

Lepu Medical Technology (Beijing) Co., Ltd.

2023 Annual Report

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 Shenzhen Stock Exchange in all material aspects.

I. Important notice

The Annual Report summary is sourced from the full text of the Annual Report. In order to gain a comprehensive understanding of operational achievements, financial status and future development planning of the Company, investors shall carefully read the full text of the Annual Report through the media specified by the China Securities Regulatory Commission.

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:

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 2023, after the repurchased shares are deducted, a cash dividend

of RMB 3.3141 (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 profit distribution plan in this reporting period approved by the Board of Directors

☐ Applicable ☐ Not applicable

II. Basic information of the Company

1. Company profile

Stock abbreviation:	Lepu Medical	Stock code	300003
Stock rxchange	Shenzhen Stock Exchange		
Contact person and information	Secretary of the Board of Directors	Securities affairs representative	
Name	JIANG Weinan		
Office address	No. 37 Chaoqian Road, Changping District, Beijing		
Fax	010-80120776		
Tel.	010-80120622		
E-mail	zqb@lepumedical.com		

2. Brief introduction to main businesses or products in the report period

1. Main business

As a whole life-cycle solution provider in the field of cardiovascular diseases, the Company practices "innovation, consumption and internationalization", and its business sectors are divided into medical devices, pharmaceuticals, medical services and health management.

In terms of innovation, the Company continues to invest in R&D, and promotes the R&D of innovative products involving medical devices, especially cardiovascular intervention. As of the disclosure date of the report, important products in the R&D pipeline were approved as scheduled.

In Sept. 2023, MemoSorb® biodegradable patent foramen ovale occluder was approved, it is the first egradable patent foramen ovale occluder in the world. In Jan. 2024, disposable intracoronary shock wave catheter/equipment was approved. This product mainly destroys superficial and deep

calcification efficiently and safely by providing unfocused, circumferential and pulsed mechanical energy to the lesion when the balloon expands at low pressure, and causes multiple and tiny fractures of calcified plaques from the inside of the calcified lesion to make the calcified plaques loose without affecting the integrity of the intima of the blood vessel, thus achieving the effect of modifying calcified plaques, expanding the lumen area and improving the vascular compliance, and providing a brand-new choice for the treatment of coronary artery calcified lesions. In Jan. 2024, the coronary mastoid process balloon dilating catheter was approved. This product is one of the important means to dilate the narrow part of coronary artery. Rows of mastoid protrusions are distributed on its surface. These mastoid protrusions can fracture hard plaque when expanding at high pressure, and stay in the corresponding position stably during expansion to avoid sliding. After the stent is placed, the special structure of mastoid process balloon can make the stent form a good adhesion to the wall, thus improving the therapeutic effect. As of the disclosure date of the report, the R&D of the Company's important innovative products is progressing smoothly. In the future, the Company will continue to adhere to independent innovation, continue to promote the R&D of innovative products involving medical devices, especially cardiovascular intervention, and gradually realize the commercialization of related products to drive performance growth.

Commercialization estimation of important innovative products in the R&D pipeline by annual

	2024	2025	2026
Coronary intervention	☆ Intracoronary shock wave catheter/equipment	☆ Rapamycin infusion system	☆ Intra vascular ultrasound
		Rapamycin-coated balloon	Cutting balloon
			Mastoid process drug-coated balloon
			Pulsed sonic balloon

			(coronary artery)
Peripheral intervention	Large cutting balloon	☆ Vasodilator administration system	☆ Bioabsorbable drug eluting stent
	☆ Intracoronary shock wave catheter/equipment	☆ Rapamycin drug-coated balloon	
	Above-the-knee PTA drug-coated balloon, below-the-knee PTA drug-coated balloon	Spot stent	
Structural heart disease	Biodegradable ASD occluder	Transapical mitral valve clip repair system (chordae tendineae)	Biodegradable left atrial appendage occluder
	☆ Transcatheter aortic valve replacement TAVR	☆ Transapical mitral valve clip repair system	Transfemoral mitral valve clip repair system
	☆ Radiofrequency septal puncture needle and device		
CRM Electrophysiology		☆ Frozen balloon system/catheter	☆ Ultrasonic ablation catheter and device for renal artery
		MRI compatible pacemaker	☆ Electric field ablation catheter and device
Heart failure		☆ Implantable cardiac contractility modulator	☆ Implantable resynchronization therapy pacemaker
			Left atrium assist device
Others	☆ AI CGM (implantable) NeoGlu® AI blood glucose meter		

Notes: The above-mentioned important innovative products will contribute to the increase of operating income

In terms of consumption, the Company continues to expand the sales channels of ophthalmology, dentistry and dermatology products, and further promotes the R&D of new products as shown in the following table. The VENTURA orthokeratology lenses independently developed by the Company adopts the patented STD optical design system independently developed by the Company, including the aspheric design in BC area, unique buffer arc and AC linear design, making more secure myopia control effects, better lens positioning, more sufficient tear exchange and lower spotting incidence, making cornea healthier. In the first year of commercialization, the Company's orthokeratology lens products have achieved good commercial development, laying a solid foundation for the future development of ophthalmology business. During the reporting period, as shown in the following table, 6 dermatological products of the Company advanced to the clinical stage, 5 ophthalmic products obtained certificates, 2 ophthalmic products were under declaration and registration, and 3 ophthalmic products entered the clinic.

Type	Name	Stage	Expected time of certificate obtaining
Ophthalmology Department	Orthokeratology lenses (Ventura)	Approved	/
	Rigid gas permeable contact lens (Ventura)	Approved	/
	Soft hydrophilic contact lens (daily disposable)	Approved	/
	Soft hydrophilic contact lens (monthly disposable)	Approved	/
	Rigid gas permeable contact lens (Xingtai)	Approved	/
	Multifunctional care solution for rigid gas contact lens	Declaration and registration	2024Q2
	Protein remover	Declaration and registration	2024Q2
	Orthokeratology lenses (Xingtai)	Clinical	2024Q4
	High myopia degree contact lens	Clinical	2025Q4

	Multi-focus artificial lens	Clinical	2026Q3
Dermatology Department	Modified sodium hyaluronate solution for injection	Clinical	2024Q4
	Polylactic acid dermis injection filling agent	Clinical	2025Q2
	Modified sodium hyaluronate complex solution for injection	Clinical	2025Q3
	Cross-linked sodium hyaluronic acid gel for injection	Clinical	2025Q3
	Cross-linked sodium hyaluronic acid gel with poly-L-lactic acid	Clinical	2026Q3
	Cross-linked sodium hyaluronate acid gel with polycaprolactone microsphere	Clinical	2027Q4
Dental Department	U-shaped silicone teether	Declaration and registration	2023Q3
	Standard orthodontic metal bracket	Type inspection	2024Q1
	Digital indirect bonding guide	Development	2024Q1
	Muscle function appliance	Bioassay	2024Q1
	Double-layer TPU appliance	Development	2024Q2
	Double-layer TPU diaphragm/single-layer TPU diaphragm	Development	2024Q2

In terms of internationalization, at present, many products of the Company have obtained CE and FDA certification, involving a series of products, including vascular access, occluder, in vitro diagnosis, surgical anesthesia and monitoring, etc. By the end of the reporting period, the Company has achieved 243 EU CE certifications for medical device products. The Company has a wide range of overseas channels and has established extensive sales networks in more than 160 countries and regions, including Asia, Europe, North America and the Middle East, etc. Through flexible channel sales and diversified product portfolio strategy, the Company is expected to achieve rapid growth in overseas business. During the reporting period, the Company actively

participated in various overseas industry academic conferences and medical device exhibitions, increased exchanges and cooperation with global distributors and academic experts by introducing the latest products and technical achievements of the Company, enhanced the reputation of the Company's products, and continued to promote the growth of overseas sales performance of products with excellent product performance and perfect service system. At present, the Company is building capacity in Malaysia, laying a solid foundation for radiating the surrounding markets in Malaysia and Southeast Asia in the future.

(1) Medical device

The medical device sector is the largest income sector of our business, the segmented business sector includes cardiovascular intervention, in vitro diagnosis and surgical anesthesia, among which cardiovascular intervention is the core business sector of us. As of the end of the report period, the Company had obtained 609 NMPA type II and type III licenses, 243 CE certificates and 33 FDA approvals in medical devices.

Cardiovascular intervention: The Company is deeply involved in this field, especially in the fields of coronary artery and structural heart disease, with mature commercial products and abundant pipelines under research, and constantly promotes the R&D of products in the fields of peripheral intervention, cardiac rhythm management, electrophysiology, neuromodulation and heart failure, etc.

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, bioabsorbable stents and drug-coated balloons. The Company is one of the leading enterprises in the field of coronary intervention in China, insisting on

independent innovation, combining with clinical needs, continuously promoting the R&D of new products and popularizing the concept of "intervention without implantation". As of the disclosure date of the report, the Company's newly approved products in the field of coronary artery include software for calculating the fractional flow reserve of coronary angiography images, coronary artery balloon dilating catheter, coronary mastoid process balloon dilating catheter and disposable intracoronary shock wave catheter/equipment, etc. These products provide new assistance in image evaluation, interventional therapy and calcification treatment, etc., and promote the innovative development of percutaneous coronary intervention therapy in China.

In the field of structural heart disease, our existing commercial products are mainly occluders, including cardiac occluders and cardiac stroke occluder for preventions. In the field of congenital catheter, 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 the field of cardiac stroke occluder for prevention, MemoSorb® biodegradable patent foramen ovale occluder was approved in Sept. 2023, it is the world's first degradable PFO occluder. This product is made of biomedical polymer material, serving as a temporary bridge after being implanted into human body, guiding autologous tissue to be biorepaired, and then gradually degrading into carbon dioxide and water to be excreted, and realizing "implantation without residue" while successfully closing the foramen ovale. This product can avoid the risk of complications caused by the metal occluder left in the body for life, effectively reduce the incidence of cardiogenic stroke, relieve symptoms, including migraine and dizziness, etc., and also leave a safe passage for interventional

therapy of septal puncture, etc. in the future, bringing long-term health benefits to patients and improve their quality of life.

In other cardiovascular segmentation s, such as peripheral intervention, as of the disclosure date of the report, the certificate for rapid thrombus aspiration equipment has successfully obtained.

Table. Main Approved Products for Cardiovascular Intervention of the Company

Main category	Segmentation type	Product name	Type
Coronary intervention	Stent	Partner ® intra vascular drug (rapamycin) eluting stent	Class III
		Nano plus ® intra vascular carrier-free pastille (rapamycin) eluting stent	Class III
		GuReater ® cobalt-base alloy rapamycin eluting stent	Class III
		NeoVas ® bioabsorbable coronary artery rapamycin eluting stent	Class III
	Drug-coated balloon	Vesselin ® coronary artery drug-coated balloon catheter	Class III
		Vitality mini ® coronary artery drug-coated balloon dilating catheter	Class III
	Functional balloon	Vesscide ® cutting balloon system	Class III
		VessCrack™ disposable intracoronary shock wave catheter/equipment	Class III
		Vesspebble™ coronary mastoid process balloon dilating catheter	Class III
	Diagnostic category	Fractional Flow Reserve (FFR) measurement catheter	Class III
		VessTec™ disposable microcatheter	Class III
	Vascular access category	Guidewire/catheter/disposable intervention accessories/PTCA balloon dilating catheter, etc.	
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
		MemoSorb® biodegradable patent foramen ovale occluder	Class III
Cardiac rhythm management	Pacemaker	Qinming2312 single chamber pacemaker	Class III
		Qinming8631 D/DR Series double chamber pacemaker	Class III
Peripheral intervention	Balloon	Peripheral cutting balloon	Class III
		FLOWCROSS® disposable microcatheter	Class III
		PTA balloon dilating catheter	Class III
	Volume reduction category	Rapid thrombus aspiration equipment	Class II
	Guidewire	Hydrophilic guidewire	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-CV400/CV100 medical angiographic X-ray system	Class III
		Vicor-LARK mobile C-shaped arm X-ray machine	Class II
	Medical image process system	Software for calculating the fractional flow reserve of coronary angiography images	Class III

The Company continues to promote the R&D in the field of cardiovascular intervention. As of the disclosure date of the report, in the field of coronary intervention, the anchoring balloon has entered the stage of registration correction, and the coronary sinus pulse balloon and rapamycin drug perfusion system have entered clinical trials.

Type	Product	Research and development	Preclinical	Clinical	Declaration and registration	Expected approval date
Functional balloon	Mastoid process balloon	√	√	√	√	2025Q2
	Anchoring balloon	√	√	√		2024Q3
	Mastoid process drug-coated balloon	√				2026Q1
	Cutting balloon	√				2026Q1
	Pulsed sonic balloon (coronary artery)	√	√	√		2026Q3
Drug-coated balloon	☆ Rapamycin infusion system	√	√	√		2025Q2
Intra vascular measurement	☆ Intravascular ultrasound (IVUS)	√				2025Q4
	Pressure sensor system	√				2025Q4

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

As of the disclosure date of the report, in the field of structural heart disease, MemoSorb® biodegradable atrial septal defect occluder has been submitted for registration in Jun. 2023, and Bio-Lefort® biodegradable left atrial appendage occluder has officially entered the multi-center clinical trial. Application for registration of ScienCrown® transcatheter aortic valve replacement TAVR has been submitted at the end of 2023. As a short stent self-expanding valve, ScienCrown® valve has the advantages of smooth pre-bending, coaxial release, stable deployment, good supporting force, and 100% total recovery, etc. in the working state of artificial valve, which can solve the pain points of clinical needs and greatly shorten the learning curve of operators. It has been planned that the application for registration of MemoClip-A ® transapical mitral valve clip repair system (clip) would be submitted in the first half year of 2024 to National Medical Products Administration. Septal puncture technology is one of the key technologies in cardiac

interventional therapy. Compared with traditional puncture technology, radiofrequency puncture has a higher success rate and better safety, and the learning curve of the operators is shorter. At present, no radiofrequency puncture products have been approved for sales in China, and the application for registration of RF-Lance® radiofrequency septal puncture system has been submitted.

Type	Product	Research and development	Preclinical	Clinical	Registration and declaration	Expected approval date
Occluder	MemoSorb® biodegradable atrial septal defect occluder	√	√	√	√	2024Q3
	NeoSorb® bioabsorbable patent foramen ovale occluder	√	√	√		2025Q2
	Bio-Lefort® biodegradable left atrial appendage occluder	√	√	√		2025Q3
Aortic Valve	☆ ScienCrown® transcatheter aortic valve replacement TAVR	√	√	√	√	2024Q4
	☆ ScienMelon® transcatheter heart valve prosthesis with macromolecular valve leaflet	√	√			2029Q3
	Transcatheter aortic valve replacement	√	√			2028Q2
	ScienChute® transcatheter aortic valve stenosis treatment	√				2026Q4
	ScienChute® pulsed sonic generation equipment	√				2026Q4
Mitral Valve	☆ MemoClip-A ® transapical mitral valve clip repair system (clip)	√	√	√		2025Q1
	MemoChord® transapical mitral valve clip repair system (chordae tendineae)	√	√	√		2025Q4
	MemoClip-F ® transapical mitral valve clip repair system	√	√			2026Q4
	Transcatheter mitral valve replacement	√	√			2029Q2
Atrial	☆ RF-Lance® radiofrequency puncture	√	√	√	√	2024Q2

septum	instrument					
Puncture	☆ RF-Lance® disposable radiofrequency septal puncture needle	√	√	√	√	2024Q2
	Disposable septal puncture system	√	√	√	√	2024Q2

As of the disclosure date of the report, in other fields of cardiovascular segmentation, such as peripheral intervention, the large cutting balloon and pulsed acoustic balloon, etc., have entered the registration correction stage, spot stent, vasodilator administration system, rapamycin infusion system and peripheral plaque rotational atherectomy system have entered the clinical trial stage, and the thrombus aspiration device has entered the type inspection stage. In the field of cardiac rhythm management, MRI compatible smart pacemaker is currently in clinical follow-up. In the field of electrophysiology, radiofrequency venous cavity closing catheter and device is under declaration and registration, and ultrasonic ablation catheter and device for renal denervation, pulsed electric field ablation catheter and device for atrial fibrillation and frozen balloon catheter and device for atrial fibrillation have entered the clinical trial stage, and transbronchoscopic intracavitary cryocatheter has entered the type inspection stage. In the field of neural regulation, implantable deep brain nerve stimulator (DBS) has been in clinical follow-up. In the field of heart failure, implantable cardiac contractility modulator (CCM) has completed the first clinical selection and started multi-center clinical registration.

Type	Product	Research and development	Preclinical	Clinical	Declaration and registration	Estimated approval date
Peripheral intervention						
Stent	Spot stent	√	√	√		2026Q4
Drug-coated balloon	Above-the-knee PTA drug-coated balloon	√	√	√	√	2024Q2
	Below-the-knee PTA drug-coated balloon	√	√	√		2024Q2

	☆ Vasodilator administration system	√	√	√		2027Q4
	☆ Rapamycin infusion system	√	√	√		2028Q1
	Non-compliance PTA drug-coated balloon catheter (AVF)	√	√	√		2025Q1
Functionality	Large cutting balloon	√	√	√		2024Q3
Balloon	☆ Pulsed sonic balloon	√	√	√		2024Q3
Volume reduction category	Thrombus aspiration device	√				2025Q2
	Water-powered thrombectomy device	√				2027Q1
	Peripheral plaque rotational atherectomy system	√	√	√		2027Q1
	Rapid thrombus aspiration catheter	√	√		√	2024Q3
Electrophysiolog						
Ultrasonic ablation catheter for pulmonary artery denervation	☆ Ultrasonic ablation catheter and device for renal denervation	√	√	√		2026Q4
	Ultrasonic ablation catheter and device for pulmonary artery denervation	√				2027Q2
Radiofrequency ablation	Radiofrequency ablation catheter and device for renal denervation	√	√			2027Q2
	Radiofrequency ablation catheter and device for chronic obstructive pulmonary disease (COPD)	√				2027Q2
	Radiofrequency venous cavity closing catheter and device	√	√	√	√	2024Q4
Pulsed electric field ablation	☆ Pulsed electric field ablation catheter and device for atrial fibrillation	√	√	√		2026Q2
Cryoablation	☆ Frozen balloon catheter and device for atrial fibrillation	√	√	√		2026Q2
	Spray cryocatheter for chronic obstructive pulmonary disease (COPD)	√				2028Q2

	Transbronchoscopic intracavitary cryocatheter	√				2026Q2
Cardiac rhythm management products						
Cardiac rhythm management products	Qinming8632 smart pacemaker	√	√	√		2024Q4
	MRI compatible smart pacemaker	√	√	√		2025Q2
	Implantable cardiac resynchronization defibrillator	√				2027Q4
Neural regulation						
Neural regulation	Implantable deep brain nerve stimulator (DBS)	√	√	√		2025Q4
	Implantable vagus nerve stimulator (VNS)	√	√			2026Q4
	Implantable spinal nerve stimulator	√				2027Q2
Heart failure						
Interatrial shunt device	Interatrial shunt device II (biodegradable)	√	√			2027Q1
	FireyDeva® interatrial shunt device III (Radiofrequency ablation)	√	√			2025Q2
Circular mechanical support	Transcatheter left ventricular assist device	√	√			2027Q4
	Transcatheter left ventricular assist device with a small diameter	√				2027Q2
	Transcatheter left ventricular assist device for protection	√				2027Q2
Others	☆ Implantable resynchronization therapy pacemaker	√				2026Q4
	☆ Implantable cardiac contractility modulator (CCM)	√	√	√		2026Q3

In vitro diagnosis: The diagnostic products of Beijing Lepu, a holding subsidiary, include in vitro diagnostic instruments, equipment and reagent consumables, covering biochemistry, immunity (chemiluminescence), molecule, blood and coagulation, POCT and other segmentations and

important technical platforms. The main products are shown in the following table. In the biochemical field, the products cover the detection of related markers for liver function, kidney function, electrolyte, glucose metabolism, blood lipid and cardiac markers, etc., and continue to promote the integrated automatic assembly line solution of detecting system of high-speed biochemistry and immunity, etc. In the field of immunity, the magnetic particle direct chemiluminescence immunologic platform 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-related markers, and the laid-out detection of Alzheimer's disease markers and new thrombus markers (TAT, PIC and TM, etc.), etc. are also being actively promoted. In the field of coagulation and blood diagnosis, the blood transfusion assembly line supports the port connection of blood type and thromboelastography, providing a fully automatic integrated solution for blood transfusion department.

Classification	Main products
Intellectual laboratory	Automatic pipelined enzyme-linked immunosorbent assay workstation, full-automatic chemiluminescence immune analyzer, automatic fluorescence immunoassay analyzer, automatic sample processing system, automatic biochemical analyzer, medical centrifuge and automatic sample adding system.
Integrated blood transfusion and coagulation	Thromboelastometer, automatic thromboelastometer, automatic platelet aggregometer and automatic blood group analyzer
POCT diagnosis	Fluorescent immunochromatographic analyzer and colloidal gold immunochromatographic analyzer
Home health	Helicobacter pylori antigen detection kit (emulsion method), blood glucose meter, blood glucose ketone body uric acid detector, blood lipid analyzer, blood coagulation analyzer, pulmonary function tester, COVID-19 antigen detection kit (colloidal gold method)
Molecular diagnosis	Automatic medical PCR instrument and automatic nucleic acid extractor

As of the disclosure date of the report, the 2000-speed automatic biochemical analyzer has obtained the registration certificate in Oct. 2023, and the helicobacter pylori antigen detection kit (emulsion method) was approved for sales in Mar. 2024, providing users with more convenient home health detection schemes.

Surgical anesthesia: Changzhou Bingkun, a holding subsidiary, mainly focuses on surgical medical devices and auxiliary anesthesia nursing devices, and has a complete business system integrating R&D, production and sales in related fields. As shown in the following table, the main products include surgical medical instruments, such as open stapler, endoscopic stapler, ultrasonic scalpel equipment and human body cavity expansion products, etc. used in surgery, as well as various auxiliary anesthesia nursing medical instruments, such as central venous catheter kit and invasive medical blood pressure sensor, etc.

At present, many products of the Company have won the bid in the centralized procurement of provincial alliances, and are further exploring commercial sales channels to achieve a steady increase in market share. In the direction of follow-up R&D, Bingkun Medical will continue to actively explore the innovative scene applications of absorbable material technology, biomaterial technology, medicine-machinery combination technology and energy-driven technology, etc. in the field of minimally invasive surgery and auxiliary anesthesia nursing.

	Main category	Sub-category
Surgery department	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/endoscope)	Ultrasonic soft tissue cutting and hemostasis system, disposable 3mm ultrasonic cutting and hemostasis cutter head, disposable 5mm ultrasonic cutting and hemostasis cutter head,
	Auxiliary products	Puncture device, tissue holder, ligature device, fascia closer,

	(open/endoscope)	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.

(2) Pharmaceutical

We are one of the platform companies for cardiovascular disease management in China, and our products mainly include active pharmaceutical ingredients and preparations. At present, a total of 90 drugs of the Company have been included in National Basic Medical Insurance, Work Injury Insurance, and Maternity Insurance Drug Catalogue for the Year 2023. As of the disclosure date of the report, empagliflozin tablets, doxazosin mesylate extended-release tablets, tofacitinib citrate tablets, lovatinib mesylate capsules, rosuvastatin calcium tablets, nifedipine controlled-release tablets, insulin glargine and Oseltamivir phosphate dry suspension were successfully approved for sales, further enriching the Company's business layout in the pharmaceutical sector. In Jan. 2024, clopidogrel bisulfate tablets, atorvastatin calcium tablets and rosuvastatin calcium tablets of the Company have passed the consistency evaluation of generic drug quality and efficacy, and were proposed to win the bid for centralized volume-based procurement of drugs in Guangdong Alliance for Amoxicillin, etc. The active pharmaceutical ingredients of all the above products are self-supplied. The Company's pharmaceutical business is deeply rooted in the OTC market. Based on the strategy of making the retail end bigger and stronger, the Company further promotes the sinking of sales channels and develops new channels for pharmaceutical business in the county market.

During the reporting period, the Company actively deployed innovative cardiovascular drugs, holding Shanghai Minwei Biotechnology. Focusing on cardiovascular, endocrine, metabolic diseases and their complications, this Company has a GPCR agonist screening platform LAGMA and a RAFTTM ultra-long-acting molecular development platform, screening multifunctional macromolecules, prolonging the drug half-life of macromolecules, reducing the frequency of drug use and improving patient compliance. As of the disclosure date of the report, the GLP-1/GCGR/GIP-Fc fusion protein MWN101 independently developed by the Company has entered phase II clinical trials of type II diabetes and obesity, and this product is the first GLP-1 product with three targets of GLP-1/GCGR/GIP-Fc in China.

As of the disclosure date of the report, the bio-similar drug of dulaglutide injection independently developed by the Company is undergoing phase III clinical research, and the indication is type II diabetes; Bio-similar drug of smeglitide has been declared for IND for the treatment of diabetes and obesity; Atropine eye drops for the treatment of myopia in children been approved for clinical and are under phase I clinical study.

(3) Medical service and health management

We provide medical service and health management for cardiovascular diseases through cardiovascular specialist hospitals, medical diagnostic laboratories and medical equipment e-commerce platforms. During the reporting period, the revenue of Hefei Cardiovascular Hospital increased by 43% and the number of operations increased by 33%. The clinical technical team of the hospital takes well-known experts as the core, constantly improves the medical quality and medical service, and builds the competitive advantages of cardiovascular specialty; Relying on the advantages of the Company's cardiovascular platform layout, the cost advantage is obvious; Relying on the Company's cardiovascular intervention R&D layout, a clinical and animal

experimental research base will be built to form scientific research advantages in new technologies, new products and new therapies. In terms of health management, based on Lepu cloud platform, the Company focuses on three major services of medical-grade heart monitoring, home health monitoring and intelligent rehabilitation nursing, and provides all kinds of vital sign monitoring products and services for hospitals and individual consumers at all levels. Wherein, the Company's vital sign monitoring products with AI-ECG as the core are rich in categories, realizing various functions, such as dynamic ECG, static ECG, bedside monitoring and wearable telemetry, etc., being helpful for hospital information construction to improve the efficiency of diagnosis and treatment, and at the same time, providing convenience for patients' vital sign monitoring at home. The Company attaches importance to the application of artificial intelligence in the medical field and sets up an artificial intelligence research institute internally. As of the disclosure date of the report, an application for registration of NeoGLU®, a multi-parameter noninvasive blood glucose meter, has been submitted, and NeoGLU® is currently in the supplementary data stage, and it is expected to be approved for sales within this year. NEOGLU COMFORT, a new generation of implantable CGM product developed in accordance with artificial intelligence algorithm, can realize calibration-free. At present, clinical trial has been completed for it, and it is in the stage of registration material preparation, submission of registration application is ready. GluRing noninvasive continuous blood glucose meter based on big data artificial intelligence is currently in the clinical trial stage and the application for registration is expected to be submitted in the second half of 2024.

2. Basic information about the industry

(1) Steady growth of industrial scale and continuous improvement of enterprise quantity

In accordance with the calculation of National Medical Products Administration Institute Of Medical Economics, the overall operating income of medical device industry in China reached RMB 1.3 trillion in 2022, with a year-on-year increase of 12%, and the industrial scale ranked second in the world. From 2017 to 2022, the annual compound growth rate of the overall revenue of medical device industry in China was 12%, and the industry maintained a good development trend. With the continuous growth of industry scale, the number of enterprises in the field of medical devices is increasing. In accordance with the statistics of Zhongcheng Digital Technology, by the end of 2023, there were 36,675 medical device manufacturers nationwide, an increase of 8.54% compared with the end of 2022, among which 25,817 enterprises could produce Class I products, with a year-on-year increase of 9.68%; 17,187 enterprises could produce Class II products, with a year-on-year increase of 8.50%; 2,670 enterprises could produce Class III products, with a year-on-year increase of 15.48%. In the future, with the improvement of domestic aging level and the development of industry technology, the market scale of medical device industry is expected to continue to grow.

(2) Scattered segmentations, and different development level

The medical device industry can be divided into four segmentations of medical equipment, high-value consumables, low-value consumables and in vitro diagnosis. Medical equipment products include medical imaging equipment, radiotherapy equipment, endoscopes and surgical robots, etc., having high barriers to product R&D, and having the largest market scale, high market concentration and low localization rate in the four segmentations. High-value consumables include vascular interventional consumables, orthopedic implant consumables, neurosurgery consumables, ophthalmology consumables, dental consumables, blood purification consumables and non-vascular interventional consumables, etc., and the market segments are scattered. Under the

influence of domestic manufacturers' continuous R&D investment and centralized procurement of medical consumables, the localization rate of such products is constantly improving. Low-value consumables include disposable medical materials, such as injection puncture, medical hygiene materials and accessories, medical polymer materials, medical disinfection and anesthetic consumables, etc. This R&D has low barriers to segmentation, a large number of manufacturers, low market concentration and high localization rate. In vitro diagnostic products can be divided into immunologic diagnosis, biochemical diagnosis, molecular diagnosis, microbial diagnosis, blood diagnosis and POCT (point-of-care testing), etc. The market share of imported brands in this field is relatively high. At present, domestic manufacturers are in the stage of rapid development, and the localization rate is expected to increase continuously.

(3) Release of innovation policy dividend and continuous optimization of commercialization process

In recent years, under the background of national policy incentives and capital support, R&D investment in China's medical device industry has continued to grow, and innovative products have emerged. In Sept. 2023, the executive meeting of the State Council adopted the Action Plan for High Quality Development of the Medical Industry (2023-2025) and the Action Plan for High Quality Development of the Medical Equipment Industry (2023-2025), demanding to focus on clinical needs and health protection, strengthen collaboration between doctors and workers, promote technological innovation, product innovation and service model innovation, upgrade the industrial base and modernize the industrial chain, and promote the high-quality development of medical equipment industry.

