| Loans and advances due within one year | | 14,880,000.00 |
| Total | 4,844,368.53 | 31,853,472.12 |

(10) Other current assets

| Item | 2022.12.31 | 2021.12.31 |
|-------------------------------|---------------|----------------|
| Insurance | 1,092,883.70 | 1,088,498.90 |
| Advance Payment of Income Tax | 80,748,883.31 | 115,332,786.84 |
| Others | 3,675,430.41 | 5,245,754.22 |
| Total | 85,517,197.42 | 121,667,039.96 |

(11) Long-term receivables**Information on long-term receivables**

| Item | 2022.12.31 | | | 2021.12.31 | | | Range of discount rate |
|---|--------------|-------------------------|----------------|---------------|-------------------------|----------------|------------------------|
| | Book balance | Provision for bad debts | Carrying Value | Book balance | Provision for bad debts | Carrying Value | |
| Finance lease payments | | | | | | | 6%-8% |
| Receipt in installments for sale of goods | 8,259,759.08 | | 8,259,759.08 | 11,129,273.70 | | 11,129,273.70 | 4.75%-6.00% |
| Total | 8,259,759.08 | | 8,259,759.08 | 11,129,273.70 | | 11,129,273.70 | |

(12) Long-term equity investments

| Investee | 2021.12.31 | Change for the year | | | | | | | | 2022.12.31 | Ending balance of provision for impairment |
|--|----------------|------------------------|------------------------|--|--|-------------------------|--|-------------------------|------------|----------------|--|
| | | Increase in investment | Decrease in investment | Investment gain or loss recognized using equity method | Adjustment to other comprehensive income | Other changes in equity | Declaration and payment of cash dividend or profit | Provision of impairment | Others | | |
| 1. Associates | | | | | | | | | | | |
| Beijing Bound-Assegai Technical and Trade Co., Ltd. | 138,024,410.41 | | | | | | | | | 138,024,410.41 | 138,024,410.41 |
| Waterstone Pharmaceuticals (Wuhan) Co., Ltd. | 105,757,377.67 | | | -12,638,643.86 | -163,362.01 | 782,200.70 | | | | 93,737,572.50 | |
| Sichuan Rekind Medtec Inc. | 103,966,766.69 | | | 16,154,534.23 | | | | | | 120,121,300.92 | |
| Lepu Biopharma Co., Ltd. | 123,085,543.37 | | | -94,925,717.02 | 15,124.10 | 94,148,209.54 | | | | 122,323,159.99 | |
| Beijing QS Medical Technology Co., Ltd. | 59,660,702.26 | | | -5,890,484.13 | | | | | | 53,770,218.13 | |
| Beijing Yuding Additive Manufacturing Research Institute Co., Ltd. | 70,603,359.93 | | | 2,302,151.02 | | | | | | 72,905,510.95 | |
| Aortec Medical Technology Co., Ltd. | 50,930,399.78 | | | -798,428.03 | | | | | | 50,131,971.75 | |
| Star Combo Pharma Limited | 21,413,876.54 | | | -2,057,895.97 | 503,001.06 | -53,546.47 | | | 529,192.69 | 20,334,627.85 | |
| Beijing Zhongan Yisheng Medical Technology Co., Ltd. | 17,698,630.95 | 2,285,714.00 | | -910,235.86 | | | | | | 19,074,109.09 | |
| Beijing Anpu Technology Co., Ltd. | 119,570.01 | | | 334,922.80 | | | | | | 454,492.81 | |
| Ningbo Kaisheng Investment Management Center (Limited Partnership) | 255,953.70 | | | 4,416.43 | | | | | | 260,370.13 | |
| Ningbo Jinyi | 99,513.24 | | | -58.78 | | | | | | 99,454.46 | |

| | | | | | | | | | | |
|---|----------------|---------------|---------------|--|--|---------------|--|--|----------------|--|
| Investment Management Center (limited Partnership) | | | | | | | | | | |
| Ningbo Hengsheng Hengrui Investment Management Center (Limited Partnership) | 182,324.69 | | 3,810.70 | | | | | | 186,135.39 | |
| Ningbo Meiunicom Investment Management Center (Limited Partnership) | 49,491.63 | | -60.01 | | | | | | 49,431.62 | |
| Xi'an Chaoqian Intelligent Technology Co., Ltd. | 45,949,369.07 | | -2,042,323.60 | | | | | | 43,907,045.47 | |
| Beijing Haijinge Medicine Technology Co., Ltd. | 111,504,150.74 | | 11,098,576.96 | | | -6,202,760.38 | | | 116,399,967.32 | |
| Xinyu Baiatongda Biotechnology Co., Ltd. | 24,995,979.78 | 25,000,000.00 | -106.62 | | | | | | 49,995,873.16 | |
| Beijing Purun Medical Equipment Co., Ltd. | 10,464,027.03 | | 360,676.64 | | | | | | 10,824,703.67 | |
| Tianjin Walkman Biomaterial Co., Ltd. | 226,319,632.86 | 21,397,682.21 | 11,510,706.38 | | | | | | 259,228,021.45 | |
| Shenzhen Bone Medical Devices Co., Ltd. | 43,207,471.70 | | -3,175,638.66 | | | | | | 40,031,833.04 | |
| Hunan Pinxing Bioengineering Co., Ltd. | 55,485,412.15 | 30,000,000.00 | -1,994,313.35 | | | | | | 83,491,098.80 | |
| Shenzhen Ruihan Medical Technology Co., Ltd. | | 72,611,914.00 | -8,169,365.76 | | | | | | 64,442,548.24 | |
| Beijing Yuewei Medical Technology Co., Ltd. | | 5,000,000.00 | | | | | | | 5,000,000.00 | |
| Beijing Anyoushengshi Clinic Co., Ltd. | | 1,500,000.00 | | | | | | | 1,500,000.00 | |
| Anyou Ophthalmology Clinic | | 1,200,000.00 | | | | | | | 1,200,000.00 | |

| | | | | | | | | | | | |
|--------------------|------------------|----------------|--|----------------|------------|---------------|--|--|------------|------------------|----------------|
| (Fuzhou) Co., Ltd. | | | | | | | | | | | |
| Sub-total | 1,209,773,964.20 | 158,995,310.21 | | -90,833,476.49 | 354,763.15 | 88,674,103.39 | | | 529,192.69 | 1,367,493,857.15 | 138,024,410.41 |
| Total | 1,209,773,964.20 | 158,995,310.21 | | -90,833,476.49 | 354,763.15 | 88,674,103.39 | | | 529,192.69 | 1,367,493,857.15 | 138,024,410.41 |

Note: During the reporting period, the Company held a 9.7659% equity interest of Beijing Yiliankang Technology Co., Ltd. with a ending balance of RMB0 due to an excess loss incurred.

(13) Investments in other equity instruments**1) Information on investments in other equity instruments**

| Item | 2022.12.31 | 2021.12.31 |
|---|-------------------------|-------------------------|
| Beijing Life Insurance Co., Ltd. | 300,000,000.00 | 300,000,000.00 |
| Chengdu Shengnuo Biotechnology Co., Ltd. | 143,985,600.00 | 237,232,800.00 |
| Suzhou Danqing Phase II Innovative Pharmaceutical Industry Investment Partnership(L.P.) | 86,855,409.08 | 90,797,968.70 |
| Beijing Synergetic Yixin Investment Partnership (limited Partnership) | 50,000,000.00 | 50,000,000.00 |
| Shanghai Xingze Xinghe Investment Management Center (L.P.) | 47,177,815.19 | 48,208,964.46 |
| Suzhou Sinovent Pharmaceuticals Co., Ltd. | 45,000,000.00 | 45,000,000.00 |
| Shenzhen City Hechuang Intelligent and Health Venture Investment Fund(L.P.) | 44,218,115.69 | 44,218,115.69 |
| Changzhou Shanlan Medical Investment Partnership (limited Partnership) | 32,958,797.12 | 38,436,955.65 |
| Beijing Chongde Yingsheng Venture Capital Co., Ltd. | 10,000,000.00 | 10,000,000.00 |
| Shanghai Shujia Medical Management Co., Ltd. | 10,000,000.00 | 10,000,000.00 |
| Shanghai Magic Sugar Medical Technology Co., Ltd. | 200,000.00 | 200,000.00 |
| Genapsys,Inc ("Genapsys") | | 159,361,220.27 |
| Gritstone Oncology,Inc ("Gritstone") | 45,691,089.39 | 155,999,767.55 |
| Rgenix,Inc ("Rgenix") | 42,117,281.40 | 79,680,580.04 |
| Pionyr Immunotherapeutics,Inc ("Pionyr") | 63,141,071.85 | 57,833,904.72 |
| Beam Therapeutics,Inc ("Beam") | 30,348,324.23 | 56,639,729.16 |
| MeiraGTx,LLC ("MeiraGTx") | 13,611,765.51 | 45,746,864.77 |
| Oric Pharmaceuticals,Inc ("Oric") | 18,388,963.21 | 42,036,807.57 |
| Cold Genesys,Inc. ("Cold") | 41,756,422.39 | 38,246,617.83 |
| Shandong Boshan Pharmaceutical Co., Ltd. | 39,000,000.00 | |
| GANG LIINVESTMENT GROUP | 104,469,000.00 | |
| Total | 1,168,919,655.06 | 1,509,640,296.41 |

2) Information on investments in equity instruments not held for trading

| Item | Dividend income recognized during the year | Accumulated gain | Accumulated loss | Amount of retained earnings transferred from other comprehensive income | Reason for designation as at fair value through over comprehensive income | Reason for transfer from other comprehensive income to retained earnings |
|--|--|------------------|------------------|---|---|--|
| Chengdu Shengnuo Biotechnology Co., Ltd. | 1,944,000.00 | | 4,514,400.00 | | According to the management judgment | |
| Shanghai Xingze Xinghe Investment Management Center (L.P.) | 26,852.84 | 1,728,965.23 | | 1,469,620.45 | According to the management judgment | Sales |
| Changzhou Shanlan Medical Investment Partnership (limited Partnership) | | 7,200,035.01 | | 6,120,029.76 | According to the management judgment | Sales |
| Genapsys | | | 173,985,158.99 | -173,985,158.99 | According to the management judgment | Disposal |
| Oric | | - | 3,054,198.81 | | According to the management judgment | |
| Pionyr | | 47,309,151.55 | - | | According to the management judgment | |
| Beam | | 18,768,568.68 | - | | According to the management judgment | |
| Gritstone | | - | 89,522,895.85 | | According to the management judgment | |
| MeiraGTx | | | 6,282,026.83 | | According to the management judgment | |
| Rgenix | | - | 51,308,642.93 | | According to the management judgment | |
| Cold | | 1,378,791.54 | - | | According to the management judgment | |

(14) Other non-current financial assets

| Item | 2022.12.31 | 2021.12.31 |
|--|----------------|---------------|
| Guizhou Yizhiying Technology Co., Ltd. | 16,500,000.00 | 6,500,000.00 |
| Suzhou Prius Gene Technology Co., Ltd. | 10,000,000.00 | 10,000,000.00 |
| Shining3d Tech Co., Ltd. | 132,110,000.00 | 77,340,000.00 |

| Item | 2022.12.31 | 2021.12.31 |
|-------|----------------|---------------|
| Total | 158,610,000.00 | 93,840,000.00 |

(15) Investment properties**Investment properties at cost method**

| Item | Buildings | Land use rights | Total |
|---|----------------|-----------------|----------------|
| 1.Original carrying amount | | | |
| (1) 2021.12.31 | 380,764,632.78 | 2,929,797.60 | 383,694,430.38 |
| (2) Increase during the year | 28,154,759.60 | | 28,154,759.60 |
| —Purchase | | | |
| —Transfers from inventories/fixed assets/construction in progress | 28,154,759.60 | | 28,154,759.60 |
| —Increase from business consolidations | | | |
| (3) Decrease during the year | | | |
| —Disposals | | | |
| (4) 2022.12.31 | 408,919,392.38 | 2,929,797.60 | 411,849,189.98 |
| 2.Accumulated depreciation or amortization | | | |
| (1) 2021.12.31 | 65,593,595.87 | 504,954.51 | 66,098,550.38 |
| (2) Increase during the year | 15,425,731.73 | 78,252.42 | 15,503,984.15 |
| —Provision made or amortization | 8,293,141.06 | 78,252.42 | 8,371,393.48 |
| —Transfers from fixed assets | 7,132,590.67 | | 7,132,590.67 |
| —Increase from business consolidations | | | |
| (3) Decrease during the year | | | |
| —Disposals | | | |
| (4) 2022.12.31 | 81,019,327.60 | 583,206.93 | 81,602,534.53 |
| 3.Provision for impairment | | | |
| (1) 2021.12.31 | | | |
| (2) Increase during the year | | | |
| —Provision made | | | |
| (3) Decrease during the year | | | |
| —Disposals | | | |
| (4) 2022.12.31 | | | |
| 4.Carrying value | | | |
| (1) Closing carrying value | 327,900,064.78 | 2,346,590.67 | 330,246,655.45 |
| (2) Opening carrying value | 315,171,036.91 | 2,424,843.09 | 317,595,880.00 |

(16) Fixed assets**1) Fixed assets and disposal of fixed assets**

| Item | 2022.12.31 | 2021.12.31 |
|--------------|------------------|------------------|
| Fixed assets | 2,604,619,204.30 | 2,182,280,171.68 |
| Total | 2,604,619,204.30 | 2,182,280,171.68 |

2) Breakdown of fixed assets

| Item | Buildings | Machinery and equipment | Transportation equipment | Office & other equipment | Total |
|---|-----------------------|-------------------------|--------------------------|--------------------------|-----------------------|
| 1. Original carrying amount | | | | | |
| (1) 2021.12.31 | 1,604,341,347.74 | 1,467,908,682.22 | 46,083,582.46 | 498,950,779.71 | 3,617,284,392.13 |
| (2) Increase during the year | 230,286,534.04 | 442,406,654.03 | 2,813,617.35 | 89,907,840.02 | 765,414,645.44 |
| —Purchases | 5,418,489.09 | 150,731,691.39 | 2,198,036.16 | 75,454,756.74 | 233,802,973.38 |
| —Transfers from construction in progress | 116,749,662.14 | 159,525,572.12 | | 4,996,650.06 | 281,271,884.32 |
| —Additions due to business combinations involving entities not under common control | 108,118,382.81 | 44,735,890.39 | 615,581.19 | 9,456,433.22 | 162,926,287.61 |
| —Transfers from investment properties | | 87,413,500.13 | | | 87,413,500.13 |
| (3) Decrease during the year | 28,154,759.60 | 9,412,325.81 | 1,505,116.42 | 14,841,096.99 | 53,913,298.82 |
| —Disposal or retirement | | 9,412,325.81 | 1,505,116.42 | 14,841,096.99 | 25,758,539.22 |
| —Transfers to investment properties | 28,154,759.60 | | | | 28,154,759.60 |
| (4) 2022.12.31 | 1,806,473,122.18 | 1,900,903,010.44 | 47,392,083.39 | 574,017,522.74 | 4,328,785,738.75 |
| 2. Accumulated depreciation | | | | | |
| (1) 2021.12.31 | 351,635,205.12 | 744,909,683.32 | 34,771,253.75 | 290,323,761.75 | 1,421,639,903.94 |
| (2) Increase during the year | 74,987,761.27 | 141,896,381.13 | 4,563,662.39 | 91,343,936.26 | 312,791,741.05 |
| —Provision made | 57,865,244.45 | 126,329,343.72 | 4,084,209.07 | 85,122,019.56 | 273,400,816.80 |
| —Additions due to business combinations involving entities not under common control | 17,122,516.82 | 15,567,037.41 | 479,453.32 | 6,221,916.70 | 39,390,924.25 |
| (3) Decrease during the year | 7,132,590.67 | 6,786,157.68 | 1,293,719.18 | 8,416,034.88 | 23,628,502.41 |
| —Disposal or retirement | | 6,786,157.68 | 1,293,719.18 | 8,416,034.88 | 16,495,911.74 |
| —Transfers to investment properties | 7,132,590.67 | | | | 7,132,590.67 |
| (4) 2022.12.31 | 419,490,375.72 | 880,019,906.77 | 38,041,196.96 | 373,251,663.13 | 1,710,803,142.58 |
| 3. Provision for impairment | | | | | |
| (1) 2021.12.31 | 13,275,844.55 | 56,592.37 | | 31,879.59 | 13,364,316.51 |
| (2) Increase during the year | | | | | |
| —Provision made | | | | | |
| —Additions due to business combinations involving entities not under common control | | | | | |

| Item | Buildings | Machinery and equipment | Transportation equipment | Office & other equipment | Total |
|------------------------------|------------------|-------------------------|--------------------------|--------------------------|------------------|
| (3) Decrease during the year | | | | 924.64 | 924.64 |
| —Disposal or retirement | | | | 924.64 | 924.64 |
| (4) 2022.12.31 | 13,275,844.55 | 56,592.37 | | 30,954.95 | 13,363,391.87 |
| 4.Carrying value | | | | | |
| (1) Closing carrying value | 1,373,706,901.91 | 1,020,826,511.30 | 9,350,886.43 | 200,734,904.66 | 2,604,619,204.30 |
| (2) Opening carrying value | 1,239,430,298.07 | 722,942,406.53 | 11,312,328.71 | 208,595,138.37 | 2,182,280,171.68 |

Note:

1) The Company signed a RMB fund mortgage contract with Industrial and Commercial Bank of China Limited Beijing Changping Sub-Branch on 21 June 2018. The collateral is the building. As of 31 December 2022, the building with a net value of RMB57,879,825.05 was still under mortgage. Please refer to the note "V. (34) Long-term Loan".

2) The Company signed a RMB loan mortgage contract with China Development Bank Corporation Beijing Sub-Branch in December 2018, as refer to "V. (34) Long-term Loan" in this note. The collateral involves the buildings and land use rights. As of 31 December 2022, building buildings with a net value of RMB87,390,661.39 and land use rights with a net value of RMB 609,759,999.48 were still under mortgage.

(17) Construction in progress**1) Construction in progress and construction materials**

| Item | 2022.12.31 | 2021.12.31 |
|--------------------------|------------------|------------------|
| Construction in progress | 1,513,606,170.30 | 1,158,461,800.35 |
| Total | 1,513,606,170.30 | 1,158,461,800.35 |

2) Breakdown of construction in progress

| Item | 2022.12.31 | | | 2021.12.31 | | |
|---|------------------|--------------------------|------------------|----------------|--------------------------|----------------|
| | Book balance | Provision for impairment | Carrying value | Book balance | Provision for impairment | Carrying value |
| Lepu International Center Project | 1,204,640,289.21 | | 1,204,640,289.21 | 785,446,391.68 | | 785,446,391.68 |
| Other engineering projects of Zhejiang Lepu Pharmaceutical Industry | 188,813,984.32 | | 188,813,984.32 | 260,983,406.22 | | 260,983,406.22 |
| Synthesis workshop | 41,852,925.21 | | 41,852,925.21 | 12,388,458.73 | | 12,388,458.73 |
| Lepu Pharmaceutical 20 billion tablets of solid pharmaceutical preparation workshop | 21,636,929.19 | | 21,636,929.19 | 1,705,398.48 | | 1,705,398.48 |
| 40 million powder needle workshop | | | | 34,413,992.31 | | 34,413,992.31 |

| | | | | | | |
|-------|------------------|-----------|------------------|------------------|---------------|----------------------|
| Other | 56,687,711.94 | 25,669.57 | 56,662,042.37 | 63,549,822.50 | 25,669. 57 | 63,524,152. 93 |
| Total | 1,513,631,839.87 | 25,669.57 | 1,513,606,170.30 | 1,158,487,469.92 | 25,669. 57 | 1,158,461,8 00.35 |

1) Changes in significant construction in progress

| Name of project | Budget | 2021.12.31 | Increase in the period | Amount transferred to fixed assets in the period | Other decreased amount in the period | 2022.12.31 | Ratio of accumulated contribution to the construction to budget (%) | Progress of construction | Accumulated amount of capitalized interest | Including:capitalized amount of interest in the period | Rate of capitalization of interest in the period (%) | Source of funding |
|-----------------------------------|------------------|----------------|------------------------|--|--------------------------------------|------------------|---|--------------------------|--|--|--|-------------------|
| Lepu International Center Project | 2,100,000,000.00 | 785,446,391.68 | 419,193,897.53 | | | 1,204,640,289.21 | 57.36 | In progress | 71,293,244.37 | 34,241,472.22 | 4.90 | Other |
| Total | | 785,446,391.68 | 419,193,897.53 | | | 1,204,640,289.21 | | | 71,293,244.37 | 34,241,472.22 | | |

(18) Right-of-use assets

| Item | Buildings and structures | Total |
|---|--------------------------|----------------|
| 1.Original carrying amount | | |
| (1) 2021.12.31 | 244,399,504.69 | 244,399,504.69 |
| (2) Increase for the year | 134,168,610.50 | 134,168,610.50 |
| —Increase in leases | 119,501,197.09 | 119,501,197.09 |
| —Additions due to business combinations involving entities not under common control | 14,667,413.41 | 14,667,413.41 |
| —Revaluation adjustments | | |
| (3) Decrease for the year | 47,965,114.29 | 47,965,114.29 |
| —Transfers to fixed assets | | |
| —Disposal | 47,965,114.29 | 47,965,114.29 |
| (4) 2022.12.31 | 330,603,000.90 | 330,603,000.90 |
| 2.Accumulated depreciation | | |
| (1) 2021.12.31 | 55,077,569.13 | 55,077,569.13 |
| (2) Increase for the year | 80,540,264.72 | 80,540,264.72 |
| —Provision made | 78,365,986.18 | 78,365,986.18 |
| —Additions due to business combinations involving entities not under common control | 2,174,278.54 | 2,174,278.54 |
| (3) Decrease for the year | 26,930,942.80 | 26,930,942.80 |
| —Transfers to fixed assets | | |
| —Disposal | 26,930,942.80 | 26,930,942.80 |
| (4) 2022.12.31 | 108,686,891.05 | 108,686,891.05 |
| 3.Provision for impairment | | |
| (1) 2021.12.31 | | |
| (2) Increase for the year | | |
| —Provision made | | |
| (3) Decrease for the year | | |
| —Transfers to fixed assets | | |
| —Disposal | | |
| (4) 2022.12.31 | | |
| 4.Carrying value | | |
| (1) Closing carrying value | 221,916,109.85 | 221,916,109.85 |
| (2) Opening carrying value | 189,321,935.56 | 189,321,935.56 |

(19) Intangible assets**Breakdown of intangible assets**

| Item | Land use rights | Patent rights | Non-patent rights | Others | Total |
|---|------------------|----------------|-------------------|----------------|------------------|
| 1.Original carrying amount | | | | | |
| (1) 2021.12.31 | 1,161,441,575.75 | 490,096,585.25 | 444,502,995.48 | 115,786,277.07 | 2,211,827,433.55 |
| (2) Increase for the year | 56,309,215.01 | 49,813,884.90 | 7,141,668.00 | 19,402,015.67 | 132,666,783.58 |
| —Purchase | 41,063,749.40 | 4,024,940.09 | 604,536.99 | 3,945,070.19 | 49,638,296.67 |
| —Internal research & development | | 45,743,654.65 | 6,401,197.33 | | 52,144,851.98 |
| —Additions due to business combinations involving entities not under common control | 15,245,465.61 | 45,290.16 | 135,933.68 | 15,456,945.48 | 30,883,634.93 |
| (3) Decrease for the year | | | 54,231,716.79 | 1,281.93 | 54,232,998.72 |
| —Disposal | | | | 1,281.93 | 1,281.93 |
| —Lapsed and derecognised parts | | | 54,231,716.79 | | 54,231,716.79 |
| (4) 2022.12.31 | 1,217,750,790.76 | 539,910,470.15 | 397,412,946.69 | 135,187,010.81 | 2,290,261,218.41 |
| 2.Accumulated amortization | | | | | |
| (1) 2021.12.31 | 210,752,616.52 | 329,728,466.62 | 186,383,356.92 | 76,579,812.55 | 803,444,252.61 |

| Item | Land use rights | Patent rights | Non-patent rights | Others | Total |
|----------------------------------|-----------------|----------------|-------------------|----------------|------------------|
| (2) Increase for the year | 37,764,378.16 | 66,316,197.27 | 31,424,182.34 | 26,148,110.68 | 161,652,868.45 |
| —Purchase | 35,826,712.55 | 66,309,245.99 | 31,354,435.36 | 20,347,943.38 | 153,838,337.28 |
| —Internal research & development | 1,937,665.61 | 6,951.28 | 69,746.98 | 5,800,167.30 | 7,814,531.17 |
| (3) Decrease for the year | | | 45,139,031.06 | 153.06 | 45,139,184.12 |
| —Disposal | | | | 153.06 | 153.06 |
| —Lapsed and derecognised parts | | | 45,139,031.06 | | 45,139,031.06 |
| (4) 2022.12.31 | 248,516,994.68 | 396,044,663.89 | 172,668,508.20 | 102,727,770.17 | 919,957,936.94 |
| 3.Provision for impairment | | | | | |
| (1) 2021.12.31 | | 650,811.61 | 9,092,685.73 | | 9,743,497.34 |
| (2) Increase for the year | | | | | |
| —Provision made | | | | | |
| (3) Decrease for the year | | | 9,092,685.73 | | 9,092,685.73 |
| —Disposal | | | | | |
| —Lapsed and derecognised part | | | 9,092,685.73 | | 9,092,685.73 |
| (4) 2022.12.31 | | 650,811.61 | | | 650,811.61 |
| 4.Carrying value | | | | | |
| (1) Closing carrying value | 969,233,796.08 | 143,214,994.65 | 224,744,438.49 | 32,459,240.64 | 1,369,652,469.86 |
| (2) Opening carrying value | 950,688,959.23 | 159,717,307.02 | 249,026,952.83 | 39,206,464.52 | 1,398,639,683.60 |

Note: As of 31 December 2022, the intangible assets generated from the Company's internal research and development of intangible assets accounted for 16.38% of the balance of intangible assets. See "V. (16)" for the mortgage of intangible assets.