In 2023, National Medical Products Administration approved a total of 61 innovative medical devices, covering high-value consumables, medical equipment, IVD reagents and other

segmentations, with a year-on-year increase of 10.90%, wherein, 47 were domestic innovative products. From 2014 to 2023, National Medical Products Administration approved 250 innovative medical devices, and the number of innovative products showed a good trend of continuous increase. Under the tide of the country actively encouraging innovation and deepening the reform of the review and approval system, the industry has accelerated the formation of "new quality productivity", made continuous breakthroughs in high-end segmented products and core components, etc., accelerated the realization of the innovative industrial chain of medical devices, continuously improved the competitiveness of the industry, and promoted the realization of high-quality development goals of medical devices.

In the commercialization stage, the diversified payment system for innovative medical equipment is gradually being explored and improved. In Jul. 2023, seven departments in Shanghai jointly issued Several Measures for Shanghai to Further Improve the Multiple Payment Mechanism to Support the Development of Innovative Pharmaceuticals and Medical Devices, proposing 28 measures in nine aspects, such as strengthening the supply of commercial health insurance products, improving the price formation mechanism of innovative medicines and instruments, accelerating the clinical application of innovative medicines and instruments, and increasing the medical insurance payment support for innovative medicines and instruments, so as to promote the improvement of the back-end payment mechanism of innovative medicines and instruments and stabilize the expectations of front-end industries. In December 2023, the National Healthcare Security Administration replied to the Committee's proposal that it would promote the establishment of a multi-level medical security system, such as basic medical insurance and commercial health insurance, etc., encourage the inclusion of new technologies, new drugs and new devices in the scope of security, and stimulate the innovation and R&D motivation of

pharmaceutical enterprises. In the reform of medical insurance payment methods, such as DRG/DIP, it is required to should fully consider the application of new technologies, new drugs and new devices, scientifically calculate the scores of diseases, and establish a dynamic adjustment mechanism.

(4) Mature mechanism of volume-based procurement, becoming the dominant mode of hospital procurement

Centralized volume-based procurement can be divided into three levels in accordance with the coverage, including centralized procurement at the national level led by the National Healthcare Security Administration, centralized procurement by inter-provincial alliances composed of multi-provincial alliances, and centralized procurement at the provincial and municipal levels. By the end of 2023, there have been more than 100 kinds of products for centralized volume-based procurement, among which, there have been one round or more of centralized volume-based procurement for coronary stents, artificial joints, orthopedic spines, oral implants, coronary dilation balloons, coronary drug-coated balloons and intraocular lenses, etc. With the continuous practice of centralized procurement, the rules tend to be perfect, and the scope of centralized procurement will also be accelerated and expanded. On Jan. 9, 2024, National Medical Security Work Conference was held in Beijing. The conference pointed out that it was necessary to promote centralized procurement to "expand the scope and improve the quality", carry out new batches of centralized procurement of pharmaceutical consumables organized by the state, well complete substitution of the varieties with expired agreements in centralized procurement, and achieve a total of at least 500 drugs at the national and provincial levels.

From the results of the centralized procurement, reasonable and stable bid price, control of brand price difference and price linkage have gradually become the basic requirements. In the

substituting procurement rules of national volume-based procurement, the National Drug Centralized Procurement Office has introduced mechanisms, such as selection with minimum guarantee and resurrection, etc., and these mechanisms have also been used in inter-provincial alliance procurement. These methods can effectively improve the winning rate of enterprises and make the winning price tend to be stable and reasonable, thus ensuring the reasonable profits of enterprises under the purpose of reducing the virtual high price.

(5) Fully accelerated international development and improved international competitiveness of products

In the early stage of development, in China, the medical device field was dominated by low-value consumables, with a high degree of homogenization and weak international competitiveness. With the continuous development of the domestic medical device industry, the industrial performance and competitiveness are constantly improved, and more and more China medical device products with excellent quality that meet international standards are gradually going to the world. In 2023, with the decline of overseas market demand for medical devices of epidemic prevention, China's medical device export products are mainly conventional medical devices. According to the data of China Customs, the total import and export trade of China in 2023 was USD 102.953 billion, wherein, the export volume was USD 53.550 billion, an increase of 39% compared with 2019, with a compound annual growth rate of 8.6%, achieving good growth. cThe overseas medical device market has broad prospects, and the product pricing system is relatively free, which is increasingly attractive to Chinese enterprises. Chinese enterprises are expected to achieve overseas market access by virtue of product performance, open up overseas sales channels, increase the proportion of international business, and improve the recognition of Chinese medical devices overseas, thus achieving high-quality industrial development.

3. Company's position in industry

We were 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 services and health management. Founded in 1999, the Company is one of the earliest companies in China to develop cardiovascular interventional instruments. It has the title of "National Engineering Technology Research Center for Cardiovascular Interventional Diagnostic Instruments and Equipment" awarded by the Ministry of Science and Technology, and has developed and commercialized several "Chinese firsts", including: Carrier-free coronary drug stent, dual-chamber pacemaker, coronary bioabsorbable stent, coronary cutting balloon and biodegradable occluder, etc. The Company is also the first enterprise in China to apply artificial intelligence technology to ECG monitoring, providing patients with digital services of artificial intelligence ECG monitoring. The Company's cardiovascular disease-related products have experienced long-term large-scale clinical application in the real world, and the brand has been widely affirmed by doctors and patients, forming the Company's core competitiveness in the field of cardiovascular disease. In the field of medical devices, especially cardiovascular intervention, the Company continues to deploy in the fields of coronary intervention, structural heart disease, peripheral intervention, cardiac rhythm management, electrophysiology and heart failure, etc., and continues to develop and innovate, with rich R&D pipelines, filling the gaps of some products in China, promoting the import substitution of some products, and leading the degradation of occluders, thus promoting the development of the industry. 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". The Company has applied for 2,069 patents, more than 600 products sold in China and overseas countries, 609 class II and III medical device registration certificates approved by NMPA, 33 certifications by the US FDA and 241 certifications by the EU CE.

3. Major accounting data and financial index

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

Whether the Company needs to retrospectively adjust or restate previous annual accounting data?

☒Yes ☐No

Retrospective adjustment or reason restatement

Changes in accounting policies

RMB

	End of 2023	End of 2022	Increase/decrease at the end of the current year over the end of	End of 2021
--	-------------	-------------	--	-------------

				the previous year		
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets	25,022,331,486.69	24,484,033,145.01	24,484,950,282.44	2.19%	20,698,662,317.96	20,698,665,077.42
Net assets attributable to shareholders of the Company	15,976,101,963.31	15,146,202,761.30	15,147,212,379.41	5.47%	11,473,861,050.60	11,473,900,684.62
	End of 2023	2022		Increase/decrease at the current year over the previous year	2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating incomes	7,979,899,319.74	10,609,442,080.61	10,609,442,080.61	-24.78%	10,659,734,875.07	10,659,734,875.07
Net profits attributable to shareholders of the Company	1,258,200,337.67	2,202,809,390.54	2,203,779,374.63	-42.91%	1,719,324,578.02	1,719,364,212.04
Net profits attributable to shareholders of the listed company after deducting non-recurring profits and losses	1,123,116,336.93	2,142,486,458.55	2,143,456,442.64	-47.60%	1,854,940,941.11	1,854,980,575.13
Net cash flow from operating activities	990,359,814.31	2,790,709,307.02	2,790,709,307.02	-64.51%	3,061,991,851.71	3,061,991,851.71
Basic earnings per share (RMB/share)	0.6757	1.2223	1.2228	-44.74%	0.9596	0.9596
Diluted earnings per share (RMB/share)	0.6757	1.2124	1.2129	-44.29%	0.9510	0.9510
Weighted average return on net assets	8.23%	17.60%	17.61%	-9.38%	16.00%	16.00%

Reasons for accounting policy changes and situation of accounting error correction

The Ministry of Finance issued Notification on Printing and Distributing Interpretation of Accounting Standards for Business Enterprises No. 16 (CK [2022] No. 31, hereinafter referred to as "the Interpretation No. 16") on Nov. 30, 2022. In accordance with Interpretation of Accounting

Standards for Business Enterprises No. 16, for single transactions that are not business combinations, that neither affect accounting profits nor taxable income (or deductible losses) when the transaction occurs, and that the assets and liabilities initially recognized result in equal taxable temporary differences and deductible temporary differences (including the lease transactions in which the lessee initially confirms the lease liabilities and counts them into the right-to-use assets on the start date of the lease term, and the transactions in which the estimated liabilities are confirmed and counted into the cost of related assets due to the retirement obligation of fixed assets, etc., hereinafter referred to as the single transaction to which this interpretation applies), not applicable to the provisions of Article 11 (2) and Article 13 of Accounting Standards for Business Enterprises No.18 - Income Tax on exemption from initial recognition of deferred income tax liabilities and deferred income tax assets. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in this transaction, the enterprise shall recognize the corresponding deferred income tax liabilities and deferred income tax assets, respectively, at the time of transaction in accordance with the Accounting Standards for Business Enterprises No.18 - Income Tax and other relevant provisions. In accordance with these standards, the Company adjusted the statements of the same period of the last year by retrospective adjustment method.

(2) Main accounting data in each quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating incomes	2, 437, 202, 386. 92	1, 864, 255, 318. 73	1, 957, 770, 143. 63	1, 720, 671, 470. 46
Net profits attributable to shareholders of the Company	596, 924, 222. 49	364, 563, 051. 50	392, 113, 517. 73	-95, 400, 454. 05
Net profits attributable to shareholders of the listed company after deducting	562, 429, 846. 30	342, 444, 863. 26	381, 055, 371. 61	-162, 813, 744. 24

non-recurring profits and losses				
Net cash flow from operating activities	-134,203,435.01	275,905,028.19	462,080,586.49	386,577,634.64

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 Common Shareholders and Preferred Shareholders Recovering Voting Rights and Shareholdings of Top Ten Shareholders

Unit: Share

Total number of common shareholders at the end of the reporting period	92,165	Total number of common shareholders at the end of the month before the disclosure date of the Annual Report	91,316	Total number of preferred 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 status of the top ten shareholders (excluding shares lent through transfer financing business)									
Name of shareholder(s)	Nature of shareholder(s)	Shareholding ratio	Number of shares held	Number of shares held with restricted conditions	Pledge, marking or freezing information				
					Share status	Quantity			
Luoyang Ship Material Research Institute	State-owned legal person	12.98%	244,063,788.00	0.00	N/A	0.00			
PU Zhongjie	Domestic natural person	12.13%	228,074,749.00	171,056,062.00	Pledge	169,779,999.00			
WP MEDICAL TECHNOLOGIES, INC	Foreign legal person	6.59%	123,968,600.00	92,976,450.00	N/A	0.00			
Hong Kong Securities Clearing Company Limited	Foreign legal person	3.76%	70,785,790.00	0.00	N/A	0.00			
Houde Yimin (Beijing) Investment Management Co., Ltd.	Domestic non-state-owned legal person	3.60%	67,750,000.00	0.00	Pledge	26,830,000.00			
Bank of China Limited - Huabao CSI medical	Others	2.09%	39,250,818.00	0.00	N/A	0.00			

trading open-end index securities investment fund						
Houde Yimin (Ningbo) Investment Management Co., Ltd.	Domestic non-state-owned legal person	1.91%	35,850,000.00	0.00	N/A	0.00
China Construction Bank Corporation - mixed securities investment fund for China-Europe pension industry	Others	1.53%	28,734,709.00	0.00	N/A	0.00
Industrial and Commercial Bank of China Limited - Yifangda Growth Enterprises Market open-end index securities investment fund	Others	0.97%	18,199,619.00	0.00	N/A	0.00
China CITIC Bank Co., Ltd. - China-Europe Ruijian mixed securities investment fund	Others	0.79%	14,814,782.00	0.00	N/A	0.00
Description of associated relationships or concerted actions 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 was no relationship between other shareholders of the Company or concerted action as stipulated in Measures for the Administration of Acquisition of Listed Companies (Order No.35 of China Securities Regulatory Commission).					

The situation of the top ten shareholders participating in the transfer financing business and lending shares

☒Applicable ☐ Not applicable

Unit: Share

The situation of the top ten shareholders participating in the transfer financing and lending shares								
Name of shareholder (full name)	Beginning ordinary accounts and credit account		Shares loaned for transfer financing business that have not yet been returned at beginning of the period		Ending ordinary accounts and credit account		Shares loaned for transfer financing business that have not yet been returned at ending of the period	
	Total quantity	Proportion to general capital	Total quantity	Proportion to general capital	Total quantity	Proportion to general capital	Total quantity	Proportion to general capital
Industrial and Commercial Bank of China Limited - Yifangda	6,010,729	0.32%	2,171,500	0.12%	18,199,619	0.97%	41,900	0.00%

Growth Enterprises Market open-end index securities investment fund								
Bank of China Limited - Huabao CSI medical trading open-end index securities investment fund	17,347,235	0.92%	4,526,300	0.24%	39,250,818	2.09%	52,800	0.00%

Changes in the top ten shareholders compared to the previous period

☒Applicable ☐ Not applicable

Unit: Share

Changes in the top ten shareholders compared to the end of the previous period					
Name of shareholder (full name)	Newly added/withdrawn during this reporting period	Quantity of shares loaned for transfer financing business that have not yet been returned at ending of the period		Number of shares held in ordinary accounts and credit accounts of shareholders at the end of the period, as well as shares loaned for transfer financing business that have not yet been returned	
		Total quantity	Proportion to general capital	Total quantity	Proportion to general capital
China Construction Bank Corporation - mixed securities investment fund for China-Europe pension industry	Newly added	41,900	0.00%	28,734,709	1.53%
Industrial and Commercial Bank of China Limited - Yifangda Growth Enterprises Market open-end index securities investment fund	Newly added	0	0.00%	18,199,619	0.97%
China CITIC Bank Co., Ltd. - China-Europe Ruijian mixed securities investment fund	Newly added	0	0.00%	14,814,782	0.79%
Banker's undertaking	Withdrawal	0	0.00%	0	0.00%

XIONG Qingchuan	Withdrawal	0	0.00%	10,835,000	0.58%
Monetary Authority of Macao - self-owned funds	Withdrawal	0	0.00%	4,702,900	0.25%

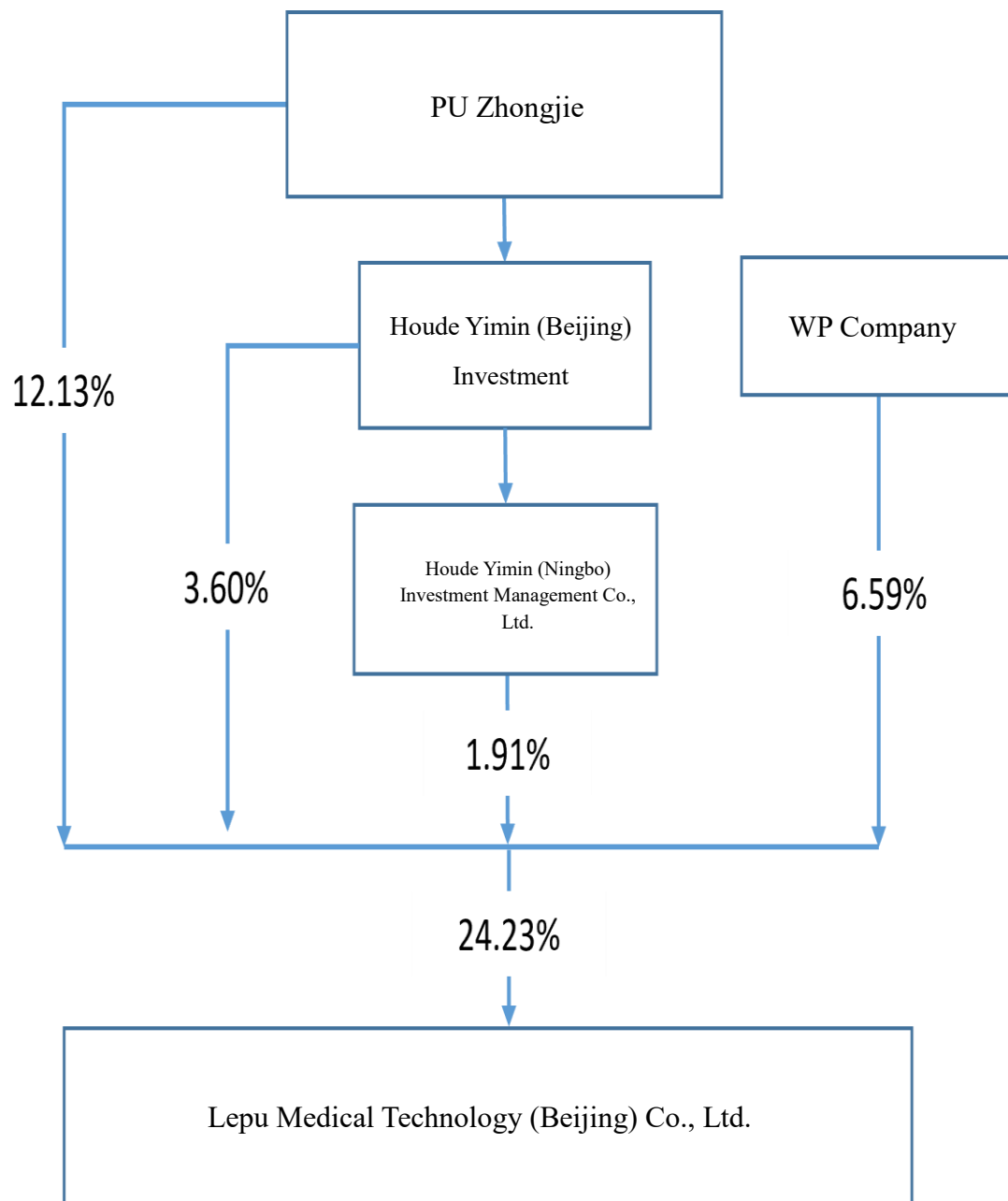
Does the Company have voting rights difference arrangement?

☐ 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 information of preferred shareholders during 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

III. Important matters

(I) Change in operation during the reporting period

During the reporting period, the Company realized an operating income of RMB 7979.8993 million, with a year-on-year decrease of 24.78%; Net profit attributable to shareholders of the

Company was RMB 1258.2003 million, with a year-on-year decrease of 42.91%; Net profit deducting non-recurring profits and losses attributable to shareholders of the Company was RMB 1123.1163 million, with a year-on-year decrease of 47.60%. The expenses related to equity incentives implemented by the Company were excluded, the net profit attributable to shareholders of listed companies after the non-recurring profits and losses were deducted was RMB 1259.4839 million, with a year-on-year decrease of 43.36%. Net cash flow from operating activities amounted to RMB 990.3598 million, with a year-on-year decrease of 64.51%. The main reason for the decrease in operating income and net cash flow from operating activities is that the products of detection reagents related to the epidemic situation in COVID-19 contributed a lot to the income and net cash flow from operating activities in the same period of the last year.

At the end of the reporting period, the Company systematically tested the goodwill formed by all investments in accordance with the Risk Warning for Accounting Supervision No. 8 - Goodwill Impairment issued by the CSRC and the relevant requirements of the Accounting Standards for Business Enterprises, and hired an independent professional evaluation agency to evaluate the specific company. Based on the Company's prudent assessment, the impairment loss of goodwill and other specific assets totaled RMB 147.9586 million and the impact on the net profit attributable to shareholders of listed companies was RMB 126.2929 million. Mainly including: The goodwill formed by the acquisition of Suzhou Bonsmile was RMB 122.5536 million, and the provision for impairment was RMB 33.4519 million; The Company's inventory of epidemic products has been carefully evaluated, and the provision for impairment was RMB 114.5067 million.

Excluding the impact of accrued goodwill, impairment of other specific assets and expenses related to equity incentives, the net profit attributable to shareholders of listed companies after the

non-recurring profits and losses are deducted was RMB 1385.7768 million with a year-on-year decrease of 37.68%.

At the end of the reporting period, total assets of the Company were RMB 25022.3315 million, with an increase of 2.19% compared with that at the beginning; Net asset attributable to shareholders of the Company was RMB 15976.1020 million, with an increase of 5.47% compared with that at the beginning; The weighted average return on equity was 8.23%.

1. Medical device

During the reporting period, the sector realized an operating income of RMB 3674.2841 million, with a year-on-year decrease of 37.50%, wherein:

The operating income of coronary intervention business had a year-on-year increase of 2.9%;

Structural heart disease business had a good development momentum, the operating income had a year-on-year increase of 29.08%;

The operating income of surgical anesthesia business had a year-on-year increase of 9.37%;

In vitro diagnosis business in the same period of the last year, the sales of detection products related to COVID-19 contributed a lot to the operating income, the operating income had a year-on-year decrease of 77.79%. Excluding in vitro diagnosis business, the overall income of the medical device sector had a year-on-year increase of 6.7%.

2. Pharmaceutical

During the reporting period, the pharmaceutical sector realized an operating income of RMB 3043.7856 million, with a year-on-year decrease of 11.47%. Among them, the preparations (generic drugs) realized an operating income of RMB 2633.1603 million, with a year-on-year decrease of 11.90%; The operating income of active pharmaceutical ingredients reached RMB 410.6253 million, with a year-on-year decrease of 8.60%.

3. Medical service and health management

During the reporting period, medical service and health management sector realized an operating income of RMB 1261.8296 million with a year-on-year decrease of 2.37%, wherein, the operating income of Hefei Cardiovascular Hospital had a year-on-year increase of 42.45%. Excluding emergency examination, the operating income had a year-on-year increase of 6.53%.

LEPU MEDICAL TECHNOLOGY (BEIJING) CO., LTD

AUDITOR'S REPORT AND FINANCIAL

STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

**ENGLISH TRANSLATION OF
AUDITOR'S REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2023**

**IF THERE IS ANY CONFLICT
BETWEEN THE CHINESE VERSION
AND ITS ENGLISH TRANSLATION,
THE CHINESE VERSION WILL
PREVAIL**

Lepu Medical Technology (Beijing) Co., Ltd
Auditor's Report and Financial Statements

(From 1 January 2023 to 31 December 2023)

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Auditor's Report

Xinkuaishibaozi2024-ZG11307

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 2023, 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 2023 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 thereon, 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 2023, the carrying amount of goodwill of the LEPU was RMB3,700,299,062.78, with a provision of goodwill impairment of RMB195,968,434.70. Please refer to note V.20 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	We performed the following audit procedures, among others, in relation to the impairment assessment of goodwill: (1) obtaining an understanding of key internal controls of goodwill from management to assess their design and operating effectiveness. (2) evaluating reasonableness of management's identification of each asset group as well as goodwill allocation into asset groups or combinations of asset groups. (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

Key Audit Matters	How these matters were addressed in the audit
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>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.</p> <p>(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 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>
2. Revenue recognition	
Please refer to disclosures on revenue	We performed the following audit procedures,

Key Audit Matters	How these matters were addressed in the audit
<p>recognition in “III. Significant Accounting Policies and Accounting Estimates (27) Revenue” and Note 45 to the consolidated financial statements for further details. For the year ended 31 December 2023, LEPU and its subsidiaries (the “Group”) generated revenue of RMB7,979,899,319.74.</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 to achieve specific goals or expectations as it is one of the Group’s key performance indicators.</p>	<p>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 of lading etc. to verify the existence and accuracy of revenue. (5) sending confirmation to selected major customers, in conjunction with the auditing of accounts receivables, advance

Key Audit Matters	How these matters were addressed in the audit
	<p>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 2023 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.

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**BDO CHINA Shu Lun Pan
Certified Public Accountants LLP**

**Certified Public Accountant of China:
(Engagement Partner)**

Certified Public Accountant of China:

Shanghai, China

19 April 2024

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Balance Sheet
As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	2023.12.31	2022.12.31
Current assets:			
Cash at bank and on hand	V.1	4,220,754,806.78	5,467,278,785.39
Settlement reserve			
Lending funds			
Financial assets held-for-trading	V.2	275,203,779.61	277,214,058.48
Derivative financial assets			
Notes receivable	V.3	84,509,973.95	98,366,738.81
Accounts receivable	V.4	1,753,160,708.35	1,908,630,201.32
Receivable financing	V.5	83,407,668.79	134,291,997.64
Prepayments	V.6	320,471,238.27	381,572,138.38
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contracts receivable			
Other receivables	V.7	110,449,885.41	124,645,400.43
Financial assets purchased under agreements to resell			
Inventories	V.8	2,289,473,586.38	2,266,591,888.06
Contract assets			
Assets held for sale			
Non-current assets due within one year	V.9	3,302,070.61	4,844,368.53
Other current assets	V.10	184,703,896.89	85,517,197.42
Total current assets		9,325,437,615.04	10,748,952,774.46
Non-current assets:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	V.11	2,968,556.17	8,259,759.08
Long-term equity investments	V.12	1,353,760,737.79	1,229,469,446.74
Investments in other equity instruments	V.13	1,190,240,450.59	1,168,919,655.06
Other non-current financial assets	V.14	26,500,000.00	158,610,000.00
Investment properties	V.15	296,774,138.94	330,246,655.45
Fixed assets	V.16	2,812,962,375.74	2,604,619,204.30
Construction in progress	V.17	1,797,285,664.72	1,513,606,170.30
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.18	326,430,233.20	221,916,109.85
Intangible assets	V.19	1,817,546,203.28	1,369,652,469.86
Development expenses	VI.	861,745,696.38	988,319,738.44
Goodwill	V.20	3,504,330,628.08	3,330,976,810.89
Long-term deferred expenses	V.21	256,771,874.86	232,882,532.36
Deferred income tax assets	V.22	167,324,190.66	132,388,570.41
Other non-current assets	V.23	1,282,253,121.24	446,130,385.24
Total non-current assets		15,696,893,871.65	13,735,997,507.98
Total assets		25,022,331,486.69	24,484,950,282.44

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Balance Sheet (Continued)
As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Liabilities and owners' equity	Note	2023.12.31	2022.12.31
Current liabilities:			
Short-term borrowings	V.25	1,039,743,103.15	380,767,436.73
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable	V.26	167,917,721.65	182,573,344.20
Accounts payable	V.27	861,366,956.73	1,337,648,654.76
Advances from customers			
Contract liabilities	V.28	269,519,519.47	731,115,959.06
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	104,817,928.71	206,701,431.48
Taxes payable	V.30	199,105,826.66	332,693,089.65
Other payables	V.31	555,678,277.77	481,937,974.61
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V.32	498,035,202.06	1,560,077,144.38
Other current liabilities	V.33	62,471,403.25	109,821,099.32
Total current liabilities		3,758,655,939.45	5,323,336,134.19
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings	V.34	1,542,190,754.84	731,548,392.02
Bonds payable	V.35	1,560,810,898.63	1,506,513,884.78
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V.36	269,967,672.04	162,725,224.80
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	V.37	195,216,181.81	183,747,808.29
Deferred income tax liabilities	V.22	197,934,919.32	205,224,567.62
Other non-current liabilities			
Total non-current liabilities		3,766,120,426.64	2,789,759,877.51
Total liabilities		7,524,776,366.09	8,113,096,011.70
Owners' equity:			
Share capital	V.38	1,880,610,352.00	1,880,609,691.00
Other equity instruments	V.39	214,751,048.51	214,753,553.08
Including: Preference shares			
Perpetual bonds			
Capital reserve	V.40	3,464,665,903.83	3,243,091,853.19
Less: Treasury shares	V.41	431,064,877.67	355,820,438.37
Other comprehensive income	V.42	-80,892,863.74	-90,764,197.71
Special reserve			
Surplus reserve	V.43	732,541,206.45	664,042,566.58
Provision for general risks			
Retained earnings	V.44	10,195,491,193.93	9,591,299,351.64
Total equity attributable to shareholders of the Company		15,976,101,963.31	15,147,212,379.41
Non-controlling interests		1,521,453,157.29	1,224,641,891.33
Total equity		17,497,555,120.60	16,371,854,270.74
Total liabilities and equity		25,022,331,486.69	24,484,950,282.44

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Balance Sheet
As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Assets	Note	2023.12.31	2022.12.31
Current assets:			
Cash at bank and on hand		1,184,116,971.83	2,453,996,209.68
Financial assets held-for-trading			
Derivative financial assets			
Notes receivable			500,000.00
Accounts receivable	XVI.1	197,685,442.05	190,424,139.66
Receivable financing		4,495,649.64	466,906.50
Prepayments		56,169,678.85	75,915,731.60
Other receivables	XVI.2	2,485,080,815.54	1,738,194,238.89
Inventories		280,022,435.78	268,471,006.13
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		3,517,519.87	1,332,439.64
Total current assets		4,211,088,513.56	4,729,300,672.10
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVI.3	10,162,921,459.75	9,415,081,474.03
Investments in other equity instruments		763,960,974.01	761,235,737.08
Other non-current financial assets		26,500,000.00	158,610,000.00
Investment properties		40,113,161.49	42,167,219.61
Fixed assets		337,560,085.61	354,883,224.71
Construction in progress		8,931,258.75	12,861,392.97
Productive biological assets			
Oil and gas assets			
Right-of-use assets		6,283,021.14	9,919,402.63
Intangible assets		48,308,954.94	66,671,398.74
Development expenses		317,903,588.10	232,640,379.55
Goodwill			
Long-term deferred expenses		55,918,794.05	68,922,923.03
Deferred income tax assets		30,923,989.10	30,770,953.00
Other non-current assets		1,133,519,122.69	764,504,704.02
Total non-current assets		12,932,844,409.63	11,918,268,809.37
Total assets		17,143,932,923.19	16,647,569,481.47