(20) Research and development expenses

| Item | 2021.12.31 | Increase for the year | | Decrease for the year | | | 2022.12.31 | Detailed basis for capitalization |
|--|----------------|---|--|---------------------------------|---------------------------------------|--------------------------|----------------|---|
| | | Internal research and development expense | Additions due to business combinations involving entities not under common control | Recognized as intangible assets | Transferred to current profit or loss | Provision for impairment | | |
| Suitable preparation for diabetes mellitus | 416,493,590.74 | 11,452,278.27 | | | | | 427,945,869.01 | According to the accounting standards for enterprises: 1, there is no material obstacle in the technical realization of R & D projects; 2, R & D project satisfies the mass production conditions; 3, from expected market demand for the products or services, future economic benefits are expected to flow to the Company; 4, R & D expenditure can be reliably measured and collected; the listed projects satisfy the conditions for R & D expenditure capitalization. |
| Heart plugging device | 53,312,694.72 | 19,400,583.18 | | 16,733,627.73 | | | 55,979,650.17 | |
| Catheter project | 51,144,440.17 | 88,584,200.79 | | 16,093,713.82 | | | 123,634,927.14 | |
| Valvular project | 39,325,527.45 | 51,799,612.67 | | | | | 91,125,140.12 | |
| Digital project platform construction | 22,730,178.82 | 73,505,980.57 | | | | | 96,236,159.39 | |
| Renal artery catheter and equipment | 8,939,866.64 | 127,130.68 | | | | | 9,066,997.32 | |
| Surgical auxiliary instruments | 8,666,638.39 | 6,533,447.21 | | | | | 15,200,085.60 | |
| The Digital DSA Project | 5,473,107.45 | 3,464,195.76 | | | | | 8,937,303.21 | |

| Item | 2021.12.31 | Increase for the year | | | Decrease for the year | | 2022.12.31 | Detailed basis for capitalization |
|--|----------------|---|--|---------------------------------|---------------------------------------|--------------------------|------------|-----------------------------------|
| | | Internal research and development expense | Additions due to business combinations involving entities not under common control | Recognized as intangible assets | Transferred to current profit or loss | Provision for impairment | | |
| AI-related software and hardware development | 2,649,028.73 | 451,649.74 | | 3,100,678.47 | | | | |
| Others | 102,758,086.14 | 71,297,023.95 | 2,355,328.35 | 16,216,831.96 | | 160,193,606.48 | | |
| Total | 711,493,159.25 | 326,616,102.82 | 2,355,328.35 | 52,144,851.98 | | 988,319,738.44 | | |

(21) Goodwill**Changes in goodwill**

| Investee Companies or matters forming goodwill | 2021.12.31 | Increase during the year | | Decrease during the year | | 2022.12.31 |
|--|----------------|--------------------------|-------|--------------------------|-------|----------------|
| | | Business combinations | Other | Disposal | Other | |
| Book value | | | | | | |
| Shanghai Shape Memory Alloy Material Co., Ltd. | 48,281,830.04 | | | | | 48,281,830.04 |
| Lepu Medical Equipment(Beijing) Co., Ltd. | 9,342,820.07 | | | | | 9,342,820.07 |
| Beijing Star GK Medical Device Co., Ltd. | 121,871,085.31 | | | | | 121,871,085.31 |
| Comed B.V. | 18,585,245.77 | | | | | 18,585,245.77 |
| Lepu Medical Electronics Technology Co., Ltd. | 47,855,359.94 | | | | | 47,855,359.94 |
| Lepu Pharmaceutical Co., Ltd. | 310,645,774.09 | | | | | 310,645,774.09 |
| Beijing Haihetian Technology Development Co., Ltd. | 84,686,478.35 | | | | | 84,686,478.35 |
| Shanghai Shape Memory Alloy Material Co., Ltd. | 20,119,884.31 | | | | | 20,119,884.31 |
| Lepu Medical Equipment(Beijing) Co., Ltd. | 58,498,557.73 | | | | | 58,498,557.73 |
| Beijing Star GK Medical Device Co., Ltd. | 374,821,392.22 | | | | | 374,821,392.22 |
| Comed B.V. | 161,437,254.14 | | | | | 161,437,254.14 |
| Lepu Medical Electronics Technology Co., Ltd. | 532,643,436.89 | | | | | 532,643,436.89 |
| Lepu Pharmaceutical Co., Ltd. | 102,648,567.78 | | | | | 102,648,567.78 |
| Beijing Haihetian Technology Development Co., Ltd. | 81,138,405.26 | | | | | 81,138,405.26 |
| Shanghai Shape Memory Alloy Material Co., Ltd. | 39,517,205.84 | | | | | 39,517,205.84 |
| Lepu Medical | 46,445,203.02 | | | | | 46,445,203.02 |

| Investee Companies or matters forming goodwill | 2021.12.31 | Increase during the year | | Decrease during the year | | 2022.12.31 |
|---|------------------|--------------------------|-------|--------------------------|-------|------------------|
| | | Business combinations | Other | Disposal | Other | |
| Equipment(Beijing) Co., Ltd. | | | | | | |
| Beijing Star GK Medical Device Co., Ltd. | 63,095,761.52 | | | | | 63,095,761.52 |
| Comed B.V. | 6,222,591.99 | | | | | 6,222,591.99 |
| Lepu Medical Electronics Technology Co., Ltd. | 5,630,100.00 | | | | | 5,630,100.00 |
| Lepu Pharmaceutical Co., Ltd. | 38,074,178.51 | | | | | 38,074,178.51 |
| Beijing Haihetian Technology Development Co., Ltd. | 44,440,139.86 | | | | | 44,440,139.86 |
| Liaoning Bo'ao Bio-pharmaceutical Co., Ltd. | 258,946,517.73 | | | | | 258,946,517.73 |
| Shanghai Yocaly Health Management Co., Ltd. | 339,697,339.55 | | | | | 339,697,339.55 |
| Shenzhen Viatom Technology Co., Ltd. | 66,708,602.76 | | | | | 66,708,602.76 |
| Shaanxi Xingtai Biotechnology Co., Ltd. Asset Groups | 43,619,177.73 | | | | | 43,619,177.73 |
| IPE Biotechnology Co., Ltd | 2,778,719.69 | | | | | 2,778,719.69 |
| Lepu Youkang (Hainan) Health Industry Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd. | 6,372,201.50 | | | | | 6,372,201.50 |
| Aonuo (Qingdao) Pharmaceutical Co., Ltd. | 85,693,914.06 | | | | | 85,693,914.06 |
| Suzhou Bonsmile Medical Technology Co., Ltd. | 122,553,625.20 | | | | | 122,553,625.20 |
| Tianjin Jiumijiu Optometry Technology Co., Ltd. | 153,974,707.22 | | | | | 153,974,707.22 |
| Beijing Huaco Healthcare Technologies Co., Ltd. | 139,648,752.70 | | | | | 139,648,752.70 |
| Qingdao Lishan Eye Nursing Product Co.,Ltd. | | 35,214,700.12 | | | | 35,214,700.12 |
| Shanxi Tiansheng Pharmaceutical Co., Ltd. | | 16,708,313.46 | | | | 16,708,313.46 |
| Wenzhou Jingyuan Biotechnology Co., Ltd. | | 5,575,458.64 | | | | 5,575,458.64 |
| Sub-total | 3,435,994,830.78 | 57,498,472.22 | | | | 3,493,493,303.00 |

| Investee Companies or matters forming goodwill | 2021.12.31 | Increase during the year | | Decrease during the year | | 2022.12.31 |
|--|------------------|--------------------------|-------|--------------------------|-------|------------------|
| | | Business combinations | Other | Disposal | Other | |
| Provision for impairment | | | | | | |
| ComedB.V. | 18,585,245.77 | | | | | 18,585,245.77 |
| Beijing Yongzheng Pharmaceutical Co.,Ltd. | 35,889,505.24 | | | | | 35,889,505.24 |
| Beijing Star Medical Devices Co.,Ltd | 60,186,381.16 | | | | | 60,186,381.16 |
| Lepu Medical Electronics Technology Co., Ltd. | 47,855,359.94 | | | | | 47,855,359.94 |
| Sub-total | 162,516,492.11 | | | | | 162,516,492.11 |
| Book value | 3,273,478,338.67 | 57,498,472.22 | | | | 3,330,976,810.89 |

Note: The ending balance of the Company's goodwill accounts for 13.60% of the total assets in the consolidated financial statements of the Company.

1) In January 2022, the Company's subsidiary (Beijing Litong Technology Co., Ltd.) acquired 70.00% of equity of Qingdao Lishan Eye Nursing Product Co., Ltd. through capital increase at RMB50,000,000.00. The goodwill is measured as the excess of the cost of the business combination over the net fair value of Lishan Eye Nursing Product Co., Ltd. 's identifiable assets and liabilities. The Company recognized goodwill of RMB35,214,700.12 from acquiring Lishan Eye Nursing Product Co., Ltd..

2) In May 2022, the Company's subsidiary (Lepuyoukang (Beijing) Pharmaceutical Technology Co., Ltd.) acquired 51.00% of equity of Shanxi Tiansheng Pharmaceutical Co., Ltd. through capital increase at RMB100,000,000.00. The goodwill is measured as the excess of the cost of the business combination over the net fair value of Shanxi Tiansheng's identifiable assets and liabilities. The Company recognized goodwill of RMB16,708,313.45 from acquiring Shanxi Tiansheng.

3) In October 2022, the Company's subsidiary (Sichuan Xingtai Pule Medical Technology Co., Ltd.) acquired 76.00% of equity of Wenzhou Jingyuan Biotechnology Co., Ltd. through issuing equity securities of RMB32,173,850.30. The goodwill is measured as the excess of the cost of the business combination over the net fair value of Wenzhou Jingyuan's identifiable assets and liabilities. The Company recognized goodwill of RMB5,575,458.63 from acquiring Wenzhou Jingyuan. See the

note "VI. Changes in Scope of Consolidation " for details.

4) In the impairment test of goodwill-relating relevant asset group or an asset group portfolio, when there are indications of impairment of goodwill-relating asset group or an asset group portfolio, first conduct the impairment test of asset group or an asset group portfolio, excluding any goodwill, calculate the recoverable amount, and compare it with the relevant carrying amount. If the carrying amount of the asset group or the portfolio exceeds the recoverable amount of the asset group or the portfolio, the Company shall recognize the impairment loss. Then conduct the impairment test of the asset group or the portfolio to which goodwill has been allocated, compare the carrying amount, including the goodwill with its recoverable amount. If the carrying amount of the unit exceeds the recoverable amount of the asset group or the portfolio, the Company shall recognize the impairment loss. Once the above impairment losses of assets are recognized, they will not be recovered during the later accounting period.

5) Composition of asset group or asset group portfolio: for the carrying amount of goodwill from business combination, it is allocated to the relevant asset group in a reasonable basis from the date of acquisition; if it is difficult to allocate to the relevant asset group, allocate it to the relevant asset group portfolio. When the carrying amount of goodwill is apportioned to the relevant asset group or asset group portfolio, it shall be apportioned according to the proportion of the fair value of each asset group or asset group portfolio to the total fair value of the relevant asset group or asset group portfolio. If the fair value is difficult to measure reliably, it shall be apportioned according to the proportion of the carrying amount of each asset group or asset group portfolio to the total carrying amount of the relevant asset group or asset group portfolio.

6) Expected value of future cash flows of the asset group (recoverable amount): The recoverable amount is estimated using the "present value of expected future net cash flow" model. The weighted average cost of capital before tax (WACC) is used as the discount rate of the enterprise free cash flow by discounting the present value of future cash flow of the asset group allocated.

7) Determining and measuring recoverable amount

(1) Important assumptions and basis

- ① assumes that the enterprise continues to operate according to the actual situation of the assets on the base date of appraisal.
- ② assumes that the company will have even cash outflow and cash inflow after the base date and cash outflow.
- ③ assumes that on the basis of the existing management mode and management level, the company's business scope and mode are consistent with the current direction.
- ④ no major changes occur to the in relevant interest rates, exchange rates, tax benchmarks and tax rates, and policy collection fees.

(2) Key parameters: The cash flow projections used for calculation is based on the five-year period financial budgets (or profit forecasts) approved by management, and pre-tax discount tax with a range of 11.84% to 15.73%.The detailed forecast period for the cash flow projections of the asset group is 5 years, and the cash flow remains stable in the sixth and subsequent years. The gross margin and sales are used as the key parameters in determining the cash flow projections of the asset group to which goodwill is allocated. The management determines that the budget gross margin and sales are based on the gross margin and sales realized before the budget period, and the management's expectations of the development of the industry and the expected operating situation in the future years.

(3) Discount rate (weighted average cost of capital WACC) (before tax) confirmation basis:

The discount rate R was determined by using the weighted average cost of capital model WACC (before tax)

$$R=K_e*[E/(E+D)]+K_d*(1-T)*[D/(E+D)]$$

Note:

T: income tax rate

K_d: Debt cost (interest rate for loans over five years)

K_e: Equity capital cost, the equity capital cost is determined by the Capital Asset Pricing Model (CAPM);

the calculation formula is as follows: $K_e = R_f + ERP * \beta_1 + R_c$

Note:

R_f : risk-free return rate (risk-free yield rate over 10 years)

ERP: Market risk premium

β_1 : Financial leverage risk factor

R_c : Enterprise-specific risk value

(22) Long-term deferred expenses

| Item | 2021.12.31 | Additions during the period | Amortization for the period | Other decreases | 2022.12.31 |
|--------------------------|----------------|-----------------------------|-----------------------------|-----------------|----------------|
| Renovation costs | 116,027,107.35 | 90,795,008.95 | 56,902,707.48 | | 149,919,408.82 |
| Financing consulting fee | 13,047,684.12 | | 4,286,116.14 | | 8,761,567.98 |
| Mould | 24,158,850.75 | 5,514,940.33 | 9,004,602.27 | | 20,669,188.81 |
| Others | 44,544,995.48 | 17,957,976.33 | 8,970,605.06 | | 53,532,366.75 |
| Total | 197,778,637.70 | 114,267,925.61 | 79,164,030.95 | | 232,882,532.36 |

(23) Deferred income tax assets and deferred income tax liabilities

1) Deferred income tax assets not offset

| Item | 2022.12.31 | | 2021.12.31 | |
|------------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Provision for impairment of assets | 555,679,237.19 | 94,069,899.82 | 515,845,522.52 | 86,890,227.18 |

| Item | 2022.12.31 | | 2021.12.31 | |
|---|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Unrealized financing income | 949,069.04 | 142,360.36 | 1,499,310.50 | 224,896.58 |
| Unrealized Internal Income | 177,297,702.53 | 32,219,746.64 | 109,480,367.38 | 16,654,290.41 |
| Deductible tax loss | 67,039,748.39 | 14,440,726.53 | 68,911,067.78 | 14,348,597.59 |
| Deferred income | 82,323,728.03 | 12,348,559.18 | 52,929,454.01 | 7,939,418.10 |
| Gains or losses arising from the equity held prior to the purchase date are re-measured at fair value | 17,741,733.33 | 2,661,260.00 | 17,741,733.33 | 2,661,260.00 |
| Others | 51,173,822.88 | 8,435,512.12 | 56,881,382.51 | 8,836,165.32 |
| Total | 952,205,041.39 | 164,318,064.65 | 823,288,838.03 | 137,554,855.18 |

2) Deferred income tax liabilities not offset

| Item | 2022.12.31 | | 2021.12.31 | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | Taxable temporary difference | Deferred income tax liabilities | Taxable temporary difference | Deferred income tax liabilities |
| Appraisal and value appreciation of consolidated assets of enterprises not under common control | 844,922,026.53 | 154,781,116.24 | 888,069,202.29 | 162,773,807.56 |
| Changes in the fair value of financial assets | 39,604,488.89 | 6,020,276.04 | 245,442,241.79 | 49,083,076.23 |
| Gains or losses arising from the equity held prior to the purchase date re-measured at fair value | 213,728,382.80 | 32,059,257.42 | 213,728,382.80 | 32,059,257.42 |
| Others | 308,646,891.07 | 45,664,418.71 | 144,622,403.94 | 20,854,560.54 |
| Total | 1,406,901,789.29 | 238,525,068.41 | 1,491,862,230.82 | 264,770,701.75 |

3) Deferred income tax assets or liabilities presented as net of offsetting

| Item | 2022.12.31 | | 2021.12.31 | |
|------------------------|-------------------|--------------------------|-------------------|--------------------------|
| | Reciprocal amount | Balance after offsetting | Reciprocal amount | Balance after offsetting |
| Deferred Tax Asset | 32,846,631.67 | 131,471,432.98 | | 137,554,855.18 |
| Deferred Tax Liability | 32,846,631.67 | 205,678,436.74 | | 264,770,701.75 |

(24) Other non-current assets

| Item | 2022.12.31 | | | 2021.12.31 | | |
|---|----------------|-------------------------|----------------|----------------|-------------------------|----------------|
| | Book balance | Provision of impairment | Carrying value | Book balance | Provision of impairment | Carrying value |
| Prepaid project payment and equipment payment | 196,751,576.91 | | 196,751,576.91 | 195,846,524.54 | | 195,846,524.54 |
| Equity investment | 100,000,000.00 | | 100,000,000.00 | 60,000,000.00 | | 60,000,000.00 |

| Item | 2022.12.31 | | | 2021.12.31 | | |
|-------------------|----------------|-------------------------|----------------|----------------|-------------------------|----------------|
| | Book balance | Provision of impairment | Carrying value | Book balance | Provision of impairment | Carrying value |
| preparation funds | | | | | | |
| Others | 149,378,808.33 | | 149,378,808.33 | 42,524,595.73 | | 42,524,595.73 |
| Total | 446,130,385.24 | | 446,130,385.24 | 298,371,120.27 | | 298,371,120.27 |

(25) Short-term borrowings**Short-term borrowings by category**

| Item | 2022.12.31 | 2021.12.31 |
|-----------------------|----------------|----------------|
| Pledge loans | 30,030,708.36 | 55,058,819.45 |
| Guaranteed borrowings | 128,972,839.50 | 175,236,694.43 |
| Credit loans | 221,763,888.87 | 353,624,241.42 |
| Total | 380,767,436.73 | 583,919,755.30 |

Notes:

1) Short-term borrowings include the corresponding amount of discounted and outstanding notes receivable that have not been derecognized totaling RMB178,617,978.37.

2) The pledge of the pledge loans is a fixed deposit of RMB34,797,018.66 abroad.

(26) Notes payable

| Types | 2022.12.31 | 2021.12.31 |
|-----------------------|----------------|----------------|
| Bank acceptance bills | 182,573,344.20 | 228,532,548.74 |
| Total | 182,573,344.20 | 228,532,548.74 |

(27) Accounts payable**Breakdown of accounts payable**

| Item | 2022.12.31 | 2021.12.31 |
|-----------------------------|------------------|------------------|
| Within one year (inclusive) | 1,115,816,796.32 | 1,055,871,678.51 |
| 1-2 years | 194,657,227.02 | 47,695,551.72 |
| 2-3 years | 12,122,996.26 | 20,173,469.65 |

| Item | 2022.12.31 | 2021.12.31 |
|--------------|------------------|------------------|
| Over 3 years | 15,051,635.16 | 10,889,103.44 |
| Total | 1,337,648,654.76 | 1,134,629,803.32 |

(28) Contract liabilities**Breakdown of contract liabilities**

| Item | 2022.12.31 | 2021.12.31 |
|-----------------------------|-----------------------|-----------------------|
| Within one year (inclusive) | 653,557,100.78 | 318,356,225.65 |
| 1-2 years | 52,282,948.47 | 21,021,288.52 |
| 2-3 years | 13,319,483.61 | 4,528,141.98 |
| Over 3 years | 11,956,426.20 | 10,055,870.79 |
| Item | 731,115,959.06 | 353,961,526.94 |

(29) Employee benefits payable**1) Breakdown of employee benefits payable**

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|---|-----------------------|-------------------------|-------------------------|-----------------------|
| Short-term remuneration | 198,069,507.22 | 1,961,297,125.48 | 1,954,859,527.07 | 204,507,105.63 |
| Post-employment benefits – defined contribution plans | 1,478,432.23 | 170,224,252.13 | 169,508,358.51 | 2,194,325.85 |
| Termination benefits | | 12,425,515.40 | 12,425,515.40 | |
| Total | 199,547,939.45 | 2,143,946,893.01 | 2,136,793,400.98 | 206,701,431.48 |

2) Breakdown of short-term employee benefits

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|---|----------------|------------------|------------------|----------------|
| (1) Salaries, bonuses, allowances and subsidies | 193,545,362.30 | 1,678,352,576.27 | 1,674,351,495.01 | 197,546,443.56 |
| (2) Employee benefits | | 70,305,439.99 | 70,305,439.99 | |
| (3) Social insurance contribution | 888,995.98 | 98,359,017.83 | 97,861,060.97 | 1,386,952.84 |
| Including: Medical insurance contribution | 798,172.04 | 91,885,231.20 | 91,389,604.11 | 1,293,799.13 |
| Work-related injury | 87,592.73 | 5,482,623.27 | 5,484,197.58 | 86,018.42 |

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|---|----------------|------------------|------------------|----------------|
| insurance contribution | | | | |
| Maternity insurance contribution | 3,231.21 | 991,163.36 | 987,259.28 | 7,135.29 |
| (4) Housing Provident Fund | 603,867.08 | 91,988,699.82 | 91,295,579.18 | 1,296,987.72 |
| (5) Labour union & employee education funds | 3,031,281.86 | 22,291,391.57 | 21,045,951.92 | 4,276,721.51 |
| (6) Short-term paid absences | | | | |
| (7) Short-term profit sharing schemes | | | | |
| Total | 198,069,507.22 | 1,961,297,125.48 | 1,954,859,527.07 | 204,507,105.63 |

3) Breakdown of defined contribution plans

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|-------------------------------------|--------------|----------------|----------------|--------------|
| Basic pension insurance | 1,424,571.32 | 164,608,345.56 | 163,917,782.74 | 2,115,134.14 |
| Unemployment insurance contribution | 53,860.91 | 5,615,906.57 | 5,590,575.77 | 79,191.71 |
| Total | 1,478,432.23 | 170,224,252.13 | 169,508,358.51 | 2,194,325.85 |

(30) Taxes payable

| Item | 2022.12.31 | 2021.12.31 |
|---------------------------------------|----------------|----------------|
| Value-added tax | 157,446,690.38 | 72,766,315.73 |
| Enterprise income tax | 142,912,336.95 | 119,292,005.74 |
| Individual income tax | 5,245,783.83 | 4,785,780.79 |
| City maintenance and construction tax | 10,881,887.19 | 4,595,179.51 |
| Educational surcharge | 8,254,161.89 | 3,478,057.97 |
| Others | 7,952,229.41 | 5,844,315.27 |
| Total | 332,693,089.65 | 210,761,655.01 |

(31) Other payables

| Item | 2022.12.31 | 2021.12.31 |
|-------------------|-----------------------|-----------------------|
| Dividends payable | 3,353,503.56 | 4,293,781.40 |
| Other payable | 478,584,471.05 | 323,108,965.23 |
| Total | 481,937,974.61 | 327,402,746.63 |

1. Dividends payable

| Item | 2022.12.31 | 2021.12.31 |
|--|---------------------|---------------------|
| Dividends for ordinary shares | 1,626,800.00 | 1,626,800.00 |
| Dividends payable by subsidiaries to minority shareholders | 1,726,703.56 | 2,666,981.40 |
| Total | 3,353,503.56 | 4,293,781.40 |

2. Other payable

(1) Other payable by nature

| Item | 2022.12.31 | 2021.12.31 |
|------------------------|-----------------------|-----------------------|
| Guarantee deposit | 101,023,999.50 | 110,820,981.80 |
| Current payments | 180,081,427.76 | 115,631,032.13 |
| Equity payments | 60,344,849.89 | 60,000,000.00 |
| Land and project funds | 125,558,010.99 | 24,829,153.87 |
| Others | 11,576,182.91 | 11,827,797.43 |
| Total | 478,584,471.05 | 323,108,965.23 |

(32) Non-current liabilities due within one year

| Item | 2022.12.31 | 2021.12.31 |
|--|-------------------------|-----------------------|
| Long-term borrowings due within one year | 272,250,000.00 | 184,250,000.00 |
| Bonds payable due within one year | 1,225,656,272.71 | |
| Long-term payable due within one year | | |
| Lease liabilities due within one year | 62,170,871.67 | 65,489,598.07 |
| Total | 1,560,077,144.38 | 249,739,598.07 |

(33) Other current liabilities

| Item | 2022.12.31 | 2021.12.31 |
|--------------------------------|----------------|---------------|
| Output value-added tax payable | 63,551,803.84 | 24,039,717.73 |
| Endorsed outstanding notes | 46,269,295.48 | 19,793,600.00 |
| Total | 109,821,099.32 | 43,833,317.73 |

(34) Long-term borrowings

Long-term borrowings by category:

| Item | 2022.12.31 | 2021.12.31 |
|---------------------|----------------|------------------|
| Pledge loans | 145,201,590.28 | 245,366,819.44 |
| Mortgage borrowings | 100,737,722.13 | 440,767,666.67 |
| Credit loans | 485,609,079.61 | 523,370,998.64 |
| Total | 731,548,392.02 | 1,209,505,484.75 |

Notes:

1) On 21 August 2018, the Company signed a loan contract of RMB520 million with Industrial and Commercial Bank of China Limited, Beijing Changping Sub-branch. According to the contract, the loan interest rate is base interest rate, and the pledge period is from 14 June 2018 to 31 December 2025. The pledge is 45% equity of Zhejiang LEPU Pharmaceutical Co., Ltd. held by the company. As of 31 December 2022, the balance of the loan was RMB145 million.