The above Company's Balance Sheet should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Balance Sheet (Continued)
As at 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Liabilities and owners' equity	Note	2023.12.31	2022.12.31
Current liabilities:			
Short-term borrowings		569,483,266.63	150,143,041.70
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		124,663,691.92	111,555,122.95
Advances from customers			
Contract liabilities		15,906,733.48	52,735,425.78
Employee benefits payable		1,543,988.37	34,106,247.66
Taxes payable		70,583,103.27	34,722,931.40
Other payables		2,101,762,885.38	1,933,265,762.01
Liabilities held for sale			
Non-current liabilities due within one year		449,504,636.23	1,502,513,339.28
Other current liabilities		729,382.70	5,417,976.46
Total current liabilities		3,334,177,687.98	3,824,459,847.24
Non-current liabilities:			
Long-term borrowings		1,474,308,442.33	731,548,392.02
Bonds payable		1,560,810,898.63	1,506,513,884.78
Including: Preference shares			
Perpetual bonds			
Lease liabilities		3,900,064.70	5,072,677.98
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		10,066,666.67	12,566,666.67
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,049,086,072.33	2,255,701,621.45
Total liabilities		6,383,263,760.31	6,080,161,468.69
Owners' equity:			
Share capital		1,880,610,352.00	1,880,609,691.00
Other equity instruments		214,751,048.51	214,753,553.08
Including: Preference shares			
Perpetual bonds			
Capital reserve		4,024,106,499.27	3,887,723,492.11
Less: Treasury shares		431,064,877.67	355,820,438.37
Other comprehensive income		58,422,369.53	-3,824,056.34
Special reserve			
Surplus reserve		856,965,568.96	788,466,929.09
Retained earnings		4,156,878,202.28	4,155,498,842.21
Total equity		10,760,669,162.88	10,567,408,012.78
Total liabilities and equity		17,143,932,923.19	16,647,569,481.47

The above Company's Balance Sheet should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Income Statement
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Total operating revenue		7,979,899,319.74	10,609,442,080.61
Including: Operating revenue	V.45	7,979,899,319.74	10,609,442,080.61
Interest income			
Premium earned			
Income for handling charges and commissions			
II. Total operating costs		6,354,887,008.61	7,926,747,100.31
Including: Operating cost	V.45	2,853,285,885.47	3,983,285,816.15
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.46	96,814,482.11	117,466,953.94
Selling expenses	V.47	1,624,613,745.79	2,033,685,507.32
Administrative expenses	V.48	815,825,521.24	742,669,161.21
Research and development expenses	V.49	879,418,426.88	957,062,067.79
Financial expenses	V.50	84,928,947.12	92,577,593.90
Including: Interest expenses		170,645,096.13	188,775,142.07
Interest income		115,343,171.74	87,989,301.57
Add: Other income	V.51	134,679,694.05	83,567,038.34
Investment income (loss expressed with "-")	V.52	-16,533,187.83	-75,334,941.16
Including: Income from investment in associates and joint ventures		-24,360,974.71	-90,833,476.49
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.53	3,091,760.83	4,420,275.05
Loss on impairment of credit (loss expressed with "-")	V.54	-29,870,886.49	-34,280,115.19
Loss on impairment of assets (loss expressed with "-")	V.55	-165,092,450.49	-37,952,811.58
Gains from disposal of asset (loss expressed with "-")	V.56	-4,072,105.04	24,271.66
III. Operating profit (loss expressed with "-")		1,547,215,136.16	2,623,138,697.42
Add: Non-operating income	V.57	44,388,686.76	14,130,594.23
Less: Non-operating expenses	V.58	37,105,865.43	25,487,685.30
IV. Total profit before tax (total loss expressed with "-")		1,554,497,957.49	2,611,781,606.35
Less: Income tax expense	V.59	262,147,007.11	365,726,112.25
V. Net profit (net loss expressed with "-")		1,292,350,950.38	2,246,055,494.10
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss expressed with "-")		1,292,350,950.38	2,246,055,494.10
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 "-")		1,258,200,337.67	2,203,779,374.63
2. Net profit attributable to non-controlling interests (net loss expressed with "-")		34,150,612.71	42,276,119.47
VI. Net other comprehensive income after tax		63,426,376.92	-403,722,885.20
Net other comprehensive income after tax attributable to shareholders of the Company		86,636,084.31	-386,236,335.41
(I) Other comprehensive income that may not be subsequently reclassified to profit and loss		69,493,602.48	-438,712,349.53
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		69,493,602.48	-439,215,350.59
4. Changes in fair value of other equity instrument investments			
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		17,142,481.83	52,476,014.12
1. Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss		118,398.92	-148,238.03
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		17,024,082.91	52,624,252.15
7. Others			
Net other comprehensive income attributable to non-controlling interests after tax		-23,209,707.39	-17,486,549.79
VII. Total comprehensive income		1,355,777,327.30	1,842,332,608.90
Total comprehensive income attributable to shareholders of the Company		1,344,836,421.98	1,817,543,039.22
Total comprehensive income attributable to non-controlling interests		10,940,905.32	24,789,569.68
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.6757	1.2228
(II) Diluted earnings per share (RMB/share)		0.6757	1.2129

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Income Statement
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2022	2021
I. Operating revenue	XVI.4	1,576,981,486.92	1,518,250,388.99
Less: Operating cost	XVI.4	474,594,028.59	497,421,331.93
Taxes and surcharges		22,742,804.37	21,379,761.87
Selling expenses		234,152,286.82	206,164,920.08
Administrative expenses		235,112,314.17	217,227,730.67
Research and development expenses		171,152,763.55	149,048,425.47
Financial expenses		105,930,783.87	128,760,620.55
Including: Interest expenses		178,381,542.89	214,253,359.06
Interest income		87,721,447.28	85,397,159.04
Add: Other income		7,384,197.02	15,552,030.79
Investment income (loss expressed with "-")	XVI.5	400,621,741.90	507,587,665.77
Including: Income from investment in associates and joint ventures		-14,709,625.78	-79,890,010.05
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
Loss on impairment of credit (loss expressed with "-")		-5,915,218.26	-3,948,234.65
Loss on impairment of assets (loss expressed with "-")		-6,924,695.04	-1,505,465.52
Gain from disposal of assets (loss expressed with "-")		153.17	11,921.61
II. Operating profit (Loss expressed with "-")		728,462,684.34	820,715,516.42
Add: Non-operating income		29,861.50	498,981.99
Less: Non-operating expenses		897,626.70	1,625,037.56
III. Total profit before tax (loss expressed with "-")		727,594,919.14	819,589,460.85
Less: Income tax expense		42,608,520.47	30,880,136.61
IV. Net profit (Net loss expressed with "-")		684,986,398.67	788,709,324.24
(I) Net profit from continuing operations (net loss expressed with "-")		684,986,398.67	788,709,324.24
(II) Net profit from discontinued operations (net loss expressed with "-")			
V. Net other comprehensive income after tax attributable to shareholders of the company		82,194,778.25	-66,378,778.64
(I) Other comprehensive incomes that will not be reclassified into profit or loss		82,239,741.46	-66,393,902.74
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		82,239,741.46	-66,393,902.74
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		-44,963.21	15,124.10
1.Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss		-44,963.21	15,124.10
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		767,181,176.92	722,330,545.60
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The above Company's Income Statement should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Cash Flows
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		7,996,335,161.45	11,498,883,714.13
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		132,875,741.53	169,038,553.17
Cash received relating to other operating activities		280,234,842.80	263,686,758.18
Sub-total of cash inflows from operating activities		8,409,445,745.78	11,931,609,025.48
Cash paid for goods and services		2,538,111,640.07	3,963,940,294.76
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		2,231,194,505.28	2,048,842,320.61
Payments of taxes and surcharges		1,103,434,541.07	1,131,995,185.10
Cash paid relating to other operating activities		1,546,345,245.05	1,996,121,917.99
Sub-total of cash outflows from operating activities		7,419,085,931.47	9,140,899,718.46
Net cash flows from operating activities		990,359,814.31	2,790,709,307.02
II. Cash flows from investing activities:			
Cash received from disposal of investments		568,738,152.08	74,591,199.57
Cash received from investment income		173,194,633.25	24,562,502.50
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,524,435.05	2,553,222.51
Net cash received from the disposal of subsidiaries and other business entities			
Cash received relating to other investing activities		11,176,430.18	106,638,371.02
Sub-total of cash inflows from investing activities		761,633,650.56	208,345,295.60
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		844,669,216.86	905,215,530.83
Cash paid for investments		634,147,726.79	723,484,521.01
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units		350,925,591.88	21,426,911.42
Cash paid relating to other investing activities		818,090,162.38	157,547,347.59
Sub-total of cash outflows from investing activities		2,647,832,697.91	1,807,674,310.85
Net cash flows from investing activities		-1,886,199,047.35	-1,599,329,015.25
III. Cash flows from financing activities:			
Cash received from capital contributions		298,710,624.89	2,115,818,452.87
Including: Cash received by subsidiaries from receiving investments made by minority interest		298,710,624.89	582,821,869.41
Cash received from borrowings		2,693,517,425.50	1,828,000,000.00
Cash received relating to other financing activities		51,959,067.45	262,979,778.11
Sub-total of cash inflows from financing activities		3,044,187,117.84	4,206,798,230.98
Cash repayment of borrowings		2,251,950,000.00	2,515,370,360.00
Cash payments for distribution of dividends profits or interest expenses		784,224,306.21	642,484,722.41
Including: Dividends and profits paid by subsidiaries to non-controlling interests		15,566,786.53	6,837,837.84
Cash payments for other financing activities		300,930,604.58	636,194,538.06
Sub-total of cash outflows from financing activities		3,337,104,910.79	3,794,049,620.47
Net cash flows from financing activities		-292,917,792.95	412,748,610.51
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-20,585,773.92	21,125,242.47
V. Net increase in cash and cash equivalents		-1,209,342,799.91	1,625,254,144.75
Add: Beginning balance of cash and cash equivalents		5,309,297,789.78	3,684,043,645.03
VI. Ending balance of cash and cash equivalents		4,099,954,989.87	5,309,297,789.78

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Cash Flows
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,568,758,770.80	1,798,438,630.91
Cash received from tax refund		826,970.34	757,793.03
Cash received relating to other operating activities		153,770,352.23	69,610,996.85
Sub-total of cash inflows from operating activities		1,723,356,093.37	1,868,807,420.79
Cash paid for goods and services		255,354,252.80	275,215,879.95
Cash paid to and on behalf of employees		547,555,631.24	518,223,146.98
Payments of taxes surcharges		204,408,587.54	197,004,139.03
Cash paid relating to other operating activities		263,521,814.77	333,719,239.73
Sub-total of cash outflows from operating activities		1,270,840,286.35	1,324,162,405.69
Net cash flows from operating activities		452,515,807.02	544,645,015.10
II. Cash flows from investing activities:			
Cash received from disposal of investments		184,482,925.46	10,451,867.42
Cash received from returns on investments		430,160,673.70	87,099,853.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		95,389.00	38,381.61
Net cash received from the disposal of subsidiaries and other business entities		18,500,000.00	276,815,056.74
Cash received relating to other investing activities		5,172,896.66	47,459,501.39
Sub-total of cash inflows from investing activities		638,411,884.82	421,864,660.24
Cash paid to acquire fixed assets, intangible assets and other long-term assets		57,347,013.80	55,784,943.19
Cash paid to acquire investments		159,003,362.65	232,611,914.00
Net cash paid for acquisition of subsidiaries and other business units		583,879,167.81	297,023,363.98
Cash paid relating to other investing activities		388,500,000.00	92,800,000.00
Sub-total of cash outflows from investing activities		1,188,729,544.26	678,220,221.17
Net cash flows from investing activities		-550,317,659.44	-256,355,560.93
III. Cash flows from financing activities:			
Cash received from capital contributions			1,532,996,583.46
Cash received from borrowings		2,041,000,000.00	1,544,000,000.00
Cash received relating to other financing activities		91,467,707.71	1,162,505,236.24
Sub-total of cash inflows from financing activities		2,132,467,707.71	4,239,501,819.70
Cash repayment of borrowings		1,904,250,000.00	2,205,250,000.00
Cash payments for distribution of dividends profits or interest expenses		771,754,901.56	626,500,099.81
Cash payments for other financing activities		632,541,869.92	248,144,533.56
Sub-total of cash outflows from financing activities		3,308,546,771.48	3,079,894,633.37
Net cash flows from financing activities		-1,176,079,063.77	1,159,607,186.33
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-18,750,833.94	2,367,969.41
V. Net increase in cash and cash equivalents		-1,292,631,750.13	1,450,264,609.91
Add: Beginning balance of cash and cash equivalents		2,451,299,231.74	1,001,034,621.83
VI. Ending balance of cash and cash equivalents		1,158,667,481.61	2,451,299,231.74

The above Company's Cash Flow Statement should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Changes in Owners' Equity
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	2023													
	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	1,880,609,691.00			214,753,553.08	3,243,091,853.19	355,820,438.37	-90,764,197.71		664,042,566.58		9,591,299,351.64	15,147,212,379.41	1,224,641,891.33	16,371,854,270.74
Add: Changes in accounting policies														
Correction of previous errors														
Business combination under common control														
Others														
II. Beginning balance of the year	1,880,609,691.00			214,753,553.08	3,243,091,853.19	355,820,438.37	-90,764,197.71		664,042,566.58		9,591,299,351.64	15,147,212,379.41	1,224,641,891.33	16,371,854,270.74
III. Increase/decrease for the year (Decrease expressed with "-.")	661.00			-2,504.57	221,574,050.64	75,244,439.30	9,871,333.97		68,498,639.87		604,191,842.29	828,889,583.90	296,811,265.96	1,125,700,849.86
(I) Total comprehensive income							86,636,084.31				1,258,200,337.67	1,344,836,421.98	10,940,905.32	1,355,777,327.30
(II) Capital paid in and reduced by shareholders	661.00			-2,504.57	185,632,599.89	75,244,439.30					-27,217,854.74	83,168,462.28	303,811,625.18	386,980,087.46
1. Ordinary shares paid by shareholders														
2. Capital paid by holders of other equity instruments	661.00			-2,504.57	19,379.69							17,536.12		17,536.12
3. Amount of share-based payments recognized in owners' equity					160,550,126.59							160,550,126.59	7,659,776.98	168,209,903.57
4. Others					25,063,093.61	75,244,439.30					-27,217,854.74	-77,399,200.43	296,151,848.20	218,752,647.77
(III) Profit distribution									68,498,639.87		-703,555,390.98	-635,056,751.11	-17,941,264.54	-652,998,015.65
1. Transfer to surplus reserve									68,498,639.87		-68,498,639.87			
2. Transfer to provision for general risks														
3. Distribution to owners (or shareholders)											-635,056,751.11	-635,056,751.11	-17,941,264.54	-652,998,015.65
4. Others														
(IV) Transfer within owners' equity							-76,764,750.34				76,764,750.34			
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							-76,764,750.34				76,764,750.34			
6. Others														
(V) Special reserve														
1. Transfer in the year														
2. Utilisation in the year														
(VI) Others					35,941,450.75							35,941,450.75		35,941,450.75
IV. Ending balance of the year	1,880,610,352.00			214,751,048.51	3,464,665,903.83	431,064,877.67	-80,892,863.74		732,541,206.45		10,195,491,193.93	15,976,101,963.31	1,521,453,157.29	17,497,555,120.60

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Consolidated Statement of Changes in Owners' Equity (Continued)
For the year ended 31 December 2023
(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					12,659.88				1,457.61		25,516.53	39,634.02	-36,874.56	2,759.46
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	983,718,594.02	364,191,936.22	128,902,935.45		585,171,634.16		8,120,945,781.91	11,473,900,684.62	799,638,648.09	12,273,539,332.71
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		78,870,932.42		1,470,353,569.73	3,673,311,694.79	425,003,243.24	4,098,314,938.03
(I) Total comprehensive income							-386,236,335.41				2,203,779,374.63	1,817,543,039.22	24,789,569.68	1,842,332,608.90
(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									78,870,932.42		-566,856,602.65	-487,985,670.23	-4,900,000.00	-492,885,670.23
1.Transfer to surplus reserve									78,870,932.42		-78,870,932.42			
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	3,243,091,853.19	355,820,438.37	-90,764,197.71		664,042,566.58		9,591,299,351.64	15,147,212,379.41	1,224,641,891.33	16,371,854,270.74

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Changes in Owners' Equity (Continued)
For the year ended 31 December 2023
(All amounts in RMB Yuan unless otherwise stated)

Item	2023										
	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	1,880,609,691.00			214,753,553.08	3,887,723,492.11	355,820,438.37	-3,824,056.34		788,466,929.09	4,155,498,842.21	10,567,408,012.78
Add: Changes in accounting policies											
Correction of previous errors											
Others											
II. Beginning 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		788,466,929.09	4,155,498,842.21	10,567,408,012.78
Increase/decrease for the year (Decrease expressed with "-")	661.00			-2,504.57	136,383,007.16	75,244,439.30	62,246,425.87		68,498,639.87	1,379,360.07	193,261,150.10
(I)Total comprehensive income							82,194,778.25			684,986,398.67	767,181,176.92
(II)Capital paid in and reduced by shareholders	661.00			-2,504.57	100,504,328.02	75,244,439.30					25,258,045.15
1.Ordinary shares paid by shareholders											
2.Capital paid by holders of other equity instruments	661.00			-2,504.57	19,379.69						17,536.12
3.Amount of share-based payments recognized in owners' equity					104,467,031.30						104,467,031.30
4.Others					-3,982,082.97	75,244,439.30					-79,226,522.27
(III)Profit distribution									68,498,639.87	-703,555,390.98	-635,056,751.11
1.Transfer to surplus reserve									68,498,639.87	-68,498,639.87	
2.Distribution to owners (or shareholders)										-635,056,751.11	-635,056,751.11
3.Others											
(IV)Transfer within owners' equity							-19,948,352.38			19,948,352.38	
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							-19,948,352.38			19,948,352.38	
6.Others											
(V)Special reserve											
1.Transfer in the year											
2.Utilisation in the year											
(VI)Others					35,878,679.14						35,878,679.14
IV. Ending balance of the year	1,880,610,352.00			214,751,048.51	4,024,106,499.27	431,064,877.67	58,422,369.53		856,965,568.96	4,156,878,202.28	10,760,669,162.88

The above Company's Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd
Company's Statement of Changes in Owners' Equity (Continued)
For the year ended 31 December 2023
(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									1,457.61	13,118.47	14,576.08
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		709,595,996.67	3,931,028,917.19	8,922,795,523.29
III. 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		78,870,932.42	224,469,925.02	1,644,612,489.49
(I) Total comprehensive income							-66,378,778.64			788,709,324.24	722,330,545.60
(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									78,870,932.42	-566,856,602.65	-487,985,670.23
1. Transfer to surplus reserve									78,870,932.42	-78,870,932.42	
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		788,466,929.09	4,155,498,842.21	10,567,408,012.78

The above Company's Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Legal Representative:

Chief Financial Officer:

Accounting Manager:

Lepu Medical Technology (Beijing) Co., Ltd

Notes to the Financial Statements

For the year ended 31 December 2023

(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 2023, the Company has cumulatively issued 1,880,610,352.00 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 19 April 2024.

(2) Scope of the consolidated financial statements

As at 31 December 2023, particulars of the Company's principal second-level subsidiaries are as follows:

Lepu Qianshi Digital Technology (Shanghai) Co., Ltd.

Lepu Medical Equipment(Beijing) Co., Ltd.

Beijing Ruixiang Taikang Technology Co., Ltd.

Lepu Medical Electronics Technology Co., Ltd.

Lepu Sciencetech Medical Technology (Shanghai) Co., Ltd

Changzhou Bingkun Medical Technology Co., Ltd.(used name: 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
 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.
 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 Lepu Zhiying Technology Co., Ltd.(used name: Beijing Huaco Healthcare Technologies Co., Ltd.)
 Lepu (Beijing) Medical Technology Co., Ltd.
 Beijing Ledongpukang Medical Technology Co., Ltd.
 Lepu Ruikang (Shenzhen) Technology Co., Ltd.(used name: Lepu (Shenzhen) Surgical Medical Instrument Co., Ltd.)
 Lepu Ruikang (Beijing) Pension Service Management Co., LTD
 Lepu Jiantang Pharmaceutical (Chongqin) Co., Ltd.
 Beijing Lepu Mingshi Technology Co., Ltd.(used name:Beijing Yikang Century Technology Co., Ltd.)
 Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)
 Shanxi Letong Printing Technology Co., Ltd

Beijing Lepu Digital Health Technology Co., Ltd
Lepu Technology (Malaysia) Sdn.Bhd.

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 2023, 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 2023 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 2023, 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) Judgment criteria of control and methods of preparation of consolidated financial statements

1、 Judgment criteria of control

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) 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.

(8) 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.

(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.

If the Company and the counterparty modify or renegotiate the contract and it constitutes a substantial amendment, the original financial asset shall be terminated and a new financial asset shall be recognized in accordance with the amended terms.

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.

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 arising from transactions regulated by the *Accounting Standard for Business Enterprises No. 21 - Leases*, the Company chooses to always measure their loss allowance at the amount of the expected credit losses for the lifetime.

For other financial instruments, the Company assesses the change in the credit risk of the relevant financial instrument since initial recognition at each balance sheet date.

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 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. For financial assets measured at fair value through other comprehensive income (debt instruments), a provision for impairment is recognized in other comprehensive income, and the impairment loss or gain is recognized in the current profit or loss, without reducing the carrying amount of the financial asset as stated in the balance sheet.

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.

Except for the above-mentioned receivables that are individually provided for bad debts, the Company divides the remaining financial instruments into several portfolios based on credit risk characteristics, and determines the expected credit loss on the basis of the portfolio. The Company's combination categories and determination basis for the provision of expected credit losses on accounts receivable and other receivables are as follows:

Item	Combination Categories	Determination basis
Accounts receivable, Other receivables	Expected Credit Loss Portfolio	The credit risk characteristics of this portfolio are based on the aging of receivables

Ageing of accounts receivable versus expected credit loss ratio

Item	Expected credit loss ratio of accounts receivable (%)	Expected credit loss ratio of other receivable (%)
Within 1 year	0.5	0.5
1-2 year	10	10
2-3 year	20	20
3-4 year	30	30
4-5 year	50	50
More than 5 year	100	100

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. Inventory system

The Company adapts a perpetual inventory system.

4. 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.

5. Recognition standards and accrual methods for inventory decline provisions

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.

(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 and termination of operations

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.

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
3. Machinery and equipment	Straight-line method	6-15	5	6.33-15.83
i Transportation equipment	Straight-line method	3-12	5	7.92-31.67
s Office equipment and others	Straight-line method	2-10	5	9.50-47.50

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.

The standards and timing points for the company's construction in progress to be carried forward into fixed assets are as follows:

Type	The standards and time points at which it was converted into a fixed asset
Housing buildings	(1) The main construction project and supporting works have been substantially

Type	The standards and time points at which it was converted into a fixed asset
	<p>completed;</p> <p>(2) The construction project meets the predetermined design requirements, and the acceptance is completed by the survey, design, construction, supervision and other units;</p> <p>(3) Accepted by external departments such as fire Bureau, land Bureau, and planning Bureau;</p> <p>(4) If the construction project reaches the predetermined usable state but has not yet completed the final accounts, it shall be transferred to fixed assets according to the estimated value according to the actual cost of the project from the date of reaching the predetermined usable state.</p>
Machines and equipment that need to be installed and commissioned	<p>(1) Relevant equipment and other supporting facilities have been installed;</p> <p>(2) The equipment can be debugged to maintain normal and stable operation for a period of time;</p> <p>(3) The production equipment can produce qualified products stably for a period of time;</p> <p>(4) The equipment has been accepted by asset management personnel and user personnel.</p>

(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

Item	Estimated useful life (years)	Amortization method	Residual value rate (%)	The basis for determining the expected service life
Land use rights	47.42-50	Straight-line Method	0	Land use right period
Patent	5-17	Straight-line Method	0	National laws and regulations or contractual agreements / Estimated benefit periods
Non-proprietary technology	5-20	Straight-line Method	0	Estimated benefit periods
Others	5-30	Straight-line Method	0	Estimated benefit periods

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: ①derived from contractual rights or other legal rights, but there is no clear useful life under the contract or the law; ②the 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. Scope of the pooling of research and development expenditures

The expenditures incurred by the Company in the process of research and development include related employee salaries,

materials consumed, related depreciation and amortization expenses of personnel engaged in research and development activities, etc.

5. 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.

For medical device research and development projects, the Company takes the time of passing the test by the third-party testing agency and obtaining the *Test Report* or the time of approval by the Ethics Committee of the hospital and obtaining the ethical approvals as the time point for capitalization.

For drug research and development projects, if clinical trials are required, the company shall obtain the approval of confirmatory clinical trials or the filing approval of bioequivalence trials as the time point of capitalization; if clinical trials are not required, expenditures incurred during the development phase are recognized in current period's profit or loss.

6. 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.

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 the 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 Company's share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

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.

(26) Convertible bonds

The Company issues convertible bonds to determine whether they contain both liabilities and interests. Where the convertible bonds issued contain both liabilities and equity components, the liabilities and equity components shall be

split off and processed separately upon initial recognition. In the process of splitting, the fair value of the liability component is first determined and taken as the initial recognized amount, and then the initial recognized amount of the equity component is determined according to the amount of the issuing price of the whole convertible bond after deducting the initial recognized amount of the liability component. Transaction costs are apportioned between the liabilities and equity components according to their respective relative fair value. The components of liabilities are listed as liabilities and subsequently measured at amortized cost until withdrawn, converted or redeemed. Equity components are listed as equity, and no subsequent measurement will be made.

(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.

The Company determines whether its status is the primary responsible party or an agent when engaging in a transaction based on whether or not it has control over the goods or services prior to transferring them to the customer.

If the Company is able to control the goods or services prior to the transfer of such goods or services to the customer, the Company shall be the primary responsible party and recognizes the revenue on the basis of the total consideration received or receivable, otherwise, the Company shall act as an agent and recognizes the revenue in the amount of the commission or fees to which it expects to be entitled.

2. Disclosure of specific revenue recognition and measurement methods by type of business

The Company's revenue recognition method is as follows:

(1) Contracts for the sale of goods

Contracts for the sale of goods between the Company and its customers contain performance obligations for the transfer of goods, which are performance obligations to be fulfilled at a certain point in time.

①For 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;

②The 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;

③The 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;

④For 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;

(2) Contracts for the provision of services

The performance obligation under a contract for the provision of services between the Company and a customer is the fulfillment of a performance obligation at a point in time. The Company recognizes revenue when it reconciles with the customer for services rendered.

(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.

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.

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. Sales and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale-lease-back 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) Methods for determining the criteria for materiality and the basis for selection

Item	Materiality criteria
Significant individually bad debt provisioned notes receivable	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant individually bad debt provisioned notes receivable	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant write-offs of accounts receivable during the period	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant advance payment aged over 1 year	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant individually bad debt provisioned other receivables	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant construction in progress	The Company recognizes notes receivable with an amount greater than 10% of total assets as material
Significant accounts payable older than 1 year or past due	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant contractual liabilities aged over one year	The Company recognizes notes receivable with an amount greater than 0.5% of total

Item	Materiality criteria
	assets as material
Significant other payables older than one year or past due	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant cash flows from investing activities	The Company recognizes notes receivable with an amount greater than 5% of total assets as material
Significant capitalized research and development projects	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant outsourced research and development projects	The Company recognizes notes receivable with an amount greater than 0.5% of total assets as material
Significant commitments item	The Company recognizes restructures, mergers and acquisitions as important
Significant contingencies item	The Company recognizes as material those matters that are highly probable to give rise to a contingent obligation
Events subsequent to balance date	The Company recognizes the appropriation of profits after the balance sheet date to be significant

(33) Significant accounting judgements and estimates

1. Changes in major accounting policies

(1) Implementation of Interpretation of *Accounting Standards for Business Enterprises No. 16* "Accounting for deferred income taxes not subject to the initial recognition exemption for assets and liabilities arising from a individual transaction"

On 30 November 2022, the Ministry of Finance issued the Interpretation on the *Accounting Standards for Business Enterprises No. 16* (Cai Kuai [2022] No. 35, hereinafter referred to as "Interpretation No. 16"). Effective January 1, 2023, the "Accounting for deferred income taxes not subject to the initial recognition exemption for assets and liabilities arising from a individual transaction" has been adopted.

Interpretation No. 16 stipulates that for individual transactions that are not business combinations and do not affect either

accounting profit or taxable income (or deductible losses) at the time the transaction occurs, and the initial recognition of assets and liabilities results in the creation of taxable temporary differences and deductible temporary differences in equal amounts (including lease transactions in which the lessee initially recognizes a lease liability on the commencement date of the lease term and includes it in the asset for the right of use, and transactions in which an estimated liability is recognized and included in the cost of the relevant asset due to the existence of an abandonment obligation for fixed assets, etc.), the provisions on exemption from initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply. The exemption from initial recognition of deferred tax liabilities and deferred tax assets does not apply to individual transactions (including lease transactions in which the lessee initially recognizes a lease liability and credits it to the right-of-use asset on the commencement date of the lease term, as well as individual transactions in which the lessee recognizes a projected liability and credits it to the cost of the relevant asset due to the existence of an abandonment obligation for a fixed asset, etc.), and the enterprise shall recognize the corresponding Enterprises should recognize the corresponding deferred tax liabilities and deferred tax assets in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 18 - Income Taxes" and other relevant regulations when the transaction occurs.

If a taxable temporary difference and a deductible temporary difference arises from a single transaction to which the provision applies that occurs between the beginning of the earliest period for which the financial statements are presented for the first time and the date of its application, and from a lease liability and right-of-use asset recognized at the beginning of the earliest period for which the financial statements are presented as a result of a single transaction to which the provision applies and from the recognition of a projected liability related to an abandonment obligation and the corresponding related asset, the enterprise shall make adjustments in accordance with the provision. The enterprise shall make adjustments in accordance with the provision.