2) On 27 December 2018, the Company entered into a borrowing contract of RMB760 million with Beijing Branch of China Development Bank, with a borrowing rate of benchmark interest rate, a pledge period from 27 December 2018 to 26 December 2027, and a pledge of the land parcel No. T501-0082

and buildings thereon of Lepu International, a subsidiary of the Company. Meanwhile, 7 buildings of the Company at Chaoqian Road No. 37, Changping District, Beijing, were also pledged for a period from 27 December 2018 to 26 December 2027. As of 31 December 2022, the balance of such borrowing was RMB220 million, of which long-term borrowings due within one year were RMB120 million and were reclassified to non-current liabilities due within one year.

(35) Bonds payable

1. Breakdown of bonds payable

| Item | 2022.12.31 | 2021.12.31 |
|-------------------|------------------|------------------|
| Medium-term notes | | 1,222,260,046.39 |
| Convertible bonds | 1,506,513,884.78 | 1,451,136,827.90 |
| Total | 1,506,513,884.78 | 2,673,396,874.29 |

Increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

| Name of bond | Book value | Date of issuance | Bond term | Amount issued | 2021.12.31 | Issuance in current period | Interest accrued at par value | Amortization of premiums and discounts | Repayment in current period | Reclassified as non-current liabilities due within one year | Other decrease | 2022.12.31 |
|--|------------|------------------|-----------|------------------|------------------|----------------------------|-------------------------------|--|-----------------------------|---|------------------|------------------|
| First batch of the medium-term notes 2020 | 100.00 | 2020/4/9 | 3years | 600,000,000.00 | 615,819,002.26 | | 24,900,000.00 | 1,698,113.16 | 24,900,000.00 | | 617,517,115.42 | |
| Second batch of the medium-term notes 2020 | 100.00 | 2020/9/1 | 3years | 600,000,000.00 | 606,441,044.13 | | 28,200,000.00 | 1,698,113.16 | 28,200,000.00 | | 608,139,157.29 | |
| Convertible corporate bonds | 100.00 | 2021/3/30 | 5years | 1,638,000,000.00 | 1,451,136,827.90 | | 7,452,625.83 | 52,935,711.52 | 4,913,573.97 | 97,706.50 | | 1,506,513,884.78 |
| Total | | | | 2,838,000,000.00 | 2,673,396,874.29 | | 60,552,625.83 | 56,331,937.84 | 58,013,573.97 | 97,706.50 | 1,225,656,272.71 | 1,506,513,884.78 |

Description:

1) As approved by the China Securities Regulatory Commission under license No. [2021] 741, the Company publicly issued 16,380,000 convertible corporate bonds with par value of RMB100 each on 30 March 2021, for a total issue amount of RMB1,638 million, with coupon rates of 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year and 1.8% in the fifth year. The term of the convertible bonds under the issuance is five years from the date of issuance, i.e. from 30 March 2021 to 29 March 2026; the conversion period commences on the first trading day following the expiry of the six-month period after the date of the issuance of the convertible bonds, and end on the maturity date of the Convertible Bonds, i.e. from October 8, 2021 to 29 March 2026. The initial conversion price of the convertible bonds is RMB29.73 per share. The conversion price shall be adjusted upon the issuance in case of certain events of the Company, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue or distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the convertible bonds under the

issuance). As approved at the 2020 annual general meeting, the Company carried out the profit distribution plan for 2020 and the conversion price of the convertible bonds was adjusted from RMB29.73 per share to RMB29.50 per share. During the reporting period, the company implemented the annual profit distribution plan for 2021 and adjusted the conversion price from RMB29.50 per share to RMB29.23 per share. The conversion price was adjusted from RMB29.23 per share to RMB28.68 per share after issuing the GDRs and the conversion price was adjusted from RMB28.68 per share to RMB28.73 per share.

2) The ending balance of the first phase of medium-term notes in 2020 is RMB 617,517,115.42, which is reclassified to non-current liabilities due within one year.

The ending balance of the second phase of medium-term notes in 2020 is RMB 608,139,157.29, which is reclassified to non-current liabilities due within one year

(36) Lease liabilities

| Item | 2022.12.31 | 2021.12.31 |
|---|-----------------------|-----------------------|
| Lease payment amount | 253,149,792.89 | 210,631,946.11 |
| Less: Unrecognized financing cost | 28,253,696.42 | 20,030,847.48 |
| Less: Lease liabilities due within one year | 62,170,871.67 | 65,489,598.07 |
| Total | 162,725,224.80 | 125,111,500.56 |

(37) Deferred income

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 | Cause of formation |
|-------------------|-----------------------|----------------------|----------------------|-----------------------|--------------------|
| Government grants | 140,026,782.82 | 58,862,128.33 | 15,141,102.86 | 183,747,808.29 | - |
| Total | 140,026,782.82 | 58,862,128.33 | 15,141,102.86 | 183,747,808.29 | |

Projects with government grants:

| Item | 2021.12.31 | Grants increased | Amount included in profit or loss during the period | Other changes | 2022.12.31 | Relating to assets/ revenue |
|---|---------------|------------------|---|-----------------|-------------------|-----------------------------|
| Support funds for enterprise development | 40,053,699.80 | | | - 853,720.08 | 39,199,979.7 2 | Relating to assets |
| Heart pacemaker R&D and production base | 34,020,000.00 | | 280,000.00 | | 33,740,000.0 0 | Relating to assets |
| Anti-epidemic production base construction project | | 30,000,000.00 | 2,181,818.20 | | 27,818,181.8 0 | Relating to assets |
| Compensation for demolition and reward for land acquisition and storage | | 12,017,128.33 | | | 12,017,128.3 3 | Relating to assets |
| Enterprise development fund | 9,629,359.83 | | 207,454.79 | | 9,421,905.04 | Relating to assets |
| Industrialization of aspartic insulin | 8,000,000.00 | | | | 8,000,000.00 | Relating to assets |
| Central government funds for infrastructure investment | 6,895,999.85 | | 431,000.04 | | 6,464,999.81 | Relating to assets |
| 40 million powder injections per year project | | 5,270,000.00 | 167,306.25 | | 5,102,693.75 | Relating to assets |

| | | | | | | |
|--|--------------|--------------|--------------|--|--------------|---------------------|
| Incentive funds for investment projects in weak links of the industrial chain | 4,500,000.00 | | | | 4,500,000.00 | Relating to assets |
| Clinical research funding for paclitaxel-eluting balloon catheter | 4,000,000.00 | | | | 4,000,000.00 | Relating to assets |
| Renal artery ultrasound ablation system | 3,600,000.00 | | | | 3,600,000.00 | Relating to assets |
| Lepu Pharmaceutical innovative drug R&D service platform | 3,820,474.36 | | 425,044.32 | | 3,395,430.04 | Relating to assets |
| Anticancer drug production line project grants | | 3,780,000.00 | 576,445.42 | | 3,203,554.58 | Relating to assets |
| Industrial Investment Project Support Scheme Funding | | 3,010,000.00 | | | 3,010,000.00 | Relating to assets |
| Annual output of 3 billion tablets of solid preparation project | 3,142,044.14 | | 388,119.65 | | 2,753,924.49 | Relating to assets |
| Novel fully degradable polymer scaffolds | 6,686,345.19 | | 4,119,678.52 | | 2,566,666.67 | Relating to assets |
| Esomeprazole sodium for injection production and construction project | 2,406,250.40 | | 387,499.21 | | 2,018,751.19 | Relating to assets |
| Land subsidies | 1,115,777.96 | | 49,533.93 | | 1,066,244.03 | Relating to assets |
| Research and development of core components of electronic endoscope such as optical amplification imaging module and LED hyperspectral lighting module | | 1,800,000.00 | | | 1,800,000.00 | Relating to revenue |
| Development | | 1,700,000.00 | | | 1,700,000.00 | Relating to |

| | | | | | | |
|---|--------------|------------|------------|--|--------------|---------------------|
| t of implantable cardiac resynchronization treatment pacemaker | | | | | | assets |
| New generation of fully degradable polymer scaffold | 1,500,000.00 | | | | 1,500,000.00 | Relating to assets |
| Subsidies for the inspection center project | 1,183,333.44 | | 99,999.96 | | 1,083,333.48 | Relating to assets |
| Modeling and monitoring of data-driven surgical actuator interaction with digestive tract soft tissue | 1,060,000.00 | | | | 1,060,000.00 | Relating to revenue |
| National Interventional Cardiology Medical Instruments & Engineering Technology Research Center | 1,200,000.00 | | 300,000.00 | | 900,000.00 | Relating to assets |
| Shenzhen Science and Technology Innovation Commission grant | | 900,000.00 | | | 900,000.00 | Relating to revenue |
| SIAT-40 research and development of magnetic resonance guided transcranial ultrasound brain stimulation and neural regulation equipment | 1,222,222.16 | | 666,666.72 | | 555,555.44 | Relating to assets |
| Subsidies for technical renovation projects of enterprises producing key epidemic prevention and control materials | 569,500.06 | | 66,999.96 | | 502,500.10 | Relating to assets |
| Special funds of Baoji | 582,345.00 | | 129,410.00 | | 452,935.00 | Relating to assets |

| | | | | | | |
|--|------------|------------|------------|--|------------|---------------------|
| Municipal Government | | | | | | |
| Design and research and development of micro diagnostic instrument for early gastrointestinal carcinoma | 417,000.00 | | | | 417,000.00 | Relating to assets |
| Spectral endoscopic inspection technology and system development | | 385,000.00 | | | 385,000.00 | Relating to revenue |
| Subsidies for technological upgrading projects of small and medium | 481,097.71 | | 145,239.52 | | 335,858.19 | Relating to assets |
| Study on system integration and control strategy of digestive endoscopy surgery robot | 170,000.00 | | | | 170,000.00 | Relating to revenue |
| Special funds for 120 ambulance equipment | 130,000.00 | | 23,833.37 | | 106,166.63 | Relating to assets |
| Conformance evaluation - Benzene sulfonic acid | 259,999.85 | | 259,999.85 | | | Relating to assets |
| Cardiovascular system regeneration and repair key product development project | 199,288.42 | | 199,288.42 | | | Relating to revenue |
| Special funds for the industrialization project of new type of single-rivet occluders with nickel-free surface | 43,333.15 | | 43,333.15 | | | Relating to assets |
| Special funds for the product industrialization project of new type of single-rivet occluders with nickel-free surface and traditional occluders | 151,666.50 | | 151,666.50 | | | Relating to assets |

| | | | | | | |
|--|----------------|---------------|---------------|-------------|----------------|--------------------|
| Special funds for project on development of nano-film single-rivet occluders | 287,045.00 | | 287,045.00 | | | Relating to assets |
| Research and development of digestive ultrasonic electronic endoscopy system and core components | 2,700,000.00 | | 2,700,000.00 | | | Relating to assets |
| Total | 140,026,782.82 | 58,862,128.33 | 14,287,382.78 | -853,720.08 | 183,747,808.29 | |

(38) Other non-current liabilities

| Item | 2022.12.31 | 2021.12.31 |
|--|------------|----------------|
| Financial liabilities measured at amortized cost | | 679,985,509.35 |
| Total | | 679,985,509.35 |

Note:

During the reporting period, the company's subsidiary, Lepu Sciencetech Medical Technology (Shanghai) Co., Ltd., was successfully listed. The capital increase by the specific investment in financial liabilities measured at amortized costs according to the requirements of accounting standards.

(39) Share capital

| Item | 2021.12.31 | Increase (+) or decrease (-) during the period | | | | | 2022.12.31 |
|------------------------|------------------|--|----------------|-------------------------|----------------|---------------|------------------|
| | | Issuance of new shares | Bonus issuance | Conversion from reserve | Others | Sub-total | |
| Total number of shares | 1,804,587,310.00 | 88,421,980.00 | | | -12,399,599.00 | 76,022,381.00 | 1,880,609,691.00 |

Note:

(1) In September 2022, the Company issued Global Depositary Receipts ("GDR") which were listed on the SIX Swiss Exchange. The total number of GDR issued was 17,684,396.00, corresponding to 88,421,980.00 A shares of the Company.

(2) Other changes are mainly due to the repurchase of shares by the Company, as detailed

in Note " V. (42) Treasury shares" in this note.

(40) Other equity instruments

The changes of outstanding financial instruments such as preferred shares and perpetual bonds at the end of the period

| Financial instrument s outstandin g | 2021.12.31 | | Increase | | Decrease | | 2022.12.31 | |
|--|---------------|----------------|--------------|-----------------------|----------|-------------------|---------------|----------------|
| | Quantity | Carrying value | Quantit y | Carryi ng value | Quantity | Carrying value | Quantity | Carrying value |
| Convertibl e corporate bonds | 16,378,147.00 | 214,766,365.30 | | | 951.00 | 12,812.22 | 16,377,196.00 | 214,753,553.08 |
| Total | 16,378,147.00 | 214,766,365.30 | | | 951.00 | 12,812.22 | 16,377,196.00 | 214,753,553.08 |

(41) Capital reserve

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|-------------------------------------|----------------|------------------|----------------|------------------|
| Capital premium (shares premium) | 661,635,211.41 | 2,357,712,068.02 | 267,958,041.01 | 2,751,389,238.42 |
| Other capital reserve | 322,070,722.73 | 169,619,232.16 | | 491,689,954.89 |
| Total | 983,705,934.14 | 2,527,331,300.18 | 267,958,041.01 | 3,243,079,193.31 |

Note:

(1) The Company issued GDRs during the report period, raising gross proceeds of US\$224 million, resulting in an increase in capital surplus of RMB1,427,519,194.10 after deducting the underwriting expenses, as detailed in Note "V. (39) Share Capital".

(2) The portion of convertible bonds converted during the period was transferred to capital surplus of RMB95,579.92.

(3) During the reporting period, the company's subsidiary, Lepu Xintai Medical Technology (Shanghai) Co., Ltd. (hereinafter referred to as "Xintai Medical"), was successfully listed, and the capital of the specific investors was increased to form the capital, thus increasing the capital reserve of RMB 679,985,509.35 as detailed in Note "V. (38).Other non-current liabilities.

(4) The decrease of the share capital premium is mainly due to the cancellation of the share repurchase by the company, thus reducing the capital reserve by RMB 241,879,308.95, see Note 5. (42) Treasury shares..

(5) Other changes in the equity premium are detailed in this note " VII. (II) Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary remains under control.

(6) On 28 October 2022, the 31st meeting of the fifth Board of Directors of the Company, the company approved the proposal of " The first grant of restricted shares to the incentive recipients of the 2022 Restricted Share Incentive Plan" and granted 16 million restricted shares to 810 employees for the first time, resulting in an increase in capital surplus of RMB29,720,000.00, as detailed in note "XI. Share-based payments".

(7) The company, through its subsidiary Lepuxintai Medical Technology (Shanghai) Co., Ltd., respectively, takes Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Jiacheng") and Ningbo Jiadu Business Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Jiadu") as an employee stock ownership platform to implement equity incentive, and Beijing Lepu Medical Technology Co., Ltd.(hereinafter referred to as "Lepu Medical") taking Ningbo Shanhai Enterprise Management Partnership (Limited Partnership) , Ningbo Xiran Investment Management Center (Limited Partnership) as an employee stock ownership platform to implement equity incentive through its subsidiary Lepu Diagnostics, thereby increasing the capital reserve of RMB51,225,128.77.

(8) Other increases in other capital reserves are mainly caused by the increase in equity due to the dilution of shareholding ratio caused by the introduction of other capital increasing parties. For details, see the note "V. (12) Long-term Equity Investment".

(42) Treasury shares

| Item | 2021.12.31 | Increase | Decrease | 2022.12.31 |
|-----------------|----------------|----------------|----------------|----------------|
| Treasury shares | 364,191,936.22 | 245,910,592.10 | 254,282,089.95 | 355,820,438.37 |
| Total | 364,191,936.22 | 245,910,592.10 | 254,282,089.95 | 355,820,438.37 |

Note:

On 2 November 2022, the 24th meeting of the fifth Board of Directors of the Company and the 24th meeting of the fifth Board of supervisors reviewed and approved the *Plan on the Company's Repurchase of Part of the Public Shares* and other relevant motions, agreed that the company shall use no less than RMB300 million and no more than RMB500 million of its own funds to buy back part of the company's public shares through centralized bidding, and the repurchase price shall not be higher than RMB35 per share. The implementation period of the share repurchase shall not exceed 12 months from the date when the board of directors deliberated and approved the repurchase plan.

At the 28th Meeting of the Fifth Session of the Board of Directors held on 25 August 2022 and the First Extraordinary General Meeting of 2022 held on 14 September 2022, the Company considered and approved the "Proposal on the Change of Use of the Company's Repurchased Shares and Cancellation" and agreed that the Company would change the use of the 12,402,781 repurchased shares completed on 6 December 2019 from "for conversion of corporate bonds issued by the Company which are convertible into shares" to "to reduce the registered capital of the Company". The Company completed the cancellation of the aforesaid repurchased shares on 2 December 2022.

(43) Other comprehensive income

| Item | 2021.12.31 | Amount | | | | | | 2022.12.31 |
|---|----------------|---------------------------------------|--|--|--------------------------|--|--|-----------------|
| | | Amount before income tax for the year | Less: Net amounts previously included in other comprehensive income and transferred to profit or loss for the period | Less: Net amount previously included in other comprehensive income and transferred to retained earnings for the period | Less: Income tax expense | Amount attributable to the Company after tax | Amount attributable to minority interests after tax but to the Company after tax | |
| 1. Other comprehensive income that may not be subsequently reclassified to profit or loss | 147,513,516.06 | -505,772,776.33 | | -170,296,013.44 | -48,287,026.75 | -272,143,147.28 | -15,046,588.86 | -124,629,631.22 |
| Including: Profit or loss on changes in fair value of financial assets unavailable for sale | | 503,001.06 | | | | 503,001.06 | | 503,001.06 |
| Changes in fair value of other equity instruments | 147,513,516.06 | -506,275,777.39 | | -170,296,013.44 | -48,287,026.75 | -272,646,148.34 | -15,046,588.86 | -125,132,632.28 |
| 2. Other comprehensive income that will be subsequently reclassified to profit or loss | -18,610,580.61 | 58,735,311.16 | | | | 52,476,014.12 | 6,259,297.04 | 33,865,433.51 |
| Including: Profit or loss on | -1,940.44 | -148,238.03 | | | | -148,238.03 | | -150,178.47 |

| Item | 2021.12.31 | Amount | | | | | | 2022.12.31 |
|---|----------------|---------------------------------------|--|--|--------------------------|--|--|----------------|
| | | Amount before income tax for the year | Less: Net amounts previously included in other comprehensive income and transferred to profit or loss for the period | Less: Net amount previously included in other comprehensive income and transferred to retained earnings for the period | Less: Income tax expense | Amount attributable to the Company after tax | Amount attributable to minority interests after tax but to the Company after tax | |
| changes in fair value of financial assets available for sale | | | | | | | | |
| Exchange differences arising from translation of foreign currency | -18,608,640.17 | 58,883,549.19 | | | | 52,624,252.15 | 6,259,297.04 | 34,015,611.98 |
| Total other comprehensive income | 128,902,935.45 | -447,037,465.17 | | -170,296,013.44 | -48,287,026.75 | -219,667,133.16 | -8,787,291.82 | -90,764,197.71 |

(44) Surplus reserve

| Item | 2021.12.31 | Opening balance | Increase | Decrease | 2022.12.31 |
|---------------------------|----------------|-----------------|---------------|----------|----------------|
| Statutory surplus reserve | 585,170,176.55 | 585,170,176.55 | 78,875,984.90 | | 664,046,161.45 |
| Total | 585,170,176.55 | 585,170,176.55 | 78,875,984.90 | | 664,046,161.45 |

(45) Retained earnings

| Item | 2022.12.31 | 2021.12.31 |
|--|------------------|------------------|
| Retained earnings as at the end of last year before adjustment | 8,120,920,265.38 | 6,923,321,919.53 |
| Beginning adjustment to undistributed profits ("+" for plus; "-" for less) | | |
| Retained earnings as at the beginning of the year after adjustment | 8,120,920,265.38 | 6,923,321,919.53 |
| Add: Net profit attributable to shareholders of the Company for the year | 2,202,809,390.54 | 1,719,324,578.02 |
| Transfer from other comprehensive income to retained earnings | -166,569,202.25 | 69,526,006.81 |
| Less: Statutory surplus reserve set aside | 78,875,984.90 | 182,635,595.90 |
| discretionary surplus reserve set aside | | |
| General risk preparation reserve set aside | | |
| Dividend payable on ordinary shares | 487,985,670.23 | 408,616,643.08 |
| Ordinary shares dividends converted to shares | | |
| Retained earnings as at the end of the year | 9,590,298,798.54 | 8,120,920,265.38 |

(46) Operating revenue and operating cost**Breakdown of operating revenue and operating cost**

| Item | 2022 | | 2021 | |
|--------------------|-------------------|------------------|-------------------|------------------|
| | Revenue | Cost | Revenue | Cost |
| Principal business | 10,552,510,099.40 | 3,943,785,080.18 | 10,612,994,292.70 | 4,130,196,130.16 |
| Other businesses | 56,931,981.21 | 39,500,735.97 | 46,740,582.37 | 26,440,829.58 |
| Total | 10,609,442,080.61 | 3,983,285,816.15 | 10,659,734,875.07 | 4,156,636,959.74 |

(47) Taxes and surcharges

| Item | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| City maintenance and construction tax | 51,585,699.91 | 47,213,145.14 |
| Educational surcharge | 38,422,223.33 | 39,829,289.77 |
| Property tax | 15,925,485.25 | 14,689,706.80 |
| Land use tax | 3,848,148.48 | 3,195,089.17 |
| Vehicle usage tax | 70,579.22 | 144,137.01 |
| Stamp duty | 7,265,900.30 | 8,403,858.29 |
| Others | 348,917.45 | 304,467.82 |
| Total | 117,466,953.94 | 113,779,694.00 |

(48) Selling expense

| Item | 2022 | 2021 |
|---------------------------|------------------|------------------|
| Market fee | 1,024,558,087.35 | 1,088,538,307.17 |
| Employee benefit expense | 658,387,140.08 | 605,737,965.25 |
| Traveling expense | 75,668,834.78 | 109,279,826.10 |
| Exhibition fee | 48,839,516.27 | 59,537,530.07 |
| Business expenditure | 48,954,136.32 | 69,412,573.78 |
| Advertising publicity fee | 60,080,355.69 | 76,042,345.74 |
| Depreciation expense | 53,792,449.17 | 40,674,581.86 |
| Business fee | 9,566,240.69 | 16,823,700.96 |
| Property rental fee | 6,620,219.66 | 5,550,504.68 |
| Others | 47,218,527.31 | 37,593,298.86 |
| Total | 2,033,685,507.32 | 2,109,190,634.47 |

(49) Administrative expense

| Item | 2022 | 2021 |
|------|------|------|
|------|------|------|

| Item | 2022 | 2021 |
|--------------------------------|----------------|----------------|
| Employee benefit expense | 365,068,465.27 | 309,898,731.59 |
| Depreciation expense | 133,499,348.87 | 118,990,573.52 |
| Consult service fee | 67,881,117.05 | 109,253,561.81 |
| Traveling expense | 17,726,439.59 | 20,165,224.94 |
| Business fee | 30,960,759.34 | 45,590,325.55 |
| Property rental fee | 19,722,648.20 | 25,930,434.29 |
| Business entertainment expense | 11,844,567.02 | 20,935,128.07 |
| Amortization fee | 23,329,911.85 | 27,951,074.43 |
| Water, electricity and steam | 11,810,381.93 | 9,577,523.99 |
| Others | 60,825,522.09 | 60,051,053.32 |
| Total | 742,669,161.21 | 748,343,631.51 |

(50) Research and development expense

| Item | 2022 | 2021 |
|---|----------------|----------------|
| Employee benefit expense | 413,597,983.86 | 396,855,629.61 |
| Materials consumed, energy expense, and testing expense | 267,310,434.53 | 249,471,294.94 |
| Depreciation and amortization expense | 86,726,285.93 | 90,046,759.40 |
| Design and clinical trial fee | 61,147,793.69 | 64,031,118.43 |
| Commissioned external research and development expense | 58,280,293.25 | 39,628,885.60 |
| Others | 69,999,276.53 | 67,907,649.67 |
| Total | 957,062,067.79 | 907,941,337.65 |