The Company implemented this provision effective January 1, 2023, and the key impacts of implementing this provision are described below:

Content and Cause changes in accounting policies	Statement items affected	Amount of impact on January 1, 2022	
		balance	
		Consolidation	Company
In accordance with Interpretation No. 16, the corresponding deferred tax liabilities and deferred tax assets are recognized separately	Deferred tax assets	2,759.46	14,576.08
	Deferred income tax liabilities		
	Undistributed profits	25,516.53	13,118.47
	Minority interests	-36,874.56	
	Capital surplus	12,659.88	
	Surplus reserve	1,457.61	1,457.61

Content and Cause changes in accounting policies	Statement items affected	Consolidation		Company	
		2023.12.31	2022.12.31	2023.12.31	2022.12.31
		/2023	/2022	/2023	/2022
In accordance with Interpretation No. 16, the corresponding deferred tax liabilities and deferred tax assets are recognized separately	Deferred tax assets	-34,218.56	917,137.43	18,251.97	-35,948.71
	Deferred income tax liabilities	-74,347.14	-453,869.12		
	Undistributed profits	57,652.92	1,000,553.10	16,426.77	-32,353.84
	Capital surplus	12,659.88	12,659.88		
	Minority interests	-32,009.42	361,388.44		
	Surplus reserve	1,825.20	-3,594.87	1,825.20	-3,594.87
	Minority Shareholders Gains and Losses	-393,397.86	398,263.00		
	Income tax expense	1,330,877.97	-1,368,247.09	-54,200.68	50,524.79

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 paid	5,7
Enterprise income tax	Based on taxable profits	15,25

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%

Name of tax payer	Tax rate
Lepu Medical Equipment(Beijing) Co., Ltd	15%
Tianjin Jiumijiu Optometry 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%
Jiangsu Shangzhi Medical Instrument Co., Ltd.	15%
Beijing Tiandi Hexie Technology Co., Ltd	15%
Shenzhen Puhui Medical Technology Co., Ltd	15%
Beijing Lepu Medical Technology Co., Ltd	15%
Lepu(Beijing) Diagnostics Co., Ltd	15%
IPE Biotechnology 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%
Shenzhen Carewell Electronics Co., Ltd	15%
Shenzhen Viatom Technology Co., Ltd	15%
Shanxi Tiansheng Pharmaceutical Co., Ltd.	15%
Sichuan Xingtai Pule Medical Technology Co., Ltd	15%
Jingmu Biotechnology (Shanghai) Co., Ltd	15%
Beijing Lepu Zhiying Technology Co., Ltd.(used name: Beijing Huaco Healthcare Technologies Co., Ltd.)	15%

Name of tax payer	Tax rate
Shenyang Shenda Endoscopy Co., Ltd	15%
Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)	15%
Beijing Lepu Smart Medical Technology Co., Ltd.	15%
Suzhou Bosmi Medical Technology Co., Ltd.	15%

2) Tax incentives

1. 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 2023. The approval certificate of high-tech enterprise is "GS202311000168".and the certificate is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(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 December 2023. The approval certificate of high-tech enterprise is "GR202311008826", and the validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(3) 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 In December 2021. 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 2023.

(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 2023.

(5) Shanghai Shape Memory Alloy Material Co., Ltd. was approved as a high-tech enterprisU by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration in December 2023. The approval certificate number of the high-tech enterprise is "GR202331006835".which is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(6) 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 November 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 2023.

(7) Jiangsu Shangzhi Medical Devices Co., Ltd. was approved as a high-tech enterprise by Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Department of Finance, Jiangsu Provincial State Taxation Bureau, Jiangsu Provincial Local Taxation Bureau on December 2022. 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 2023.

(8) 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 2023.

(9) Shenzhen Puhui Medical Technology Co., Ltd. was approved as high-tech enterprises by Shenzhen Science and Technology Innovation Commission, Shenzhen Municipal Bureau of Finance and Shenzhen Municipal Bureau of Taxation of the State Administration of Taxation in November 2023. The approval certificate of high-tech enterprises is "GR202344204804" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(10) 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 2023.

(11) 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 December 2023. The approval certificate of high-tech enterprise is "GS202311000167" and the period is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(12) Beijing Lepu Smart Medical Technology Co., Ltd. was approved as a high-tech enterprise in Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing Taxation Bureau of Taxation in December 2023. The approval certificate of high-tech enterprise is "GR202311007931", and the validity period is three years. In 2023, it will enjoy the preferential tax rate of high-tech enterprises of 15%

(13) 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. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(14) 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 November 2023. The approval certificate of high-tech enterprise is "GR202037000237", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(15) 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 2023.

(16) 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 2023.

(17) 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 2023.

(18) Lepu Pharmaceutical Technology 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, Henan Provincial Taxation Bureau of the State Administration of Taxation in November 2023. The approval certificate of the high-tech enterprise is "GR202341000210". With a validity period of three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(19) Lepu Hengjiuyuan Pharmaceutical Co., Ltd. was approved as a high-tech enterprise by the Henan Provincial Department of Technology, Henan Provincial Finance Department, Henan Provincial State Taxation Bureau and Henan Provincial Local Taxation Bureau in November 2023. The certificate number is "GR202341001028", valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(20) Lepu Pharmaceuticals (Beijing) Co., Ltd. was approved as a high-tech enterprise by the 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 2023.

(21) 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 2023. The approval certificate of high-tech enterprise is "GR202333001179", and the validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(22) 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 2023.

(23) Beijing Aipuyi Medical Inspection Centre Co., Ltd. was approved as a high-tech enterprise by Beijing Science and Technology Commission, Beijing Finance Bureau and Beijing State Taxation Bureau in 17 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 2023.

(24) Beijing JWJ Science & Technology Development Co., Ltd. was approved 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 2023.

(25) Shanghai Lepu Cloudmed Co., Ltd was approved to be recognized as a high-tech enterprise on December 2022 by the Shanghai Science and Technology Commission through the review of Shanghai Science and Technology Commission, Shanghai Municipal Bureau of Finance and Shanghai Municipal Tax Bureau. The approval certificate number of high-tech enterprise is "GR202231002246". The validity period is three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(26) 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 2023.

(27) Shenzhen Kaiwuer Electronics Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Municipal Bureau of Finance and Shenzhen Municipal Bureau of Taxation of the State Administration of Taxation in October 2023. The certificate number is "GR202344201038" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(28) Shenzhen YuanDong Innovation Technology Co., Ltd. was approved as a high-tech enterprise by Shenzhen Science and Technology Innovation Commission, Shenzhen Municipal Bureau of Finance and Shenzhen Municipal Bureau of Taxation of the State Administration of Taxation 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 2023.

(29) Shanxi Tiansheng Pharmaceutical Co., Ltd. was approved as a high-tech enterprise by the Department of Science and Technology of Shanxi Province, the Department of Finance of Shanxi Province and the Tax Bureau of the State Administration of Taxation of Shanxi Province in December 2021. The certificate number is "GR202114000399" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(30) Sichuan Xingtai Puluo Medical Technology Co., Ltd. was approved as a high-tech enterprise by Sichuan Science and Technology Department, Sichuan Finance Department and Sichuan Taxation Bureau of the State Administration of Taxation in December 2021. The certificate number is "GR202151002878" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(31) Essence Eye Biotechnology (Shanghai) Co., Ltd. was approved as a high-tech enterprise by the Shanghai Science and Technology Commission, Shanghai Municipal Bureau of Finance and Shanghai Municipal Tax Bureau in December 2023. The certificate number is "GR202331007400" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(32) Suzhou Bosmi Medical Technology Co., Ltd. was approved as a high-tech enterprise by The Department of Science and Technology of Jiangsu Province, Jiangsu Provincial Department of Finance and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation in December 2023. The certificate number is "GR202332019252" and the validity period is three years. In 2023, it will enjoy the preferential tax rate of high-tech enterprises of 15%.

(33) Beijing Lepu Zhiying Technology Co., Ltd. was approved as a high-tech enterprise by Beijing Municipal Science and Technology Commission, Beijing Municipal Bureau of Finance, and Beijing Municipal Tax Bureau of the State Administration of Taxation in December 2021. The certificate number is "GR202111007086" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(34) Shenyang Shenda Endoscopy Co., Ltd. was approved as a high-tech enterprise by Liaoning Provincial Department of Science and Technology, Liaoning Provincial Department of Finance and Liaoning Provincial Bureau of Taxation of the State Administration of Taxation in September 2021. The certificate number is "GR202121000569" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

(35) Shanghai Gurong Biotechnology Co., Ltd. was approved as a high-tech enterprise by Shanghai Science and Technology Commission, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau in December 2022. The certificate number is "GR202231006314" and is valid for three years. It enjoyed the preferential tax rate of 15% for high-tech enterprises in 2023.

2. 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. and Aipuyi (Suzhou) Medical Laboratory 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 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.

(3) According to the Circular of the State Administration of Taxation on the Policy of Value-added Tax Credits and Deductions for Advanced Manufacturing Enterprises (Cai Shui [2023] No. 43), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises will be allowed to offset the VAT payable by adding 5% to the current period's deductible input tax.

V. Notes to the Consolidated Financial Statements

(1) Cash at bank and on hand

Item	2023.12.31	2022.12.31
Cash on hand	789,669.47	998,841.96
Bank deposits	3,944,150,653.14	4,721,596,434.76
Other monetary funds	275,814,484.17	744,683,508.67
Total	4,220,754,806.78	5,467,278,785.39
Including: cash at bank and on hand deposited overseas	191,566,804.75	2,126,350,141.54
Amounts deposited abroad with restrictions on repatriation of funds	342,056.46	35,572,840.57

(2) Financial assets held-for-trading

Item	2023.12.31	2022.12.31
Financial assets at fair value through profit or loss	275,203,779.61	277,214,058.48
Including: Equity instrument investment		19,104,943.05
Wealth management products	275,203,779.61	258,109,115.43
Total	275,203,779.61	277,214,058.48

(3) Notes receivable

1. Notes receivable by category

Item	2023.12.31	2022.12.31
Bank acceptance notes	60,631,562.69	68,366,738.81
Trade acceptance notes	23,878,411.26	30,000,000.00
Total	84,509,973.95	98,366,738.81

2. Notes receivable pledged at the end of the year

Item	Amount pledged
Bank acceptance notes	1,727,104.88
Total	1,727,104.88

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		29,709,324.66
Trade acceptance notes		22,000,000.00
Total		51,709,324.66

(4) Accounts receivable

1. Ageing analysis of accounts receivable:

Ageing	2023.12.31	2022.12.31
Within 1 year	1,431,004,347.00	1,582,742,600.68
1-2 years	219,213,688.98	182,488,635.91
2-3 years	87,804,691.10	120,018,798.29
3-4 years	59,012,168.56	74,821,688.85
4-5 years	40,939,968.12	44,370,357.92
Over 5 years	70,715,580.78	58,274,108.65
Sub-total	1,908,690,444.54	2,062,716,190.30
Less: Provision for bad debts	155,529,736.19	154,085,988.98
Total	1,753,160,708.35	1,908,630,201.32

2. Accounts receivable by method of bad debt provision

Type	2023.12.31					2022.12.31				
	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	2,027,715.40	0.11	2,027,715.40	100.00		2,027,715.40	0.10	2,027,715.40	100.00	
Provision for bad debts made on a grouping basis	1,906,662,729.14	99.89	153,502,020.79	8.05	1,753,160,708.35	2,060,688,474.90	99.90	152,058,273.58	7.38	1,908,630,201.32
Including:										
Expected credit loss of grouping basis	1,906,662,729.14	99.89	153,502,020.79	8.05	1,753,160,708.35	2,060,688,474.90	99.90	152,058,273.58	7.38	1,908,630,201.32
Total	1,908,690,444.54	100.00	155,529,736.19		1,753,160,708.35	2,062,716,190.30	100.00	154,085,988.98		1,908,630,201.32

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

Items of bad debt provided on grouping basis:

Name	2023.12.31		
	Accounts receivable	Provision for bad debts	Percentage(%)
Within 1 year	1,431,002,697.00	7,155,013.56	0.50
1-2 years	219,213,688.98	21,921,368.94	10.00
2-3 years	87,804,691.10	17,560,938.22	20.00
3-4 years	59,012,168.56	17,703,650.58	30.00
4-5 years	40,936,868.12	20,468,434.11	50.00
Over 5 years	68,692,615.38	68,692,615.38	100.00
Total	1,906,662,729.14	153,502,020.79	

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

Type	2022.12.31	Change in the year			2023.12.31
		Provision accrued and reversed	Increase in business combinations	Offset or written off	
Expected credit loss of grouping basis	152,058,273.58	26,133,143.68	8,876,150.15	33,565,546.62	153,502,020.79
Provision for bad debts	2,027,715.40				2,027,715.40
Total	154,085,988.98	26,133,143.68	8,876,150.15	33,565,546.62	155,529,736.19

4. Accounts receivable written off during the reporting periods

Item	Amount
Written-off	33,565,546.62

Top five accounts receivable by ending balance of debtors

5. Top five accounts receivable and contract assets by ending balance of debtors

The total amount of the top five accounts receivable and contract assets with ending balance aggregated by party in

arrears was RMB219,608,104.16, representing 11.51% of the total ending balance of accounts receivable, and the corresponding provision for bad debts with ending balance aggregated to RMB4,738,915.53.

(5) Receivable financing

1. Presentation of receivables financing classification

Item	2023.12.31	2022.12.31
Notes receivable	83,407,668.79	134,291,997.64
Total	83,407,668.79	134,291,997.64

2. Receivable financing pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Notes receivable	37,560,249.83
Total	37,560,249.83

3. Receivable financing at the end of the period that has been endorsed or discounted by the Company and is not yet due at the balance sheet date

Item	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Notes receivable	78,752,410.25	
Total	78,752,410.25	

Note:

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.

(6) Prepayments

2) Ageing of prepayments

Ageing	2023.12.31		2022.12.31	
	Amount	Percentage(%)	Amount	Percentage(%)
Within 1 year	183,340,259.10	57.21	306,237,085.94	80.26
1-2 years	94,433,213.00	29.47	53,762,367.05	14.09
2-3years	28,753,426.19	8.97	13,205,510.86	3.46
Over 3 years	13,944,339.98	4.35	8,367,174.53	2.19
Total	320,471,238.27	100.00	381,572,138.38	100.00

3) 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 RMB44,471,266.43, representing 13.88% of the total closing balance of prepayments.

(7) Other receivables

Item	2023.12.31	2022.12.31
Interest receivable		
Dividends receivable		
Other receivables	110,449,885.41	124,645,400.43
Total	110,449,885.41	124,645,400.43

1. Other receivables

(1) Ageing analysis:

Ageing	2023.12.31	2022.12.31
Within 1 year	53,846,939.08	45,582,271.18
1-2 years	7,534,326.06	21,190,382.11
2-3years	11,671,969.96	70,809,442.32
3-4 years	56,980,783.19	53,446,718.32
4-5years	53,104,308.05	82,632,296.43

Ageing	2023.12.31	2022.12.31
Over 5 years	107,238,119.08	25,634,820.10
Sub-total	290,376,445.42	299,295,930.46
Less: Provision for bad debts	179,926,560.01	174,650,530.03
Total	110,449,885.41	124,645,400.43

(2) Other receivables by method of bad debt provision

Type	2023.12.31					2022.12.31				
	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	44.70	129,805,890.71	100.00		129,805,890.71	43.37	129,805,890.71	100.00	
Provision for bad debts made on a grouping basis	160,570,554.71	55.30	50,120,669.30	31.21	110,449,885.41	169,490,039.75	56.63	44,844,639.32	26.46	124,645,400.43
Including:										
Expected credit loss of grouping basis	160,570,554.71	55.30	50,120,669.30	31.21	110,449,885.41	169,490,039.75	56.63	44,844,639.32	26.46	124,645,400.43
Total	290,376,445.42	100.00	179,926,560.01		110,449,885.41	299,295,930.46	100.00	174,650,530.03		124,645,400.43

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

Name	2023.12.31				2022.12.31	
	Book balance	Provision for bad debts	Percentage (%)	Reasons for Provision	Book balance	Provision for bad debts
Beijing Bound-A ssegai Technical and Trade Co., Ltd.	127,799,293.21	127,799,293.21	100.00	Expected irrecoverable	127,799,293.21	127,799,293.21
Total	127,799,293.21	127,799,293.21			127,799,293.21	127,799,293.21

receivables with provision for bad debts on a grouping basis:

The project of collective assessment:

Name	2023.12.31		
	Other receivables	Provision for bad debts	Percentage(%)
Within 1 year	53,846,939.36	269,234.73	0.50
1-2 years	7,530,680.78	753,068.10	10.00
2-3 years	11,671,164.64	2,334,232.92	20.00
3-4 years	56,973,900.09	17,092,170.03	30.00
4-5 years	1,751,812.67	875,906.35	50.00
Over 5 years	28,796,057.17	28,796,057.17	100.00
Total	160,570,554.71	50,120,669.30	

(3) Provision for bad debt

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
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	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 (1/1/2022)	44,844,639.32		129,805,890.71	174,650,530.03
Beginning balance for the current year (1/1/2022)				
--Transfer to stage 2				
--Transfer to stage 3				
--Transfer back stage 2				
--Transfer back stage1				
Provision made during the year	3,737,742.81			3,737,742.81
Reverse during the year				
Offset during the year				
Written during off the year	369,172.75			369,172.75
Other changes	1,907,459.92			1,907,459.92
Closing Balance	50,120,669.30		129,805,890.71	179,926,560.01

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

Type	2022.12.31	Change in the year			2023.12.31
		Accrued	Transferred form consolidation	Offset or written off	
Expected credit loss of grouping basis	44,844,639.32	3,737,742.81	1,907,459.92	369,172.75	50,120,669.30
Provision for bad debts made on an individual basis	129,805,890.71				129,805,890.71
Total	174,650,530.03	3,737,742.81	1,907,459.92	369,172.75	179,926,560.01

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

Item	Amount
Written-off	369,172.75

(6) Others categorized by nature

Nature of other receivables	2023.12.31	2022.12.31
Current settlement	255,741,834.43	262,086,444.37
Reserve	20,160,622.24	23,954,251.82
Others	14,473,988.75	13,255,234.27
Total	290,376,445.42	299,295,930.46

(7) 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 RMB199,798,242.42, representing 68.81% of the total ending balance of other receivables, and the corresponding aggregate closing balance of the provision for bad debts was RMB144,225,303.96.

(8) Inventories

1. Breakdown of inventories

Type	2023.12.31			2022.12.31		
	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	1,068,849,063.75	1,879,484.39	1,066,969,579.36	919,977,229.57	1,929,365.58	918,047,863.99
Work in progress	279,115,210.29		279,115,210.29	380,410,500.74	510,515.67	379,899,985.07
Finished goods	1,076,348,447.98	132,959,651.25	943,388,796.73	1,011,717,053.25	43,073,014.25	968,644,039.00
Total	2,424,312,722.02	134,839,135.64	2,289,473,586.38	2,312,104,783.56	45,512,895.50	2,266,591,888.06

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

Typr	2022.12.31	Increase for the year		Decrease for the year		2023.12.31
		Provision made	Others	Reversal or writing-off	Others	
Raw materials	1,929,365.58	678,096.60		727,977.79		1,879,484.39
Work in progress	510,515.67			510,515.67		
Finished goods	43,073,014.25	127,827,100.99		37,940,463.99		132,959,651.25
Total	45,512,895.50	128,505,197.59		39,178,957.45		134,839,135.64

(9) Non-current assets due within one year

Item	2023.12.31	2022.12.31
Long-term receivables due within one year	3,302,070.61	4,844,368.53
Total	3,302,070.61	4,844,368.53

(10) Other current assets

Item	2023.12.31	2022.12.31
Insurance	1,030,684.05	1,092,883.70
Advance Payment of Income Tax	178,950,744.58	80,748,883.31
Others	4,722,468.26	3,675,430.41
Total	184,703,896.89	85,517,197.42

(11) Long-term receivables

1. Information on long-term receivables

Item	2023.12.31			2022.12.31			Range of discount rate
	Book balance	Provision for bad debts	Carrying Value	Book balance	Provision for bad debts	Carrying Value	
Receipt in installments for sale of goods	2,968,556.17		2,968,556.17	8,259,759.08		8,259,759.08	4.75%-6.00%
Total	2,968,556.17		2,968,556.17	8,259,759.08		8,259,759.08	

(12) Long-term equity investments

1. Information on long-term equity investments

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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												
Tianjin Walkman Biomaterial Co., Ltd.	259,228,021.45				-1,403,355.15						257,824,666.30	
Sichuan Rekind Medtec Inc .	120,121,300.92				25,917,423.02		17,662,985.04	18,382,000.00			145,319,708.98	
Beijing Bound-Assegai Technical and Trade Co., Ltd.	138,024,410.41	138,024,410.41									138,024,410.41	138,024,410.41
Beijing Haijinge Medicine Technology Co., Ltd.	116,399,967.32				8,409,008.67		1,742,925.00				126,551,900.99	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Lepu Biopharma Co., Ltd.	122,323,159.99				-15,561,111.09	-44,963.21	15,082,193.20				121,799,278.89	
Shanghai Minwei Biotechnology Co., Ltd			116,875,000.00		-8,418,251.39						108,456,748.61	
Sino-US Huashitong Biomedical Technology (Wuhan) Co., Ltd	93,737,572.50				-6,930,939.33	163,362.13	62,771.61				87,032,766.91	
Hunan Pinxing Bioengineering Co., Ltd.	83,491,098.80				-1,782,301.76						81,708,797.04	
Beijing Yuding	72,905,510.95				2,985,131.20		1,390,575.90				77,281,218.05	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Additive Manufacturing Research Institute Co., Ltd.												
Shenzhen Ruihan Medical Technology Co., Ltd.	64,442,548.24				-11,569,901.94						52,872,646.30	
Xinyu Baiaotongda Biotechnology Co., Ltd.	49,995,873.16				-2,451.21						49,993,421.95	
Aortec Medical Technology Co., Ltd.	50,131,971.75				-808,439.42						49,323,532.33	
Beijing QS	53,770,218.13				-4,700,941.99						49,069,276.14	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Medical Technology Co., Ltd.												
Xi'an Chaoqian Intelligent Technology Co., Ltd.	43,907,045.47				-5,495,352.00						38,411,693.47	
Shenzhen Bone Medical Devices Co., Ltd.	40,031,833.04				-2,644,339.09						37,387,493.95	
Star Combo Pharma Limited	20,334,627.85				317,744.81					-420,673.43	20,231,699.23	
China Machine Emergency Industry Co., Ltd			20,000,000.00								20,000,000.00	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Beijing Zhongan Yisheng Medical Technology Co., Ltd.	19,074,109.09				-1,341,334.61						17,732,774.48	
Beijing Yuewei Medical Technology Co., Ltd.	5,000,000.00		5,000,000.00		-984,943.16						9,015,056.84	
Beijing Anyoushengshi Clinic Co., Ltd.	1,500,000.00										1,500,000.00	
Anyou Ophthalmology Clinic (Fuzhou) Co., Ltd.	1,200,000.00										1,200,000.00	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Beijing Anpu Technology Co., Ltd.	454,492.81				-1,583.20						452,909.61	
Ningbo Kaisheng Investment Management Center (Limited Partnership)	260,370.13				-69.34						260,300.79	
Ningbo Hengsheng Hengrui Investment Management Center (Limited Partnership)	186,135.39				-52.93						186,082.46	

Investee	2022.12.31	Impairment provision 2022.12.31	Change for the year								2023.12.31	Impairment provision 2023.12.31
			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		
Ningbo Jinyi Investment Management Center (limited Partnership)	99,454.46				-61.78						99,392.68	
Ningbo Meiunicom Investment Management Center (Limited Partnership)	49,431.62				-59.83						49,371.79	
Beijing Purun Medical Equipment Co., Ltd.	10,824,703.67				-344,793.19					-10,479,910. 48		
Sub-total	1,367,493,857.15	138,024,410.41	141,875,000.00		-24,360,974.71	118,398.92	35,941,450.75	18,382,000.00		-10,900,583. 91	1,491,785,148.20	138,024,410.41

Investee	2022.12.31	Impairment provision	Change for the year								2023.12.31	Impairment provision
			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		
		2022.12.31									2023.12.31	2023.12.31
Total	1,367,493,857.15	138,024,410.41	141,875,000.00		-24,360,974.71	118,398.92	35,941,450.75	18,382,000.00		-10,900,583.91	1,491,785,148.20	138,024,410.41

Note:

- 1) 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.
- 2) The change of Prudential Medical is that the Company acquired 70% of its equity interest to 100%, making it a controlling subsidiary, as described in "Note VII, Changes in the Scope of Consolidation".

(13) Investments in other equity instruments

1) Information on investments in other equity instruments

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Changzhou Shanlan Medical Investment Partnership limited Partnership	32,958,797.12	32,958,797.12						Based on management's judgment
Beijing Chongde Yingsheng Venture Capital Co., Ltd.	10,000,000.00	10,000,000.00						Based on management's judgment
Shanghai Xingze Xinghe Venture Capital Center limited Partnership	47,177,815.19	47,177,815.19						Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Shenzhen City Hechuang Intelligent and Health Venture Investment Fund limited Partnership	41,371,647.08	44,218,115.69						Based on management's judgment
Beijing Life Insurance Co., Ltd.	300,000,000.00	300,000,000.00						Based on management's judgment
Beijing Synergetic Yixin Investment Partnership limited Partnership	50,000,000.00	50,000,000.00						Based on management's judgment
Suzhou Sinovent Pharmaceuticals Co., Ltd.	45,000,000.00	45,000,000.00						Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Suzhou Xinnova Pharmaceutical Technology Co., Ltd	62,659,965.62	86,855,409.08						Based on management's judgment
Shanghai Magic Sugar Medical Technology Co., Ltd.	200,000.00	200,000.00						Based on management's judgment
Shanghai Shujia Medical Management Co., Ltd.	10,000,000.00	10,000,000.00						Based on management's judgment
Chengdu Shengnuo Biotechnology Co., Ltd.	173,752,749.00	143,985,600.00	77,410,162.39		72,895,762.39		1,620,000.00	Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Shandong Boshan Pharmaceutical Co., Ltd.	39,000,000.00	39,000,000.00						Based on management's judgment
Beijing Ruiying Medical Technology Co., Ltd	20,000,000.00							Based on management's judgment
GANG LIINVESTMENT GROUP	107,302,905.00	104,469,000.00	2,833,905.00			350,595.00		Based on management's judgment
Inspira,Inc ("Inspira")	43,043,181.44	42,117,281.40	925,900.04			50,382,742.89		Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
CG Oncology, Inc. ("CG")	27,738,350.94	41,756,422.39	1,001,036.21		2,379,888.34			Based on management's judgment
Pionyr Immunotherapeutics, Inc ("Pionyr")		63,141,071.85						Based on management's judgment
Ikena Oncology, Inc ("Ikena")	1,851,739.12			4,862,229.67		4,862,229.67		Based on management's judgment
MeiraGTx, LLC ("MeiraGTx")	14,738,953.41	13,611,765.51	1,457,356.87			4,336,333.28		Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Gritstone Oncology, Inc ("Gritstone")	27,611,284.97	45,691,089.39		18,079,804.42		107,602,744.48		Based on management's judgment
Beam Therapeutics, Inc ("Beam")	21,586,342.00	30,348,324.23		8,761,982.23	10,006,570.40			Based on management's judgment
Oric Pharmaceuticals, Inc ("Oric")	29,354,440.75	18,388,963.21	10,965,477.54			5,811,598.78		Based on management's judgment
Celero Systems, Inc ("Celero")	7,082,700.00			97,100.00		97,100.00		Based on management's judgment

Item	2023.12.31	2023.12.31	Profit recognized in other comprehensive income during the period	Loss recognized in other comprehensive income during the period	Profit accumulated in other comprehensive income at the end of the period	Loss accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Archimedes Vascular, Inc ("Archimedes")	1,770,675.00			23,800.00		23,800.00		Based on management's judgment
Ranzhang Sunac Space (Beijing) Digital Industry Technology Co., Ltd	100,000.00							Based on management's judgment
BioLineRx, Ltd ("BioLineRx")	75,938,903.95			28,765,388.93		28,765,388.93		Based on management's judgment
Total	1,190,240,450.59	1,168,919,655.06	94,593,838.05	117,017,408.31	85,282,221.13	211,350,500.93	1,620,000.00	

2) Explanation of the existence of derecognition during the period

Item name	Accumulated gains transferred to retained earnings	Accumulated losses transferred to retained earnings	Reasons for derecognition
Chengdu Shengnuo Biotechnology Co., Ltd.	24,004,639.20		Partial disposal
Pionyr		11,448,327.02	Share right replacement
MeiraGTx		244,168.35	Partial disposal
CG	30,567,506.80		Partial disposal

(14) Other non-current financial assets

Item	2023.12.31	2022.12.31
Guizhou Yizhiying Technology Co., Ltd.	16,500,000.00	16,500,000.00
Suzhou Prius Gene Technology Co., Ltd.	10,000,000.00	10,000,000.00
Shining3d Tech Co., Ltd.		132,110,000.00
Total	26,500,000.00	158,610,000.00

(15) Investment properties

1. Investment properties at cost method

Item	Buildings	Land use rights	Total
1.Original carrying amount			
(1) 2022.12.31	408,919,392.38	2,929,797.60	411,849,189.98
(2) Increase during the year	22,366,960.78		22,366,960.78
—Purchase			
—Transfers from inventories/fixed assets/construction in progress	22,366,960.78		22,366,960.78
—Increase from business consolidations			
(3) Decrease during the year	45,787,846.99		45,787,846.99
—Disposals			
—Transfer to fixed assets	45,787,846.99		45,787,846.99
(4) 2023.12.31	385,498,506.17	2,929,797.60	388,428,303.77

Item	Buildings	Land use rights	Total
2.Accumulated depreciation or amortization			
(1) 2022.12.31	81,019,327.60	583,206.93	81,602,534.53
(2) Increase during the year	17,446,756.81	78,278.97	17,525,035.78
— Provision made or amortization	12,514,544.73	78,278.97	12,592,823.70
— Transfers from inventories/fixed assets/construction in progress	4,932,212.08		4,932,212.08
— Increase from business consolidations			
(3) Decrease during the year	7,473,405.48		7,473,405.48
— Disposals			
— Transfer to fixed assets	7,473,405.48		7,473,405.48
(4) 2023.12.31	90,992,678.93	661,485.90	91,654,164.83
3.Provision for impairment			
(1) 2022.12.31			
(2) Increase during the year			
— Provision made			
(3) Decrease during the year			
— Disposals			
(4) 2023.12.31			
4.Carrying value			
(1) Closing carrying value	294,505,827.24	2,268,311.70	296,774,138.94
(2) Opening carrying value	327,900,064.78	2,346,590.67	330,246,655.45

(16) Fixed assets

1) Fixed assets and disposal of fixed assets

Item	2023.12.31	2022.12.31
Fixed assets	2,812,962,375.74	2,604,619,204.30
Fixed assets liquidation		
Total	2,812,962,375.74	2,604,619,204.30

2) Breakdown of fixed assets

Item	Buildings	Machinery and equipment	Transportation equipment	Office & other equipment	Total
1.Original carrying amount					
(1) 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) Increase during the year	239,924,607.67	328,931,784.86	17,085,820.81	63,691,090.81	649,633,304.15
—Purchases	2,972,645.13	136,130,795.61	3,577,912.60	47,743,320.84	190,424,674.18
—Transfers from construction in progress	59,065,269.03	58,891,331.15	1,065,495.57	3,984,477.56	123,006,573.31
—Additions due to business combinations involving entities not under common control	132,098,846.52	53,381,708.69	12,442,412.64	11,963,292.41	209,886,260.26
—Transfers from investment properties	45,787,846.99				45,787,846.99
—Transfers from inventory		80,527,949.41			80,527,949.41
(3) Decrease during the year	25,473,641.90	83,928,636.97	15,057,940.71	61,486,945.23	185,947,164.81
—Disposal or retirement	3,106,681.12	83,928,636.97	15,057,940.71	61,486,945.23	163,580,204.03
—Transfers to investment properties	22,366,960.78				22,366,960.78
(4) 2023.12.31	2,020,924,087.95	2,145,906,158.33	49,419,963.49	576,221,668.32	4,792,471,878.09
2.Accumulated depreciation					
(1) 2022.12.31	419,490,375.72	880,019,906.77	38,041,196.96	373,251,663.13	1,710,803,142.58
(2) Increase during the year	102,919,489.95	164,572,360.05	12,258,082.48	114,436,717.03	394,186,649.51
—Provision made	64,197,531.98	141,299,262.43	4,625,922.27	106,932,825.17	317,055,541.85
—Additions due to business	31,248,552.49	23,273,097.62	7,632,160.21	7,503,891.86	69,657,702.18

Item	Buildings	Machinery and equipment	Transportation equipment	Office & other equipment	Total
combinations involving entities not under common control					
—Transfers from investment properties	7,473,405.48				7,473,405.48
(3) Decrease during the year	5,785,348.32	69,698,740.48	10,727,694.89	52,631,896.27	138,843,679.96
—Disposal or retirement	853,136.24	69,698,740.48	10,727,694.89	52,631,896.27	133,911,467.88
—Transfers to investment properties	4,932,212.08				4,932,212.08
(4) 2023.12.31	516,624,517.35	974,893,526.34	39,571,584.55	435,056,483.89	1,966,146,112.13
3.Provision for impairment					
(1) 2022.12.31	13,275,844.55	56,592.37		30,954.95	13,363,391.87
(2) Increase during the year					
—Provision made					
(3) Decrease during the year				1.65	1.65
—Disposal or retirement				1.65	1.65
(4) 2023.12.31	13,275,844.55	56,592.37		30,953.30	13,363,390.22
4.Carrying value					
(1) Closing carrying value	1,491,023,726.05	1,170,956,039.62	9,848,378.94	141,134,231.13	2,812,962,375.74
(2) Opening 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

Note:

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 2023, the building with a net value of RMB55,065,316.13 was still under mortgage. Please refer to the note "V. (34) Long-term Loan".