(51) Financial expenses

| Item | 2022 | 2021 |
|--|----------------|----------------|
| Interest expenses | 188,775,142.07 | 228,486,195.36 |
| Including: Interest expenses for lease liabilities | 10,115,267.76 | 7,542,571.33 |
| Less: Interest income | 87,989,301.57 | 57,585,210.52 |
| Net exchange losses/gains | -16,137,973.73 | -6,577,845.21 |
| Unrealized financing income | -685,167.87 | -998,247.37 |
| Service fee | 8,614,895.00 | 8,435,519.36 |
| Total | 92,577,593.90 | 171,760,411.62 |

(52) Other income

| Item | 2022 | 2021 |
|--|---------------|---------------|
| Government grants | 81,414,378.77 | 77,552,473.79 |
| Additional deductions for input VAT | 32,453.44 | 870,881.07 |
| Withholding individual income tax commission | 1,973,042.45 | 1,094,915.05 |
| Others | 147,163.68 | 374.99 |
| Total | 83,567,038.34 | 79,518,644.90 |

Government grants involved into other income:

| Grant item | 2022 | 2021 | Relating to assets/Relating to revenue |
|---|--------------|--------------|--|
| Software Tax Refund | 8,579,330.95 | 4,633,803.19 | Relating to revenue |
| Beijing Future Science City Project Subsidy | 4,339,622.64 | | Relating to revenue |
| Financial subsidies at all levels | 4,760,414.46 | 1,748,174.31 | Relating to revenue |
| Vocational Skills Training Subsidy | 4,153,500.00 | 1,318,000.00 | Relating to revenue |
| New Fully Degradable Polymer Scaffold | 4,119,678.52 | 3,086,005.48 | Relating to assets |
| Beijing High-precision Industry Development Fund | 2,000,000.00 | | Relating to revenue |
| Other | 2,340,730.66 | 980,144.37 | Relating to revenue |
| Science and Technology Development Funds | 3,477,853.00 | 2,400,000.00 | Relating to revenue |
| Research and Development of Digestive Ultrasound Electronic Endoscopy System and Core Components Project Completion | 2,700,000.00 | | Relating to assets |
| Financial Subsidy for R&D Projects | 2,515,700.00 | 2,179,000.00 | Relating to revenue |
| Funds to support medical and health development | 2,276,587.00 | | Relating to revenue |
| Subsidy for Anti-epidemic Production Base Construction Project | 2,181,818.20 | | Relating to assets |
| Beijing Municipal Bureau of Commerce Support Project | 2,135,185.85 | | Relating to revenue |
| 2021 Jiaojiang District Manufacturing High Quality Development Fund Subsidy | 2,110,000.00 | | Relating to revenue |
| Zhejiang University of Technology Research Funds | 2,061,400.00 | | Relating to revenue |
| Pharmaceutical innovation varieties first trial production incentives | 4,000,000.00 | | Relating to revenue |
| R&d investment incentive funds | 2,000,000.00 | | Relating to revenue |
| Job Stabilization Subsidy | 1,634,878.59 | 633,513.74 | Relating to revenue |
| Enterprise research and development funding | 1,627,428.00 | 618,000.00 | Relating to revenue |
| Support funds for high-quality development of enterprises | 1,625,000.00 | 2,045,209.00 | Relating to revenue |
| Project to Enhance International Business Capability (Central Funding) | 1,395,314.00 | | Relating to revenue |
| Received from Shenzhen Municipal Bureau of Commerce Government Subsidy | 1,230,000.00 | | Relating to revenue |
| Intelligent dynamic ECG remote monitoring and early warning analysis | 1,200,000.00 | | Relating to revenue |

| Grant item | 2022 | 2021 | Relating to assets/Relating to revenue |
|--|--------------|--------------|--|
| system platform | | | |
| Provincial Financial Special Funds for Industrial and Information Development | 1,022,000.00 | | Relating to revenue |
| Enterprise R&D Investment Support Program Project | 1,000,000.00 | | Relating to revenue |
| Enterprise Economic Work Incentive | 1,000,000.00 | 1,290,000.00 | Relating to revenue |
| Enterprise development subsidy | 949,590.00 | | Relating to revenue |
| Economic Work Incentive | 718,517.00 | | Relating to revenue |
| SIAT-40 Project R&D of Magnetic Resonance Guided Transcranial Ultrasound Brain Stimulation and Neuromodulation Device | 666,666.72 | 1,133,333.29 | Relating to assets |
| Employment Subsidy | 645,607.41 | 320,974.98 | Relating to revenue |
| Economic Contribution Growth Incentive for the year 2021 | 645,282.00 | | Relating to revenue |
| 500 million tablets (capsules) per year solid formulation anti-cancer drug production line project | 576,445.42 | | Relating to assets |
| Housing subsidy | 540,000.00 | | Relating to revenue |
| Digital Workshop Municipal Subsidy | 500,000.00 | | Relating to revenue |
| Innovation voucher subsidy funding | 488,101.00 | 394,131.00 | Relating to revenue |
| Pharmaceutical and health industry development | 471,698.11 | | Relating to revenue |
| Deferred income from scientific research buildings | 431,000.04 | 431,000.04 | Relating to assets |
| Innovative drug R&D service platform of Lepu Pharmaceutical | 425,044.32 | 425,044.32 | Relating to assets |
| Production incentives at full capacity | 400,000.00 | | Relating to revenue |
| Special new enterprise award program | 400,000.00 | | Relating to revenue |
| Annual production capacity of 3 billion tablets of solid formulation project | 388,119.65 | 388,119.65 | Relating to assets |
| Esomeprazole Sodium for Injection Production and Construction Project | 387,499.21 | 193,749.60 | Relating to assets |
| Subsidy for foreign trade and economic cooperation funds | 363,513.00 | 248,176.00 | Relating to revenue |
| Special subsidy for intellectual property rights | 362,806.00 | 468,145.00 | Relating to revenue |
| Biomedical Policy Subsidy | 333,780.00 | | Relating to revenue |
| National Cardiac Implant Interventional Devices and Equipment Engineering Technology Research Center | 300,000.00 | 300,000.00 | Relating to assets |
| Special funds for Zhangjiang Independent Innovation Demonstration Zone | 287,045.00 | | Relating to assets |
| Provincial industrial transformation and upgrading special and high-end equipment manufacturing special funds projects | 280,000.00 | | Relating to assets |
| Consistency evaluation - benzenesulfonic acid | 259,999.85 | 260,000.04 | Relating to assets |
| Patent subsidies | 245,100.00 | 1,039,475.00 | Relating to revenue |
| Tax relief | 230,617.87 | 4,307,157.35 | Relating to revenue |
| Tax rebate | 227,312.70 | 3,498,651.77 | Relating to revenue |
| Enterprise development funds | 207,454.79 | 207,454.79 | Relating to assets |

| Grant item | 2022 | 2021 | Relating to assets/Relating to revenue |
|---|------------|---------------|--|
| Provincial Science and Technology Subsidy Funds | 200,000.00 | | Relating to revenue |
| Key product development project for regenerative repair of cardiovascular system | 199,288.42 | 2,148,025.70 | Relating to revenue |
| Annual production capacity of 40 million powder injections project | 167,306.25 | | Relating to assets |
| Maternity allowance | 157,325.75 | 114,933.69 | Relating to revenue |
| Special funds for business promotion and development (focus on supporting international exhibitions) | 156,900.00 | | Relating to revenue |
| Songjiang Strategic Emerging Industries | 151,666.50 | | Relating to assets |
| Subsidy for Small and Medium-sized Enterprise Technical Transformation Project | 145,239.52 | 145,239.52 | Relating to assets |
| Dongcheng District Social Insurance Fund Management Centre Provisional Funds | 134,000.00 | | Relating to revenue |
| Baoji Municipal Government Special Funds | 129,410.00 | 129,410.00 | Relating to assets |
| Social insurance one-time training subsidy for job retention | 118,500.00 | | Relating to revenue |
| Subsidy for work-based training | 112,000.00 | 67,600.00 | Relating to revenue |
| Postdoctoral Project Subsidy | 100,000.00 | 320,000.00 | Relating to revenue |
| Subsidy for testing centre project | 99,999.96 | 99,999.96 | Relating to assets |
| Enterprise incentive to increase production | 91,400.00 | | Relating to revenue |
| Subsidy for technical transformation projects of key material production enterprises for epidemic prevention and control | 66,999.96 | 66,999.94 | Relating to assets |
| High-tech Enterprise Certification Subsidy | 50,000.00 | 500,000.00 | Relating to revenue |
| Land Subsidy | 49,533.93 | 49,533.93 | Relating to assets |
| Biomedical Industrialization | 43,333.15 | | Relating to assets |
| 120 ambulance equipment earmarking | 23,833.37 | | Relating to assets |
| Subsidy for Hainan Ecological Software Park | | 10,046,692.40 | Relating to revenue |
| Annual production capacity of 300 tons of atorvastatin intermediate A8, 500 tons of key intermediate L1, 300 tons of atorvastatin calcium L4 technical reform project | | 5,534,000.00 | Relating to revenue |
| Industrial support subsidy | | 4,250,698.33 | Relating to revenue |
| Innovation Development Subsidy | | 3,974,048.00 | Relating to revenue |
| Specialized and Specialized Small Giant Project | | 2,550,000.00 | Relating to revenue |
| Funds for the first batch of international market access certification projects for the biopharmaceutical industry in 2020 | | 1,312,327.89 | Relating to revenue |
| High-level talent development funds | | 1,270,000.00 | Relating to revenue |
| Development of digestive ultrasound endoscopy and key components - Research and development of high frequency ultrasound endoscopy system | | 1,130,000.00 | Relating to revenue |
| Special funds for the development of | | 1,000,000.00 | Relating to revenue |

| Grant item | 2022 | 2021 | Relating to assets/Relating to revenue |
|---|------|--------------|--|
| advanced manufacturing industry in the province recognized (certification awards) | | | |
| Support funds for high-end promotion projects for intellectual property leaders and key demonstration enterprises in Zhongguancun | | 1,000,000.00 | Relating to revenue |
| Exhibition Subsidy | | 983,451.40 | Relating to revenue |
| Research and development of respiratory intracavitary ultrasound electronic composite imaging system | | 710,000.00 | Relating to revenue |
| 2020 Meritorious Enterprise Award | | 500,000.00 | Relating to revenue |
| Research and Development of Implantable Dual Chamber Cardiac Pacemaker | | 405,000.00 | Relating to assets |
| Enterprise Recruitment Subsidy | | 401,537.10 | Relating to revenue |
| The second batch of municipal special funds in 2021 | | 400,000.00 | Relating to revenue |
| Special Subsidy to Support Productive Service Industry and Cultural and Creative Industry | | 380,000.00 | Relating to revenue |
| Support Funds for Beijing Foreign Trade Enterprises to Enhance their International Business Capability | | 378,866.00 | Relating to revenue |
| Special funds for the development project of nanomembrane single rivet sealer | | 313,140.00 | Relating to assets |
| Special funds for medical materials research and development and tissue and organ repair replacement | | 310,600.30 | Relating to revenue |
| Cardiac Pacemaker R&D and Production Base | | 280,000.00 | Relating to revenue |
| Special funds for the industrialization of the new single riveted surface nickel-free sealer | | 260,000.04 | Relating to assets |
| Special funds for the industrialisation of new single riveted surface nickel-free blocking device and traditional blocking device | | 260,000.04 | Relating to assets |
| Subsidies for the procurement of goods for the "One Excellent, Two Strong" competition for manufacturing quality in 2020 | | 253,619.47 | Relating to revenue |
| Subsidies for municipal academician work cooperation projects | | 240,000.00 | Relating to revenue |
| Subsidies for premiums and foreign registration and certification projects in the field of pharmaceuticals and medical devices in Zhongguancun Demonstration Zone | | 204,200.00 | Relating to revenue |
| Incremental contribution to the business income of national high enterprises | | 200,000.00 | Relating to revenue |
| Subsidies for vaccination points | | 153,500.00 | Relating to revenue |
| Special funds for business development | | 151,896.00 | Relating to revenue |
| Science and Technology Incentive Funds for Wujin National High-tech Zone in 2020 | | 138,200.00 | Relating to revenue |
| Jiaojiang District 2020 annual mu-per-capita reform industry leader | | 100,000.00 | Relating to revenue |
| Subsidy for Enterprise Informatization Project | | 100,000.00 | Relating to revenue |
| Small and micro enterprises on the scale | | 100,000.00 | Relating to revenue |

| Grant item | 2022 | 2021 | Relating to assets/Relating to revenue |
|--|---------------|---------------|--|
| of incentives | | | |
| Unemployment Insurance Premium Government Refund | | 41,691.16 | Relating to revenue |
| Clean Energy Subsidy | | 30,000.00 | Relating to assets |
| Total | 81,414,378.77 | 77,552,473.79 | |

(53) Investment income

| Item | 2022 | 2021 |
|---|----------------|-----------------|
| Gain on long-term equity investments accounted for using equity method | -90,833,476.49 | -152,253,735.93 |
| Investment income from disposal of long-term equity investments | | 289,413.99 |
| Investment income from disposal of financial assets held-for-trading | 12,562,649.42 | 8,934,906.81 |
| Dividend income earned on investments in other equity instruments during the holding period | 1,970,852.84 | |
| Investment income from other non-current financial assets during the holding period | 1,100,000.00 | 67,132.09 |
| Investment income earned on disposal of other non-current financial assets | | -297,809,977.57 |
| Interest income earned on debt investments during the holding period | -134,966.93 | 43,888,865.82 |
| Others | -75,334,941.16 | -396,883,394.79 |

(54) Gain/loss on change in fair value

| Source of gain on change in fair value | 2022 | 2021 |
|--|--------------|---------------|
| Financial assets held-for-trading | -349,724.95 | |
| Other non-current financial assets | 4,770,000.00 | 29,340,000.00 |
| Total | 4,420,275.05 | 29,340,000.00 |

(55) Loss on impairment of credit

| Item | 2022 | 2021 |
|--|---------------|---------------|
| Loss on bad debts of accounts receivable | 26,080,071.87 | 13,223,865.23 |
| Loss on bad debts of other receivables | 9,828,482.18 | 9,144,384.80 |
| Loss on bad debts of long-term receivables (including due within 1 year) | -1,628,438.86 | 7,539,314.55 |
| Total | 34,280,115.19 | 29,907,564.58 |

(56) Loss on impairment of assets

| Item | 2022 | 2021 |
|--|---------------|--------------|
| Loss on impairment of inventories/ contract performance cost | 37,952,811.58 | 9,422,445.23 |
| Loss on impairment of construction in process | | 25,669.57 |
| Total | 37,952,811.58 | 9,448,114.80 |

(57) Gains from disposal of assets

| | 2022 | 2021 | Amount included in non-recurring gains and losses for the year |
|--|-----------|---------------|--|
| Gain or loss from disposal of non-current assets | 24,271.66 | 19,900,661.89 | 24,271.66 |
| Total | 24,271.66 | 19,900,661.89 | 24,271.66 |

(58) Non-operating income

| | 2022 | 2021 | Amount included in non-recurring gains and losses for the year |
|-------------------|---------------|---------------|--|
| Government grants | 8,814,218.30 | 58,827,227.61 | 8,814,218.30 |
| Others | 5,316,375.93 | 4,825,925.00 | 5,316,375.93 |
| Total | 14,130,594.23 | 63,653,152.61 | 14,130,594.23 |

Breakdown of government grants included into non-operating income:

| Grant Item | 2022 | 2021 | Relating to assets/ revenue |
|--|--------------|---------------|-----------------------------|
| Support funds for enterprise development | 6,827,000.00 | 54,546,600.00 | Relating to revenue |
| First batch of funding for the Central Plains Talent Programme (Yucai Series) | 500,000.00 | | Relating to revenue |
| Prize Money for Reform and Innovation | 300,000.00 | | Relating to revenue |
| Bonded support for investment class companies | 220,000.00 | | Relating to revenue |
| Others | 107,218.30 | 307,914.61 | Relating to revenue |
| Park Incentive Payment | 80,000.00 | 120,000.00 | Relating to revenue |
| 2021 Central Government Special Funds for Guiding Local Science and Technology Development | | 2,000,000.00 | Relating to revenue |
| R&D Special Subsidy | 780,000.00 | 950,000.00 | Relating to revenue |
| Subsidy for investment attraction in Xinyi | | 436,693.00 | Relating to revenue |
| 2019 Incentive funds for the development of the city's industrial economy | | 300,000.00 | Relating to revenue |
| Subsidy for vocational training | | 97,040.00 | Relating to revenue |
| Subsidy for the project of creating academician expert workstation | | 30,000.00 | Relating to revenue |
| Technician Talent Subsidy | | 25,000.00 | Relating to revenue |
| Talent Development Fund | | 10,680.00 | Relating to revenue |
| Disability Insurance Refund | | 3,300.00 | Relating to revenue |
| Total | 8,814,218.30 | 58,827,227.61 | |

(59) Non-operating expenses

| Item | 2022 | 2021 | Amount included in non-recurring gains and losses for the year |
|--|---------------|---------------|--|
| Donation | 10,305,535.86 | 19,107,063.13 | 10,305,535.86 |
| Loss on retirement of damaged non-current assets | 1,719,066.84 | 2,368,972.12 | 1,719,066.84 |
| Others | 13,463,082.60 | 40,627,575.00 | 13,463,082.60 |
| Total | 25,487,685.30 | 62,103,610.25 | 25,487,685.30 |

(60) Income tax expense

1. Breakdown of income tax expense

| Item | 2022 | 2021 |
|-----------------------------|----------------|----------------|
| Current income tax expenses | 380,678,209.73 | 432,089,045.12 |
| Deferred tax expenses | -13,583,850.39 | -66,355,711.49 |
| Total | 367,094,359.34 | 365,733,333.63 |

2. Accounting profit and income tax expense adjustment process

| Item | 2022 |
|--|------------------|
| Total profit | 2,611,781,606.35 |
| Income tax expenses calculated at statutory/applicable tax rate | 652,945,401.58 |
| Impact of different tax rates for subsidiaries | -241,307,554.30 |
| Impact of adjustment for income tax for previous period | |
| Impact of non-taxable income | |
| Impact of non-deductible costs, expenses and losses | 48,159,449.88 |
| Impact of utilisation of deductible loss for which no deferred tax assets were previously recognized | -17,702,194.04 |
| Impact of deductible temporary differences for which no deferred tax assets are recognized for the year or deductible losses | 80,618,148.19 |
| Other additional deductible expense under the tax regulations | -218,855,142.03 |
| Change in the beginning deferred income tax asset/liability balance due to tax rate adjustment | |
| Others | |
| Income tax expense | 367,094,359.34 |

(61) Items of cash flow statements

1. Cash received relating to other operating activities

| Item | 2022 | 2021 |
|-----------------------|----------------|----------------|
| Interest income | 74,569,404.79 | 52,864,902.24 |
| Government grants | 98,491,198.12 | 34,773,373.65 |
| Transactions received | 90,626,155.27 | 82,788,671.30 |
| Total | 263,686,758.18 | 170,426,947.19 |

2. Cash paid relating to other operating activities

| Item | 2022 | 2021 |
|---|------------------|------------------|
| Payments of selling, administrative and research expenses | 1,946,464,557.51 | 2,273,785,841.22 |
| Transactions paid | 49,657,360.48 | 49,638,852.50 |
| Total | 1,996,121,917.99 | 2,323,424,693.72 |

3. Cash received relating to other investing activities

| Item | 2022 | 2021 |
|---|----------------|----------------|
| Cash received for acquisition of subsidiaries | 18,331,625.92 | |
| Financing product recovered | | 133,729,898.59 |
| Loans and interest recovered | 88,306,745.10 | 58,251,200.00 |
| Total | 106,638,371.02 | 191,981,098.59 |

4. Cash paid relating to other investing activities

| Item | 2022 | 2021 |
|------------------------|----------------|----------------|
| Lending funds | 133,454,023.59 | 145,998,384.94 |
| Others | 24,093,324.00 | |
| Financing product paid | | 113,729,898.59 |
| Total | 157,547,347.59 | 259,728,283.53 |

5. Cash received relating to other financing activities

| Item | 2022 | 2021 |
|---|----------------|----------------|
| Recovery of financing deposits | 205,029,701.53 | |
| Note margin recovered | 51,950,076.58 | |
| Others | 6,000,000.00 | 10,000,000.00 |
| Capital increment with liquidation preference | | 609,740,000.00 |
| Total | 262,979,778.11 | 619,740,000.00 |

6. Cash payments for other financing activities

| Item | 2022 | 2021 |
|---|----------------|----------------|
| Stock repurchase | 245,910,592.10 | 109,909,846.27 |
| Payment for financial deposit | 174,769,301.45 | 59,282,351.55 |
| Payment for the acquisition of minority interests | 45,499,953.37 | 121,879,281.08 |
| Payment for notes deposit | 81,261,611.86 | 41,250,723.59 |
| Payment for rental fee | 85,492,092.42 | 78,890,625.72 |
| Others | 3,260,986.86 | 7,823,191.15 |
| Total | 636,194,538.06 | 419,036,019.36 |

(62) Supplementary information on consolidated cash flow statement

1. Supplementary information on consolidated cash flow statement

| Supplementary information | 2022 | 2021 |
|--|------------------|------------------|
| 1. Reconciliation of net profit and cash flows from operating activities: | | |
| Net profit | 2,244,687,247.01 | 1,780,418,647.43 |
| Add: Loss on impairment of credit | 34,280,115.19 | 29,907,564.58 |
| Loss on impairment of assets | 37,952,811.58 | 9,448,114.80 |
| Depreciation of fixed assets | 281,772,210.28 | 252,383,807.34 |
| Depreciation of oil and gas assets | | |
| Depreciation of right-of-use assets | 78,365,986.18 | 56,368,953.31 |
| Amortization of intangible assets | 128,334,294.00 | 139,989,433.94 |
| Amortization of long-term deferred expenses | 79,164,030.95 | 72,831,322.44 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-") | -24,271.66 | -19,900,661.89 |

| Supplementary information | 2022 | 2021 |
|--|------------------|------------------|
| Loss on retirement of fixed assets (gain expressed with "-") | 1,719,066.84 | 2,368,972.12 |
| Loss on changes in fair value (gain expressed with "-") | -4,420,275.05 | -29,340,000.00 |
| Financial expenses (gain expressed with "-") | 188,775,142.07 | 228,486,195.36 |
| Loss on investments (gain expressed with "-") | 75,334,941.16 | 396,883,394.79 |
| Decrease in deferred income tax assets (increase expressed with "-") | -25,895,047.90 | 42,573,163.75 |
| Increase in deferred income tax liabilities (decrease expressed with "-") | 12,311,197.51 | -108,928,875.24 |
| Decrease in inventories (increase expressed with "-") | -386,701,519.08 | -494,734,589.73 |
| Decrease in operating receivables (increase expressed with "-") | -660,493,905.31 | 42,846,201.68 |
| Increase in operating payable (decrease expressed with "-") | 705,547,283.25 | 660,390,207.03 |
| Others | | |
| Net cash flows from operating activities | 2,790,709,307.02 | 3,061,991,851.71 |
| 2. Significant investing and financing activities not involving cash receipts or payments: | | |
| Conversion of debts into capital | | |
| Convertible corporate bonds due within one year | | |
| Fixed assets acquired under financing lease arrangement | | |
| 3. Net changes in cash and cash equivalents | | |
| Ending balance of cash | 5,309,297,789.78 | 3,684,043,645.03 |
| Less: Beginning balance of cash | 3,684,043,645.03 | 2,391,237,259.98 |
| Add: Ending balance of cash equivalents | | |
| Less: Beginning balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 1,625,254,144.75 | 1,292,806,385.05 |

2. Net cash paid during the period for acquiring subsidiaries

| | Amount |
|---|---------------|
| Cash or cash equivalents paid during the period for acquiring subsidiaries | 22,297,322.22 |
| Including: Qingdao Lishan Eye Care Products Co.Ltd | 22,297,322.22 |
| Less: Cash and cash equivalents held by subsidiaries at the date of acquisition | 870,410.80 |
| Including: Qingdao Lishan Eye Care Products Co.Ltd | 870,410.80 |
| Net cash paid during the period for acquiring subsidiaries | 21,426,911.42 |

3. Cash and cash equivalents

| Item | 2022 | 2021 |
|---|------------------|------------------|
| I. Cash | 5,309,297,789.78 | 3,684,043,645.03 |
| Including: Cash on hand | 998,841.96 | 534,460.52 |
| A digital currency that can be used for payments at any time | | |
| Bank deposits available for use on demand | 4,708,152,162.29 | 3,665,546,009.77 |
| Other cash at bank and on hand for use on demand | 600,146,785.53 | 17,963,174.74 |
| Funds on deposit with the Central Bank available for disbursemen | | |
| Interbank deposits | | |
| Interbank funds on loan | | |
| II. Cash equivalents | | |
| Including: Investments in bonds maturing within three months | | |
| III. Cash and cash equivalents at the end of the year | 5,309,297,789.78 | 3,684,043,645.03 |
| Including: Restricted cash and cash equivalents used by the Company or intra-group subsidiaries | | |

(63) Assets subject to restrictions in ownership or use right

| Item | Carrying value | Reasons for restrictions |
|------------------------------|------------------|---|
| Cash at bank and on hand | 144,536,723.14 | Acceptance deposit ,fixed deposit and frozen funds |
| Receivable financing | 41,092,577.87 | Pledge billing |
| Fixed assets | 145,270,486.44 | Mortgage, financing |
| Intangible assets | 609,759,999.48 | Long-term loan collateral for |
| Long-term equity investments | 757,499,286.26 | M&A loan corresponding to the pledge of the target company's equity |
| Notes receivable | 3,274,907.07 | Pledge billing |
| Total | 1,701,433,980.26 | |

Note:

1)The long-term equity investment with limited ownership in 2022 mainly consists of the 45% equity of Zhejiang Lepu Pharmaceutical held by the company.