(17) Construction in progress

1) Construction in progress and construction materials

Item	2023.12.31			2022.12.31		
	Book balance	provision for impairment	Carrying Value	Book balance	provision for impairment	Carrying Value
Construction in progress	1,797,285,664.72		1,797,285,664.72	1,513,606,170.30		1,513,606,170.30
Total	1,797,285,664.72		1,797,285,664.72	1,513,606,170.30		1,513,606,170.30

2) Breakdown of construction in progress

Item	2023.12.31			2022.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Lepu International Center Project	1,422,989,947.42		1,422,989,947.42	1,204,640,289.21		1,204,640,289.21
Other engineering projects of Zhejiang Lepu Pharmaceutical Industry	286,300,793.20		286,300,793.20	188,813,984.32		188,813,984.32
Synthesis workshop				41,852,925.21		41,852,925.21
Lepu Pharmaceutica20 billion tablets of solid pharmaceutical preparation workshop	16,539,600.04		16,539,600.04	21,636,929.19		21,636,929.19

Item	2023.12.31			2022.12.31		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Other	71,480,993.63	25,669.57	71,455,324.06	56,687,711.94	25,669.57	56,662,042.37
Total	1,797,311,334.29	25,669.57	1,797,285,664.72	1,513,631,839.87	25,669.57	1,513,606,170.30

3) Changes in significant construction in progress

Name of project	Budget	2021.12.31	Increase in the period	Amount transfer 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	1,460,000,000.00	1,204,640,289.21	218,349,658.21			1,422,989,947.42	97.47	In progress	74,713,327.70	3,420,083.33	4.55	Other
Total		1,204,640,289.21	218,349,658.21			1,422,989,947.42			74,713,327.70	3,420,083.33		

(18) Right-of-use assets

1. Breakdown of Right-of-use assets

Item	Buildings and structures	Total
1.Original carrying amount		
(1) 2022.12.31	330,603,000.90	330,603,000.90
(2) Increase for the year	254,654,125.67	254,654,125.67
—Increase in leases	246,737,040.10	246,737,040.10
—Additions due to business combinations involving entities not under common control	7,917,085.57	7,917,085.57
(3) Decrease for the year	146,616,043.70	146,616,043.70
—Transfers to fixed assets		
—Termination	146,616,043.70	146,616,043.70
(4) 2023.12.31	438,641,082.87	438,641,082.87
2.Accumulated depreciation		
(1) 2022.12.31	108,686,891.05	108,686,891.05
(2) Increase for the year	69,644,135.61	69,644,135.61
—Provision made	66,807,068.14	66,807,068.14
—Additions due to business combinations involving entities not under common control	2,837,067.47	2,837,067.47
(3) Decrease for the year	66,120,176.99	66,120,176.99
—Transfers to fixed assets		
—Termination	66,120,176.99	66,120,176.99
(4) 2023.12.31	112,210,849.67	112,210,849.67
3.Provision for impairment		
(1) 2022.12.31		
(2) Increase for the year		
—Provision made		
(3) Decrease for the year		
—Transfers to fixed assets		
—Termination		
(4) 2023.12.31		
4.Carrying value		
(1) Closing carrying value	326,430,233.20	326,430,233.20

Item	Buildings and structures	Total
(2) Opening carrying value	221,916,109.85	221,916,109.85

(19) Intangible assets

1. Breakdown of intangible assets

Item	Land use rights	Patent rights	Non-patent rights	Others	Total
1.Original carrying amount					
(1) 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) Increase for the year	17,175,620.19	77,346,282.85	517,522,877.05	11,083,197.72	623,127,977.81
—Purchase		2,218,036.44		7,515,350.28	9,733,386.72
—Internal research & development		62,528,246.41	423,150,049.70		485,678,296.11
—Additions due to business combinations involving entities not under common control	17,175,620.19	12,600,000.00	94,372,827.35	3,567,847.44	127,716,294.98
(3) Decrease for the year		454,225.94	91,470.96	120,420.88	666,117.78
—Disposal		454,225.94	91,470.96	120,420.88	666,117.78
—Lapsed and derecognised parts					
(4) 2023.12.31	1,234,926,410.95	616,802,527.06	914,844,352.78	146,149,787.65	2,912,723,078.44
2.Accumulated amortization					
(1) 2022.12.31	248,516,994.68	396,044,663.89	172,668,508.20	102,727,770.17	919,957,936.94
(2) Increase for the year	42,819,455.79	74,600,393.84	42,781,099.30	14,904,299.75	175,105,248.68
—Provision made	39,936,971.24	74,180,393.84	39,650,727.74	14,472,533.39	168,240,626.21
—Additions due to business combinations involving entities not under common control	2,882,484.55	420,000.00	3,130,371.56	431,766.36	6,864,622.47
(3) Decrease for the year		450,512.80	15,244.99	71,364.28	537,122.07
—Disposal		450,512.80	15,244.99	71,364.28	537,122.07

Item	Land use rights	Patent rights	Non-patent rights	Others	Total
—Lapsed and derecognised parts					
(4) 2023.12.31	291,336,450.47	470,194,544.93	215,434,362.51	117,560,705.64	1,094,526,063.55
3.Provision for impairment					
(1) 2022.12.31		650,811.61			650,811.61
(2) Increase for the year					
—Provision made					
(3) Decrease for the year					
—Disposal					
—Lapsed and derecognised part					
(4) 2023.12.31		650,811.61			650,811.61
4.Carrying value					
(1) Closing carrying value	943,589,960.48	145,957,170.52	699,409,990.27	28,589,082.01	1,817,546,203.28
(2) Opening carrying value	969,233,796.08	143,214,994.65	224,744,438.49	32,459,240.64	1,369,652,469.86

Note:

1) As of 31 December 2023, the intangible assets generated from the Company's internal research and development of intangible assets accounted for 35.85% of the balance of intangible.

2) In February 2023, the subsidiary Zhejiang LP Pharmaceutical Co., Ltd. entered into a maximum mortgage contract with China Construction Bank Corporation Taizhou Jiaojiang Sub-branch, as detailed in "V. (34) Long-term borrowings" in this note, and the collateral involves the land use right and its buildings on the ground. As of 31 December 2023, land use rights with a net value of RMB33,252,652.37 were still under mortgage.

(20) Goodwill

1. Changes in goodwill

Investee Companies or matters forming goodwill	2022.12.31	Increase during the year		Decrease during the year		2023.12.31
		Business combinations	Other increase	Disposal	Other decrease	
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
ComedB.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
Beijing Jinweijie Technology Development Co., Ltd	20,119,884.31					20,119,884.31
Beijing Lejian Medical Investment Co., Ltd	58,498,557.73					58,498,557.73
Zhejiang LEPU Pharmaceutical Co., Ltd	374,821,392.22					374,821,392.22
Yantai Addcare Bio-Tech Limited Company	161,437,254.14					161,437,254.14
Changzhou Bingkun Medical Technology Co., Ltd.(used name: Ningbo Bingkun Medical Technology Co., Ltd.)	532,643,436.89					532,643,436.89
Lepu Pharmaceutical Co., Ltd.	102,648,567.78					102,648,567.78
Lepu Hengjiuyuan Pharmaceutical Co.,Ltd	81,138,405.26					81,138,405.26
Lepu Pharmaceutical Technology Co., Ltd	39,517,205.84					39,517,205.84
Anhui High-Tech Cardiovascular Hospital Management Co., Ltd	46,445,203.02					46,445,203.02

Investee Companies or matters forming goodwill	2022.12.31	Increase during the year		Decrease during the year		2023.12.31
		Business combinations	Other increase	Disposal	Other decrease	
Beijing Lepu Diagnostic Technology Co., Ltd	63,095,761.52					63,095,761.52
Beijing Weikangtongda Medical Technology Co., Ltd	6,222,591.99					6,222,591.99
Shenzhen Puhui Medical Technology Co., Ltd	5,630,100.00					5,630,100.00
Shenzhen Carewell Electronics Co., Ltd	38,074,178.51					38,074,178.51
Shenzhen Kerikang Industrial 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 Lepu Zhiying Technology Co., Ltd.(used name:	139,648,752.70					139,648,752.70

Investee Companies or matters forming goodwill	2022.12.31	Increase during the year		Decrease during the year		2023.12.31
		Business combinations	Other increase	Disposal	Other decrease	
Beijing Huaco Healthcare Technologies Co., Ltd.)						
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
Beijing Purun Medical Equipment Co., Ltd		21,427,384.16				21,427,384.16
Shenyang Shenda Endoscopy Co., Ltd		185,378,375.62				185,378,375.62
Sub-total	3,493,493,303.00	206,805,759.78				3,700,299,062.78
Provision for impairment						
ComedB.V.	18,585,245.77					18,585,245.77
Lepu Pharmaceutical (Beijing) Liability Company	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
Suzhou Bosme Medical Technology Co., Ltd				33,451,942.59		33,451,942.59
Sub-total	162,516,492.11			33,451,942.59		195,968,434.70
Book value	3,330,976,810.89	206,805,759.78		-33,451,942.59		3,504,330,628.08

2. Information about the composition of the asset group or asset group combination to which the goodwill belongs, and the business segment to which it belongs

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
	Asset groups formed by	Medical device	Yes
Shanghai Shape Memory Alloy			

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
Material Co., Ltd.	operating assets of the main business, including fixed assets, intangible assets and other long-term assets	segment	
Lepu Medical Equipment(Beijing) Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Beijing Star GK Medical Device Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Lepu Medical Electronics Technology Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Lepu Pharmaceutical Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Beijing Haihetian Technology Development Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Beijing Jinweijie Technology Development Co., Ltd	Asset groups formed by operating assets of the main	Medical services & health	Yes

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
	business, including fixed assets, intangible assets and other long-term assets	management segment	
Beijing Lejian Medical Investment Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Zhejiang LEPU Pharmaceutical Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Yantai Addcare Bio-Tech Limited Company	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Changzhou Bingkun Medical Technology Co., Ltd.(used name: Ningbo Bingkun Medical Technology Co., Ltd.)	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Lepu Pharmaceutical Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Lepu Hengjiu Yuan Pharmaceutical Co.,Ltd	Asset groups formed by operating assets of the main business, including fixed assets,	Pharmaceutical segment	Yes

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
	intangible assets and other long-term assets		
Lepu Pharmaceutical Technology Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Anhui High-Tech Cardiovascular Hospital Management Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Beijing Lepu Diagnostic Technology Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Beijing Weikangtongda Medical Technology Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Shenzhen Puhui Medical Technology Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Shenzhen Carewell Electronics Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other	Medical services & health management segment	Yes

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
	long-term assets		
Shenzhen Kerikang Industrial Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Liaoning Bo'ao Bio-pharmaceutical Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Shanghai Yocaly Health Management Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Shenzhen Viatom Technology Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Shaanxi Xingtai Biotechnology Co., Ltd. Asset Groups	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
IPE Biotechnology Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
Lepu Youkang (Hainan) Health Industry Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Aonuo (Qingdao) Pharmaceutical Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Suzhou Bonsmile Medical Technology Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Tianjin Jiumijiu Optometry Technology Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Beijing Lepu Zhiying Technology Co., Ltd.(used name: Beijing Huaco Healthcare Technologies Co., Ltd.)	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	Yes
Qingdao Lishan Eye Nursing Product Co.,Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes

Item	Composition and basis of the asset group or combination of asset groups to which it belongs	Affiliated business segments and basis	Whether it is consistent with previous years
Shanxi Tiansheng Pharmaceutical Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Pharmaceutical segment	Yes
Wenzhou Jingyuan Biotechnology Co., Ltd.	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical services & health management segment	Yes
Beijing Purun Medical Equipment Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	
Shenyang Shenda Endoscopy Co., Ltd	Asset groups formed by operating assets of the main business, including fixed assets, intangible assets and other long-term assets	Medical device segment	

3. The Specific methods of determining recoverable amounts

The recoverable amount is determined as fair value less costs of disposal:

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and cost of disposal	Key parameters	Basis for determining key parameters
Suzhou Bonsmile Medical	199,055,117.25	153,500,000.00	33,451,942.59	Market approach	Deducted Comparable Company	

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and cost of disposal	Key parameters	Basis for determining key parameters
Technology Co., Ltd.					All-Investment Value/Subsequent S-Value	
Total	199,055,117.25	153,500,000.00	33,451,942.59			

Note: The recoverable amount of the asset group in which the goodwill of Suzhou Bonsmile was located was lower than the carrying value of RMB45,555,100, and the impairment amount of goodwill recognized in accordance with the Company's shareholding was RMB33,451,900.

The recoverable amount is determined as the present value of the expected future cash flows:

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Lepu Medical Equipment(Beijing) Co., Ltd.	135,595,075.89	154,256,606.69		5	Revenue Growth Rate: 20%; Profit Margin: 15.04%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 18.59%; Discount Rate: 12.29%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Shanghai Shape Memory Alloy Material Co., Ltd.	296,483,852.64	919,180,000.00		5	Revenue Growth Rate:2.08%; Profit Margin:47.46%; Discount Rate: 15.49%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 39.68%; Discount Rate: 15.49%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Anhui High-Tech Cardiovascular	90,072,964.89	101,462,095.29		5		① Revenue growth rate and profit margin: based on the		Stabilization

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Hospital Management Co., Ltd					Revenue Growth Rate:5.18%; Profit Margin:2.11% Discount Rate: 12.95%.	Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 7.58%; Discount Rate: 12.95%	period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Lepu Gene Technology Co., Ltd	108,015,580.00	123,802,940.08		5	Revenue Growth Rate:7.89%; Profit Margin:8.47%; Discount Rate: 12.95%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 12.72%; Discount Rate: 12.95%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Lejian Medical Investment Co., Ltd	48,005,116.78	53,099,313.23		5	Revenue Growth Rate:7.47%; Profit	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product	Revenue Growth Rate: : 0%; Profit	Stabilization period revenue growth rate of

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
					Margin::9.83; Discount Rate: 12.95%.	launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Margin: 19.96%; Discount Rate: 12.95%	0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Jinweijie Technology Development Co., Ltd	42,907,267.11	67,393,013.68		5	Revenue Growth Rate:3%; Profit Margin::28.63%; Discount Rate: 12.11%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 28.63%; Discount Rate: 12.11%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Shanghai Lepu Yunzhi Technology Co., Ltd	1,122,720,081.92	1,308,000,000.00		5	Revenue Growth Rate:19.94%; Profit Margin:10.20%;	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost	Revenue Growth Rate: : 0%; Profit Margin: 13.69%;	Stabilization period revenue growth rate of 0% Profit margins,
Shenzhen Kerikang Industrial Co., Ltd								

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Shenzhen Carewell Electronics Co., Ltd					Discount Rate: 12.50%.	of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Discount Rate: 12.50%	discount rates consistent with the last year of the forecast period
Shenzhen Viatom Technology Co., Ltd.								
Shanxi Xingtai Biotechnology Co., Ltd. Asset Groups	291,460,443.12	331,817,146.43		5	Revenue Growth Rate:10%; Profit Margin:0.36%; Discount Rate: 13.76%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 1.03%; Discount Rate: 13.76%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Liaoning Bo'ao Bio-pharmaceutical Co., Ltd.	939,235,044.10	1,050,223,151.25		5	Revenue Growth Rate:59.91%; Profit Margin:43.38%; Discount Rate: 13.27%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 49.4%; Discount Rate: 13.27%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Purun Medical Equipment Co., Ltd	37,171,083.31	43,684,171.13		5	Revenue Growth Rate:12.36%; Profit Margin:14.38%; Discount Rate: 12.98%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 14.80%; Discount Rate: 12.98%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Shanxi Tiansheng Pharmaceutical Co., Ltd.	253,456,792.18	307,826,201.38		5	Revenue Growth Rate:12.41%; Profit Margin:16.20%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 26.52%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Wenzhou Jingyuan Biotechnology Co., Ltd.	33,675,261.66	36,942,165.37		5	Revenue Growth Rate:3.00%; Profit Margin:6.7%; Discount Rate: 12.24%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 13.88%; Discount Rate: 12.24%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Weikangtongda Medical Technology Co., Ltd	45,197,609.55	51,746,137.44		5	Revenue Growth	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts	Revenue Growth	Stabilization period revenue

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
					Rate:15.00%; Profit Margin:13.99%; Discount Rate: 13.76%.	of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Rate: 0%; Profit Margin: 15.00%; Discount Rate: 13.76%	growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Shenyang Shenda Endoscopy Co., Ltd	598,453,397.21	678,191,220.29		5	Revenue Growth Rate:18.68%; Profit Margin:26.68%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 30.13%; Discount Rate: 12.29%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Changzhou Bingkun Medical Technology Co., Ltd.(used name: Ningbo Bingkun Medical Technology Co., Ltd.)	1,133,217,729.02	1,345,276,722.42		5	Revenue Growth Rate:12.47%; Profit Margin:29.26%; Discount Rate: 13.76%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: 0%; Profit Margin: 31.93%; Discount Rate: 13.76%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Lepu Diagnostic Technology Co., Ltd	147,655,427.04	163,332,510.65		5	Revenue Growth Rate:20.00%; Profit Margin:15.39%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 23.44%; Discount Rate: 12.29%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
IPE Biotechnology Co., Ltd	307,088,805.49	344,536,197.37		5	Revenue Growth Rate:44.25%; Profit Margin:33.88%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate:0%; Profit Margin:43.54%; Discount Rate: 12.29%.	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Yantai Addcare Bio-Tech Limited Company	331,883,297.01	376,209,399.52		5	Revenue Growth Rate:6%; Profit Margin:13.19%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin:13.19%; Discount Rate: 12.29%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Beijing Star GK Medical Device Co., Ltd.	96,101,960.79	106,079,382.79		5	Revenue Growth Rate:15.00%; Profit Margin:23.05%; Discount Rate: 13.76%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 26.57%; Discount Rate: 13.76%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Lepu Pharmaceutical Co., Ltd.	1,428,351,318.58	2,418,457,346.04		5	Revenue Growth Rate:2%; Profit Margin:32.74%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin:29.83%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Lepu Pharmaceutical Technology Co., Ltd	178,304,360.73	221,143,153.65		5	Revenue Growth Rate:2%; Profit Margin:17.65%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 9.93%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Lepu Hengjiuyuan Pharmaceutical Co.,Ltd	234,102,552.13	474,368,008.84		5	Revenue Growth Rate:2%; Profit Margin:15.65%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 10.81%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Lepu Pharmaceutical (Beijing) Co., Ltd	105,408,016.95	135,239,048.62		5	Revenue Growth Rate:3%; Profit Margin:28.70%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 26.41%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Zhejiang LEPU Pharmaceutical Co., Ltd	2,323,550,925.35	2,959,765,625.98		5	Revenue Growth Rate:2%; Profit Margin:23.34%; Discount Rate: 11.81%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 23.34%; Discount Rate: 11.81%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Beijing Haihetian Technology Development Co., Ltd.	187,281,642.86	214,236,501.01		5	Revenue Growth Rate:2.00%; Profit Margin:25.54% ; Discount Rate: 13.27%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 25.54%; Discount Rate: 13.27%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Shenzhen Puhui Medical Technology Co., Ltd	33,440,463.91	42,320,245.40		5	Revenue Growth Rate:19.95%; Profit Margin:17.34%; Discount Rate: 12.29%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 17.34%; Discount Rate: 12.29%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Lepu Youkang (Hainan) Health Industry Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd (used name: Huiyan Shijin(Hainan) Pharmaceutical Co., Ltd.	-1,821,930.06	26,806,567.02		5	Revenue Growth Rate:10%; Profit Margin:0.14%; Discount Rate: 13.27%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin:5.43%; Discount Rate: 13.27%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Aonuo (Qingdao) Pharmaceutical Co., Ltd.	98,248,582.17	110,397,450.00		5	Revenue Growth Rate:51.48%; Profit Margin::42.05%; Discount Rate: 12.50%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 49.29%; Discount Rate: 12.50%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Tianjin Jiumijiu Optometry Technology Co., Ltd.	226,544,248.17	231,000,000.00		5	Revenue Growth Rate:43.81%; Profit Margin:25.72%; Discount Rate: 11.75%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 35.21%; Discount Rate: 11.75%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Beijing Lepu Zhiying Technology Co., Ltd	235,293,629.76	302,686,800.00		9	Revenue Growth Rate:30.44%; Profit Margin:18.46%; Discount Rate: 12.89%.	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 31.69%; Discount Rate: 12.89%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period

Item	Book value	Recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period (growth rates, profit margins, etc.)	Basis for determining key parameters for the forecast period	Key parameters of the stabilization period (growth rate, profit margin, discount rate, etc.)	Basis for determining key parameters for the stabilization period
Qingdao Lishan Eye Nursing Product Co.,Ltd.	54,913,719.30	58,000,000.00		5	Revenue Growth Rate:28.23%; Profit Margin:12.42%; Discount Rate: 13.50%	① Revenue growth rate and profit margin: based on the Company's results in previous years, management's forecasts of future operations, expectations of R&D product launches, and industry averages ②Discount rate: the pre-tax weighted-average cost of capital reflecting the time value of money in the current market and the specific risks associated with the relevant asset group	Revenue Growth Rate: : 0%; Profit Margin: 23.31%; Discount Rate: 13.50%	Stabilization period revenue growth rate of 0% Profit margins, discount rates consistent with the last year of the forecast period
Total	11,163,805,423.88	14,760,129,872.88						

(21) Long-term deferred expenses

Item	2022.12.31	Additions during the period	Amortization for the period	Other decreases	2023.12.31
Renovation costs	149,919,408.82	55,980,685.23	56,625,181.00		149,274,913.05
Financing consulting fee	8,761,567.98	700,000.00	4,262,279.04		5,199,288.94
Mould	20,669,188.81	11,891,854.08	10,538,447.35		22,022,595.54
Others	53,532,366.75	45,534,063.21	18,791,352.63		80,275,077.33
Total	232,882,532.36	114,106,602.52	90,217,260.02		256,771,874.86

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

1) Deferred income tax assets not offset

Item	2023.12.31		2022.12.31	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	605,901,628.53	97,024,302.80	555,679,237.19	94,069,899.82
Unrealized financing income	320,500.91	48,075.14	949,069.04	142,360.36
Unrealized Internal Income	265,887,475.28	50,937,243.74	177,297,702.53	32,219,746.64
Deductible tax loss	216,592,476.19	36,895,138.26	67,039,748.39	14,440,726.53
Deferred income	89,400,634.04	13,410,095.11	82,323,728.03	12,348,559.18
Lease liabilities	167,055,847.32	27,813,239.49	288,140,778.84	51,689,630.44
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	84,877,251.68	13,339,334.64	51,173,822.88	8,435,512.12
Total	1,447,777,547.28	242,128,689.18	1,240,345,820.23	216,007,695.09

2) Deferred income tax liabilities not offset

Item	2023.12.31		2022.12.31	
	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	829,130,386.92	152,894,123.19	844,922,026.53	154,781,116.24
Changes in the fair value of financial assets	77,562,743.70	11,695,778.27	39,604,488.89	6,020,276.04
Gains or losses	213,728,382.80	32,059,257.42	213,728,382.80	32,059,257.42

Item	2023.12.31		2022.12.31	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
arising from the equity held prior to the purchase date re-measured at fair value				
Right-of-use assets	166,121,363.51	27,752,990.83	282,299,338.95	50,318,623.89
Others	314,386,169.73	48,337,268.13	308,646,891.07	45,664,418.71
Total	1,600,929,046.66	272,739,417.84	1,689,201,128.24	288,843,692.30

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

Item	2023.12.31		2022.12.31	
	Reciprocal amount	Balance after offsetting	Reciprocal amount	Balance after offsetting
Deferred Tax Asset	74,804,498.52	167,324,190.66	83,619,124.68	132,388,570.41
Deferred Tax Liability	74,804,498.52	197,934,919.32	83,619,124.68	205,224,567.62

(23) Other non-current assets

Item	2023.12.31			2022.12.31		
	Book balance	Provision of impairment	Carrying value	Book balance	Provision of impairment	Carrying value
Prepaid project payment and equipment payment	315,177,738.34		315,177,738.34	196,751,576.91		196,751,576.91
Equity investment preparation funds	81,927,660.06		81,927,660.06	100,000,000.00		100,000,000.00
Large certificate of deposit	460,566,072.50		460,566,072.50			
Others	424,581,650.34		424,581,650.34	149,378,808.33		149,378,808.33
Total	1,282,253,121.24		1,282,253,121.24	446,130,385.24		446,130,385.24

(24) Assets subject to restrictions in ownership or use right

Item	2023.12.31			2022.12.31		
	Book balance	Carrying value	Type of restriction	Book balance	Carrying value	Type of restriction
Cash at bank and on hand	89,121,409.05	89,121,409.05	Acceptance deposit ,fixed deposit and frozen funds	144,536,723.14	144,536,723.14	Acceptance deposit ,fixed deposit and frozen funds
Receivable financing	37,560,249.83	37,560,249.83	Pledge billing	41,092,577.87	41,092,577.87	Pledge billing
Fixed assets	88,083,110.00	55,065,316.13	Mortgage, financing	203,791,584.60	145,270,486.44	Mortgage, financing
Intangible assets	35,001,099.60	33,252,652.37	Long-term loan collateral for	762,200,000.00	609,759,999.48	Long-term loan collateral for
Long-term equity investments	1,153,363,085.26	1,153,363,085.26	M&A loan corresponding to the pledge of the target company's equity	757,499,286.26	757,499,286.26	M&A loan corresponding to the pledge of the target company's equity
Notes receivable	1,727,104.88	1,727,104.88	Pledge notes	3,274,907.07	3,274,907.07	Pledge billing
Total	1,404,856,058.62	1,370,089,817.52		1,912,395,078.94	1,701,433,980.26	

Note: The long-term equity investment with limited ownership is mainly the 45% equity of Zhejiang Lepu Pharmaceutical and and 60% equity interest in Shenyang Shenda Endoscopy held by the Company.