(64) Foreign currency monetary items

1.Foreign currency monetary items

| Item | Ending balance of foreign currency | Exchange rate | Ending balance denominated in RMB |
|--------------------------|------------------------------------|---------------|-----------------------------------|
| Cash at bank and on hand | | | 2,256,448,117.79 |
| Including: USD | 277,194,270.18 | 6.9646 | 1,930,547,214.10 |
| EUR | 1,784,267.91 | 7.4229 | 13,244,442.27 |
| HKD | 344,452,313.27 | 0.8933 | 307,688,917.87 |
| INR | 45,811,786.42 | 0.0842 | 3,856,436.18 |
| SGD | 214,371.20 | 5.1831 | 1,111,107.37 |
| Accounts receivable | | | 105,243,647.95 |
| Including: USD | 10,659,066.29 | 6.9646 | 74,236,133.08 |
| EUR | 3,000,085.15 | 7.4229 | 22,269,332.06 |
| INR | 101,732,253.15 | 0.0842 | 8,563,821.07 |
| GBP | 20,771.94 | 8.3941 | 174,361.74 |
| Other receivables | | | 2,841,712.42 |
| Including: USD | 321,329.98 | 6.9646 | 2,237,934.78 |
| EUR | 71,268.62 | 7.4229 | 529,019.84 |
| INR | 748,000.00 | 0.0842 | 62,966.64 |
| HKD | 13,200.00 | 0.8933 | 11,791.16 |
| Accounts payable | | | 67,730,686.10 |
| Including: USD | 9,643,728.91 | 6.9646 | 67,164,714.37 |
| EUR | 48,548.91 | 7.4229 | 360,373.70 |
| JPY | 3,926,773.85 | 0.0524 | 205,598.03 |
| Other payablea | | | 7,294,693.51 |
| Including: USD | 1,013,606.76 | 6.9646 | 7,059,365.64 |
| EUR | 28,234.70 | 7.4229 | 209,583.35 |
| INR | 305,827.00 | 0.0842 | 25,744.52 |

Note:

The Company's subsidiaries, Lepu Medical (Europe) Coöperatief U.A and Netherlands Comed B.V, were located in the Netherlands, using EUR as their accounting currency. Its subsidiary, LepuCare (India) Vascular Solutions Private Limited, operates mainly in India and adopts INR as its accounting currency. Lepu Holdings Limited, G Fund and Lepu (Hong Kong) Co.,Limited adopt USD as their accounting currency. At the end of the period, foreign currency

financial statements shall be converted into Chinese currency financial statements in accordance with the accounting Standards for Enterprises.

(65) Government grants

1. Government grants relating to assets

| Item | Amount | Item presented | Amount included in profit or loss or written down related cost and expense | | Item included in profit or loss or written down related cost and expense |
|--|---------------|-----------------|--|--------------|--|
| | | | 2022.12.31 | 2021.12.31 | |
| New fully degradable polymer stent | 13,805,684.00 | Deferred income | 4,119,678.52 | 3,086,005.48 | Other income |
| Anti-epidemic production base construction project | 30,000,000.00 | Deferred income | 2,181,818.20 | | Other income |
| Enterprise Development Support Fund | 42,188,000.00 | Deferred income | 853,720.08 | 853,720.08 | Construction in process |
| SIAT-40 Project R&D of Magnetic Resonance Guided Transcranial Ultrasound Brain Stimulation and Neuromodulation Device | 4,400,000.00 | Deferred income | 666,666.72 | 1,133,333.29 | Other income |
| Anticancer drug production line project grants | 3,780,000.00 | Deferred income | 576,445.42 | | Other income |
| Central Infrastructure Investment Funds | 8,620,000.00 | Deferred income | 431,000.04 | 431,000.04 | Other income |
| Innovative drug R&D service platform of Lepu Pharmaceutical | 4,270,000.00 | Deferred income | 425,044.32 | 425,044.32 | Other income |
| Project of annual production capacity of 3 billion tablets of solid formulations | 4,080,000.00 | Deferred income | 388,119.65 | 388,119.65 | Other income |
| Esomeprazole Sodium for Injection Production and Construction Project | 2,600,000.00 | Deferred income | 387,499.21 | 193,749.60 | Other income |
| National Cardiac Implant Interventional Devices and Equipment Engineering Technology Research Center | 2,400,000.00 | Deferred income | 300,000.00 | 300,000.00 | Other income |
| Nanomembrane single rivet blocker development project special funds | 1,565,700.00 | Deferred income | 287,045.00 | 313,140.00 | Other income |
| Cardiac pacemaker R&D and production base | 34,300,000.00 | Deferred income | 280,000.00 | 280,000.00 | Other income |
| Consistency evaluation - benzenesulfonic acid | 1,300,000.00 | Deferred income | 259,999.85 | 260,000.04 | Other income |
| Enterprise development funds | 10,286,300.00 | Deferred income | 207,454.79 | 207,454.79 | Other income |
| Annual production capacity of 40 million powder injections project | 5,270,000.00 | Deferred income | 167,306.25 | | Other income |
| Special funds for the industrialization project of new single riveted surface nickel-free blocker and traditional blocker | 1,300,000.00 | Deferred income | 151,666.50 | 260,000.04 | Other income |
| Subsidy for Small and Medium Enterprises Technical Transformation Project | 916,816.27 | Deferred income | 145,239.52 | 145,239.52 | Other income |
| Special Funds for Baoji Municipal Government | 1,294,100.00 | Deferred income | 129,410.00 | 129,410.00 | Other income |
| Subsidy for testing centre project | 3,000,000.00 | Deferred income | 99,999.96 | 99,999.96 | Other income |
| Subsidies for technical transformation projects of key material production enterprises for epidemic prevention and control | 670,000.00 | Deferred income | 66,999.96 | 66,999.94 | Other income |
| Land subsidy | 7,661,247.59 | Deferred income | 49,533.93 | 49,533.93 | Other income |
| Special funds for the product industrialization project of a new single riveted surface nickel-free blocker | 1,300,000.00 | Deferred income | 43,333.15 | 260,000.04 | Other income |

| Item | Amount | Item presented | Amount included in profit or loss or written down related cost and expense | | Item included in profit or loss or written down related cost and expense |
|---|--------------|-----------------|--|------------|--|
| | | | 2022.12.31 | 2021.12.31 | |
| Special fund for 120 ambulance equipment | 130,000.00 | Deferred income | 23,833.37 | | Other income |
| Research and development of implantable dual-chamber cardiac pacemakers | 2,700,000.00 | Deferred income | | 405,000.00 | Other income |
| Clean Energy Subsidy | 300,000.00 | Deferred income | | 30,000.00 | Other income |

2. Government grants relating to revenue

| Item | Amount | Item presented | | Amount included in profit or loss or written down related cost and expense |
|--|---------------|----------------|---------------|--|
| | | 2022.12.31 | 2021.12.31 | |
| Software Tax Refund | 13,213,134.14 | 8,579,330.95 | 4,633,803.19 | Other income |
| Funds to support enterprise development | 61,373,600.00 | 6,827,000.00 | 54,546,600.00 | Non-operating income |
| Beijing Future Science City Project Subsidy | 4,339,622.64 | 4,339,622.64 | | Other income |
| Financial subsidies at all levels | 6,508,588.77 | 4,760,414.46 | 1,748,174.31 | Other income |
| Subsidies for vocational skills training | 5,471,500.00 | 4,153,500.00 | 1,318,000.00 | Other income |
| Beijing High-precision Industry Development Fund | 4,000,000.00 | 4,000,000.00 | | Other income |
| Other | 3,320,875.03 | 2,340,730.66 | 980,144.37 | Other income |
| Science and Technology Development Funds | 5,877,853.00 | 3,477,853.00 | 2,400,000.00 | Other income |
| Development of digestive ultrasonic electronic endoscopy | 2,700,000.00 | 2,700,000.00 | | Other income |
| Financial subsidies for R&D projects | 4,694,700.00 | 2,515,700.00 | 2,179,000.00 | Other income |
| Funds to support medical and health development | 2,276,587.00 | 2,276,587.00 | | Other income |
| Beijing Municipal Bureau of Commerce Support Project | 2,135,185.85 | 2,135,185.85 | | Other income |
| Financial subsidy for high quality development of manufacturing industry in Jiaojiang District in 2021 | 2,110,000.00 | 2,110,000.00 | | Other income |
| Zhejiang University of Technology Research Funds | 2,061,400.00 | 2,061,400.00 | | Other income |
| Beijing high-tech industry development fund | 2,000,000.00 | 2,000,000.00 | | Other income |
| R&d investment incentive funds | 2,000,000.00 | 2,000,000.00 | | Other income |
| Job Stabilization Subsidy | 2,268,392.33 | 1,634,878.59 | 633,513.74 | Other income |
| Enterprise research and development funding | 2,245,428.00 | 1,627,428.00 | 618,000.00 | Other income |
| Support funds for high-quality development of enterprises | 3,670,209.00 | 1,625,000.00 | 2,045,209.00 | Other income |
| Project to Enhance International Business Capability (Central Funding) | 1,395,314.00 | 1,395,314.00 | | Other income |
| R&d investment incentive funds | 1,230,000.00 | 1,230,000.00 | | Other income |
| Intelligent dynamic ECG remote monitoring and early warning analysis system platform | 1,200,000.00 | 1,200,000.00 | | Other income |
| Provincial Financial Special Funds for Industrial and Information Development | 1,022,000.00 | 1,022,000.00 | | Other income |
| Enterprise R&D Investment Support Program Project | 1,000,000.00 | 1,000,000.00 | | Other income |
| Enterprise Economic Work Incentive | 2,290,000.00 | 1,000,000.00 | 1,290,000.00 | Other income |
| Enterprise rescue development | 949,590.00 | 949,590.00 | | Other income |

| Item | Amount | Item presented | | Amount included in profit or loss or written down related cost and expense |
|---|---------------|----------------|---------------|--|
| | | 2022.12.31 | 2021.12.31 | |
| subsidy | | | | |
| Special research and development subsidy | 1,730,000.00 | 780,000.00 | 950,000.00 | Other income |
| Economic Work Incentives | 718,517.00 | 718,517.00 | | Other income |
| Employment Subsidy | 966,582.39 | 645,607.41 | 320,974.98 | Other income |
| Economic Contribution Growth Incentive for Year 2021 | 645,282.00 | 645,282.00 | | Other income |
| Housing subsidies | 540,000.00 | 540,000.00 | | Other income |
| Digital Workshop Municipal Subsidy | 500,000.00 | 500,000.00 | | Other income |
| First batch of funding for the Zhongyuan Talent Program (Yucui Series) | 500,000.00 | 500,000.00 | | Other income |
| Innovation Voucher Subsidy | 882,232.00 | 488,101.00 | 394,131.00 | Other income |
| Pharmaceutical and Health Industry Development | 471,698.11 | 471,698.11 | | Other income |
| Production incentives at full capacity | 400,000.00 | 400,000.00 | | Other income |
| Special new enterprise award program | 400,000.00 | 400,000.00 | | Other income |
| Subsidies for Foreign Trade Funds | 611,689.00 | 363,513.00 | 248,176.00 | Other income |
| Intellectual Property Special Grant | 830,951.00 | 362,806.00 | 468,145.00 | Other income |
| Biomedical Policy Subsidy | 333,780.00 | 333,780.00 | | Other income |
| Reform and Innovation Award Bonus | 300,000.00 | 300,000.00 | | Non-operating income |
| Patent subsidies | 1,284,575.00 | 245,100.00 | 1,039,475.00 | Other income |
| Tax Deductions | 4,537,775.22 | 230,617.87 | 4,307,157.35 | Other income |
| Tax rebate | 3,725,964.47 | 227,312.70 | 3,498,651.77 | Other income |
| Bonded support for investment enterprises | 220,000.00 | 220,000.00 | | Non-operating income |
| Provincial Science and Technology Subsidy Funds | 200,000.00 | 200,000.00 | | Other income |
| Key Product Development Project for Regenerative Repair of Cardiovascular System | 2,347,314.12 | 199,288.42 | 2,148,025.70 | Other income |
| Maternity Allowance | 272,259.44 | 157,325.75 | 114,933.69 | Other income |
| Special funds for business promotion | | | | |
| Special fund for promoting business development | 156,900.00 | 156,900.00 | | Other income |
| Dongcheng District Social Insurance Fund Management Center Temporary payment | 134,000.00 | 134,000.00 | | Other income |
| Social Insurance One-time Retained Worker Training Subsidy | 118,500.00 | 118,500.00 | | Other income |
| Work-based training subsidy | 179,600.00 | 112,000.00 | 67,600.00 | Other income |
| Others | 415,132.91 | 107,218.30 | 307,914.61 | Non-operating income |
| Postdoctoral Project Subsidy | 420,000.00 | 100,000.00 | 320,000.00 | Other income |
| Enterprise incentive to increase production | 91,400.00 | 91,400.00 | | Other income |
| Incentive payment from the park | 200,000.00 | 80,000.00 | 120,000.00 | Non-operating income |
| High-tech Enterprise Certification Subsidy | 550,000.00 | 50,000.00 | 500,000.00 | Other income |
| Subsidy for Hainan Ecological Software Park | 10,046,692.40 | | 10,046,692.40 | Other income |
| Annual production capacity of 300 tons of atorvastatin intermediate A8, 500 tons of key intermediate L1, 300 tons of atorvastatin calcium L4 technical reform project | 5,534,000.00 | | 5,534,000.00 | Other income |
| Industrial support subsidy | 4,250,698.33 | | 4,250,698.33 | Other income |
| Innovation Development Subsidy | 3,974,048.00 | | 3,974,048.00 | Other income |
| Specialized and Specialized Small Giant Project | 2,550,000.00 | | 2,550,000.00 | Other income |
| Special Funds for Local Science and Technology Development by the | 2,000,000.00 | | 2,000,000.00 | Non-operating income |

| Item | Amount | Item presented | | Amount included in profit or loss or written down related cost and expense |
|---|--------------|----------------|--------------|--|
| | | 2022.12.31 | 2021.12.31 | |
| Central Government in 2021 | | | | |
| Funds for the first batch of international market access certification projects for the biopharmaceutical industry in 2020 | 1,312,327.89 | | 1,312,327.89 | Other income |
| High-level talent development funds | 1,270,000.00 | | 1,270,000.00 | Other income |
| Development of digestive ultrasound endoscopy and key components - Research and development of high frequency ultrasound endoscopy system | 1,130,000.00 | | 1,130,000.00 | Other income |
| Provincial special funds for the development of advanced manufacturing industry recognized (certification awards) | 1,000,000.00 | | 1,000,000.00 | Other income |
| Support funds for high-end promotion projects for leading and key demonstration enterprises of intellectual property rights in Zhongguancun | 1,000,000.00 | | 1,000,000.00 | Other income |
| Exhibition Subsidy | 983,451.40 | | 983,451.40 | Other income |
| Research and development of respiratory cavity ultrasonic electronic composite imaging system | 710,000.00 | | 710,000.00 | Other income |
| 2020 Meritorious Enterprise Award | 500,000.00 | | 500,000.00 | Other income |
| Xinyi Investment Promotion Subsidy | 436,693.00 | | 436,693.00 | Non-operating income |
| Enterprise Recruitment Subsidy | 401,537.10 | | 401,537.10 | Other income |
| The second batch of municipal special funds in 2021 | 400,000.00 | | 400,000.00 | Other income |
| Special Subsidy to Support Productive Service Industry and Cultural and Creative Industry | 380,000.00 | | 380,000.00 | Other income |
| Support Funds for Beijing Foreign Trade Enterprises to Enhance their International Business Capability Project | 378,866.00 | | 378,866.00 | Other income |
| Special funds for medical materials research and development and tissue and organ repair replacement | 310,600.30 | | 310,600.30 | Other income |
| Incentive Funds for City-wide Industrial Economic Development | 300,000.00 | | 300,000.00 | Non-operating income |
| Subsidies for the procurement of goods for the "One Excellent, Two Strong" competition for manufacturing high-quality enterprises in 2020 | 253,619.47 | | 253,619.47 | Other income |
| Subsidies for municipal academician work cooperation projects | 240,000.00 | | 240,000.00 | Other income |
| Subsidies for premiums and foreign registration and certification projects in the field of pharmaceuticals and medical devices in Zhongguancun Demonstration Zone | 204,200.00 | | 204,200.00 | Other income |
| Incremental contribution to the business income of national high enterprises | 200,000.00 | | 200,000.00 | Other income |
| Subsidies for vaccination points | 153,500.00 | | 153,500.00 | Other income |
| Special funds for business development | 151,896.00 | | 151,896.00 | Other income |
| Science and Technology Incentive Funds for Wujin National High-tech | 138,200.00 | | 138,200.00 | Other income |

| Item | Amount | Item presented | | Amount included in profit or loss or written down related cost and expense |
|---|------------|----------------|------------|--|
| | | 2022.12.31 | 2021.12.31 | |
| Zone in 2020 | | | | |
| Jiaojiang District 2020 annual mu-per-capita reform industry leader | 100,000.00 | | 100,000.00 | Other income |
| Subsidy for Enterprise Informatization Project | 100,000.00 | | 100,000.00 | Other income |
| Small and micro enterprises on the scale of incentives | 100,000.00 | | 100,000.00 | Other income |
| Vocational training subsidies | 97,040.00 | | 97,040.00 | Non-operating income |
| Unemployment insurance premium government rebate | 41,691.16 | | 41,691.16 | Other income |
| Subsidy for the project of creating academician expert workstation | 30,000.00 | | 30,000.00 | Non-operating income |
| Subsidy for technician talents | 25,000.00 | | 25,000.00 | Non-operating income |
| Talent Development Fund | 10,680.00 | | 10,680.00 | Non-operating income |
| Disability insurance rebate | 3,300.00 | | 3,300.00 | Non-operating income |

(66) Leases

1.As lessee

| Item | 2022.12.31 | 2021.12.31 |
|--|---------------|---------------|
| Interest expense on lease liabilities | 10,115,267.76 | 7,542,571.33 |
| Short-term lease charges charged to the cost of the relevant asset or to current profit or loss on a simplified basis | 9,574,473.92 | 9,558,788.68 |
| Lease charges for low-value assets (other than short-term lease charges for low-value assets) included in the cost of the relevant asset or in the current period's profit or loss as a simplified treatment | | |
| Variable lease payments not included in the measurement of the lease liability that are included in the cost of the related asset or in profit or loss for the period | | |
| Of which: portion arising from sale and leaseback transactions | | |
| Income received from sublease of right-of-use assets | | |
| Total cash outflows relating to leases | 72,203,351.70 | 78,890,625.72 |
| Gains or losses associated with sale-and-leaseback transactions | | |
| Cash inflows from sale and leaseback transactions | | |
| Cash outflow from sale-and-leaseback transactions | | |

VI. Changes in scope of consolidation

(1) Business combinations not under common control

1. Business combinations not under common control that occurred during the reporting period

| Name of acquiree | Time point for equity acquisition | Cost of equity acquisition | Proportion of equity acquisition(%) | Acquisition method | Acquisition date | Basis for determining acquisition date | Revenue of acquiree from acquisition date to closing date | Net profit of acquiree from acquisition date to closing date |
|---|-----------------------------------|----------------------------|-------------------------------------|------------------------|------------------|--|---|--|
| Qingdao Lishan Eye Care Products Co., Ltd | 2022/1/7 | 50,000,000.00 | 70.00 | Cash | 2022/1/7 | Achieved effective control and completed business registration changes | 23,926,327.07 | 803,374.58 |
| Shanxi Tiansheng Pharmaceutical Co., Ltd | 2022/6/8 | 100,000,000.00 | 51.00 | Cash | 2022/6/8 | Achieved effective control and completed business registration changes | 56,872,139.27 | -4,786,872.48 |
| Wenzhou Jing Yuan Biotechnology Co., Ltd | 2022/10/24 | 32,173,850.30 | 76.00 | Share Capital Increase | 2022/10/24 | Achieved effective control and completed business registration changes | 5,588,713.42 | -332,294.64 |

2. Cost of combination and goodwill

| | Qingdao Lishan Eye Care Products Co.,Ltd. | Shanxi Tiansheng Pharmaceutical Co.,Ltd. | Wenzhou Jing Yuan Biotechnology Co.,Ltd. |
|--|---|--|--|
| Combination cost | | | |
| —Cash | 50,000,000.00 | 100,000,000.00 | |
| —Fair value of non-cash assets | | | 32,173,850.30 |
| Total consolidation cost | 50,000,000.00 | 100,000,000.00 | 32,173,850.30 |
| Less: fair value share of identifiable net assets obtained | 14,785,299.88 | 83,291,686.54 | 26,598,391.66 |
| Goodwill/consolidation costs less than share of fair value of identifiable net assets acquired | 35,214,700.12 | 16,708,313.46 | 5,575,458.64 |

3. Gains or losses arising from the remeasurement of equity interests held prior to the acquisition date at fair value

| | Qingdao Lishan Eye Care Products Co.,Ltd. | | Shanxi Tiansheng Pharmaceutical Co.,Ltd. | | Wenzhou Jing Yuan Biotechnology Co.,Ltd. | |
|-----------------------------------|---|--|--|--|--|--|
| | Fair value at date of purchase | Carrying value at the date of purchase | Fair value at date of purchase | Carrying value at the date of purchase | Fair value at date of purchase | Carrying value at the date of purchase |
| Assets: | 38,662,771.31 | 38,662,771.31 | 338,648,239.61 | 307,209,382.02 | 56,909,097.82 | 56,909,097.82 |
| Monetary funds | 870,410.80 | 870,410.80 | 31,479,939.83 | 31,479,939.83 | 6,851,550.26 | 6,851,550.26 |
| Financial assets held for trading | | | 2,376,836.63 | 2,376,836.63 | | |
| Notes receivable | | | 9,125,384.24 | 9,125,384.24 | | |
| Accounts receivable | 2,412,076.07 | 2,412,076.07 | 17,048,448.48 | 17,048,448.48 | 5,650,022.32 | 5,650,022.32 |
| Prepayments | 142,854.90 | 142,854.90 | 1,124,693.24 | 1,124,693.24 | 10,115,323.66 | 10,115,323.66 |
| Receivable financing | | | 2,863,989.74 | 2,863,989.74 | | |
| Other receivables | 30,768,463.14 | 30,768,463.14 | 80,145,104.47 | 80,145,104.47 | 1,034,272.83 | 1,034,272.83 |

| | Qingdao Lishan Eye Care Products Co., Ltd. | | Shanxi Tiansheng Pharmaceutical Co., Ltd. | | Wenzhou Jing Yuan Biotechnology Co., Ltd. | |
|---|--|--|---|--|---|--|
| | Fair value at date of purchase | Carrying value at the date of purchase | Fair value at date of purchase | Carrying value at the date of purchase | Fair value at date of purchase | Carrying value at the date of purchase |
| Inventory | 4,128,761.31 | 4,128,761.31 | 52,519,992.37 | 47,261,821.70 | 5,909,316.56 | 5,909,316.56 |
| Other current assets | | | 444,547.12 | 444,547.12 | 87,396.91 | 87,396.91 |
| Long-term equity investments | | | | | 2,700,000.00 | 2,700,000.00 |
| Fixed assets | 141,975.00 | 141,975.00 | 118,285,449.47 | 107,664,460.60 | 5,107,938.89 | 5,107,938.89 |
| Construction in progress | 198,230.09 | 198,230.09 | 234,970.88 | 202,592.10 | 243,200.00 | 243,200.00 |
| Right-of-use assets | | | | | 12,493,134.87 | 12,493,134.87 |
| Intangible assets | | | 22,626,800.00 | 7,099,480.73 | 442,303.76 | 442,303.76 |
| Development expenditure | | | | | 2,355,328.35 | 2,355,328.35 |
| Long-term amortization | | | | | 3,421,230.98 | 3,421,230.98 |
| Other assets | | | 372,083.14 | 372,083.14 | 498,078.43 | 498,078.43 |
| Liabilities: | 17,540,914.33 | 17,540,914.33 | 175,331,207.17 | 178,442,577.90 | 21,030,759.36 | 21,030,759.36 |
| Borrowings | 460,360.00 | 460,360.00 | 19,000,000.00 | 19,000,000.00 | | |
| Payables | 3,578,876.74 | 3,578,876.74 | 47,228,984.33 | 47,228,984.33 | 1,686,220.12 | 1,686,220.12 |
| Contract liabilities | 10,710,906.21 | 10,710,906.21 | 1,865,672.29 | 1,865,672.29 | 3,670,141.94 | 3,670,141.94 |
| Employee remuneration payable | 471,721.38 | 471,721.38 | 1,004,890.63 | 1,004,890.63 | 867,738.19 | 867,738.19 |
| Taxes payable | 376,181.12 | 376,181.12 | 2,008,228.61 | 2,008,228.61 | 99,080.92 | 99,080.92 |
| Other payables | 550,451.07 | 550,451.07 | 89,480,173.56 | 89,480,173.56 | 1,479,934.03 | 1,479,934.03 |
| Non-current liabilities due within one year | | | | | 1,645,194.49 | 1,645,194.49 |
| Other current liabilities | 1,392,417.81 | 1,392,417.81 | 8,646,158.64 | 8,646,158.64 | 273,706.17 | 273,706.17 |
| Lease liabilities | | | | | 11,308,743.50 | 11,308,743.50 |
| Deferred revenue | | | | 9,208,469.84 | | |
| Deferred income tax liabilities | | | 6,097,099.11 | | | |
| Net assets | 21,121,856.98 | 21,121,856.98 | 163,317,032.44 | 128,766,804.12 | 35,878,338.46 | 35,878,338.46 |
| Less: Minority interests | | | | | 880,454.69 | 880,454.69 |
| Net assets acquired | 21,121,856.98 | 21,121,856.98 | 163,317,032.44 | 128,766,804.12 | 34,997,883.77 | 34,997,883.77 |

(2) Changes in scope of consolidation for other reasons

(1) In January 2022, the company invested RMB5 million to establish Beijing Ledong PuKang Medical Technology Co., Ltd. with a 100% shareholding. Up to the balance sheet date, the actual capital contribution was RMB100.00 thousand.