(25) Short-term borrowings

1. Short-term borrowings by category

Item	2023.12.31	2022.12.31
Pledge loans		30,030,708.36
Guaranteed borrowings		128,972,839.50
Credit loans	1,039,743,103.15	221,763,888.87
Total	1,039,743,103.15	380,767,436.73

(26) Notes payable

Types	2023.12.31	2022.12.31
Bank acceptance bills	167,917,721.65	182,573,344.20
Commercial acceptance bills		
Total	167,917,721.65	182,573,344.20

(27) Accounts payable

1. Breakdown of accounts payable

Item	2023.12.31	2022.12.31
Within one year (inclusive)	695,005,179.15	1,115,816,796.32
1-2 years	66,632,863.12	194,657,227.02
2-3 years	82,202,725.02	12,122,996.26
Over 3 years	17,526,189.44	15,051,635.16
Total	861,366,956.73	1,337,648,654.76

(28) Contract liabilities

1. Breakdown of contract liabilities

Item	2023.12.31	2022.12.31
Within one year (inclusive)	179,997,186.06	653,557,100.78
1-2 years	49,639,942.94	52,282,948.47
2-3 years	22,987,485.64	13,319,483.61
Over 3 years	16,894,904.83	11,956,426.20
Total	269,519,519.47	731,115,959.06

(29) Employee benefits payable

1. Breakdown of employee benefits payable

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
Short-term remuneration	204,507,105.63	1,892,601,876.99	1,993,931,511.98	103,177,470.64
Post-employment benefits – defined contribution plans	2,194,325.85	191,842,533.07	192,396,400.85	1,640,458.07
Termination benefits		32,835,410.61	32,835,410.61	
Other benefits due within one year				
Total	206,701,431.48	2,117,279,820.67	2,219,163,323.44	104,817,928.71

2. Breakdown of short-term employee benefits

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
(1) Salaries, bonuses, allowances and subsidies	197,546,443.56	1,603,454,101.27	1,703,763,284.07	97,237,260.76
(2) Employee benefits		55,435,119.90	55,435,119.90	
(3) Social insurance contribution	1,386,952.84	110,863,854.37	110,577,100.08	1,673,707.13
Including: Medical insurance contribution	1,293,799.13	103,111,592.96	102,823,910.80	1,581,481.29
Work-related injury insurance contribution	86,018.42	6,117,360.66	6,120,089.87	83,289.21
Maternity insurance contribution	7,135.29	1,634,900.75	1,633,099.41	8,936.63
(4) Housing Provident Fund	1,296,987.72	103,098,517.98	103,653,581.90	741,923.80
(5) Labour union & employee education funds	4,276,721.51	19,750,283.47	20,502,426.03	3,524,578.95
(6) Short-term paid absences				
(7) Short-term profit sharing schemes				
Total	204,507,105.63	1,892,601,876.99	1,993,931,511.98	103,177,470.64

3. Breakdown of defined contribution plans

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
Basic pension insurance	2,115,134.14	185,666,941.69	186,202,126.38	1,579,949.45
Unemployment insurance contribution	79,191.71	6,175,591.38	6,194,274.47	60,508.62
Contributions to enterprise pensions				
Total	2,194,325.85	191,842,533.07	192,396,400.85	1,640,458.07

(30) Taxes payable

Item	2023.12.31	2022.12.31
Value-added tax	66,217,035.95	157,446,690.38
Enterprise income tax	109,507,338.30	142,912,336.95
Individual income tax	4,055,005.54	5,245,783.83
City maintenance and construction tax	6,194,023.84	10,881,887.19
Educational surcharge	4,591,060.18	8,254,161.89
Others	8,541,362.85	7,952,229.41
Total	199,105,826.66	332,693,089.65

(31) Other payables

Item	2023.12.31	2022.12.31
Interest payable		
Dividends payable	3,353,503.56	3,353,503.56
Other payable	552,324,774.21	478,584,471.05
Total	555,678,277.77	481,937,974.61

1. Dividends payable

Item	2023.12.31	2022.12.31
Dividends for ordinary shares	1,626,800.00	1,626,800.00
Dividends payable by subsidiaries to minority shareholders	1,726,703.56	1,726,703.56
Total	3,353,503.56	3,353,503.56

2. Other payable

(1) Other payable by nature

Item	2023.12.31	2022.12.31
Guarantee deposit	83,106,264.38	101,023,999.50
Current payments	129,855,971.42	180,081,427.76
Equity payments	128,445,194.41	60,344,849.89
Land and project funds	195,426,387.62	125,558,010.99
Others	15,490,956.38	11,576,182.91
Total	552,324,774.21	478,584,471.05

(32) Non-current liabilities due within one year

Item	2023.12.31	2022.12.31
Long-term borrowings due within one year	447,000,000.00	272,250,000.00
Bonds payable due within one year		1,225,656,272.71
Lease liabilities due within one year	51,035,202.06	62,170,871.67
Total	498,035,202.06	1,560,077,144.38

(33) Other current liabilities

Item	2023.12.31	2022.12.31
Output value-added tax payable	20,926,692.96	63,551,803.84
Endorsed outstanding notes	41,544,710.29	46,269,295.48
Total	62,471,403.25	109,821,099.32

(34) Long-term borrowings

Item	2023.12.31	2022.12.31
Pledge loans	382,375,940.27	145,201,590.28
Mortgage borrowings	67,882,312.51	100,737,722.13
Credit loans	1,091,932,502.06	485,609,079.61
Total	1,542,190,754.84	731,548,392.02

Notes:

1) On 21 June 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 June 14, 2018 to December 31, 2025. The pledge is 45% equity of Zhejiang LEPU Pharmaceutical Co., Ltd. held by the company. As at 31 December 2023, the balance of the loan was RMB145 million.

2) On 18 September 2023, the Company entered into a pledge loan contract of RMB237 million with Industrial and Commercial Bank of China Limited, Beijing Changping Sub-branch, which stipulates that the interest rate of the loan is the prime rate; the pledge period is from 18 September 2023 to 17 September 2030. The pledge is for 60% equity interest in Shenyang Shenda Endoscopy, a subsidiary of the Company; the pledge period is from 18 September 2023 to 17 September 2030. As at 31 December 2023, the balance of the loan was RMB237 million.

3) On 24 February 2023, Zhejiang LP Pharmaceutical Co., Ltd. entered into a loan contract of RMB250 million with China Construction Bank Corporation Taizhou Jiaojiang Sub-branch, which stipulates that the interest rate of the loan is based on LPR pricing, and the mortgage period is from 21 February 2023 to 31 March 2028. The collateral is the land of Zhejiang Lepu Pharmaceutical Company Limited, Zhejiang (2022) Taizhou Real Estate Right No. 0003021 and its buildings on the ground. As at 31 December 2023, the balance of the loan was RMB67,817,425.50 yuan.

(35) Bonds payable

1. Breakdown of bonds payable

Item	2023.12.31	2022.12.31
Convertible bonds	1,560,810,898.63	1,506,513,884.78
Total	1,560,810,898.63	1,506,513,884.78

2. 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	2022.12.31	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	2023.12.31	Whether or not in breach of contract
Convertible bonds	100.00	1.00%	2021/3/30	5year	1,638,000,000.00	1,506,513,884.78		14,402,731.41	48,100,602.34	8,188,566.50	17,753.40	1,560,810,898.63	No
Total					1,638,000,000.00	1,506,513,884.78		14,402,731.41	48,100,602.34	8,188,566.50	17,753.40	1,560,810,898.63	

Not:

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 3 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). In 2021, the Company implemented the 2020 annual profit distribution plan, and the conversion price of convertible bonds was adjusted from RMB29.73 per share to RMB29.50 per share. In 2022, the Company implemented the 2021 annual profit distribution plan, and the conversion price was adjusted from RMB29.50 per share to RMB29.23 per share; successfully issued GDRs, and the conversion price was adjusted from RMB29.23 per share to RMB28.68 per share; and partially repurchased treasury stock was canceled, and the conversion price was adjusted from RMB28.68 per share to RMB28.73 per share. During the reporting period, the Company implemented the 2022 annual profit distribution plan, and the conversion price of convertible bonds was adjusted from RMB28.73 per share to RMB28.39 per share. The convertible bonds issued entered into the conversion period from 8 October 2021 onwards. The number of shares to be converted during this period is 661, and the cumulative number of shares to be converted on 31 December 2023 is 10,036 share.

(36) Lease liabilities

Item	2023.12.31	2022.12.31
Lease payment amount	434,530,748.90	253,149,792.89
Less: Unrecognized financing cost	113,527,874.80	28,253,696.42
Less: Lease liabilities due within one year	51,035,202.06	62,170,871.67
Total	269,967,672.04	162,725,224.80

(37) Deferred income

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31	Cause of formation
Government grants	183,747,808.29	27,487,600.00	19,729,836.11	191,505,572.18	
Others		7,457,878.68	3,747,269.05	3,710,609.63	
Total	183,747,808.29	34,945,478.68	23,477,105.16	195,216,181.81	

(38) Share capital

Item	2022.12.31	Increase (+) or decrease (-) during the period					2023.12.31
		Issuance of new shares	Bonus issuance	Conversion from reserve	Others	Sub-total	
Total number of shares	1,880,609,691.00				661.00	661.00	1,880,610,352.00

Note:

The changes in the Company's share capital are detailed in note V. (35) Bonds payable.

(39) Other equity instruments

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

Financial instruments outstanding	2022.12.31		Increase during the period		Decrease during the period		2023.12.31	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
Convertible corporate bonds	16,377,196.00	214,753,553.08			191.00	2,504.57	16,377,005.00	214,751,048.51
Total	16,377,196.00	214,753,553.08	-	-	191.00	2,504.57	16,377,005.00	214,751,048.51

Note: The changes is detailed in note V. (35) Bonds payable.

(40) Capital reserve

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
Capital premium (shares premium)	2,751,401,898.30	114,566,924.65	89,484,451.35	2,776,484,371.60
Other capital reserve	491,689,954.89	196,491,577.34		688,181,532.23
Total	3,243,091,853.19	311,058,501.99	89,484,451.35	3,464,665,903.83

Note:

- 1) The portion of convertible bonds converted during the period was transferred to capital surplus of RMB19,379.69;
- 2) For details of other changes in equity premium, please refer to "VIII. (2) Transactions in which the share of ownership interest in subsidiaries has changed and the subsidiaries are still controlled" in this note;
- 3) The Company, through the Company's subsidiary LP Centech, used Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Jiacheng") and Ningbo Jiadu Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Jiadu") as employee shareholding platforms to implement equity incentives. (hereinafter referred to as "Ningbo Jiacheng") and Ningbo Jiadu Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Jiadu") as the employee shareholding platform for the implementation of equity incentives, and through LP Diagnostics, a subsidiary of the Company, the shares of Ningbo Sugunghai Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Sugunghai") and Ningbo Xiran Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Ningbo Xiran") will be transferred to the Company. ("Ningbo Langxin"), a subsidiary of the Company, as a platform for employee shareholding, and the Company's equity incentive plan, resulting in an increase in capital surplus of RMB160,550,126.59;
- 4) 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".

(41) Treasury shares

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
Treasury shares	355,820,438.37	75,244,439.30		431,064,877.67
Total	355,820,438.37	75,244,439.30		431,064,877.67

Note:

The Fifth Meeting of the Sixth Session of the Board of Directors and the Fifth Meeting of the Sixth Session of the Board of Supervisors of the Company held on 25 October 2023, it was considered and passed the proposal of "Proposal for the Repurchase of the Company's Shares", which agreed that the Company would use its own funds to repurchase some of the Company's shares by way of centralized bidding transactions for the purpose of the equity

incentive plan or the employee shareholding plan. The total amount of funds for this repurchase shall not be less than RMB250,000,000 (inclusive) and not more than RMB500,000,000 (inclusive), and the repurchase price shall not exceed RMB25 per share (inclusive). The implementation period of this share repurchase shall not exceed 12 months from the date of the Board of Directors' consideration and approval of this share repurchase program. As at 31 December 2023, the Company has repurchased a total of 4,698,700 shares of the Company through the special securities account for repurchase by way of centralized bidding transactions, accounting for 0.25% of the latest total share capital of the Company, with the highest transaction price of RMB16.65 per share and the lowest transaction price of RMB15.65 per share, and a total transaction amount of RMB75,236,500 (excluding transaction fees). The repurchase is in line with the Company's established repurchase program and relevant laws and regulations.

(42) Other comprehensive income

Item	2022.12.31	Amount for the period						2023.12.31
		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 buttable to the Company after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit or loss	-124,629,631.22	67,510,587.84		82,858,668.83	15,350,331.36	-7,271,147.86	-23,427,264.49	-131,900,779.08
Including: remeasurement of changes in defined benefit plans								
Other comprehensive income not transferable to profit or loss under the equity method	503,001.06							503,001.06
Changes in fair value of investments in other equity instruments	-125,132,632.28	67,510,587.84		82,858,668.83	15,350,331.36	-7,271,147.86	-23,427,264.49	-132,403,780.14
Changes in fair value of the enterprise's own credit risk								

Item	2022.12.31	Amount for the period						2023.12.31
		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 butable to the Company after tax	
2.Other comprehensive income that will be subsequently reclassified to profit or loss	33,865,433.51	17,360,038.93				17,142,481.83	217,557.10	51,007,915.34
Including: Other comprehensive income available for transfer to profit or loss under the equity method	-150,178.47	118,398.92				118,398.92		-31,779.55
Changes in fair value of other debt investments								
Amounts reclassified from financial assets to other comprehensive income								
Provision for credit impairment of other debt investments								

Item	2022.12.31	Amount for the period						2023.12.31
		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 butable to the Company after tax	
Cash flow hedge reserve								
Exchange differences arising from translation of foreign currency	34,015,611.98	17,241,640.01				17,024,082.91	217,557.10	51,039,694.89
Total other comprehensive income	-90,764,197.71	84,870,626.77		82,858,668.83	15,350,331.36	9,871,333.97	-23,209,707.39	-80,892,863.74

(43) Surplus reserve

Item	2022.12.31	Increase during the period	Decrease during the period	2023.12.31
Statutory surplus reserve	664,042,566.58	68,498,639.87		732,541,206.45
Total	664,042,566.58	68,498,639.87		732,541,206.45

(44) Retained earnings

Item	2023.12.31	2022.12.31
Retained earnings as at the end of last year before adjustment	9,591,299,351.64	8,120,920,265.38
Beginning adjustment to undistributed profits ("+" for plus; "-" for less)		25,516.53
Retained earnings as at the beginning of the year after adjustment	9,591,299,351.64	8,120,945,781.91
Add: Net profit attributable to shareholders of the Company for the year	1,258,200,337.67	2,203,779,374.63
Transfer from other comprehensive income to retained earnings	76,764,750.34	-166,569,202.25
Less: Statutory surplus reserve set aside	68,498,639.87	78,870,932.42
discretionary surplus reserve set aside		
General risk preparation reserve set aside		
Dividend payable on ordinary shares	635,056,751.11	487,985,670.23
Ordinary shares dividends converted to shares		
Others	27,217,854.74	
Retained earnings as at the end of the year	10,195,491,193.93	9,591,299,351.64

(45) Operating revenue and operating cost

1. Breakdown of operating revenue and operating cost

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal business	7,915,661,868.83	2,805,211,145.04	10,552,510,099.40	3,943,785,080.18
Other businesses	64,237,450.91	48,074,740.43	56,931,981.21	39,500,735.97
Total	7,979,899,319.74	2,853,285,885.47	10,609,442,080.61	3,983,285,816.15

2. Information on the breakdown of operating income and operating costs

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
By business type:				

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
Medical apparatus and instruments	3,674,284,127.78	1,224,074,043.84	5,878,848,675.21	2,370,239,884.74
Medicines	3,043,785,611.77	952,895,286.39	3,438,088,614.53	912,020,221.26
Medical services and health management	1,261,829,580.19	676,316,555.24	1,292,504,790.87	701,025,710.15
Total	7,979,899,319.74	2,853,285,885.47	10,609,442,080.61	3,983,285,816.15

(46) Taxes and surcharges

Item	2023	2022
City maintenance and construction tax	36,809,753.98	51,585,699.91
Educational surcharge	28,015,886.23	38,422,223.33
Property tax	18,541,263.96	15,925,485.25
Land use tax	5,237,700.72	3,848,148.48
Vehicle usage tax	7,506,766.05	7,265,900.30
Stamp duty	703,111.17	419,496.67
Others	96,814,482.11	117,466,953.94

(47) Selling expense

Item	2023	2022
Market fee	438,815,785.62	1,024,558,087.35
Employee benefit expense	689,806,841.82	658,387,140.08
Traveling expense	117,044,036.46	75,668,834.78
Exhibition fee	62,804,282.61	48,839,516.27
Business expenditure	59,096,149.98	48,954,136.32
Advertising publicity fee	84,229,678.78	60,080,355.69
Depreciation expense	75,835,427.34	53,792,449.17
Business fee	12,106,952.20	9,566,240.69
Property rental fee	5,521,219.52	6,620,219.66
Others	79,353,371.46	47,218,527.31
Total	1,624,613,745.79	2,033,685,507.32

(48) Administrative expense

Item	2023	2022
Employee benefit expense	375,641,480.79	365,068,465.27
Depreciation expense	134,896,627.52	133,499,348.87
Consult service fee	40,877,059.93	67,881,117.05
Traveling expense	23,559,184.56	17,726,439.59
Business fee	28,453,062.74	30,960,759.34
Property rental fee	34,771,938.09	19,722,648.20
Business entertainment expense	11,970,699.84	11,844,567.02
Amortization fee	34,275,932.03	23,329,911.85
Water, electricity and steam	14,206,028.65	11,810,381.93
Others	117,173,507.09	60,825,522.09
Total	815,825,521.24	742,669,161.21

(49) Research and development expense

Item	2023	2022
Employee benefit expense	391,328,920.18	413,597,983.86
Materials consumed, energy expense, and testing expense	264,678,634.18	267,310,434.53
Depreciation and amortization expense	78,674,110.30	86,726,285.93
Design and clinical trial fee	26,961,232.67	61,147,793.69
Commissioned external research and development expense	38,932,787.09	58,280,293.25
Others	78,842,742.46	69,999,276.53
Total	879,418,426.88	957,062,067.79

(50) Financial expenses

Item	2023	2022
Interest expenses	170,645,096.13	188,775,142.07
Including: Interest expenses for lease liabilities	6,041,264.85	10,115,267.76
Less: Interest income	115,343,171.74	87,989,301.57
Net exchange losses/gains	25,378,052.14	-16,137,973.73
Unrealized financing income	-630,237.11	-685,167.87
Service fee	4,879,207.70	8,614,895.00

Item	2023	2022
Total	84,928,947.12	92,577,593.90

(51) Other income

Item	2023	2022
Government grants	120,299,494.10	81,414,378.77
Additional deductions for input VAT	12,687,728.81	32,453.44
Withholding individual income tax commission	1,629,796.17	1,973,042.45
Others	62,674.97	147,163.68
Total	134,679,694.05	83,567,038.34

(52) Investment income

Item	2023	2022
Gain on long-term equity investments accounted for using equity method	-24,360,974.71	-90,833,476.49
Investment income from disposal of long-term equity investments	-3,828,866.78	
Investment income from disposal of financial assets held-for-trading	8,326,628.96	12,562,649.42
Dividend income earned on investments in other equity instruments during the holding period	1,620,000.00	1,970,852.84
Investment income from other non-current financial assets during the holding period	1,100,000.00	1,100,000.00
Investment income earned on disposal of other non-current financial assets	10,779,309.41	
Others	-10,169,284.71	-134,966.93
Total	-16,533,187.83	-75,334,941.16

(53) Gain/loss on change in fair value

Source of gain on change in fair value	2023	2022
Financial assets held-for-trading	3,091,760.83	-349,724.95
Other non-current financial assets		4,770,000.00
Total	3,091,760.83	4,420,275.05

(54) Loss on impairment of credit

Item	2023	2022
Loss on bad debts of accounts receivable	26,133,143.68	26,080,071.87
Loss on bad debts of other receivables	3,737,742.81	9,828,482.18
Loss on bad debts of long-term receivables		-1,628,438.86
Total	29,870,886.49	34,280,115.19

(55) Loss on impairment of assets

Item	2023	2022
Loss on impairment of inventories/ contract performance cost	128,505,197.59	37,952,811.58
Loss on impairment of goodwill	33,451,942.59	
Loss on impairment of development expenditure	3,135,310.31	
Total	165,092,450.49	37,952,811.58

(56) Gains on impairment of assets

Item	2023	2022	Amount included in non-recurring gains and losses for the year
Gain or loss from disposal of non-current assets	-4,072,105.04	24,271.66	-4,072,105.04
Total	-4,072,105.04	24,271.66	-4,072,105.04

(57) Non-operating income

Item	2023	2022	Amount included in non-recurring gains and losses for the year
Government grants	40,626,335.68	8,814,218.30	40,626,335.68
Others	3,762,351.08	5,316,375.93	3,762,351.08
Total	44,388,686.76	14,130,594.23	44,388,686.76

(58) Non-operating expenses

Item	2023	2022	Amount included in non-recurring gains and losses for the year
Donation	2,461,316.07	10,305,535.86	2,461,316.07
Loss on retirement of damaged non-current assets	3,794,107.82	1,719,066.84	3,794,107.82
Others	30,850,441.54	13,463,082.60	30,850,441.54
Total	37,105,865.43	25,487,685.30	37,105,865.43

(59) Income tax expense

1. Breakdown of income tax expense

Item	2023	2022
Current income tax expenses	325,040,441.85	380,678,209.73
Deferred tax expenses	-62,893,434.74	-14,952,097.48
Total	262,147,007.11	365,726,112.25

2. Accounting profit and income tax expense adjustment process

Item	2023
Total profit	1,554,497,957.49
Income tax expenses calculated at statutory/applicable tax rate	388,624,489.37
Impact of different tax rates for subsidiaries	-148,821,826.06
Impact of non-deductible costs, expenses and losses	52,443,485.23
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognized	-13,145,876.19
Impact of deductible temporary differences for which no deferred tax assets are recognized for the year or deductible losses	93,880,612.13
Other additional deductible expense under the tax regulations	-110,833,877.37
Income tax expense	262,147,007.11

(60) Items of cash flow statements

1. Cash related to operating activities

(1) Cash received relating to other operating activities

Item	2023	2022
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Item	2023	2022
Interest income	93,870,574.85	74,569,404.79
Government grants	136,513,869.76	98,491,198.12
Transactions received	49,850,398.19	90,626,155.27
Total	280,234,842.80	263,686,758.18

(2) Cash paid relating to other operating activities

Item	2023	2022
Payments of selling, administrative and research expenses	1,492,855,906.10	1,946,464,557.51
Transactions paid	53,489,338.95	49,657,360.48
Total	1,546,345,245.05	1,996,121,917.99

2. Cash related to investing activities

(1) Cash received relating to other investing activities

Item	2023	2022
Cash received for acquisition of subsidiaries	6,003,533.52	18,331,625.92
Loans and interest recovered	5,172,896.66	88,306,745.10
Total	11,176,430.18	106,638,371.02

(2) Cash paid relating to other investing activities

Item	2023	2022
Lending funds	168,500,000.00	133,454,023.59
Large certificate of deposit	450,000,000.00	
Disposal of reduced cash from subsidiaries	48,076,327.20	
Others	151,513,835.18	24,093,324.00
Total	818,090,162.38	157,547,347.59

3. Cash related to financing activities

(1) Cash received relating to other financing activities

Item	2023	2022
Recovery of financing deposits	35,433,744.56	205,029,701.53

Item	2023	2022
Recovery of note deposits	12,525,322.89	51,950,076.58
Others	4,000,000.00	6,000,000.00
Total	51,959,067.45	262,979,778.11

(2) Cash received relating to other financing activities

Item	2023	2022
Stock repurchase	75,244,439.30	245,910,592.10
Payment for financial deposit		174,769,301.45
Payment for the acquisition of minority interests	121,793,958.19	45,499,953.37
Payment for notes deposit	18,340,353.98	81,261,611.86
Payment for rental fee	68,157,637.24	85,492,092.42
Others	17,394,215.87	3,260,986.86
Total	300,930,604.58	636,194,538.06

(3) Changes in liabilities arising from financing activities

Item	2022.12.31	Increase for the period		Decrease for the period		2023.12.31
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term loans	380,767,436.73	1,223,700,000.00	22,784,341.32	587,508,674.90		1,039,743,103.15
Long-term loans (including long-term loans due within one year)	1,003,798,392.02	1,469,817,425.50	52,328,464.49	536,753,527.17		1,989,190,754.84
Other payables (loans, other)	81,490,869.58	4,000,000.00	7,609,695.63	17,394,215.87		75,706,349.34
Other payables (amount for acquisition of minority interest)	60,344,849.89		189,894,302.71	121,793,958.19		128,445,194.41
Other accounts payable (dividends payable)	3,353,503.56		652,998,015.65	650,623,537.64	2,374,478.01	3,353,503.56
Bonds payable (including bonds payable due within one year)	2,732,170,157.49		89,947,061.04	1,261,288,566.50	17,753.40	1,560,810,898.66
Lease liabilities (including	224,896,096.47		164,264,414.87	68,157,637.24		321,002,874.10

Item	2022.12.31	Increase for the period		Decrease for the period		2023.12.31
those due within one year)						

(61) Supplementary information on consolidated cash flow statement

1. Supplementary information on consolidated cash flow statement

Supplementary information	2023	2022
1. Reconciliation of net profit and cash flows from operating activities:		
Net profit	1,292,350,950.38	2,246,055,494.10
Add: Loss on impairment of credit	165,092,450.49	37,952,811.58
Loss on impairment of assets	29,870,886.49	34,280,115.19
Depreciation of fixed assets	304,015,930.29	281,772,210.28
Depreciation of oil and gas assets		
Depreciation of right-of-use assets	66,807,068.14	78,365,986.18
Amortization of intangible assets	142,736,582.93	128,334,294.00
Amortization of long-term deferred expenses	90,217,260.02	79,164,030.95
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	4,072,105.04	-24,271.66
Loss on retirement of fixed assets (gain expressed with "-")	3,794,107.82	1,719,066.84
Loss on changes in fair value (gain expressed with "-")	-3,091,760.83	-4,420,275.05
Financial expenses (gain expressed with "-")	170,645,096.13	188,775,142.07
Loss on investments (gain expressed with "-")	16,533,187.83	75,334,941.16
Decrease in deferred income tax assets (increase expressed with "-")	-25,003,810.86	-26,809,425.87
Increase in deferred income tax liabilities (decrease expressed with "-")	-37,889,623.88	11,857,328.39
Decrease in inventories (increase expressed with "-")	-251,012,362.29	-386,701,519.08
Decrease in operating receivables (increase expressed with "-")	3,223,149.42	-665,067,329.93
Increase in operating payable (decrease expressed with "-")	-982,001,402.81	710,120,707.87
Others		
Net cash flows from operating activities	990,359,814.31	2,790,709,307.02
2. Significant investing and financing activities not involving cash receipts or payments:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		

Supplementary information	2023	2022
Acquisition of right-of-use assets by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Ending balance of cash	4,099,954,989.87	5,309,297,789.78
Less: Beginning balance of cash	5,309,297,789.78	3,684,043,645.03
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-1,209,342,799.91	1,625,254,144.75

2. Net cash paid during the period for acquiring subsidiaries

	Amount
Cash or cash equivalents paid during the period for acquiring subsidiaries	395,863,799.00
Including: Shenyang Shenda Endoscopy Co., Ltd	395,863,799.00
Less: Cash and cash equivalents held by subsidiaries at the date of acquisition	44,938,207.12
Including: Shenyang Shenda Endoscopy Co., Ltd	44,938,207.12
Net cash paid during the period for acquiring subsidiaries	350,925,591.88

3. Cash and cash equivalents

Item	2023	2022
I. Cash	4,099,954,989.87	5,309,297,789.78
Including: Cash on hand	789,669.47	998,841.96
A digital currency that can be used for payments at any time		
Bank deposits available for use on demand	3,919,323,234.97	4,708,152,162.29
Other cash at bank and on hand for use on demand	179,842,085.43	600,146,785.53
Funds on deposit with the Central Bank available for disbursements		
Interbank deposits		
Interbank funds on loan		

Item	2023	2022
II. Cash equivalents		
Including: Investments in bonds maturing within three months		
III. Cash and cash equivalents at the end of the year	4,099,954,989.87	5,309,297,789.78
Including: Restricted cash and cash equivalents used by the Company or intra-group subsidiaries		

Monetary funds that are not cash and cash equivalents:

Item	2023.12.31	2022.12.31	Reasons that do not fall under the category of cash and cash equivalents
Bank acceptance draft deposit	80,557,244.61	81,058,816.58	Not readily available for payment
Fixed deposit (including interest)	31,678,407.86	13,444,272.47	Long-term held-to-maturity
Frozen funds	7,807,235.24	5,339,263.86	Not readily available for payment
Performance bond	756,929.20	1,648,552.38	Not readily available for payment
Fixed deposit		56,490,090.32	
Total	120,799,816.91	157,980,995.61	

(62) 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			533,803,393.11
Including: USD	73,123,025.57	7.0827	517,908,453.20
EUR	1,152,986.31	7.8592	9,061,550.01
HKD	1,080,265.13	0.9062	978,936.26
INR	29,602,344.60	0.0855	2,531,000.46
SGD	27,787.87	5.3772	149,420.93
MYR	2,059,054.33	1.5415	3,174,032.25

Item	Ending balance of foreign currency	Exchange rate	Ending balance denominated in RMB
Accounts receivable			199,394,628.37
Including:: USD	25,087,831.69	7.0827	177,689,585.51
EUR	1,189,670.46	7.8592	9,349,858.08
INR	143,599,350.85	0.0855	12,277,744.50
GBP	8,565.36	9.0411	77,440.28
Accounts payable			40,440,049.53
Including:: USD	5,615,164.71	7.0827	39,770,527.09
EUR	72,470.15	7.8592	569,557.40
INR	1,169,181.80	0.0855	99,965.04
Other receivables			3,614,392.17
Including:: USD	19,116.59	7.0827	135,397.07
EUR	66,668.00	7.8592	523,957.15
INR	748,000.00	0.0855	63,954.00
HKD	7,200.00	0.9062	6,524.64
MYR	1,871,267.80	1.5415	2,884,559.31
Other payable			6,160,230.31
Including:: USD	571,445.13	7.0827	4,047,374.42
EUR	264,942.10	7.8592	2,082,232.95
INR	358,163.00	0.0855	30,622.94

2. A description of the foreign operating entity, including, in the case of a significant foreign operating entity, a disclosure of its principal place of business outside the country, the local currency of its accounts and the basis for selecting it, and, in the case of a change in the local currency of its accounts, a disclosure of the reasons for the change and its accounting treatment.

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; The Company's subsidiaries, LepuCare (India) Vascular Solutions Private Limited, operates mainly in India and adopts INR as its accounting currency; The Company's subsidiaries, Lepu Holdings Limited, G Fund and Lepu (Hong Kong) Co.,Limited adopt USD as their accounting currency; The Company's subsidiary Lepu Technology (Malaysia) Sdn. Bhd. has its principal place of business outside of Malaysia and uses Ringgit as its local currency of account; 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.

(63) Leases

1. AS lessee

Item	2023.12.31	2022.12.31
Interest expense on lease liabilities	6,041,264.85	10,115,267.76
Short-term lease charges charged to the cost of the relevant asset or to current profit or loss on a simplified basis	33,610,525.67	9,574,473.92
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		
Including: portion arising from sale and leaseback transactions		
Income received from sublease of right-of-use assets		
Total cash outflows relating to leases	101,768,162.91	72,203,351.70
Gains or losses associated with sale-and-leaseback transactions		
Cash inflows from sale and leaseback transactions		
Cash outflow from sale-and-leaseback transactions		

VI. Research and development expenditures

(1) Expensed expenditure

Item	2023	2022
Employee benefit expense	507,269,004.00	544,880,403.24
Materials consumed, energy expense, and testing expense	339,691,488.66	343,198,279.38
Depreciation and amortization expense	104,306,545.56	99,649,204.04
Design and clinical trial fee	142,427,772.01	133,536,845.86
Commissioned external research and development expense	58,529,230.59	87,660,939.00
Others	89,433,950.42	74,752,499.09
Total	1,241,657,991.24	1,283,678,170.61
Including: Expensed research and development expenditure	879,418,426.88	957,062,067.79

Item	2023	2022
Capitalized research and development expenditure	362,239,564.36	326,616,102.82

(2) Capitalized expenditures

Item	2022.12.31	Increase during the period		Decrease during the period		2023.12.31
		Internal development expenditure	Increase in business combinations	Recognized as intangible assets	Increase in business combinations	
Diabetes-suitable preparations	427,945,869.01	65,376,158.64		364,834,398.67		128,487,628.98
Cardiac occluder	55,979,650.17	48,716,544.87		24,256,844.69		80,439,350.35
Catheter Project	123,634,927.14	75,284,567.86		1,631,995.13		197,287,499.87
Valve Project	91,125,140.12	34,729,363.18				125,854,503.30
Digital project platform construction	96,236,159.39	25,539,973.40				121,776,132.79
Renal artery catheters and equipment	9,066,997.32	722,492.92				9,789,490.24
Surgical Auxiliary Instruments	15,200,085.60	5,361,168.13		11,443,382.42		9,117,871.31
Digital DSA Project	8,937,303.21	2,931,347.35		4,150,796.50		7,717,854.06
Others	160,193,606.48	103,577,948.01		79,360,878.70		184,410,675.79
Sub-total	988,319,738.44	362,239,564.36		485,678,296.11		864,881,006.69

Item	2022.12.31	Increase during the period		Decrease during the period		2023.12.31
		Internal development expenditure	Increase in business combinations	Recognized as intangible assets	Increase in business combinations	
Less: provision for impairment		3,135,310.31				3,135,310.31
Total	988,319,738.44	359,104,254.05		485,678,296.11		861,745,696.38

1. Provision for impairment of Capitalized expenditures

Item	2022.12.31	Increase during the period		Decrease during the period		2023.12.31	Impairment test situation
		Accrual	Others	Reselling	Others		
Others		3,135,310.31				3,135,310.31	It is not expected to generate economic benefits, and the amount is provided for impairment
Total		3,135,310.31				3,135,310.31	

VII. 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	Cash flows of acquiree from acquisition date to closing date
Beijing Purun Medical Equipment Co., Ltd	2023/4/25	34,200,000.00	100.00	Share Capital Increase	2023/4/25	Achieved effective control and completed business registration changes	20,312,013.31	1,928,871.67	1,311,152.34
Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)	2023/1/13	70,000,000.00	70.00	Cash	2023/1/13	Achieved effective control and completed business registration changes		-24,049,418.91	3,310,059.71
Shenyang Shenda Endoscopy Co., Ltd	2023/7/20	395,863,799.00	60.00	Cash	2023/7/20	Achieved effective control and completed business registration changes	56,502,739.92	9,356,628.58	18,344,745.29

2. Cost of combination and goodwill

	Beijing Purun Medical Equipment Co., Ltd	Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)	Shenyang Shenda Endoscopy Co., Ltd
Combination cost			
—Cash		70,000,000.00	395,863,799.00
—Fair value of non-cash assets	23,940,000.00		
—Fair value of debt issued or assumed			
—Fair value of non-cash assets			
—Fair value of contingent consideration			
—Fair value of equity interests held prior to the purchase date at the purchase date	10,260,000.00		
—Others			
Total consolidation cost	34,200,000.00	70,000,000.00	395,863,799.00
Less: fair value share of identifiable net assets obtained	12,772,615.84	70,000,000.00	210,485,423.38
Goodwill/consolidation costs less than share of fair value of identifiable net assets acquired	21,427,384.16		185,378,375.62

3. Gains or losses arising from the remeasurement of equity interests held prior to the acquisition date at fair value

	Beijing Purun Medical Equipment Co., Ltd		Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)		Shenyang Shenda Endoscopy 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:	28,942,557.91	11,214,979.15	104,519,707.75	25,345,656.30	413,676,209.05	368,952,006.41
Monetary funds	2,021,278.48	2,021,278.48	6,532,263.81	6,532,263.81	44,938,207.12	44,938,207.12
Accounts receivable	389,716.44	389,716.44			29,775,584.06	29,775,584.06
Inventory	8,870,077.44	8,002,667.11			63,988,051.54	63,988,051.54
Fixed assets	591,977.74	262,235.59	3,694,252.94	3,694,252.94	135,942,327.40	130,423,401.98
Intangible assets	16,530,426.28		52,281,551.45	3,107,500.00	52,039,694.78	14,234,417.56
Deferred tax assets	292.80	292.80			1,605,110.75	1,605,110.75
Other assets	538,788.73	538,788.73	42,011,639.55	12,011,639.55	85,387,233.40	83,987,233.40
Liabilities:	16,169,942.07	12,624,426.32	4,519,707.75	37,019,707.75	62,456,155.64	55,405,637.03
Accounts payable	9,101,518.82	9,101,518.82	55,644.55	55,644.55	18,454,800.11	18,454,800.11
Deferred tax liabilities	3,545,515.75		21,420.16	21,420.16	7,050,518.61	
Contract liabilities	434,009.71	434,009.71			18,821,999.43	18,821,999.43
Other liabilities	3,088,897.79	3,088,897.79	4,442,643.04	36,942,643.04	18,128,837.49	18,128,837.49

	Beijing Purun Medical Equipment Co., Ltd		Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)		Shenyang Shenda Endoscopy 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
Net assets	12,772,615.84	-1,409,447.17	100,000,000.00	-11,674,051.45	351,220,053.41	313,546,369.38
Less: Minority interests					411,014.45	154,233.44
Net assets acquired	12,772,615.84	-1,409,447.17	100,000,000.00	-11,674,051.45	350,809,038.96	313,392,135.94

4. Additional information on step-by-step realization of business combinations

Name of acquiree	The time at which the original equity holdings were acquired prior to the date of purchase	The percentage of equity originally held prior to the date of acquisition	The cost of acquiring the original equity held prior to the date of purchase	The method of acquisition of the original shareholding prior to the date of purchase	The book value of the equity originally held prior to the purchase date on the purchase date	The fair value of the equity originally held prior to the purchase date at the purchase date	Gains or losses arising from the remeasurement of shares originally held at fair value prior to the date of purchase	The method and key assumptions for determining the fair value of the equity originally held prior to the acquisition date	The amount of other comprehensive income related to the original equity holdings transferred to investment income/retained earnings prior to the date of purchase
Beijing Purun Medical Equipment Co., Ltd	2020/4/7	30.00%	10,235,294.12	Acquisition and capital increases	10,479,910.48	10,260,000.00	-219,910.48	Asset valuation report/special assumptions for income approach valuation	

(2) Disposal of subsidiary

1. Transactions or events involving loss of control of subsidiaries during the period

Name of Subsidiary	Disposal price at point of loss of control	Percentage of disposals at point of loss of control (%)	Method of disposition at the point of loss of control	Time of loss of control	Basis for Judgement of disposition at the point of loss of control	Difference between the disposal price and the share of net assets of the subsidiary at the level of the consolidated financial statements corresponding to the disposal of the investment	Percentage of remaining equity at date of loss of control	Carrying value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Fair value of the remaining equity interest at the consolidated financial statement level at the date of loss of control	Gains or losses arising from the remeasurement of the remaining equity at fair value	Method of determining the fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control and key assumptions	Amount of other comprehensive income related to equity investments in atomic companies transferred to investment gains/losses/retained earnings
Lepu Hengtong (Beijing) Medical Equipment Co., Ltd	25,250,149.21	51.00	Capital reduction	2023/11/17	Completion of equity transfer	-3,828,866.78						

(3) Changes in scope of consolidation for other reasons

- 1) In January 2023, the company invested RMB14.00 million to establish Beijing Lepu Digital Health Technology Co., Ltd. with a 70.00% shareholding. Up to the balance sheet date, the actual capital contribution was RMB5.50 million.
- 2) In May 2023, the company invested MYR2,000.00 to establish Lepu Technology (Malaysia) Sdn. Bhd. with a 100.00% shareholding. In August 2023, an additional contribution of MYR2,998,000.00 was contributed, which was actually completed as of the balance sheet date.
- 3) In May 2023, the company invested RMB20.25 million to establish Shanxi Letong Printing Technology Co., Ltd. with a 56.70% shareholding. Up to the balance sheet date, the actual capital contribution was RMB16.50 million.

VIII. 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	
Lepu Qianshi Digital Technology (Shanghai) Co., Ltd.	Shanghai	Shanghai	Investment	100.00		Establishment
Lepu (Beijing) Medical Equipment Co., Ltd	Beijing	Beijing	Manufacturing	100.00		Business combination not under common control
Beijing Rexiang Taikang Technology Co., Ltd	Beijing	Beijing	Trade	100.00		Establishment
Lepu Medical Electronic Instrument Co., Ltd	Xi'an	Xi'an	Manufacturing	98.89		Business combination not under common control
Lepu Sciencetech Medical Technology (Shanghai) Co., Ltd	Shanghai	Shanghai	Investment	79.94	0.74	Establishment
Changzhou Bingkun Medical Technology Co., Ltd.(used name: Ningbo Bingkun Medical Technology Co., Ltd.)	Changzhou	Changzhou	Investment	91.26	0.07	Business combination not under common control
Beijing Lepu Diagnostic Technology Co., Ltd	Beijing	Beijing	Manufacturing	93.22	1.40	Establishment
Lepu (Europe)	Netherlands	Netherlands	Investment	99.95	0.05	Establishment
Beijing Sida Medical Devices Co., Ltd	Beijing	Beijing	Manufacturing	100.00		Business combination not under common control
Shenzhen Zhongke Lepu Medical Technology Co., Ltd	Shenzhen	Shenzhen	Manufacturing	65.00		Establishment

Name of subsidiary	Main operation location	Registration location	Nature of business	Proportion of shareholding(%)		Acquisition method
				Direct	Indirect	
Shenzhen Lepu Intelligent Medical Devices Co., Ltd	Shenzhen	Shenzhen	Manufacturing	70.00		Business combination not under common control
Lepu Pharmaceutical Co., Ltd	Xiangcheng	Xiangcheng	Manufacturing	99.00	1.00	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	5.00	Business combination not under common control
Beijing Lepu Health Care Hall Network Technology Co., Ltd	Beijing	Beijing	Trade	100.00		Business combination not under common control
Beijing Lejian Medical Investment Co., Ltd	Beijing	Beijing	Medical Investment	70.12		Business combination not under common control
Beijing Jinweijie Technology Development Co., Ltd	Beijing	Beijing	Manufacturing	51.00		Business combination not under common control
Anhui High-Tech Cardiovascular Hospital Management Co., Ltd	Hefei	Hefei	Investment	70.00		Business combination not under common control
Beijing Guomei Health Technology Co., Ltd	Beijing	Beijing	Technology Development	100.00		Business combination not under common control
Beijing Lepu Growth Investment Management Co., Ltd	Beijing	Beijing	Investment	100.00		Establishment

Name of subsidiary	Main operation location	Registration location	Nature of business	Proportion of shareholding(%)		Acquisition method
				Direct	Indirect	
LP (Shenzhen) International Development Center Co., Ltd	Shenzhen	Shenzhen	Manufacturing	100.00		Establishment
Lepu (Shenzhen) Medical Technology Co., Ltd	Shenzhen	Shenzhen	Investment	100.00		Establishment
Qingdao Minyi Investment Center (Limited Partnership)	Qingdao	Qingdao	Investment	95.00		Establishment
Beijing Lepu Concentric Technology Co., Ltd	Beijing	Beijing	Trade	70.00		Establishment
Tianjin Yuhengjia Medical Technology Co., Ltd	Tianjin	Tianjin	Investment	100.00		Business combination not under common control
Xiangcheng Lepu Hospital Management Co., Ltd	Xiangcheng	Xiangcheng	Investment	100.00		Establishment
Liaoning Boao Biopharmaceutical Co., Ltd	Benxi	Benxi	Manufacturing	55.00		Business combination not under common control
Shanghai Lepu Yunzhi Technology Co., Ltd	Shanghai	Shanghai	Manufacturing	47.47	23.35	Business combination not under common control
Beijing Lepu Precision Medical Technology Co., Ltd	Beijing	Beijing	Manufacturing	100.00		Establishment
Lepu International Holdings (Shenzhen) Co., Ltd	Shenzhen	Shenzhen	Trade	100.00		Establishment
Lepu Ruikang (Shanghai) Intelligent Technology Co., Ltd	Shanghai	Shanghai	Manufacturing	85.00		Establishment
Lepu Guanzhi Biotechnology Co., Ltd	Beijing	Beijing	Manufacturing	70.00		Establishment
Lepu Youkang (Beijing) Medical Technology Co., Ltd	Beijing	Beijing	Manufacturing	85.00		Establishment
Yinchuan Lepu Internet Hospital Co., Ltd	Yinchuan	Yinchuan	Manufacturing	100.00		Establishment
Shaanxi Xingtai Biotechnology Co., Ltd	Xi'an	Xi'an	Manufacturing	100.00		Business combination not under common control

Name of subsidiary	Main operation location	Registration location	Nature of business	Proportion of shareholding(%)		Acquisition method
				Direct	Indirect	
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	100.00		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	100.00		Business combination not under common control
Beijing Lepu Zhiying Technology Co., Ltd	Beijing	Beijing	Technology Development	87.50		Business combination not under common control
Lepu (Beijing) Medical Technology Co., Ltd	Beijing	Beijing	Technology Development	100.00		Establishment
Beijing LeDuo PuKang Medical Technology Co., Ltd	Beijing	Beijing	Technology Development	100.00		Establishment
Lepu Ruikang (Shenzhen) Technology Co., Ltd.(used name: Lepu (Shenzhen) Surgical Medical Instrument Co., Ltd.)	Shenzhen	Shenzhen	Trade	100.00		Establishment
Lepu Rui Kang (Beijing) Senior Services Management Co., Ltd	Beijing	Beijing	Aged care	70.00	0.18	Establishment
Lepu Jiansui Pharmaceutical (Chongqing) Co., Ltd	Chongqing	Chongqing	Manufacturing	70.00		Establishment

Name of subsidiary	Main operation location	Registration location	Nature of business	Proportion of shareholding(%)		Acquisition method
				Direct	Indirect	
Beijing Lepu Mingshi Technology Co., Ltd.(used name:Beijing Yikang Century Technology Co., Ltd.)	Beijing	Beijing	Technology Development	70.00		Establishment
Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai Gurong New Energy Technology Co., Ltd.)	Shanghai	Shanghai	Technology Development	70.00		Business combination not under common control
Shanxi Letong Printing Technology Co., Ltd	Shanxi	Shanxi	Manufacturing	56.70		Establishment
Beijing Lepu Digital Health Technology Co., Ltd	Beijing	Beijing	Technology Development	70.00		Establishment
Lepu Technology (Malaysia) Sdn. Bhd.	Malaysia	Malaysia	Manufacturing	100.00		Establishment

Note: In April 2023, the Company entered into an equity transfer agreement with its subsidiary, Beijing Tiandihexie Technology Co., Ltd, under which the Company purchased 70.00% equity interest in Beijing Lepu Mingshi Technology Co., Ltd. held by Beijing Tiandihexie Technology Co., Ltd. for a cash amount of RMB3,260,000. Upon completion of the acquisition, the Company directly held 70.00% equity interest in Beijing Lepu Mingshi Technology Co., Ltd.

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.	29.88%	3,768,282.48		44,882,353.68
Liaoning Bo'ao Bio-pharmaceutical Co., Ltd.	45.00%	-7,895,686.92		120,238,200.47
Beijing JWJ Science & Technology Development Co., Ltd.	49.00%	1,041,175.12	2,450,000.00	21,723,616.92
Beijing Haihetian Technology Development Co., Ltd.	23.61%	13,847,093.50		42,315,239.14

3. Key financial information of significant non-wholly owned subsidiaries

Name of subsidiary	2023.12.31						2022.12.31					
	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.	222,911,239.17	48,942,323.40	271,853,562.57	82,051,295.79	16,651,699.52	98,702,995.31	217,810,249.84	107,288,354.02	325,098,603.86	99,024,737.76	68,365,604.01	167,390,341.77
Liaoning Bo'ao Bio-pharmaceutical Co., Ltd.	12,686,130.71	539,199,510.65	551,885,641.36	206,504,505.72	78,185,134.60	284,689,640.32	9,882,648.20	533,067,339.35	542,949,987.55	182,571,111.20	75,947,812.84	258,518,924.04
Beijing JWJ Science & Technology Development Co., Ltd.	33,735,166.70	13,244,774.49	46,979,941.19	2,285,704.85	360,324.26	2,646,029.11	41,661,216.15	4,097,084.16	45,758,300.31	2,501,989.96	1,047,245.46	3,549,235.42
Beijing Haihetian Technology Development Co., Ltd.	197,633,999.89	1,815,832.96	199,449,832.85	19,309,491.63	914,423.66	20,223,915.29	161,307,970.16	6,403,873.70	167,711,843.86	46,873,521.34	261,678.56	47,135,199.90

Name of subsidiary	2023.12.31				2022.12.31			
	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.	196,569,451.35	14,955,073.20	15,053,669.55	42,690,067.94	299,439,336.13	24,427,543.78	24,977,580.96	72,899,948.66
Liaoning Bo'ao Bio-pharmaceutical Co., Ltd.	1,812,556.13	-17,545,970.93	-17,545,970.93	-4,170,678.27		-22,553,936.90	-22,553,936.90	2,529,811.04
Beijing JWJ Science & Technology Development Co., Ltd.	22,961,887.27	7,124,847.19	7,124,847.19	8,932,482.19	21,373,238.63	6,396,896.34	6,396,896.34	11,226,850.04
Beijing Haihetian Technology Development Co., Ltd.	138,859,816.08	58,649,273.60	58,649,273.60	31,303,029.66	158,728,048.28	29,012,875.73	29,012,875.73	13,776,968.33

(2) Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary remains under control

1. Explanation of changes in share of ownership interests in subsidiaries

- 1) In December 2022, the Company signed the Lejian Medical Equity Transfer Agreement with Zhou Cheng and Zhou You (hereinafter referred to as the "Transferor"), in which the Company acquired 10.12% of the equity of Lejian Medical from the Transferor. After the completion of the acquisition, the company holds 70.12% of the equity of Lejian Medical.
- 2) In February 2023, the Company and the Company's subsidiary, Shenzhen Hechuan Medical Venture Partnership (Limited Partnership) ("Hechuan Medical"), entered into the "Equity Transfer Agreement of Shenzhen Puhui Medical Technology Co., Ltd." ("Puhui Medical") with Chen Xugui, Zhang Jian and Yi Qiangxiang (hereinafter referred to as the "Transferor"), pursuant to which the Company and Hechuan Medical acquired 30% equity interest in Puhui Medical from the Transferor. Upon completion of the acquisition, the Company holds 100% equity interest in Puhui Medical.
- 3) In June 2023, the Company entered into the "Equity Transfer Agreement in respect of LP Yunzhi Technology" with Mr. Wang Bing and Mr. Wang Guannan (the "Transferor"), pursuant to which the Company acquired 2.35% equity interest in LP Yunzhi Technology from the Transferor. Upon completion of the acquisition, the Company held 70.82% equity interest in LP Yunzhi Technology.
- 4) In April 2023, the Company, Bai Xuefeng and Hechuan Medical entered into the "Investment Agreement of Changzhou Bingkun Medical Technology Company Limited" with Bingkun Medical, whereby the Company increased its capital to Bingkun Medical with its 100% equity interest in Tiandi Hexie, 91% equity interest in Puhui Medical and 30% equity interest in Purefound Medical, 9% equity interest in Puhui Medical held by Hechuan Medical was transferred to Bingkun Medical, and 70% equity interest in Purefound Medical was increased to Bingkun Medical by Bai Xuefeng. 70% equity interest to Bingkun Medical. Upon completion of the Reorganization, the Company holds 99.07% equity interest in Bingkun Medical.
- 5) In June, 2023, The Company, Ningbo Langhui, Ningbo Langxin, Weiwu (Suzhou) Health Industry Investment Fund (limited partnership) and Taiping (Shenzhen) medical and health industry private equity investment Fund Partnership (limited partnership) and Bingkun Medical signed the "Investment Agreement of Changzhou Bingkun Medical Technology Co., LTD.", Ningbo Langhui with monetary funds 13.1054 million yuan of capital increase to Bingkun Medical, Ningbo Langxin with monetary capital 12.7968 million yuan of capital increase to Bingkun Medical, Weiwu (Suzhou) Health Industry Investment Fund (limited partnership) Increase capital increase to Bingkun Medical, Taiping (Shenzhen) Medical and Health Industry Private Equity Investment Fund Partnership (limited partnership) with monetary funds 80.00 million yuan capital increase to Bingkun Medical. After the completion of the capital increase, the company holds 91.32% of the equity of Bingkun Medical.
- 6) In September 2023, the Company's subsidiary Beijing Lepu growth investment management co., Ltd. (hereinafter referred to as the "Lepu growth") and Liu Ziqi signed "Agreement of property share

transfer about Ningbo Langxin enterprise management partnership (limited partnership) property share transfer agreement", the Company as the transferee buy Ningbo Langxin 0.71% stake, after the completion of the acquisition, Lepu growth holds a 4.69% stake in Ningbo Langxin, the Company holds 91.33% stake in BingKun medical treatment.

7) In 2023, the subsidiary of the Company holds 0.81% of the equity of Lepu Xintai Technology, due to the above 4), 5) and 6), as of the balance sheet date, the company holds 80.68% of the equity of LepuXintai Technology.

8) In December 2023, the Company, subsidiary of Sichuan Xingtai and Hangzhou Zhejiang love spirit equity investment partnership (limited partnership), Wenzhou elite equity investment partnership (limited partnership) (hereinafter referred to as the "assignor") signed the Wenzhou Jingyuan biological technology co., Ltd. Equity transfer agreement, the Company acquire Wenzhou 24% of the equity from Wenzhou Jingyuan. After the completion of the acquisition, Sichuan Xingtai holds 100% of the equity of Wenzhou Jingyuan.

2. Effect of the transaction on minority interests and profits attributable to shareholders of the Company

	Beijing Lejian Medical Investment Co., Ltd	Shenzhen Puhui Medical Technology Co., Ltd	Shanghai Lepu Yunzhi Technology Co., Ltd	Ningbo Langxin Enterprise Management Partnership (Limited Partnership)	LP Hearttech Medical Technology (Shanghai) Co.,Ltd	Changzhou Bingkun Medical Technology Co., Ltd.	Wenzhou Jingyuan Biotechnology Co., Ltd
Acquisition cost / consideration for disposal							
—Cash	-29,574,430.43	-8,595,000.00	-82,250,000.00	-90,885.00		225,302,179.56	-50,400,000.00
-Fair value of non-cash assets						23,940,000.00	
Total purchase cost/disposal consideration	-29,574,430.43	-8,595,000.00	-82,250,000.00	-90,885.00		249,242,179.56	-50,400,000.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed	-14,539,641.59	-600,125.07	-17,803,731.62	-90,814.02	1,286,365.25	134,694,634.60	-8,407,552.33
Differences	-15,034,788.84	-7,994,874.93	-64,446,268.38	-70.98	-1,286,365.25	114,547,544.96	-41,992,447.67
Including: adjustment to capital surplus	-15,034,788.84	-7,994,874.93	-64,446,268.38	-70.98	-1,286,365.25	114,547,544.96	

	Beijing Lejian Medical Investment Co., Ltd	Shenzhen Puhui Medical Technology Co., Ltd	Shanghai Lepu Yunzhi Technology Co., Ltd	Ningbo Langxin Enterprise Management Partnership (Limited Partnership)	LP Hearttech Medical Technology (Shanghai) Co.,Ltd	Changzhou Bingkun Medical Technology Co., Ltd.	Wenzhou Jingyuan Biotechnology Co., Ltd
Adjustment to surplus							
Adjustment to unappropriated profit							-41,992,447.67

Note:The positive number of purchase cost / disposal consideration indicates the consideration received corresponding to the Company's equity dilution and the negative number indicates the purchase cost paid; the negative amount of balance adjustment capital reserve /undistributed profit indicates the reduction of capital reserve / undistributed profit, and the positive number indicates the increase of capital reserve / undistributed profit.

(4) Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary remains under control

1. Significant associates

Name of associates	Principal place of operations	Place of registration	Nature of business	Proportion of shareholding(%)		Accounting treatment for investment in joint ventures or associates
				Direct	Indirect	
Beijing QS Medical Technology Co., Ltd.	Beijing	Beijing	Manufacturing industry	18.18		Equity method
Sichuan Rekind Medtec Inc .	Chengdu	Chengdu	Technology development	17.11		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 directors.
- 2) The Company holds 17.11% 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

	2023.12.31			2022.12.31		
	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	15,002,245.78	677,146,396.72	465,530,058.17	20,752,000.83	812,800,904.03	308,066,167.48
Non-current assets	46,972,337.30	1,707,159,803.20	308,366,520.35	46,863,464.55	1,716,370,825.27	288,814,658.15
Total assets	61,974,583.08	2,384,306,199.92	773,896,578.52	67,615,465.38	2,529,171,729.30	596,880,825.63
Current liabilities	40,441,405.46	899,561,393.77	56,478,084.10	17,894,772.62	843,786,340.39	60,856,626.00
Non-current liabilities	10,536,664.44	596,045,450.41	4,429,327.89	12,866,412.84	784,623,752.56	4,587,296.80
Total liabilities	50,978,069.90	1,495,606,844.18	60,907,411.99	30,761,185.46	1,628,410,092.95	65,443,922.80
Non-controlling interests		-8,204,532.06	-1,003,689.51			-689,303.61
Total equity attributable to shareholders of the Company	10,996,513.18	896,903,887.80	713,992,856.04	36,854,279.92	900,761,636.35	532,126,206.44
Share of net assets based on percentage of shareholding	1,999,166.10	121,799,278.89	122,173,979.72	6,700,108.09	122,323,159.99	95,775,422.76
Adjustment matters	47,070,110.04		23,145,729.26	47,070,110.04		24,345,878.16
—Goodwill	47,070,110.04		23,145,729.26	47,070,110.04		24,345,878.16

	2023.12.31			2022.12.31		
	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 .
-Unrealised profit on internal transactions						
-Others						
Carrying value of equity investments in associates	49,069,276.14	121,799,278.89	145,319,708.98	53,770,218.13	122,323,159.99	120,121,300.92
Fair value of equity investments in associates where publicly quoted prices exist		859,760,271.66			1,428,873,128.81	
Operating revenue	25,432,047.14	225,424,683.92	410,868,464.17	22,000,730.29	16,481,349.78	340,280,215.97
Net profit	-25,857,766.74	-122,793,232.08	143,682,263.70	-32,400,902.82	-699,441,460.29	89,334,775.33
Net profit from discontinued operations						
Other comprehensive income		-331,099.50			108,899.63	
Total comprehensive income	-25,857,766.74	-123,124,331.58	143,682,263.70	-32,400,902.82	-699,332,560.66	89,334,775.33
Dividends received from associates during the period			18,382,000.00			

3. Summarized financial information for immaterial joint ventures and associates

	2023.12.31	2022.12.31
Associates:		
Total carrying value of investments	1,037,572,473.78	933,254,767.70
The following sums calculated in proportion to shareholdings		
—Net profit	-30,016,344.65	-6,171,809.57
—Other comprehensive income	163,362.13	
—Total comprehensive income	-29,852,982.52	-6,171,809.57

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.	-353,212.77	2,304.63	-350,908.14

IX. Government grants

(1) Type, amount and presentation of government grants

1. Government grants recognized in profit or loss for the period

Government grants related to assets

Balance sheet presentation items	Amount of government subsidies	Amounts recognized in profit or loss or written off against related cost and expense losses for the period		Items recognized in profit or loss or written off against related cost and expense losses during the period
		2023.12.31	2022.12.31	
Deferred income	40,500,000.00	8,143,280.69	2,181,818.20	Other income
Deferred income	13,805,684.00	2,200,000.00	4,119,678.52	Other income
Deferred income	7,308,000.00	1,700,000.00		Other income
Deferred income	34,300,000.00	1,501,988.68	280,000.00	Other income
Deferred income	42,188,000.00	853,720.08	853,720.08	Construction in progress
Deferred income	4,400,000.00	555,555.44	666,666.72	Other income
Deferred income	5,270,000.00	501,918.72	167,306.25	Other income
Deferred income	8,620,000.00	431,000.04	431,000.04	Other income
Deferred income	3,780,000.00	406,902.64	576,445.42	Other income
Deferred income	4,270,000.00	398,372.85	425,044.32	Other income
Deferred income	4,080,000.00	388,119.72	388,119.65	Other income
Deferred income	2,600,000.00	387,499.20	387,499.21	Other income
Deferred income	2,400,000.00	300,000.00	300,000.00	Other income
Deferred income	10,286,300.00	207,454.80	207,454.79	Other income
Deferred income	916,816.27	145,239.36	145,239.52	Other income
Deferred income	1,294,100.00	129,410.00	129,410.00	Other income
Deferred income	3,000,000.00	99,999.96	99,999.96	Other income
Deferred income	670,000.00	66,999.96	66,999.96	Other income
Deferred income	7,661,247.59	49,533.93	49,533.93	Other income