(2) In March 2022, the Subsidiary of the Company --- Ningbo Meishan Free Trade Port Zhaohui Investment Management Center (Limited Partnership) invested RMB6 hundred thousand to establish Lepruikang (Beijing) Elderly Care Service Management Co., Ltd. with a 60% shareholding. On 30 June 2022, the Company agreed to increase its capital by RMB10,000.00 million, changing its shareholding to 70.18%. Up to the balance sheet date, the actual capital contribution was RMB10 million.

(3) On September 2022, the Company made a capital contribution of RMB35 million to establish Lepujian Sugar Pharmaceutical (Chongqing) Co., Ltd., with a 70% shareholding. As at 31 December 2022, the actual capital contribution was RMB3 million.

(4) The Company's subsidiary, Lepu (Shenzhen) Finance Leasing Co., Ltd. and Lepu (Shenzhen) Financial Holding Co., Ltd. were cancelled on 7 March 2022 and 20 September 2022 respectively.

VII. Equity in other entities**(1) Equity in subsidiaries****1. Composition of enterprise group**

| Name of subsidiary | Main operation location | Registration location | Nature of business | Proportion of shareholding(%) | | Acquisition method |
|---|-------------------------|-----------------------|--------------------|-------------------------------|----------|---|
| | | | | Direct | Indirect | |
| Lepuganshi Digital Technology (Shanghai) Co., LTD | Shanghai | Shanghai | Investment | 100 | | Establishment |
| Lepu (Beijing) Medical Equipment Co., Ltd | Beijing | Beijing | Manufacturing | 100 | | Business combination not under common control |
| Beijing REXIANG Taikang Technology Co., Ltd | Beijing | Beijing | Trade | 100 | | Establishment |
| Beijing Tiandihexie Technology Co., Ltd | Beijing | Beijing | Manufacturing | 100 | | Business combination not under common control |
| Lepu Medical Electronic Instrument Co., Ltd | Baoji | Baoji | Manufacturing | 98.89 | | Business combination not under common control |
| Lepu Scientech Medical Technology (Shanghai) Co., Ltd | Shanghai | Shanghai | Investment | 79.94 | 0.81 | Establishment |
| Ningbo Bingkun Medical Technology Co., Ltd | Ningbo | Ningbo | Investment | 100 | | Business combination not under common control |

| Name of subsidiary | Main operation location | Registration location | Nature of business | Proportion of shareholding(%) | | Acquisition method |
|---|-------------------------|-----------------------|------------------------|-------------------------------|------|---|
| | | | | | | |
| Beijing Lepu Diagnostic Technology Co., Ltd | Beijing | Beijing | Manufacturing | 93.22 | 1.4 | Establishment |
| Lepu (Europe) | Netherlands | Netherlands | Investment | 99.95 | 0.05 | Establishment |
| Beijing Sida Medical Devices Co., Ltd | Beijing | Beijing | Manufacturing | 100 | | Business combination not under common control |
| Shenzhen Zhongke Lepu Medical Technology Co., Ltd | Shenzhen | Shenzhen | Manufacturing | 65 | | Establishment |
| Shenzhen Lepu Intelligent Medical Devices Co., Ltd | Shenzhen | Shenzhen | Manufacturing | 70 | | Business combination not under common control |
| Lepu Pharmaceutical Co., Ltd | Xiangcheng | Xiangcheng | Manufacturing | 99 | 1 | Business combination not under common control |
| Zhejiang Lepu Pharmaceutical Co., Ltd | Taizhou | Taizhou | Manufacturing | 98.95 | | Business combination not under common control |
| Beijing Haihetian Technology Development Co., Ltd | Beijing | Beijing | Technology Development | 71.39 | 5 | Business combination not under common control |
| Beijing Lepu Health Care Hall Network Technology Co., Ltd | Beijing | Beijing | Trade | 100 | | Business combination not under common control |
| Beijing Lejian Medical Investment Co., Ltd | Beijing | Beijing | Medical Investment | 60 | | Business combination not under common control |
| Beijing Jinweijie Technology Development Co., Ltd | Beijing | Beijing | Manufacturing | 51 | | Business combination not under common control |
| Anhui High-Tech Cardiovascular Hospital Management Co., Ltd | Hefei | Hefei | Investment | 70 | | Business combination not under common control |
| Beijing Guomei Health Technology Co., Ltd | Beijing | Beijing | Technology Development | 100 | | Business combination not under common control |
| Beijing Lepu Growth Investment Management Co., Ltd | Beijing | Beijing | Investment | 100 | | Establishment |
| LP (Shenzhen) International Development Center Co., Ltd | Shenzhen | Shenzhen | Manufacturing | 100 | | Establishment |
| Lepu (Shenzhen) Medical Technology Co., Ltd | Shenzhen | Shenzhen | Investment | 100 | | Establishment |
| Qingdao Minyi Investment Center (Limited Partnership) | Qingdao | Qingdao | Investment | 95 | | Establishment |
| Beijing Lepu Concentric Technology Co., Ltd | Beijing | Beijing | Trade | 70 | | Establishment |
| Shenzhen Puhui Medical Technology Co., Ltd | Beijing | Beijing | Manufacturing | 70 | | Business combination not under common control |
| Tianjin Yuhengjia Medical Technology Co., Ltd | Tianjin | Tianjin | Investment | 100 | | Business combination not under common control |
| Xiangcheng Lepu Hospital | Xiangcheng | Xiangcheng | Investment | 100 | | Establishment |

| Name of subsidiary | Main operation location | Registration location | Nature of business | Proportion of shareholding(%) | | Acquisition method |
|---|-------------------------|-----------------------|------------------------|-------------------------------|-------|---|
| Management Co., Ltd | g | | | | | |
| Liaoning Boao Biopharmaceutical Co., Ltd | Benxi | Benxi | Manufacturing | 55 | | Business combination not under common control |
| Shanghai Lepu Yunzhi Technology Co., Ltd | Shanghai | Shanghai | Manufacturing | 45.12 | 23.39 | Business combination not under common control |
| Beijing Lepu Precision Medical Technology Co., Ltd | Beijing | Beijing | Manufacturing | 100 | | Establishment |
| Lepu International Holdings (Shenzhen) Co., Ltd | Shenzhen | Shenzhen | Trade | 100 | | Establishment |
| Lepu Ruikang (Shanghai) Intelligent Technology Co., Ltd | Shanghai | Shanghai | Manufacturing | 85 | | Establishment |
| Lepu Guanzhi Biotechnology Co., Ltd | Beijing | Beijing | Manufacturing | 70 | | Establishment |
| Lepu Youkang (Beijing) Medical Technology Co., Ltd | Beijing | Beijing | Manufacturing | 85 | | Establishment |
| Yinchuan Lepu Internet Hospital Co., Ltd | Yinchuan | Yinchuan | Manufacturing | 100 | | Establishment |
| Shaanxi Xingtai Biotechnology Co., Ltd | Xi'an | Xi'an | Manufacturing | 100 | | Business combination not under common control |
| Sichuan Xingtai Pu Le Medical Technology Co., Ltd | Chengdu | Chengdu | Manufacturing | 64.81 | | Business combination not under common control |
| Aunor (Qingdao) Pharmaceutical Co., Ltd | Qingdao | Qingdao | Manufacturing | 100 | | Business combination not under common control |
| Suzhou Bosomax Medical Technology Co., Ltd | Suzhou | Suzhou | Manufacturing | 73.43 | | Business combination not under common control |
| Tibet Sky Dome Technology Development Co., Ltd | Lhasa | Lhasa | Investment | 100 | | Business combination not under common control |
| Beijing Huake Chuangzhi Health Technology Co., Ltd | Beijing | Beijing | Technology Development | 87.5 | | Business combination not under common control |
| Lepu (Beijing) Medical Technology Co., Ltd | Beijing | Beijing | Technology Development | 100 | | Establishment |
| Lepu (Shenzhen) Surgical Medical Devices Co., Ltd | Shenzhen | Shenzhen | Trade | 100 | | Establishment |
| Beijing LeDuo PuKang Medical Technology Co., Ltd | Beijing | Beijing | Technology Development | 100 | | Establishment |
| Lepu Rui Kang (Beijing) Senior Services Management Co., Ltd | Beijing | Beijing | Aged care | 70 | 0.18 | Establishment |
| Lepu Jiansui Pharmaceutical (Chongqing) Co., Ltd | Chongqing | Chongqing | Manufacturing | 70 | | Establishment |

2. Significant non-wholly owned subsidiaries

| Name of subsidiary | Portion of minority shareholding | Profit or loss attributable to minority shareholders in the period | Dividends declared to minority shareholders during the period | Balance of minority interests at the end of the period |
|--|----------------------------------|--|---|--|
| Beijing Lejian Medical Investment Co., Ltd. | 40.00% | 8,030,857.30 | | 55,237,166.13 |
| Liaoning Bo'ao Bio-pharmaceutical Co., Ltd. | 45.00% | -10,149,271.60 | | 127,993,978.58 |
| Beijing JWJ Science & Technology Development Co., Ltd. | 49.00% | -1,759,618.17 | 4,900,000.00 | 20,688,705.39 |
| Beijing Haihetian Technology Development Co., Ltd. | 23.61% | 6,849,939.96 | | 28,468,145.64 |

3. Key financial information of significant non-wholly owned subsidiaries

| Name of subsidiary | 2022.12.31 | | | | | | 2021.12.31 | | | | | |
|--|----------------|--------------------|----------------|---------------------|-------------------------|-------------------|----------------|--------------------|----------------|---------------------|-------------------------|-------------------|
| | 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 |
| Beijing Lejian Medical Investment Co., Ltd. | 217,810,249.84 | 106,737,575.78 | 324,547,825.62 | 99,024,737.76 | 68,489,995.96 | 167,514,733.72 | 152,397,218.19 | 103,955,353.49 | 256,352,571.68 | 59,870,547.69 | 63,733,583.62 | 123,604,131.31 |
| Liaoning Bo'ao Bio-pharmaceutical Co., Ltd. | 9,882,648.20 | 533,067,339.35 | 542,949,987.55 | 182,571,111.20 | 75,947,812.84 | 258,518,924.04 | 21,064,008.51 | 531,630,615.35 | 552,694,623.86 | 169,673,132.02 | 76,036,491.43 | 245,709,623.45 |
| Beijing JWJ Science & Technology Development Co., Ltd. | 41,661,216.15 | 4,109,867.01 | 45,771,083.16 | 2,501,989.96 | 1,047,245.46 | 3,549,235.42 | 42,478,240.86 | 5,678,955.70 | 48,157,196.56 | 2,019,834.13 | 324,457.20 | 2,344,291.33 |
| Beijing Haihetian Technology Development Co., Ltd. | 161,307,970.16 | 6,403,873.70 | 167,711,843.86 | 46,873,521.34 | 261,678.56 | 47,135,199.90 | 110,213,993.96 | 11,335,891.85 | 121,549,885.81 | 29,931,445.94 | 54,671.64 | 29,986,117.58 |

| Name of subsidiary | 2022.12.31 | | | | 2021.12.31 | | | |
|---|-------------------|----------------|----------------------------|--------------------------------------|-------------------|----------------|----------------------------|--------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Beijing Lejian Medical Investment Co., Ltd. | 299,439,336.13 | 23,734,614.35 | 24,284,651.53 | 72,899,948.66 | 243,213,918.66 | 43,536,301.73 | 43,381,449.04 | 76,221,122.64 |
| Liaoning Bo'ao Bio-pharmaceutical Co., Ltd. | | -22,553,936.90 | -22,553,936.90 | 2,529,811.04 | 12,660.56 | -10,682,690.30 | -10,682,690.30 | 5,322,396.86 |
| Beijing JWJ Science & Technology | 21,373,238.63 | 6,408,942.51 | 6,408,942.51 | 11,226,850.04 | 13,415,623.91 | 3,444,450.42 | 3,444,450.42 | 5,081,405.99 |

| | | | | | | | | | | |
|--|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|--|--|
| Development Co., Ltd. | | | | | | | | | | |
| Beijing Haihetian Technology Development Co., Ltd. | 158,728,048.28 | 29,012,875.73 | 29,012,875.73 | 13,776,968.33 | 121,403,917.46 | 13,620,916.88 | 13,620,916.88 | 20,013,570.72 | | |

(2) Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary remains under control

1. Effect of the transaction on minority interests and profits attributable to shareholders of the Company

| | LP Hearttech Medical Technology (Shanghai) Co. | Beijing LP Diagnostics Technology Co. | Ningbo Jingran Enterprise Management Partnership (Limited Partnership) | Ningbo Xiyue Enterprise Management Partnership (Limited Partnership) | Ningbo Suanhai Enterprise Management Partnership (Limited Partnership) | Lepu Hengjiuyuan Pharmaceutical Co.,Ltd | Shenzhen Lepco Rui Kang Health Management Co.,Ltd | Sichuan Xingtai Pu Le Medical Technology Co.Ltd |
|--|--|---------------------------------------|--|--|--|---|---|---|
| Acquisition cost / consideration for disposal | | | | | | | | |
| —Cash | | | -647,360.00 | -161,840.00 | -1,335,180.00 | -42,555,573.37 | -800,000.00 | |
| -Fair value of non-cash assets | 1,384,388,444.76 | | | | | | | |
| -Fair value of equity securities issued | | | | | | | | 32,173,850.30 |
| Total acquisition cost / consideration for disposal | 1,384,388,444.76 | | -647,360.00 | -161,840.00 | -1,335,180.00 | -42,555,573.37 | -800,000.00 | 32,173,850.30 |
| Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed | 1,143,542,492.58 | -6,009,239.20 | -646,538.98 | -161,758.07 | -1,334,492.00 | -16,571,622.95 | -706,809.31 | 28,917,257.03 |
| Differences | 240,845,952.18 | 6,009,239.20 | -821.02 | -81.93 | -688.00 | -25,983,950.42 | -93,190.69 | 3,256,593.27 |

| | | | | | | | | |
|--|----------------|--------------|---------|--------|---------|----------------|------------|--------------|
| Including: adjustment to capital surplus | 240,845,952.18 | 6,009,239.20 | -821.02 | -81.93 | -688.00 | -25,983,950.42 | -93,190.69 | 3,256,593.27 |
| Adjustment to surplus | | | | | | | | |
| Adjustment to unappropriated profit | | | | | | | | |

(3)Interests in associates**1.Significant associates**

| Name of associates | Principal place of operations | Place of registration | Nature of business | 2021.12.31 Proportion of shareholding(%) | | Accounting treatment for investment in joint ventures or associates | Whether or not being strategic to the Company's activities |
|---|-------------------------------|-----------------------|------------------------|--|----------|---|--|
| | | | | Direct | Indirect | | |
| Beijing QS Medical Technology Co., Ltd. | Beijing | Beijing | Manufacturing industry | 18.18 | | Equity method | |
| Sichuan Rekind Medtec Inc . | Chengdu | Chengdu | Technology development | 18.00 | | Equity method | |
| LOPE Bioscience Co., Ltd. | Shanghai | Shanghai | Technology development | 13.58 | | Equity method | |

Note:

- 1) The Company has significant influence on the financial and operational decisions of Beijing QS Medical Technology Co., Ltd.by appointing a director into its board of director.
- 2) The Company holds 18% equity of Sichuan Rekind Medtec Inc and has significant influence on its financial and operating decisions by appointing a director to Sichuan Rekind Medtec Inc.
- 3) The Company, as the second largest shareholder of Lepu Biopharma Co., Ltd, has the same actual controller and chairman of the board of directors with Lepu Biopharma Co., Ltd., which has significant influence on its financial and operating decisions.

2.Key financial information on significant associates

| | 2022.12.31 | | | 2021.12.31 | | |
|--|---|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| | Beijing QS Medical Technology Co., Ltd. | Lepu Biopharma Co., Ltd. | Sichuan Rekind Medtec Inc . | Beijing QS Medical Technology Co., Ltd. | Lepu Biopharma Co., Ltd. | Sichuan Rekind Medtec Inc . |
| Current assets | 20,752,000.83 | 812,800,904.03 | 308,066,167.48 | 49,357,787.60 | 314,131,509.98 | 192,421,150.27 |
| Non-current assets | 46,863,464.55 | 1,716,370,825.27 | 288,814,658.15 | 30,054,128.57 | 1,767,929,892.67 | 295,881,745.31 |
| Total assets | 67,615,465.38 | 2,529,171,729.30 | 596,880,825.63 | 79,411,916.17 | 2,082,061,402.65 | 488,302,895.58 |
| Current liabilities | 17,894,772.62 | 843,786,340.39 | 60,856,626.00 | 10,156,733.43 | 549,056,793.23 | 39,389,273.21 |
| Non-current liabilities | 12,866,412.84 | 784,623,752.56 | 4,587,296.80 | | 685,921,149.20 | 6,811,494.87 |
| Total liabilities | 30,761,185.46 | 1,628,410,092.95 | 65,443,922.80 | 10,156,733.43 | 1,234,977,942.43 | 46,200,768.08 |
| Non-controlling interests | | | -689,303.61 | | 10,495,296.37 | -236,142.11 |
| Total equity attributable to shareholders of the Company | 36,854,279.92 | 900,761,636.35 | 532,126,206.44 | 69,255,182.74 | 836,588,163.85 | 442,338,269.61 |
| Share of net assets based on percentage of shareholding | 6,700,108.09 | 122,323,159.99 | 95,775,422.76 | 12,590,592.22 | 123,085,543.37 | 79,996,093.80 |
| Adjustment matters | 47,070,110.04 | | 24,345,878.16 | 47,070,110.04 | | 24,345,878.16 |
| —Goodwill | 47,070,110.04 | | 24,345,878.16 | 47,070,110.04 | | 24,345,878.16 |
| -Unrealised profit on internal transactions | | | | | | |
| -Others | | | | | | |
| Carrying value of equity investments in associates | 53,770,218.13 | 122,323,159.99 | 120,121,300.92 | 59,660,702.26 | 123,085,543.37 | 104,341,971.96 |

| | 2022.12.31 | | | 2021.12.31 | | |
|---|---|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| | Beijing QS Medical Technology Co., Ltd. | Lepu Biopharma Co., Ltd. | Sichuan Rekind Medtec Inc . | Beijing QS Medical Technology Co., Ltd. | Lepu Biopharma Co., Ltd. | Sichuan Rekind Medtec Inc . |
| Fair value of equity investments in associates where publicly quoted prices exist | | 1,428,873,128.81 | | | | |
| Operating revenue | 22,000,730.29 | 16,481,349.78 | 340,280,215.97 | 30,617,640.94 | 1,138,152.33 | 258,968,512.07 |
| Net profit | -32,400,902.82 | -699,441,460.29 | 89,334,775.33 | -25,310,190.41 | -1,018,365,959.27 | 68,602,184.95 |
| Net profit from discontinued operations | | | | | | |
| Other comprehensive income | | 108,899.63 | | | -11,817.94 | |
| Total comprehensive income | -32,400,902.82 | -699,332,560.66 | 89,334,775.33 | -25,310,190.41 | -1,018,377,777.21 | 68,602,184.95 |
| Dividends received from associates during the period | | | | | | |

3. Summarized financial information of insignificant joint ventures and associates

| | 2022.12.31 | 2021.12.31 |
|--|----------------|----------------|
| Associates: | | |
| Total carrying value of investments | 933,254,767.70 | 588,529,866.92 |
| The following sums calculated in proportion to shareholdings | | |
| —Net profit | -6,171,809.57 | -3,592,889.56 |
| —Other comprehensive income | | |
| —Total comprehensive income | -6,171,809.57 | -3,592,889.56 |

4. Excess losses incurred by joint ventures or associates

| Name of joint ventures or associates | Accumulated unrecognized aggregate losses for prior period | Unrecognized loss for current period (or net profit shared for current period) | Accumulated unrecognized losses at the end of the period |
|--------------------------------------|--|--|--|
| Beijing Elacor Technology Co., Ltd. | -351,597.88 | -1,614.89 | -353,212.77 |

VIII. Risks related to financial instruments

The Company faces various financial risks in its daily activities, including credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The above-mentioned financial risks and the risk management policies of the Company adopted to reduce those risks are as followings:

The Board of Directors is fully responsible for the determination of risk management objectives and policies and assumes final responsibility for risk management objectives and policies, but the Board has authorized the audit department of the Company to design and implement procedures to ensure the effective implementation of risk management objectives and policies. The Board reviews the effectiveness of the implemented procedures and the rationality of the risk management objectives and policies through monthly reports submitted by the finance department director. The Company's internal auditors will also audit risk management policies and procedures and report the findings to the Audit Committee.

The overall goal of the Company's risk management is to formulate risk management policies to minimize risk without excessively affecting the Company's

competitiveness and resilience.

1. Credit risk

Credit risk refers to the risk of financial loss of the Company due to counterparty's failure to fulfill the obligations of the contract.

The Company mainly faces customer credit risks caused by credit sales. Before signing new contract, the Company evaluates the credit risks of new customers, including external credit ratings and bank credit certificates in some cases (when this information is available). The Company sets a credit limit for each customer which is the maximum amount without additional approval.

The Company is through quarterly monitoring of the existing customer credit rating and the monthly reviewing of account receivables aging analysis to ensure that the Company's overall credit risk is within a controllable range. When monitoring customers' credit risks, the Company categorized the credit risks according to the customers' credit characteristics. Customers rated "high risk" are placed on the restricted customer list and can only be sold on credit in the future period with additional approval from the Company, or they must be required to pay in advance.

2. Liquidity risk

Liquidity risk is the capital shortage risk that an enterprise will encounter in meeting obligations that are settled by delivering cash or other financial asset.

It is the company's policy that ensuring sufficient cash is available to meet maturing debt obligations. The liquidity risk is under the central control of the finance department of the Company. The finance department ensures that the Company has sufficient funds to repay the debt under all reasonable projections by monitoring cash balances, marketable securities that can be readily liquidated and rolling forecasts of cash flows over the next 12 months.

3. Market risk

Market risk of financial instruments refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market price, including exchange rate risk, interest rate risk and other price risks.

(1)Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rate.

The interest rate risks of the Company mainly arise from long-term bank borrowings and bonds payable.

On 31 December 2022, if other variables being constant, the borrowing rate calculated at the floating interest rate decreases or increases by 100 basis points, the Company's net profit will decrease or increase by RMB85.106million (31 December 2021: RMB90.713million).

(2)Exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rate.

To the extent possible, the Company matches foreign currency income with foreign currency expenditure to reduce exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency exchange contracts to avoid exchange rate risks. During the reporting period, the relevant control measures include: considering the risk of exchange rate fluctuations and the objective situation of foreign exchange receipt and payment.

On 31 December 2022, holding all other variables constant, if the RMB appreciates or depreciates by 1% against the US dollar, the Company's net profit will decrease or increase by RMB140.657million (31 December 2021: RMB18.338million). The management believes that 1% reasonably reflects the reasonable range of possible changes of RMB Yuan against US dollar in the next year.

(3)Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

IX. Disclosure of Fair Value

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the asset or liability other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

The level of the measurement result of fair value shall subject to the lowest level which the input that is of great significance to the entire measurement of fair value belongs to.

(1) Fair value of assets and liabilities measured at fair value at the end of period

| Item | Fair value at 31/12/2022 | | | Total |
|--|--------------------------------|--------------------------------|--------------------------------|-------------------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| I.Fair value measurement on a recurring basis | | | | |
| ◆Trading financial assets | 19,104,943.05 | 258,109,115.43 | | 277,214,058.48 |
| 1.Financial assets designated at fair value through profit or loss | 19,104,943.05 | 258,109,115.43 | | 277,214,058.48 |
| (1) Bank financing | | 258,109,115.43 | | 258,109,115.43 |
| (2) Equity instrument investment | 19,104,943.05 | | | 19,104,943.05 |
| ◆Receivable financing | | | 134,291,997.64 | 134,291,997.64 |
| ◆Other debt investments | | | | |
| ◆Investments in other equity instruments | 252,025,742.34 | | 916,893,912.72 | 1,168,919,655.06 |
| ◆Other non-current financial assets | 132,110,000.00 | | 26,500,000.00 | 158,610,000.00 |
| 1.Financial assets at fair value through profit or loss | 132,110,000.00 | | 26,500,000.00 | 158,610,000.00 |
| (1) Equity instrument investment | 132,110,000.00 | | 26,500,000.00 | 158,610,000.00 |
| Total assets measured at fair value on a recurring basis | 403,240,685.39 | 258,109,115.43 | 1,077,685,910.36 | 1,739,035,711.18 |
| Total assets measured at fair value on a recurring basis | | | | |
| ◆Trading financial liabilities | | | | |

(2)Valuation techniques and qualitative and quantitative information of important parameters for recurring and non-recurring level 1 fair value items measurement items.

The Company determines the market value of the recurring and non-recurring level 1 fair value measurement items based on the quotations in the active market at the end of the equity instrument held by the Company.

(3)Valuation techniques and qualitative and quantitative information of important parameters for recurring and non-recurring level 2 fair value items measurement

items.

Inputs other than Level 1 inputs that are directly or indirectly observable for the relevant asset or liability.

(4) Valuation techniques and qualitative and quantitative information of important parameters for recurring and non-recurring level 3 fair value items measurement items.

The Company's investment in equity instruments is measured at fair value. However, in limited cases, if the recent information used to determine fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within this distribution, the cost may represent its appropriate estimate of fair value within such distribution.

X.Related parties and related-parties transaction

(1)Controlling shareholder and ultimate controller

The ultimate controller of the Company is Mr. Pu Zhongjie (蒲忠傑).

(2)Subsidiaries of the Company

Please refer to Note "VII. Equity in other entities" for details of the subsidiaries of the Company.

(3)Joint ventures and associates of the Company

For details of significant joint ventures or associates of the Company, please refer to Note "VII. Equity in other entities" under this section.

Other joint ventures and associates that conducted related party transactions with the Company during the reporting period or have balance of related-party transactions with the Company for the previous periods are as follows:

| Name of joint ventures and associates | Relationship with the Company |
|---------------------------------------|-------------------------------|
|---------------------------------------|-------------------------------|

| Name of joint ventures and associates | Relationship with the Company |
|--|--|
| Beijing Haikinger Pharmaceutical Technology Co., Ltd | Significantly influenced by the Company |
| Tianjin Weimann Biomaterials Co., Ltd | Significantly influenced by the Company |
| Beijing Purun Medical Devices Co., Ltd | Significantly influenced by the Company |
| Beijing Crysol Medical Technology Co., Ltd | Significantly influenced by the Company |
| Shenzhen Boen Medical Equipment Co., Ltd | Significantly influenced by the Company |
| Hunan Pinxin Biological Engineering Co., Ltd | Significantly influenced by the Company |
| Beijing Yuhengjia Technology Co., Ltd | Significantly influenced by the Company |
| Beijing Ample Technology Co., Ltd | Significantly influenced by the Company |
| Shenzhen Ruihan Medical Technology Co., Ltd | Significantly influenced by the Company |
| Lepu Biotechnology Co., Ltd | Significantly influenced by the Company |
| Beijing Yudin Additive Manufacturing Research Institute Co., Ltd | Significantly influenced by the Company |
| Beijing Yalian Bade Science and Technology Co., Ltd | Significantly influenced by the Company |
| Xi'an Chaoqian Intelligent Technology Co., Ltd | Significantly influenced by the Company |
| Chengdu Orsay Medical Equipment Co., Ltd | Its parent company significantly influenced by the Company |
| Chengdu Mudor Precision Moulding Co., Ltd | Its parent company significantly influenced by the Company |
| Lepu (Beijing) Biotechnology Co., Ltd | Its parent company significantly influenced by the Company |
| Xi'an Madison Pharmacy Co., Ltd | Its parent company significantly influenced by the Company |
| Shanghai Mayak Biotechnology Co., Ltd | Its parent company significantly influenced by the Company |
| Leptronics Biotechnology (Shanghai) Co., Ltd | Its parent company significantly influenced by the Company |
| Taizhou Houde Aoke Technology Co., Ltd | Its parent company significantly influenced by the Company |
| Taizhou Hanzhong Biomedical Co., Ltd | Its parent company significantly influenced by the Company |
| Hubei Huastone Biomedical Technology Co., Ltd | Its parent company significantly influenced by the Company |

| Name of joint ventures and associates | Relationship with the Company |
|--|--|
| Lepu Hangjia (Shanghai) Business Incubator Management Co., Ltd | Its parent company significantly influenced by the Company |
| Xinxiang Yashijie Medical Laboratory (Limited Partnership) | Its parent company significantly influenced by the Company |
| Beijing Yalian Yashige Science and Trade Co., Ltd | Its parent company significantly influenced by the Company |

(4) Other related parties

| Name of other related parties | Relationship with the Company |
|--|--|
| Luoyang Ship Material Research Institute | Shareholder |
| Beijing Pufeng Medical Management Co., Ltd | A company controlled by a close family member of the actual controller |
| Beijing Taijie Weiye Technology Co., Ltd | A company controlled by a close family member of the actual controller |

(5) Related-party transactions

1) Related-party transactions in relation to purchase and sale of goods and provision and receipt of services

Purchase of goods/receipt of services

| Related party | Content of related -party transaction | Opening balance | Closing balance |
|--|---------------------------------------|-----------------|-----------------|
| Chengdu Ousai Medical Device Co., Ltd | Purchase of goods | 20,312,164.57 | |
| Beijing Haikinger Pharmaceutical Technology Co., Ltd | Receipt of services | 12,568,533.05 | 9,197,689.62 |
| Beijing Taijeweiyi Technology Co., Ltd | Purchase of goods | 11,303,787.16 | 8,313,365.96 |
| Tianjin Weimann Biomaterials Co., Ltd | Purchase of goods | 4,628,038.58 | 784.4 |
| Beijing Pufeng Medical Management Co., Ltd | Receipt of services | 4,087,058.58 | |
| Beijing Purun Medical Equipment Co., Ltd | Receipt of services | 3,782,826.73 | 4,410,798.85 |
| Beijing Purun Medical Equipment Co., Ltd | Purchase of goods | 1,798,857.16 | 5,080.00 |
| Beijing Crysol Medical Technology Co., Ltd | Purchase of goods | 1,054,762.86 | 4,375,713.99 |
| Shenzhen Boen Medical Equipment Co., Ltd | Purchase of goods | 379,653.90 | |
| Chengdu Mudor Precision Moulding Co., Ltd | Purchase of goods | 194,159.29 | |
| Hunan Pinxin Biological Engineering Co., Ltd | Purchase of goods | 148,672.57 | |
| Shenzhen Boen Medical Equipment Co., Ltd | Receipt of services | 111,745.20 | |
| Beijing Crysol Medical Technology Co., Ltd | Receipt of services | 88,053.10 | |

| Related party | Content of related -party transaction | Opening balance | Closing balance |
|--|---------------------------------------|-----------------|-----------------|
| Chengdu Ousai Medical Device Co., Ltd | Purchase of goods | 20,312,164.57 | |
| Beijing Yuhengjia Technology Co., Ltd | Purchase of goods | 77,654.88 | 371,238.97 |
| China Shipbuilding Industry Corporation Seventy-fifth Research Institute | Receipt of services | 11,169.82 | 34,280.00 |
| Tianjin Weimann Biomaterials Co., Ltd | Receipt of services | 7,496.79 | 135,931.09 |
| Beijing Yuhengjia Technology Co., Ltd | Receipt of services | 2,943.40 | |
| Beijing Ample Technology Co., Ltd | Purchase of goods | | 833.63 |

Sale of goods/provision of services

| Related party | Content of related -party transaction | Opening balance | Closing balance |
|--|---------------------------------------|-----------------|-----------------|
| Beijing Taijieweiyi Technology Co., Ltd | Sale of goods | 1,666,107.21 | 2,097,396.02 |
| Chengdu Orsay Medical Equipment Co., Ltd | Provision of services | 1,285,128.43 | |
| Chengdu Mudor Precision Moulding Co., Ltd | Sale of goods | 1,118,238.93 | 4,162,831.87 |
| Shenzhen Ruihan Medical Technology Co., Ltd | Sale of goods | 455,613.15 | |
| Chengdu Orsay Medical Equipment Co., Ltd | Sale of goods | 419,950.68 | 453,282.32 |
| Beijing Purun Medical Equipment Co., Ltd | Sale of goods | 391,120.36 | 15,907.08 |
| Beijing Taijieweiyi Technology Co., Ltd | Provision of services | 239,999.99 | 5,664,195.20 |
| Beijing Purun Medical Equipment Co., Ltd | Provision of services | 132,075.47 | |
| Xi 'an Zhongan Yisheng Medical Technology Co., Ltd | Provision of services | 71,985.47 | |
| Lepu Bio-Science and Technology Co., Ltd | Sale of goods | 68,141.59 | 23,113.63 |
| Lepu (Beijing) Biotechnology Co., Ltd | Provision of services | 18,820.00 | |
| Beijing Ample Technology Co., Ltd | Sale of goods | 6,194.70 | |
| Beijing Crysol Medical Technology Co. | Sale of goods | 5,825.24 | |
| Shanghai Mayak Biotechnology Co., Ltd | Sale of goods | 5,825.24 | 12,880.00 |
| Xi 'an Maidexin Pharmacy Co. Ltd | Sale of goods | 3,523.88 | |
| Beijing Medlink Technology Co., Ltd | Sale of goods | 3,482.30 | |
| Leptronics Biotechnology (Shanghai) Co., Ltd | Sale of goods | 1,941.75 | 1,974.40 |
| Taizhou Houde Aoke Technology Co., Ltd | Sale of goods | | 147,430.20 |
| Lepu (Beijing) Biotechnology Co., Ltd | Sale of goods | 27,967.35 | 125,733.73 |
| Taizhou Hanzhong Biomedical Co., Ltd | Sale of goods | | 107,679.73 |
| Tianjin Weiman Biomaterials Co., Ltd | Provision of services | | 53,882.31 |
| Hubei Huastone Biomedical Technology Co., Ltd | Sale of goods | | 31,415.93 |
| Yinchuan Shenli Science and Trade Co. | Sale of goods | | 19,646.02 |

| Related party | Content of related -party transaction | Opening balance | Closing balance |
|----------------------------------|---------------------------------------|-----------------|-----------------|
| Tianjin Weimann Biomaterials Co. | Sale of goods | | 4,905.00 |

2) Related leases

As lessor:

| Name of lessee | Type of leased assets | Lease income recognised in the current period | Lease income recognised in the prior period |
|---|-----------------------|---|---|
| Lepu Biopharma Co., Ltd. | Property leasing | | 709,557.90 |
| Lepu Hangjia (Shanghai) Business Incubator Management Co., Ltd. | Property leasing | | 3,215,850.48 |

As lessee:

| Name of lessee | Type of leased assets | Opening balance | | | Closing balance | | | | |
|--|-----------------------|--|-------------|---------------------------------|---|--|-------------|---------------------------------|---|
| | | Rental costs of short-term leases and leases of low-value assets under simplified treatment and variable lease payments not included in the measurement of lease liabilities | Rental paid | Increase in right-of-use assets | Interest expense on lease liabilities assumed | Rental costs of short-term leases and leases of low-value assets under simplified treatment and variable lease payments not included in the measurement of lease liabilities | Rental paid | Increase in right-of-use assets | Interest expense on lease liabilities assumed |
| Beijing Pufeng Medical Management Co., Ltd | Property leasing | 28,542.89 | 28,542.89 | | | 455,339.13 | 455,339.13 | | |

3) Related guarantees**As guarantor:**

| Entity guaranteed | Amount of guaranteed | Date of commencement of guarantee | Date of expiration of guarantee | Whether fully executed |
|-------------------------------|----------------------|-----------------------------------|---------------------------------|------------------------|
| Lepu Pharmaceutical Co., Ltd. | 130,000,000.00 | 2022/8/10 | 2023/4/23 | No |

Note: On 31 December 2022, the Company provided guarantee for its subsidiary Lepu Pharmaceutical Co., Ltd., the maximum amount of guarantee was RMB 500 million, the initial balance of guarantee was RMB 0.00; the actual amount of guarantee provided in this reporting period was RMB 130 million, and the amount due of guarantee in this reporting period was RMB 0.00. On 31 December 2022, the actual amount of guaranteed loan under the guarantee was RMB 130 million.

As guarantee

| Entity guaranteed | Amount of guaranteed | Date of commencement of guarantee | Date of expiration of guarantee | Whether fully executed |
|-------------------------------|----------------------|-----------------------------------|---------------------------------|------------------------|
| Lepu Pharmaceutical Co., Ltd. | 50,000,000.00 | 2021/3/4 | 2022/2/3 | Yes |
| Lepu Pharmaceutical Co., Ltd. | 50,000,000.00 | 2021/4/7 | 2022/4/7 | Yes |
| Lepu Pharmaceutical Co., Ltd. | 50,000,000.00 | 2021/5/14 | 2022/3/17 | Yes |
| Lepu Pharmaceutical Co., Ltd. | 20,000,000.00 | 2021/5/14 | 2022/5/14 | Yes |

Note:

On 31 December 2022, Lepu Pharmaceutical Co., Ltd., a subsidiary of the Company, provided guarantee for the Company with the maximum amount of RMB 400 million and the initial guarantee balance of RMB 170 million, and the reporting period has been fulfilled; on 31 December 2022, the actual guaranteed loan amount under this guarantee was RMB 0.00.

4) Compensation of key management personnel

| Item | Opening balance | Closing balance |
|--|-----------------|-----------------|
| Compensation of key management personnel | 21,275,244.55 | 19,951,521.26 |

(6) Receivables from and payable to related parties**1) Receivables**

| Item | Related party | Closing balance | Opening balance |
|------|---------------|-----------------|-----------------|
|------|---------------|-----------------|-----------------|

| | | Ending balance | Provision for bad debts | Ending balance | Provision for bad debts |
|--|--|----------------|-------------------------|----------------|-------------------------|
| Accounts receivable | | | | | |
| | Beijing Purun Medical Devices Co., Ltd | 6,730,536.84 | 1,845,483.72 | 8,215,429.47 | 1,401,225.65 |
| | Chengdu Mudor Precision Moulding Co., Ltd | 1,255,550.00 | 6,277.75 | 1,162,563.04 | 5,812.82 |
| | Chengdu Orsay Medical Devices Co., Ltd | 53,035.19 | 265.18 | 63,769.00 | 318.85 |
| | LOPE (Beijing) Biotechnology Co., Ltd | 30,111.00 | 150.56 | | |
| | Xinxiang Yashijie Medical Laboratory (Limited Partnership) | 2,027,715.40 | 2,027,715.40 | 2,027,715.40 | 2,027,715.40 |
| | Tianjin Weiman Biomaterials Co., Ltd | | | 4,905.00 | 24.53 |
| | Hubei Huastone Biomedical Technology Co., Ltd | | | 35,500.00 | 177.50 |
| Prepayments | | | | | |
| | Beijing Haikinger Pharmaceutical Technology Co., Ltd | 2,881,014.25 | | 5,444,611.00 | |
| | Beijing Crysol Medical Technology Co., Ltd | 695,355.75 | | 930,000.00 | |
| | Beijing Pufeng Medical Management Co., Ltd | 139,048.48 | | | |
| | Shenzhen Ruihan Medical Technology Co., Ltd | 300,000.00 | | | |
| | Chengdu Orsay Medical Equipment Co., Ltd | 2,778.21 | | 895,129.74 | |
| | China Shipbuilding Industry Corporation Seventy-fifth Research Institute | | | 5,540.00 | |
| | Shenzhen Boen Medical Equipment Co., Ltd | | | 2,000.00 | |
| Non-current assets due within one year | | | | | |
| | Beijing Yalian Baide Science and Technology Co., Ltd | 62,173,727.90 | 62,173,727.90 | 62,173,727.90 | 62,173,727.90 |
| | Beijing Yalian Yashige Science and Technology Co., Ltd | 3,270,851.82 | 3,270,851.82 | 3,270,851.82 | 3,270,851.82 |
| Other receivables | | | | | |
| | Beijing Crysol Medical Technology Co., Ltd | 100,000.00 | 500.00 | 150,000.00 | 80,000.00 |
| | Beijing Purun Medical Equipment Co., Ltd | 671,923.37 | 127,238.05 | 648,502.52 | 62,399.68 |
| | Beijing Yalian Baide Science and Technology Co., Ltd | 127,799,293.21 | 127,799,293.21 | 127,799,293.21 | 127,799,293.21 |
| | Beijing Yalian Yashige Science and Technology Co., Ltd | 2,006,597.50 | 2,006,597.50 | 2,006,597.50 | 2,006,597.50 |
| | Chengdu Orsay Medical Equipment Co., Ltd | 667,538.23 | 3,337.69 | | |
| | Xi'an Chaoqian Intelligent Technology Co., Ltd | | | 20,185,644.00 | 100,928.22 |
| Other non-current asset | | | | | |
| | Xi'an Chaoqian Intelligent Technology Co., Ltd | 21,032,644.01 | | | |

2. Payable

| Item | Related party | Closing balance | Opening balance |
|----------------------|---|---------------------------------------|-----------------|
| Accounts payable | Beijing Taijieweiyi Technology Co., Ltd | 1,618,376.88 | 1,948,988.79 |
| | Chengdu Orsay Medical Equipment Co., Ltd | 15,425,936.34 | 8,369,206.20 |
| | Shenzhen Boen Medical Equipment Co., Ltd | 117,043.84 | 217,635.52 |
| | Tianjin Weiman Biomaterials Co., Ltd | 280,419.59 | 145,591.29 |
| | Beijing Yuhengjia Technology Co., Ltd | 104,517.70 | 100,152.66 |
| | Beijing Pufeng Medical Management Co., Ltd | 344,190.00 | |
| | Beijing Purun Medical Equipment Co., Ltd | 109,380.53 | |
| | Chengdu Mudor Precision Molding Co., Ltd | 178,097.34 | |
| | Beijing Crysol Medical Technology Co., Ltd | | 432,081.94 |
| | Other payable | Tianjin Weimann Biomaterials Co., Ltd | 25,000.00 |
| Contract liabilities | Beijing Pufeng Medical Management Co., Ltd | 47,481.04 | |
| | Beijing Taijieweiyi Technology Co., Ltd | 24,424.78 | |
| | Chengdu Orsay Medical Equipment Co., Ltd | 93,451.33 | |
| | Shenzhen Ruihan Medical Technology Co., Ltd | 2,253,297.35 | |
| | Tianjin Weiman Biomaterials Co., Ltd | 155,918.14 | |
| | Xi'an Madison Pharmacy Co., Ltd | 1,538.28 | |
| | Yinchuan Shenli Science and Trade Co., Ltd | | 7,743.38 |

XI. Share-based payment

1. General situation of share-based payments

| Item | 2022 |
|--|--|
| The amount of various equity instruments awarded during the year | 266,315,160.00 |
| The amount of various equity instruments exercised during the year | |
| The amount of various equity instruments forfeited during the year | |
| The range of exercise prices of outstanding share options at the end of year and the contract remaining term | |
| The range of exercise prices of other equity instruments at the end of year and the contract remaining term | The grant date is 28 October 2022 and the grant price is RMB10.74 per share. The restrictions will be released in two phases starting from the first trading day 12 months after the grant date, with the first phase unlocking 50% from the first trading day 12 months after the grant date to the last trading day within 24 months of the grant date; and the second phase unlocking 50% from the first trading day 24 months after the grant date to the last trading day within 36 |

| | |
|--|---------------------------|
| | months of the grant date. |
|--|---------------------------|

Note:

The Company held the 31st Meeting of the Fifth Session of the Board of Directors on 28 October 2022 and reviewed and approved the proposal on the Initial Grant of Restricted Shares to the Incentive Recipients of the 2022 Restricted Share Incentive Plan, which resulted in the initial grant of 16 million restricted shares to 810 employees with a grant date of 28 October 2022 and a grant price of RMB10.74 per share. At the Thirty-second Meeting of the Fifth Session of the Board of Directors held on 30 December 2022, the Company considered and approved the proposal on the reserved grant of restricted shares to the incentive recipients of the 2022 Restricted Share Incentive Plan, and agreed to grant 2,723,500 shares at a price of RMB10.74 per share to 150 eligible incentive recipients with 30 December 2022 as the reserved grant date Restricted Shares.

2.The conditions of Equity-settled share-based payment

1. On 28 October 2022, the Company granted 16 million restricted shares to 810 employees for the first time at a grant price of RMB10.74 per share, and the Company engaged Blue Strategy Asia (Beijing) Enterprise Management Consulting Company Limited to issue a valuation report (Blue Strategy Report R2021-1015-BJ) on "Lepu (Beijing) Medical Devices Company Limited involving its restricted shares" to 28 October 2022 as the valuation base date, the value of shareholders' equity in restricted shares of the Company held by employees as assessed by the income method was RMB1,923,920,000.00, with an appraised fair value of RMB14.86 per share.

Based on the above data, the Company recognized the share-based payment results as follows:

| Items | Amount |
|---|-------------------|
| The fair value recognition method of the equity instruments at grant date | Evaluation report |
| The recognition method of best available estimate of vesting equity instruments | |
| The reason of significant variance between current and previous period estimate | |
| The expenses recognized as equity-settled share-based payment | 29,720,000.00 |
| Of which: amount recognized in 2021 | 29,720,000.00 |

2. Employees indirectly obtained the shares of Lepu Sciencetech Medical Technology (Shanghai) Co., through Ningbo Jiadu and Ningbo Jiacheng at the price of RMB3.48 per share in the form of capital increase. Lepu Sciencetech Medical Technology (Shanghai) Co. had engaged Lance Asia

(Beijing) Enterprise Management Consulting Co., Ltd to issue The Valuation report of restricted shares of Lepu Scientech Medical Technology (Shanghai) Co., Ltd(Lance R2021-1015-BJ), which assessed the interest of restricted shareholding as RMB256,478,105.00 with income method at the base date of 16 June 2021, the fair value after the assessment was RMB17.4 per share. Based on the data above, Lepu Scientech Medical Technology (Shanghai) Co. recognized the share-based payments as followed:

| Item | Amount |
|---|-------------------|
| The fair value recognition method of the equity instruments at grant date | Evaluation report |
| The recognition method of best available estimate of vesting equity instruments | |
| The reason of significant variance between current and previous period estimate | |
| The expenses recognized as equity-settled share-based payment | 87,625,266.63 |
| Of which: amount recognized in 2022 | 49,181,063.79 |

3. Employees indirectly obtained the shares of Beijing Lepu Medical Technology Co.,Ltd through Ningbo Xiran and Ningbo Shanhai at the price of RMB1.78 per share in the form of capital increase. On 10 November 2020, Zhongtongcheng Asset Appraisal Co., Ltd had issued *The Asset Valuation report of the total shareholders' equity value with the proposed capital increase project* (Tongcheng [2020] 11241), which assessed the interest of shareholders as RMB1,171,654,700.00 with income method at the base date of 30 June 2020, the assessed fair value was RMB3.00 per share.

Based on the data above, Beijing Lepu Medical Technology Co. recognized the share-based payments as followed:

| Item | Amount |
|---|-------------------|
| The fair value recognition method of the equity instruments at grant date | Evaluation report |
| The recognition method of best available estimate of vesting equity instruments | |
| The reason of significant variance between current and previous period estimate | |
| The expenses recognized as equity-settled share-based payment | 11,104,935.10 |
| Of which: amount recognized in 2022 | 4,080,313.33 |

XII. Commitments and contingencies**(1) Significant commitments****1) Significant commitment**

The company planned to invest RMB540 million in Bo'ao Bio-pharmaceutical Co., Ltd. by means of project milestone planning, separate transactions of stock right, so as to eventually obtained 75% interest of Bo'ao Bio-pharmaceutical. Until 31 December 2021, the company had completed capital increase and first and second equity transfer, holding 55% interest of Bo'ao Bio-pharmaceutical which concluded RMB340 million as consideration and fully paid. After reaching consensus, third equity transfer for 20% interest will be achieved at the price of RMB200 million.

(2) Contingencies

None.

XIII. Events after the balance sheet date**(1) Significant non-adjusting events after the reporting period**

None.

(2) Profit distribution

According to the resolution of the 26th meeting of the fifth Board of Directors of the Company held on 25 April 2023, the Company intended to deduct the total share capital on the future implementation of the 2022 equity distribution plan, deducting the share capital after the repurchased shares, and pay the cash dividend of 3.41 shares for every 10 shares. As of the date of approval of this report, the number of shares in the profit distribution plan is 1,862,336,406 shares, on which the cash dividend is RMB635.0567million (including tax).

XIV. Other material events

(1) As of 31 December 2022, Mr. Pu Zhongjie, the actual controller of the Company, and his concert parties held a total of 455,643,349 shares of the Company, accounting for 24.23% of the total share capital of the Company. Among them, an aggregate of 190,864,454 shares, accounting for 10.15% of the total share capital of the Company, were pledged, representing 41.89% of his shareholding.

XV. Major notes to the company's financial statements**(1) Notes receivables****1. Notes receivables comprise the following:**

| Item | 2022.12.31 | 2021.12.31 |
|-----------------|------------|--------------|
| Bank acceptance | 500,000.00 | 3,050,820.01 |

| Item | 2022.12.31 | 2021.12.31 |
|-------|------------|--------------|
| Total | 500,000.00 | 3,050,820.01 |

2. Notes receivable pledged by the company at the end of the period

| Item | Amount pledged at the end of the period |
|-----------------|---|
| Bank acceptance | 500,000.00 |
| Total | 500,000.00 |

(2) Accounts receivables

Ageing analysis of accounts receivables

| Ageing | 2022.12.31 | 2021.12.31 |
|--------------------------|----------------|----------------|
| Within 1 year | 94,629,192.16 | 146,780,393.55 |
| 1-2 years | 52,411,612.86 | 84,443,994.55 |
| 2-3 years | 18,054,956.31 | 80,132,381.57 |
| 3-4 years | 20,197,637.62 | 39,786,218.32 |
| 4-5 years | 16,091,586.57 | 11,974,779.96 |
| Above 5 years | 10,973,652.90 | 21,292,102.43 |
| Subtotal | 212,358,638.42 | 384,409,870.38 |
| Less: bad debt provision | 21,934,498.76 | 41,181,390.73 |
| Total | 190,424,139.66 | 343,228,479.65 |

1. Accounts receivables by bad debt provision method

| Items | 2022.12.31 | | | | | 2021.12.31 | | | | |
|------------------------------------|----------------|----------------|--------------------|--------------------------|----------------|----------------|----------------|--------------------|-------------------------|----------------|
| | Ending balance | | Bad-debt provision | | Book value | Ending balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Provision proportion (%) | | Amount | Proportion (%) | Amount | Provision proportion(%) | |
| Provision for bad debt by grouping | 212,358,638.42 | 100.00 | 21,934,498.76 | 10.33 | 190,424,139.66 | 384,409,870.38 | 100.00 | 41,181,390.73 | 10.71 | 343,228,479.65 |
| Of which: | | | | | | | | | | |
| Grouping of expected credit loss | 80,656,354.24 | 37.98 | 21,934,498.76 | 27.20 | 58,721,855.48 | 177,563,953.51 | 46.19 | 41,181,390.73 | 23.19 | 136,382,562.78 |
| Grouping of related parties | 131,702,284.18 | 62.02 | | | 131,702,284.18 | 206,845,916.87 | 53.81 | | | 206,845,916.87 |
| Total | 212,358,638.42 | 100.00 | 21,934,498.76 | | 190,424,139.66 | 384,409,870.38 | 100.00 | 41,181,390.73 | | 343,228,479.65 |

Provision for bad debt on grouping basis:**Items of bad debt provided on grouping basis:**

| Ageing | 2022.12.31 | | |
|---------------|----------------------|-------------------------|---------------|
| | Accounts receivables | Provision for bad debts | Percentage(%) |
| Within 1 year | 31,077,209.96 | 155,386.05 | 0.50 |
| 1-2 years | 13,554,979.60 | 1,355,497.96 | 10.00 |
| 2-3years | 7,810,124.13 | 1,562,024.83 | 20.00 |
| 3-4years | 3,661,284.03 | 1,098,385.21 | 30.00 |
| 4-5years | 13,579,103.62 | 6,789,551.81 | 50.00 |
| Above 5 years | 10,973,652.90 | 10,973,652.90 | 100.00 |
| Total | 80,656,354.24 | 21,934,498.76 | |

2. Provision, reversal or recovery, and offset or written-off of bad debts during the reporting periods

| Items | Opening balance | Amount of changes | | | Closing balance |
|----------------------|-----------------|-------------------|-----------------------|-----------------------|-----------------|
| | | Provision accrued | Recovered or reversed | Offset or written off | |
| Expected credit loss | 41,181,390.73 | 620,836.56 | | 19,867,728.53 | 21,934,498.76 |
| Total | 41,181,390.73 | 620,836.56 | | 19,867,728.53 | 21,934,498.76 |

3. Accounts receivables actually written off during reporting periods

| Items | Amount written off |
|----------------------------------|--------------------|
| Accounts receivables written off | 19,867,728.53 |

4. Top five accounts receivables by debtors

The aggregate amount of the top five accounts receivable with closing balance grouped by party in default was RMB108,109,855.74, representing 50.91% of the total closing balance of accounts receivable, and the corresponding aggregate amount of the closing balance of provision for bad debts was RMB0.

(3).Receivable financing**1.Receivable financing**

| Item | 2022.12.31 | 2021.12.31 |
|-------------------|------------|--------------|
| Notes receivables | 466,906.50 | 4,024,270.06 |
| Total | 466,906.50 | 4,024,270.06 |

(4)Other receivables

| Item | 2022.12.31 | 2021.12.31 |
|-------------------|------------------|----------------|
| Other receivables | 1,738,194,238.89 | 729,429,377.06 |
| Total | 1,738,194,238.89 | 729,429,377.06 |

(1) Disclosed by ageing

| Ageing | 2022.12.31 | 2021.12.31 |
|-------------------------|------------------|----------------|
| Within 1 year | 1,160,055,161.45 | 234,301,260.03 |
| 1-2 years | 152,379,589.05 | 116,139,124.21 |
| 2-3years | 56,689,973.09 | 331,067,485.28 |
| 3-4years | 331,061,164.80 | 156,426,345.47 |
| 4-5years | 156,416,345.47 | 25,347,364.58 |
| Above 5 years | 19,256,419.88 | 484,814.25 |
| Subtotal | 1,875,858,653.74 | 863,766,393.82 |
| Less:bad debt provision | 137,664,414.85 | 134,337,016.76 |
| Total | 1,738,194,238.89 | 729,429,377.06 |

(2) Other receivables disclosed by bad debt provision method:

| Items | 2022.12.31 | | | | | 2021.12.31 | | | | |
|--|------------------|---------------|--------------------|---------------|------------------|----------------|---------------|--------------------|---------------|----------------|
| | Ending balance | | Bad debt provision | | Book value | Ending balance | | Bad debt provision | | Book value |
| | Amount | Proportion(%) | Amount | Proportion(%) | | Amount | Proportion(%) | Amount | Proportion(%) | |
| Bad debt provision for individuals | 129,805,890.71 | 6.92 | 129,805,890.71 | 100.00 | | 129,805,890.71 | 15.03 | 129,805,890.71 | 100.00 | |
| Provision for bad debt on grouping basis | 1,746,052,763.03 | 93.08 | 7,858,524.14 | 0.45 | 1,738,194,238.89 | 733,960,503.11 | 84.97 | 4,531,126.05 | 0.62 | 729,429,377.06 |
| Of which: | | | | | | | | | | |
| Grouping of expected credit loss | 47,832,872.17 | 2.55 | 7,858,524.14 | 16.43 | 39,974,348.03 | 95,950,384.83 | 11.11 | 4,531,126.05 | 4.72 | 91,419,258.78 |
| Grouping of related parties | 1,698,219,890.86 | 90.53 | | | 1,698,219,890.86 | 638,010,118.28 | 73.86 | | | 638,010,118.28 |
| Total | 1,875,858,653.74 | 100.00 | 137,664,414.85 | | 1,738,194,238.89 | 863,766,393.82 | 100.00 | 134,337,016.76 | | 729,429,377.06 |

Bad debt provision for individuals:

| Items | 2022.12.31 | | | |
|---|----------------|--------------------|----------------------------|-----------------------------|
| | Ending balance | Bad debt provision | Proportion of provision(%) | Consideration for provision |
| Beijing Bound-Assegai Technical and Trade Co., Ltd. | 127,799,293.21 | 127,799,293.21 | 100.00 | Expected unable to recover |
| Beijing Yalian Yashijie Technology Trade Co., Ltd. | 2,006,597.50 | 2,006,597.50 | 100.00 | Expected unable to recover |
| Total | 129,805,890.71 | 129,805,890.71 | | |

Provision for bad debt on grouping basis:**Items of bad debt provided on grouping basis:**

| Item | 2022.12.31 | | |
|----------------------------------|-------------------|--------------------|-----------------------------|
| | Other receivables | Bad debt provision | Proportion of provision (%) |
| Grouping of expected credit loss | 47,832,872.17 | 7,858,524.14 | 16.43 |
| Grouping of related parties | 1,698,219,890.86 | | |
| Total | 1,746,052,763.03 | 7,858,524.14 | |

(3) Condition of bad debt provision

| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
|--------------------------------|---------------------------------|--|---|----------------|
| | 12-month expected credit losses | Lifetime expected credit losses(No credit impairment occurred) | Lifetime expected credit losses(Credit impairment has occurred) | |
| Opening balance | 4,531,126.05 | | 129,805,890.71 | 134,337,016.76 |
| Closing balance | | | | |
| --Transfer to stage 2 | | | | |
| --Transfer to stage 3 | | | | |
| --Reverse back stage 2 | | | | |
| --Reverse back stage 1 | | | | |
| Accrual during the period | 3,327,398.09 | | | 3,327,398.09 |
| Reverse during the period | | | | |
| Write-off during the period | | | | |
| Cancellation during the period | | | | |
| Other changes | | | | |
| Closing balance | 7,858,524.14 | | 129,805,890.71 | 137,664,414.85 |

(4) Bad debt for provision, reverse and recover during reporting period

| Items | 2021.12.31 | Amount of changes | | | 2022.12.31 |
|-------|------------|-------------------|---------------------|-----------|------------|
| | | Accrual | Reverse and recover | Write-off | |
| | | | | | |

| Items | 2021.12.31 | Amount of changes | | | 2022.12.31 |
|----------------------------------|----------------|-------------------|---------------------|-----------|----------------|
| | | Accrual | Reverse and recover | Write-off | |
| Grouping of expected credit loss | 4,531,126.05 | 3,327,398.09 | | | 7,858,524.14 |
| Provision on individual basis | 129,805,890.71 | | | | 129,805,890.71 |
| Total | 134,337,016.76 | 3,327,398.09 | | | 137,664,414.85 |

(5) Other receivables disclosed by nature of accounts

| Nature of accounts | 2022.12.31 | 2021.12.31 |
|--------------------|------------------|----------------|
| Current accounts | 1,867,279,388.18 | 857,228,790.24 |
| Reserve fund | 7,360,695.08 | 5,322,133.10 |
| Others | 1,218,570.48 | 1,215,470.48 |
| Total | 1,875,858,653.74 | 863,766,393.82 |

(6) Top five debtors' ending balance of other receivables

The aggregate amount of the top five other receivables with ending balances grouped by party in arrears was 1,339,686,207.65, accounting for 71.42% of the total ending balance of other receivables, and the corresponding aggregate amount of the ending balance of provision for bad debts was 127,799,293.21

(5) Long-term equity investments

| Items | 2022.12.31 | | | 2021.12.31 | | |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Ending balance | Provision for impairment | Carrying value | Ending balance | Provision for impairment | Carrying value |
| Investments in subsidiaries | 8,504,499,183.30 | | 8,504,499,183.30 | 8,493,475,819.32 | | 8,493,475,819.32 |
| Investments in Joint venture and associates | 1,048,606,701.14 | 138,024,410.41 | 910,582,290.73 | 907,924,223.93 | 138,024,410.41 | 769,899,813.52 |
| Total | 9,553,105,884.44 | 138,024,410.41 | 9,415,081,474.03 | 9,401,400,043.25 | 138,024,410.41 | 9,263,375,632.84 |

1. Investments in subsidiaries

| Entities | 2021.12.31 | Increase during the period | Decrease during the period | 2022.12.31 | Accrual for impairment during the period | Provision for impairment at the end of the period |
|---|------------------|----------------------------|----------------------------|------------------|--|---|
| Zhejiang Lepu Pharmaceutical Co., Ltd | 1,665,572,597.31 | | | 1,665,572,597.31 | | |
| Lepu Pharmaceutical Co., Ltd | 1,090,666,543.10 | | | 1,090,666,543.10 | | |
| Ningbo Binkun Investment Holding Co., Ltd | 992,240,136.26 | | | 992,240,136.26 | | |
| Lepu (Shenzhen) International Development Center Co., Ltd | 800,000,000.00 | | | 800,000,000.00 | | |
| LP Chemicals (Europe) | 721,509,647.49 | | | 721,509,647.49 | | |
| Shanghai Lepu Yunzhi Technology Co., Ltd | 475,940,146.36 | | | 475,940,146.36 | | |
| Liaoning Boao Biopharmaceutical Co., Ltd | 337,563,293.88 | | | 337,563,293.88 | | |
| LP (Shenzhen) Financial Holding Co., Ltd | 286,000,000.00 | | 286,000,000.00 | | | |
| Beijing Huake Chuangzhi Health Technology Co., Ltd | 252,906,505.79 | | | 252,906,505.79 | | |
| LP Medical Electronic Instrument Co., Ltd | 230,042,742.25 | | | 230,042,742.25 | | |
| Beijing Sida Medical Device Co., Ltd | 173,000,000.00 | | | 173,000,000.00 | | |
| LOPE Hearttech Medical Technology (Shanghai) Co., Ltd | 162,071,500.00 | | | 162,071,500.00 | | |
| Suzhou Bosimax Medical Technology Co., Ltd | 138,178,603.00 | 116,455,745.00 | | 254,634,348.00 | | |
| Beijing Haihetian Technology Development Co., Ltd | 120,651,729.40 | | | 120,651,729.40 | | |
| Tibet Sky Dome Technology Development Co., Ltd | 108,107,172.36 | | | 108,107,172.36 | | |
| Anhui High-tech Cardiovascular and Cerebrovascular Hospital Management Co., Ltd | 107,450,000.00 | | | 107,450,000.00 | | |
| Beijing Lejian Medical Investment Co., Ltd | 97,425,000.00 | | | 97,425,000.00 | | |
| Aunor (Qingdao) Pharmaceutical Co., Ltd | 70,000,000.00 | | | 70,000,000.00 | | |
| Beijing Lepu Nursing Health Hall Network Technology Co., Ltd | 65,000,000.00 | | | 65,000,000.00 | | |
| Lepu (Beijing) Medical Equipment Co., Ltd | 63,567,691.02 | | | 63,567,691.02 | | |

| Entities | 2021.12.31 | Increase during the period | Decrease during the period | 2022.12.31 | Accrual for impairment during the period | Provision for impairment at the end of the period |
|---|---------------|----------------------------|----------------------------|----------------|--|---|
| Shaanxi Xingtai Biotechnology Co., Ltd | 59,358,059.71 | | | 59,358,059.71 | | |
| Xiangcheng Lepu Hospital Management Co., Ltd | 56,330,000.00 | | | 56,330,000.00 | | |
| Shenzhen Lepu Intelligent Medical Equipment Co., Ltd | 50,000,000.00 | | | 50,000,000.00 | | |
| Beijing Tiandi Hexie Technology Co., Ltd | 45,421,065.51 | | | 45,421,065.51 | | |
| Beijing Lepu Gene Technology Co., Ltd | 42,917,466.66 | | | 42,917,466.66 | | |
| Beijing Jinweijie Technology Development Co., Ltd | 36,428,571.43 | | | 36,428,571.43 | | |
| Beijing Lepu Concentric Technology Co., Ltd | 33,000,000.00 | | | 33,000,000.00 | | |
| LEPRO Rui Kang (Shanghai) Intelligent Technology Co., Ltd | 32,500,000.00 | 23,100,000.00 | | 55,600,000.00 | | |
| LEPRO (Shenzhen) Medical Technology Co., Ltd | 30,000,000.00 | | | 30,000,000.00 | | |
| Beijing Lepu Diagnostic Technology Co., Ltd | 30,000,000.00 | | | 30,000,000.00 | | |
| Shenzhen Zhongke Lepu Medical Technology Co., Ltd | 22,750,000.00 | | | 22,750,000.00 | | |
| Beijing Rexiang Taikang Technology Co., Ltd | 21,527,347.79 | | | 21,527,347.79 | | |
| LP CleanTech Digital Technology (Shanghai) Co., Ltd | 20,000,000.00 | | | 20,000,000.00 | | |
| Shenzhen Puhui Medical Technology Co., Ltd | 17,700,000.00 | | | 17,700,000.00 | | |
| Lepu Youkang (Beijing) Medical Technology Co., Ltd | 15,500,000.00 | 84,500,000.00 | | 100,000,000.00 | | |
| Tianjin Yuhengjia Medical Technology Co., Ltd | 7,000,000.00 | | | 7,000,000.00 | | |
| Beijing LOPE Growth Investment Management Co., Ltd | 6,350,000.00 | | | 6,350,000.00 | | |
| LOPE International Holdings (Shenzhen) Co., Ltd | 3,500,000.00 | | | 3,500,000.00 | | |
| Yinchuan Lepu Internet Hospital Co., Ltd | 2,000,000.00 | 600,000.00 | | 2,600,000.00 | | |
| Beijing Guomei Health Technology Co., Ltd | 2,000,000.00 | | | 2,000,000.00 | | |
| Beijing LOPE Precision Medical Technology Co., Ltd | 1,000,000.00 | | | 1,000,000.00 | | |

| Entities | 2021.12.31 | Increase during the period | Decrease during the period | 2022.12.31 | Accrual for impairment during the period | Provision for impairment at the end of the period |
|---|------------------|----------------------------|----------------------------|------------------|--|---|
| Lepu (Shenzhen) Surgical Medical Devices Co., Ltd | 300,000.00 | | | 300,000.00 | | |
| Sichuan Xingtai Pu Le Medical Technology Co., Ltd | | 59,267,618.98 | | 59,267,618.98 | | |
| LP Rui Kang (Beijing) Senior Care Service Management Co., Ltd | | 10,000,000.00 | | 10,000,000.00 | | |
| Lepu Jiansui Pharmaceutical (Chongqing) Co., Ltd | | 3,000,000.00 | | 3,000,000.00 | | |
| Beijing LeDuPuKang Medical Technology Co., Ltd | | 100,000.00 | | 100,000.00 | | |
| Total | 8,493,475,819.32 | 297,023,363.98 | 286,000,000.00 | 8,504,499,183.30 | | |

2. Investments in Joint Ventures and Associates

| Entities | 2021.12.31 | Amount of changes | | | | | | | | 2022.12.31 | Provision of impairment at the end of the period | |
|---|----------------|-----------------------------|------------------------------|---|---|-------------------------|---|-------------------------------------|--------|------------|--|----------------|
| | | Additions during the period | Reductions during the period | Investment profit and loss recognized through equity-method | Adjustment for other comprehensive income | Other changes in equity | Declaration of cash dividends or profit distributions | Accrual for provision of impairment | Others | | | |
| 2.Associates | | | | | | | | | | | | |
| Beijing Yudingzengcai Manufacturing research Institute Co., Ltd. | 70,603,359.93 | | | 2,302,151.02 | | | | | | | 72,905,510.95 | |
| Xian Chaoqian Intelligent Technology Co., Ltd. | 45,949,369.07 | | | -2,042,323.60 | | | | | | | 43,907,045.47 | |
| Beijing Haijingge Pharmaceutical Science and Technology Co., Ltd. | 111,504,150.74 | | | 11,098,576.96 | | -6,202,760.38 | | | | | 116,399,967.32 | |
| Xinyu bio-tech Co., Ltd. | 24,995,979.78 | 25,000,000.00 | | -106.62 | | | | | | | 49,995,873.16 | |
| Tianjin Weiman Biomaterials Co., Ltd. | 120,804,607.55 | | | 6,017,556.37 | | | | | | | 126,822,163.92 | |
| Shenzhen Born Medical Equipment Co., Ltd. | 43,379,894.95 | | | -2,801,194.79 | | | | | | | 40,578,700.16 | |
| Hunan Pinxin Biological Engineering Co., Ltd. | 55,485,412.15 | 30,000,000.00 | | -1,994,313.35 | | | | | | | 83,491,098.80 | |
| Beijing Ya Lian Badeke Trade | 138,024,410.41 | | | | | | | | | | 138,024,410.41 | 138,024,410.41 |

| Entities | 2021.12.31 | Amount of changes | | | | | | | 2022.12.31 | Provision of impairment at the end of the period | |
|---|----------------|-----------------------------|------------------------------|---|---|-------------------------|---|-------------------------------------|------------|--|----------------|
| | | Additions during the period | Reductions during the period | Investment profit and loss recognized through equity-method | Adjustment for other comprehensive income | Other changes in equity | Declaration of cash dividends or profit distributions | Accrual for provision of impairment | | | Others |
| Co., Ltd. | | | | | | | | | | | |
| Beijing Kuai Sur Medical Technology Co., Ltd. | 59,660,702.26 | | | -5,890,484.13 | | | | | | 53,770,218.13 | |
| Sichuan Ruijian Medical Technology Co., Ltd. | 103,966,766.69 | | | 16,154,534.23 | | | | | | 120,121,300.92 | |
| Lepu Biotechnology Co., Ltd. | 123,085,543.37 | | | -94,925,717.02 | 15,124.10 | 94,148,209.54 | | | | 122,323,159.99 | |
| Beijing Purun Medical Instrument Co., Ltd. | 10,464,027.03 | | | 360,676.64 | | | | | | 10,824,703.67 | |
| Shenzhen Ruihan Medical Technology Co., Ltd. | | 72,611,914.00 | | -8,169,365.76 | | | | | | 64,442,548.24 | |
| Beijing Yuewei Medical Technology Co., Ltd. | | 5,000,000.00 | | | | | | | | 5,000,000.00 | |
| Subtotal | 907,924,223.93 | 132,611,914.00 | | -79,890,010.05 | 15,124.10 | 87,945,449.16 | | | | 1,048,606,701.14 | 138,024,410.41 |
| Total | 907,924,223.93 | 132,611,914.00 | | -79,890,010.05 | 15,124.10 | 87,945,449.16 | | | | 1,048,606,701.14 | 138,024,410.41 |

(6) Operating revenue and operating cost**Breakdown of operating revenue and operating cost**

| Item | 2022 | | 2021 | |
|--------------------|------------------|----------------|------------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| Principal business | 1,409,390,257.58 | 408,354,767.52 | 1,076,343,015.13 | 336,815,308.31 |
| Other businesses | 108,860,131.41 | 89,066,564.41 | 135,101,083.03 | 96,649,541.97 |
| Total | 1,518,250,388.99 | 497,421,331.93 | 1,211,444,098.16 | 433,464,850.28 |

(7) Investment income

| Item | 2022 | 2021 |
|---|----------------|------------------|
| Income of investment in long-term equity accounted under equity method | -79,890,010.05 | -144,846,560.15 |
| Investment gains from disposal of long-term equity investments | -8,843,177.02 | |
| Dividends income acquired during the other equity instruments investment holding period | 1,970,852.84 | 67,132.09 |
| Investment income received from investments in other equity instruments during holding period | 1,100,000.00 | |
| Income of investment from disposal of other non-current financial assets | | -297,809,977.57 |
| Income of investment from disposal of investment in long-term equity | 593,250,000.00 | 2,254,400,527.88 |
| Total | 507,587,665.77 | 1,811,811,122.25 |

XVI. Supplementary information**(1) Breakdown of non-recurring gains and losses for the year**

| Item | Amount | Note |
|--|---------------|------|
| Gain or loss on disposal of non-current assets | -1,694,795.18 | |
| Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature | | |
| Government grants included in current profit or loss (other than ongoing government grants which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits and conditions) | 81,649,266.12 | |
| Capital occupation fee received from non-financial entities included in current profit or loss | | |
| Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures | | |
| Gain or loss on exchange of non-monetary assets | | |
| Gain or loss on entrusted investments or assets under management | | |
| Provision for impairment on assets due to force majeure events, such | | |

| Item | Amount | Note |
|---|----------------|------|
| as natural disasters | | |
| Gain or loss on debt restructuring | | |
| Corporate restructuring costs, such as employee redundancy pay and integration costs | | |
| Profit or loss from transactions with obviously unfair transaction price for amount which exceeds fair value | | |
| Net gains or losses of subsidiaries for the current year from the beginning of the period to the date of combination arising from business combination under common control | | |
| Gain or loss on other contingencies which are not related to the Company's normal operations | | |
| Gain or loss on changes in fair value of financial assets held-for-trading derivative financial assets financial liabilities held-for-trading and derivative financial liabilities, and investment income from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities and other debt investments, except for effective hedging transactions that are closely related to the Company's normal operation | 19,918,810.38 | |
| Reversal of the provision for impairment of receivables which are tested individually for impairment | | |
| Gains or losses from entrusted loans | | |
| Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement | | |
| Effect of one-time adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss | | |
| Entrusted fee income from entrusted operations | | |
| Other non-operating income and expenses apart from the aforesaid items | -16,299,582.96 | |
| Other gain or loss items meeting the definition of non-recurring gains or losses | -7,273,004.87 | |
| Sub-total | 76,300,693.49 | |
| Effect of income tax | -12,060,096.78 | |
| Effect of minority interests (after tax) | -3,917,664.72 | |
| Total | 60,322,931.99 | |

(2) Returns on net assets and earnings per share

| Profits for the reporting period Profits for the reporting period | Weighted average return on equity (%) | Earnings per share (RMB) | |
|--|---------------------------------------|--------------------------|----------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Net profit attributable to ordinary shareholders of the Company | 17.60 | 1.2223 | 1.2124 |
| Net profit attributable to ordinary shareholders of the Company, net of non-recurring gains and losses | 17.11 | 1.1888 | 1.1800 |

Lepu Medical Technology (Beijing) Co., Ltd

Chairman: Pu Zhongjie

April 25, 2023