Balance sheet presentation items	Amount of government subsidies	Amounts recognized in profit or loss or written off against related cost and expense losses for the period		Items recognized in profit or loss or written off against related cost and expense losses during the period
		2023.12.31	2022.12.31	
Deferred income	11,000,000.00	6,250.00		Other income
Deferred income	1,565,700.00		287,045.00	Other income
Deferred income	1,300,000.00		259,999.85	Other income
Deferred income	1,300,000.00		151,666.50	Other income
Deferred income	1,300,000.00		43,333.15	Other income
Deferred income	4,400,000.00			Other income
Deferred income	3,000,000.00			Other income
Deferred income	209,600.00	26,590.04	23,833.37	Other income
Total	221,425,447.86	18,499,836.11	12,241,814.44	

Government grants related to revenue

Items recognized in profit or loss or written off against related cost and expense losses during the period	Amount of government grants	Amounts recognized in profit or loss or written off against related cost and expense losses for the period	
		2023.12.31	2022.12.31
Funds to support enterprise development	46,827,000.00	40,000,000.00	6,827,000.00
Hainan Ecological Software Park subsidy	35,000,000.00	35,000,000.00	
Software Tax Refunds	32,643,036.23	24,063,705.28	8,579,330.95
IPO subsidy	5,500,000.00	5,500,000.00	
Funds for scientific and technological development	8,418,122.00	4,940,269.00	3,477,853.00
Financial assistance for R&D projects	6,762,700.00	4,247,000.00	2,515,700.00
Funding to support high-quality	5,359,700.00	3,734,700.00	1,625,000.00

development of enterprises			
Financial assistance at all levels	8,490,714.46	3,730,300.00	4,760,414.46
Incentive Program for Specialized and Specialized New Enterprises	3,185,000.00	2,785,000.00	400,000.00
Stable employment subsidy	3,901,321.82	2,266,443.23	1,634,878.59
Rewards for innovation in upgrading and stabilizing regulations	1,800,000.00	1,800,000.00	
High-tech enterprise certification	1,385,970.90	1,335,970.90	50,000.00
Employment subsidies	1,811,147.69	1,165,540.28	645,607.41
Others	3,995,655.92	1,547,706.96	2,447,948.96
Project to Enhance International Management Capability	2,477,646.00	1,082,332.00	1,395,314.00
Interaction modeling and monitoring of the data-driven surgical actuator and the soft tissue of the digestive tract	1,060,000.00	1,060,000.00	
Pharmaceutical and Health Industry Development	1,471,698.11	1,000,000.00	471,698.11
Science and technology awards	707,271.73	707,271.73	
Tax Advanced Enterprise Bonus	645,000.00	645,000.00	
Outstanding Enterprise Award	620,000.00	620,000.00	
Talent development grants	541,651.20	541,651.20	
Municipal subsidies for digital workshops	1,021,698.11	521,698.11	500,000.00
Incentives for economic work in enterprises	1,500,000.00	500,000.00	1,000,000.00
Yucai bonus	470,000.00	470,000.00	
Tax relief	633,339.43	402,721.56	230,617.87
Specialized funding for intellectual property rights	682,406.00	319,600.00	362,806.00
Beijing High Precision Industry Development Fund	2,300,000.00	300,000.00	2,000,000.00
Fixed asset funding	300,000.00	300,000.00	
Rental subsidies for industrial enterprises	300,000.00	300,000.00	
Tax support	280,000.00	280,000.00	

Beijing Future Science City Project Grant	4,600,000.00	260,377.36	4,339,622.64
Provincial Financial Special Funds for Industrial and Informatization Development	1,277,500.00	255,500.00	1,022,000.00
Maternity allowance	364,472.43	207,146.68	157,325.75
Incentive funds for full capacity production	600,000.00	200,000.00	400,000.00
Subsidies for the development of high-precision industries	200,000.00	200,000.00	
Incentives for production expansion and efficiency gains	180,000.00	180,000.00	
Study on the whole system integration and control strategy of digestive endoscopic surgery robot	170,000.00	170,000.00	
Premium support funds	164,768.31	164,768.31	
Vocational skills training subsidies	4,287,200.00	133,700.00	4,153,500.00
Beijing Municipal Bureau of Commerce Support Program	2,263,297.00	128,111.15	2,135,185.85
Financial assistance for foreign trade and economic cooperation	476,713.00	113,200.00	363,513.00
Postdoctoral project grants	200,000.00	100,000.00	100,000.00
Patent subsidies	245,100.00		245,100.00
Social security one-time training allowance	118,500.00		118,500.00
Reward for the first trial production of pharmaceutical innovative varieties	4,000,000.00		4,000,000.00
Development of digestive ultrasound electronic endoscopy	2,700,000.00		2,700,000.00
Support funds for the development of medicine and health	2,276,587.00		2,276,587.00
2021 Jiaojiang District manufacturing high-quality development fund	2,110,000.00		2,110,000.00
Research funds of Zhejiang University of	2,061,400.00		2,061,400.00

Technology			
R&d investment incentive funds	2,000,000.00		2,000,000.00
Enterprise research and development funding	1,627,428.00		1,627,428.00
Cross-border e-commerce enterprises market development support	1,230,000.00		1,230,000.00
Intelligent dynamic ECG remote monitoring and early warning analysis system platform	1,200,000.00		1,200,000.00
Enterprise R & D investment support program projects	1,000,000.00		1,000,000.00
Enterprise bailout development subsidies	949,590.00		949,590.00
Research and development subsidies	780,000.00		780,000.00
Economic work incentive	718,517.00		718,517.00
Economic Contribution Growth Award for 2021	645,282.00		645,282.00
Housing allowance	540,000.00		540,000.00
Central plains talent program (Yucui series) the first batch of funds	500,000.00		500,000.00
Innovation voucher subsidy funds	488,101.00		488,101.00
Biomedical policy subsidies	333,780.00		333,780.00
Reform and innovation award	300,000.00		300,000.00
Tax returns	227,312.70		227,312.70
Bonded support for investment enterprises	220,000.00		220,000.00
Provincial science and technology subsidy funds	200,000.00		200,000.00
Cardiovascular system regeneration and repair key product development project	199,288.42		199,288.42
Special fund for business promotion and development	156,900.00		156,900.00
Dongcheng district social insurance fund	134,000.00		134,000.00

management center temporary funds			
Subsidize training on behalf of workers	112,000.00		112,000.00
Incentive for enterprises to increase production	91,400.00		91,400.00
Park incentive	80,000.00		80,000.00
Total	222,120,216.46	143,279,713.75	78,840,502.71

2. Liability items involving government grants

Liability items	2022.12.31	Amount of new grants during the period	Amount transferred to non-operating income during the period	Amounts transferred to other gains during the period	Amounts charged to costs during the period	Other changes	2023.12.31	Asset-related/Revenue-related
Deferred income	27,818,181.80	10,500,000.00		8,143,280.69			30,174,901.11	Asset-related
Deferred income	2,566,666.67			2,200,000.00			366,666.67	Asset-related
Deferred income	1,700,000.00	5,608,000.00		1,700,000.00			5,608,000.00	Asset-related
Deferred income	33,740,000.00			1,501,988.68			32,238,011.32	Asset-related
Deferred income	1,060,000.00			1,060,000.00				Revenue-related
Deferred income	555,555.44			555,555.44				Asset-related
Deferred income	5,102,693.75			501,918.72			4,600,775.03	Asset-related
Deferred income	6,464,999.81			431,000.04			6,033,999.77	Asset-related
Deferred income	3,203,554.58			406,902.64			2,796,651.94	Asset-related
Deferred income	3,395,430.04			398,372.85			2,997,057.19	Asset-related

Liability items	2022.12.31	Amount of new grants during the period	Amount transferred to non-operating income during the period	Amounts transferred to other gains during the period	Amounts charged to costs during the period	Other changes	2023.12.31	Asset-related/Revenue-related
Deferred income	2,753,924.49			388,119.72			2,365,804.77	Asset-related
Deferred income	2,018,751.19			387,499.20			1,631,251.99	Asset-related
Deferred income	900,000.00			300,000.00			600,000.00	Asset-related
Deferred income	9,421,905.04			207,454.80			9,214,450.24	Asset-related
Deferred income	170,000.00			170,000.00				Revenue-related
Deferred income	335,858.19			145,239.36			190,618.83	Asset-related
Deferred income	452,935.00			129,410.00			323,525.00	Asset-related
Deferred income	1,083,333.48			99,999.96			983,333.52	Asset-related
Deferred income	502,500.10			66,999.96			435,500.14	Asset-related
Deferred income	1,066,244.03			49,533.93			1,016,710.10	Asset-related
Deferred income	106,166.63	79,600.00	-	26,590.04	-	-	159,176.59	Asset-related

Liability items	2022.12.31	Amount of new grants during the period	Amount transferred to non-operating income during the period	Amounts transferred to other gains during the period	Amounts charged to costs during the period	Other changes	2023.12.31	Asset-related/Revenue-related
Deferred income	8,000,000.00	3,000,000.00		6,250.00			10,993,750.00	Asset-related
Deferred income	4,000,000.00						4,000,000.00	Asset-related
Deferred income	1,500,000.00						1,500,000.00	Asset-related
Deferred income	3,600,000.00						3,600,000.00	Asset-related
Deferred income	417,000.00						417,000.00	Asset-related
Deferred income	385,000.00						385,000.00	Revenue-related
Deferred income	1,800,000.00						1,800,000.00	Revenue-related
Deferred income		3,000,000.00					3,000,000.00	Asset-related
Deferred income	12,017,128.33						12,017,128.33	Asset-related
Deferred income	3,010,000.00						3,010,000.00	Asset-related
Deferred income	4,500,000.00						4,500,000.00	Asset-related
Deferred income	900,000.00	900,000.00					1,800,000.00	Asset-related

Liability items	2022.12.31	Amount of new grants during the period	Amount transferred to non-operating income during the period	Amounts transferred to other gains during the period	Amounts charged to costs during the period	Other changes	2023.12.31	Asset-related/Revenue-related
Deferred income	39,199,979.72					-853,720.08	38,346,259.64	Asset-related
Deferred income		4,400,000.00					4,400,000.00	Asset-related

X. Risks related to financial instruments

(1) Types of risks arising from 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 responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Company has risk management policies in place to identify and analyze the risks to which the Company is exposed, and these risk management policies specify specific risks and cover a wide range of areas such as market risk, credit risk and liquidity risk management. The Company periodically evaluates changes in the market environment and the Company's business activities to determine whether to update its risk management policies and systems. Risk management in the Company is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks by working closely with other business units of the Company. The Company's internal auditors will also audit risk management policies and procedures and report the findings to the Audit Committee.

The Company seeks to diversify its portfolio of investments and businesses in order to minimize the risk of concentration in a single industry, region or counterparty through appropriate diversification of its investment and business portfolios and the establishment of risk management policies.

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 risk faced by the Company mainly comes from long-term bank borrowings and bonds payable.

On December 31, 2023, while other variables remain unchanged, if the borrowing rate calculated by floating rate rises or decreases by 100 basis points, the net profit will decrease or increase by 16,887,900 yuan (31 December 2022: RMB8,510,600).

(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.

The Company matches foreign currency revenue with foreign currency expenditure to reduce exchange currency risk. In addition, the company may sign forward foreign exchange currency contracts or currency swap contracts to avoid exchange rate risk. During the reporting period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

On 31 December 2023, while all other variables remain unchanged, if the RMB appreciates or depreciates by 1% against the US dollar, the Company will increase or decrease its net profit by RMB 4,029,000 (December 31, 2022: RMB 14,065,700). Management believes that 1% reasonably reflects the reasonable range of possible changes in the RMB against the 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.

The Company holds the equity investments of other listed companies, and the management considers that the market price risks facing these investment activities are acceptable.

XI. 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 31/12/2023			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		275,203,779.61		275,203,779.61
1.Financial assets designated at fair value through profit or loss		275,203,779.61		275,203,779.61
(1) Bank financing		275,203,779.61		275,203,779.61
◆Receivable financing			83,407,668.79	83,407,668.79
◆Other debt investments				
◆Investments in other equity instruments	344,834,413.20		845,406,037.39	1,190,240,450.59
◆Other non-current financial assets			26,500,000.00	26,500,000.00
1.Financial assets at fair value through profit or loss			26,500,000.00	26,500,000.00
(1) Equity instrument investment			26,500,000.00	26,500,000.00
Total assets measured at fair value on a recurring basis	344,834,413.20	275,203,779.61	955,313,706.18	1,575,351,898.99

Item	Fair value at 31/12/2023			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
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.

XII. 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 "VIII. 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 "VIII. 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
Beijing Ample Technology Co., Ltd	Significantly influenced by the Company

Name of joint ventures and associates	Relationship with the Company
Beijing Haikinger Pharmaceutical Technology Co., Ltd	Significantly influenced by the Company
Beijing Crysol Medical Technology Co., Ltd	Significantly influenced by the Company
Beijing Yalian Bade Science and Technology Co., Ltd	Its parent company significantly influenced by the Company
Beijing Yalian Yashige Science and Trade Co., Ltd	Significantly influenced by the Company
Beijing Yuhengjia Technology Co., Ltd	Significantly influenced by the Company
Beijing Yudin Additive Manufacturing Research Institute Co., Ltd	Significantly influenced by the Company
Chengdu Mudor Precision Moulding Co., Ltd	Its parent company significantly influenced by the Company
Chengdu Orsay Medical Equipment Co., LtdChengdu Orsay Medical Equipment Co., Ltd	Its parent company significantly influenced by the Company
Hunan Pinxin Biological Engineering Co., Ltd	Significantly influenced by the Company
Lepu (Beijing) Biotechnology Co., Ltd	Its parent company significantly influenced by the Company
Leptronics Biotechnology (Shanghai) Co., Ltd	Its parent company significantly influenced by the Company
Lepu Biotechnology Co., Ltd	Significantly influenced by the Company
Shanghai Mayak Biotechnology Co., Ltd	Its parent company significantly influenced by the Company
Shanghai Minwei Biotechnology Co., Ltd	Significantly influenced by the Company
Shenzhen Ruihan Medical Technology Co., Ltd	Significantly influenced by the Company
Shenzhen Boen Medical Equipment Co., Ltd	Significantly influenced by the Company
Tianjin Weimann Biomaterials Co., Ltd	Significantly influenced by the Company
Xi'an Chaoqian Intelligent Technology Co., LtdXi'an Chaoqian Intelligent Technology Co., Ltd	Significantly influenced by the Company
Xi'an Madison Pharmacy Co., Ltd	Its parent company significantly influenced by the Company
Xi'an Zhong'an Yisheng Medical Technology Co., Ltd	Its parent company significantly influenced by the Company
Xinxiang Yashijie Medical Laboratory (Limited Partnership)	Its parent company significantly influenced by the Company
Sino-US Huashitong Biomedical Technology (Wuhan) Co., Ltd	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 Juntai Shengyue Technology Co., Ltd	A company controlled by a close family member of the actual controller
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	Closing balance	Opening balance
Beijing Haikinger Pharmaceutical Technology Co., Ltd	Receipt of services	23,251,306.78	12,568,533.05
Chengdu Ousai Medical Device Co., Ltd	Purchase of goods	22,849,052.65	20,312,164.57
Tianjin Weimann Biomaterials Co., Ltd	Purchase of goods	6,700,452.61	4,628,038.58
Shenzhen Boen Medical Equipment Co., Ltd	Purchase of goods	3,231,223.03	379,653.90
Beijing Pufeng Medical Management Co., Ltd	Receipt of services	2,968,247.18	4,087,058.58
Beijing Crysol Medical Technology Co., Ltd	Purchase of goods	2,429,530.95	1,054,762.86
Beijing Taijiweiye Technology Co., Ltd	Purchase of goods	1,141,275.42	11,303,787.16
Beijing Juntai Shengyue Technology Co., Ltd	Receipt of services	583,429.36	
Beijing Crysol Medical Technology Co., Ltd	Receipt of services	358,023.90	88,053.10

Related party	Content of related -party transaction	Closing balance	Opening balance
Shenzhen Ruihan Medical Technology Co., Ltd	Receipt of services	291,262.12	
Chengdu Mudor Precision Moulding Co., Ltd	Purchase of goods	260,973.47	194,159.29
Chengdu Osai Medical Equipment Co., Ltd	Receipt of services	120,833.96	
Shenzhen Ruihan Medical Technology Co., Ltd	Purchase of goods	35,962.65	
Beijing Yuhengjia Technology Co., Ltd	Receipt of services	6,462.26	2,943.40
Beijing Purun Medical Equipment Co., Ltd	Receipt of services		3,782,826.73
Beijing Purun Medical Equipment Co., Ltd	Purchase of goods		1,798,857.16
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 Yuhengjia Technology Co., Ltd	Purchase of goods		77,654.88
China Shipbuilding Industry Corporation Seventy-fifth Research Institute	Receipt of services		11,169.82
Tianjin Weimann Biomaterials Co., Ltd	Receipt of services		7,496.79

Sale of goods/provision of services

Related party	Content of related -party transaction	Closing balance	Opening balance
Beijing Taijiweiye Technology Co., Ltd	Sale of goods	3,510,252.51	1,666,107.21
Chengdu Mudor Precision Moulding Co., Ltd	Sale of goods	2,536,106.21	1,118,238.93
Shenzhen Ruihan Medical Technology	Sale of goods	1,059,439.90	455,613.15

Related party	Content of related -party transaction	Closing balance	Opening balance
Co., Ltd			
Chengdu Orsay Medical Equipment Co., Ltd	Provision of services	746,876.79	1,285,128.43
Chengdu Orsay Medical Equipment Co., Ltd	Sale of goods	646,869.90	419,950.68
Beijing Taijiweiye Technology Co., Ltd	Provision of services	604,196.21	239,999.99
Beijing Purun Medical Equipment Co., Ltd	Sale of goods	316,683.20	391,120.36
Lepu (Beijing) Biotechnology Co., Ltd	Sale of goods	310,334.45	27,967.35
Tianjin Weiman Biomaterials Co., Ltd	Provision of services	150,000.00	
Sino-US Huashitong Biomedical Technology (Wuhan) Co., Ltd	Sale of goods	104,867.26	
Lepu (Beijing) Biotechnology Co., Ltd	Provision of services	72,657.00	18,820.00
Tianjin Weiman Biomaterials Co., Ltd	Sale of goods	64,400.73	
Xi 'an Maidexin Pharmacy Co. Ltd	Sale of goods	27,787.61	3,523.88
Shanghai Mayak Biotechnology Co., Ltd	Sale of goods	25,026.54	5,825.24
Leptronics Biotechnology (Shanghai) Co., Ltd	Sale of goods	6,849.56	1,941.75
Shenzhen Boen Medical Equipment Co., Ltd	Sale of goods	582.79	
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
Beijing Ample Technology Co., Ltd	Sale of goods		6,194.70
Beijing Crysol Medical Technology Co.	Sale of goods		5,825.24
Beijing Medlink Technology Co., Ltd	Sale of goods		3,482.30

2. Related leases

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	Variable lease payments not included in the measurement of lease liabilities	Rental paid	Interest expense on lease liabilities assumed	Increase in right-of-use assets	Rental costs of short-term leases and leases of low-value assets under simplified treatment	Variable lease payments not included in the measurement of lease liabilities	Rental paid	Interest expense on lease liabilities assumed	Increase in right-of-use assets
Beijing Pufeng Medical Management Co., Ltd	Property leasing	31,237.62		31,237.62			28,542.89		28,542.89		

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	Yes
Shenzhen Keruikang Industrial Co., Ltd	4,000,000.00	2023/9/27	2024/9/26	Yes
Shenzhen Keruikang Industrial Co., Ltd	6,000,000.00	2023/10/11	2024/10/10	Yes
Shenzhen Keruikang Industrial Co., Ltd	8,000,000.00	2023/12/5	2024/12/4	No

Note:

In 2022, the Company provided a guarantee of up to \$500 million to its subsidiary, Lepu Pharmaceuticals. The balance of the guarantee at the beginning of the period was \$130 million, and the amount due under the guarantee during the reporting period was \$130 million; at 31 December 2023, the actual amount of loans guaranteed under this guarantee was \$0.00 billion.

In 2023, the Company provided a guarantee of up to RMB100 million for its subsidiary, Shenzhen Kerikang. The balance of the guarantee at the beginning of the period was RMB0.00 billion, and the expiration amount of the guarantee during the reporting period was RMB0.01 billion; at 31 December 2023, the actual amount of loans guaranteed under this guarantee was RMB0.08 million.

4. Lending of funds from related parties

Related parties	Amount of money on loan	Note
Take apart		
Shenzhen Ruihan Medical Technology Co., Ltd	21,404,900.48	
Shanghai Minwei Biotechnology Co., Ltd	43,000,000.00	

5. Compensation of key management personnel

Item	Opening balance	Closing balance
Compensation of key management personnel	15,911,178.14	21,275,244.55

(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					
	Xinxiang Yashijie Medical Laboratory Limited Partnership	2,027,715.40	2,027,715.40	2,027,715.40	2,027,715.40
	Chengdu Mudor Precision Moulding Co., Ltd	1,262,550.00	6,312.75	1,255,550.00	6,277.75
	Lepu(Beijing) Biotechnology Co., Ltd	124,053.20	647.55	30,111.00	150.56
	Chengdu Orsay Medical Equipment Co., Ltd	41,110.29	205.55	53,035.19	265.18
	Anyou Eye Clinic (Fuzhou) Co., Ltd	6,967.00	34.84		
	Lepu Chuangyi Biotechnology (Shanghai) Co., Ltd	3,000.00	15		
	Shenzhen Boen Medical Equipment Co., Ltd	658.55	3.29		
	Beijing Purun Medical Equipment Co., Ltd			6,730,536.84	1,845,483.72
Prepayments					
	Beijing Kuaishure Medical Technology Co., Ltd	187,118.58		695,355.75	

Item	Related party	Closing balance		Opening balance	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
	Shenzhen Boen Medical Equipment Co., Ltd	44,850.00			
	Chengdu Mudor Precision Moulding Co., Ltd	276.1			
	Beijing Hikinge Pharmaceutical Technology Co., Ltd			2,881,014.25	
	Beijing Pufeng Medical Management Co., Ltd			300,000.00	
	Shenzhen Ruihan Medical Technology Co., Ltd			139,048.48	
	Chengdu Orsay Medical Equipment Co., Ltd			2,778.21	
Other receivables					
	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
	Beijing Kuaishure Medical Technology Co., Ltd	100,000.00	10,000.00	100,000.00	500
	Beijing Purun Medical Equipment Co., Ltd			671,923.37	127,238.05
	Chengdu Orsay Medical Equipment Co., Ltd			667,538.23	3,337.69

Item	Related party	Closing balance		Opening balance	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Other non-current asset					
	Shanghai Minwei Biotechnology Co., Ltd	43,000,000.00			
	Xi'an Chaoqian Intelligent Technology Co., Ltd	21,879,644.76		21,032,644.01	
	Shenzhen Ruihan Medical Technology Co., Ltd	21,404,900.48			
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

2. Payable

Item	Related party	Closing balance	Opening balance
Accounts payable			
	Chengdu Orsay Medical Equipment Co., Ltd	30,774,427.82	15,425,936.34
	Beijing Taijie Weiye Technology Co., Ltd	923,406.76	1,642,801.66
	Shenzhen Boen Medical Equipment Co., Ltd	749,839.17	117,043.84
	Tianjin Weiman Biomaterials Co., Ltd	577,684.53	280,419.59
	Chengdu Mudor Precision Molding Co., Ltd	413,788.50	178,097.34
	Beijing Hiking Pharmaceutical Technology Co., Ltd	388,393.00	
	Beijing Pufeng Medical Management Co., Ltd	315,770.73	344,190.00
	Beijing Yuhengjia Technology Co., Ltd	111,247.78	104,517.70
	Beijing Purun Medical Equipment Co., Ltd		109,380.53
Other payable			
	Tianjin Weimann Biomaterials Co., Ltd	35,000.00	25,000.00
Contract liabilities			
	Xi'an Madison Pharmacy Co., Ltd	1,538.28	1,538.28
	Tianjin Weimann Biomaterials Co., Ltd	873.89	155,918.14
	Shenzhen Ruihan Medical Technology Co., Ltd		2,253,297.35
	Chengdu Orsay Medical Equipment Co., Ltd		93,451.33
	Beijing Pufeng Medical Management Co., Ltd		47,481.04
	Beijing Taijie Weiye Technology Co., Ltd		24,424.78

XIII. Share-based payment

(1) General situation of share-based payments

Vested	Equity instruments granted during the period	
	Quantities	Amount
Sales staff	3,978,500.00	21,563,469.55
Managerial staff	3,732,105.00	20,228,009.37
Research and development staff	1,961,835.00	10,633,145.81
Manufacturing staff	489,080.00	2,650,813.67
Total	10,161,520.00	55,075,438.40

Note:

In May 2023, the Company held a shareholders' meeting to consider and approve the "Proposal on the Implementation of Equity Incentive by the Company" Agreed to the implementation of equity incentive plan by the Company. The employees of the Company indirectly hold the shares of the Company through the employee shareholding platform, Ningbo Langhui Enterprise Management Partnership (Limited Partnership) and Ningbo Langxin Enterprise Management Partnership (Limited Partnership). on3 June 2023, the Company granted a total of 10.16152million shares to 136 employees at a grant price of RMB2.49 per share. According to the partnership agreement of Employee Stock Ownership Platform, the property share of limited partners will be unlocked in three batches from the date of listing of the Company, i.e., 30% will be unlocked in 12 months, 50% will be unlocked in 24 months, and all will be unlocked in 36 months; if the Company fails to complete the listing of the Company within 2 years from the date of the limited partner's joining the partnership, the restriction period will be 30% will be unlocked in 36 months from the date of the joining the partnership, 50% will be unlocked in 48 months, and all will be unlocked in 60 months. If the company fails to complete the listing within 2 years from the date of joining the limited partner, the restriction period will be 30% unlocked in 36 months, 50% unlocked in 48 months and fully unlocked in 60 months.

Share options or other equity instruments issued and outstanding at the end of the period

Vested	Stock options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining duration of the contract	Range of exercise prices	Remaining duration of the contract
Sales staff			1.78yuan/share, 2.49yuan/share, 3.48yuan/share, 10.74yuan/share	47months, 16months, 10months
Managerial staff			1.78yuan/share, 2.49yuan/share, 3.48yuan/share, 10.74yuan/share	47months, 16months, 10months
Research and development staff			1.78yuan/share, 2.49yuan/share, 3.48yuan/share, 10.74yuan/share	47months, 16months, 10months
Manufacturing staff			1.78yuan/share, 2.49yuan/share, 3.48yuan/share, 10.74yuan/share	47months, 16months, 10months

(2) The conditions of Equity-settled share-based payment

The fair value recognition method of the equity instruments at grant date	Fair value of shares as determined by appraisal
Significant parameters of grant date fair value of equity instruments	
The recognition method of best available estimate of vesting equity instruments	Best estimate of quantities at the balance sheet date
The reason of significant variance between current and previous period estimate	None
The expenses recognized as equity-settled share-based payment	289,000,328.32

(3) Share-based payment expenses

Vested	2023.12.31			2022.12.31		
	Equity-settled	Cash-settled	Total	Equity-settled	Cash-settled	Total
	share-based payments	share-based payments		share-based payments	share-based payments	
Sales staff	35,165,510.09		35,165,510.09	18,029,910.55		18,029,910.55
Managerial staff	75,676,710.43		75,676,710.43	37,037,841.86		37,037,841.86
Research and development staff	49,374,970.72		49,374,970.72	24,446,471.27		24,446,471.27
Manufacturing staff	7,992,712.33		7,992,712.33	3,467,153.45		3,467,153.45
Total	168,209,903.57		168,209,903.57	82,981,377.12		82,981,377.12

XIV. Commitments and contingencies

(1) Significant commitments

1. Significant commitments existing at the balance sheet date

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 2023, 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

The Company has no material contingencies that require disclosure.

XV. Events after the balance sheet date

According to the resolution of the 7th meeting of the 6th Board of Directors of the Company held on 19 April 2023, the Company intended to deduct the total share capital on the future implementation of the 2023 equity distribution plan, deducting the share capital after the repurchased shares, and pay the cash dividend of RMB 3.3141 for every 10 hares(including tax). As of the date of approval of this report, the number of shares in the profit distribution plan is 1,852,374,788 shares, on which the cash dividend is RMB613.9 million (including tax).

XVI. Other important matters

(1) As of 31 December 2023, Mr.Pu Zhongjie, the actual controller of the Company, and his acting partners hold a total of 455,643,349 shares of the Company, accounting for 24.23% of the total share capital of the Company. Among them, the total shares under the pledge are 196,609,999, accounting for 10.45% of the total share capital of the company and 43.15% of the shares held by it.

XVII. Notes to the main items of the parent company's financial statements

(1) Accounts receivables

1. Ageing analysis of accounts receivables

Ageing	2023.12.31	2022.12.31
Within 1 year	159,953,652.47	94,629,192.16
1-2 years	6,573,332.89	52,411,612.86
2-3years	8,326,505.98	18,054,956.31
3-4years	9,921,647.19	20,197,637.62
4-5years	13,211,093.24	16,091,586.57
Above 5 years	22,505,990.75	10,973,652.90
Subtotal	220,492,222.52	212,358,638.42
Less:bad debt provision	22,806,780.47	21,934,498.76
Total	197,685,442.05	190,424,139.66

2. Accounts receivables by bad debt provision method

Items	2023.12.31					2022.12.31				
	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	220,492,222.52	100.00	22,806,780.47	10.34	197,685,442.05	212,358,638.42	100.00	21,934,498.76	10.33	190,424,139.66
Of which:										
Grouping of expected credit loss	38,634,483.27	17.52	22,806,780.47	59.03	15,827,702.80	80,656,354.24	37.98	21,934,498.76	27.20	58,721,855.48
Grouping of related parties	181,857,739.25	82.48			181,857,739.25	131,702,284.18	62.02			131,702,284.18
Total	220,492,222.52	100.00	22,806,780.47		197,685,442.05	212,358,638.42	100.00	21,934,498.76		190,424,139.66

Provision for bad debts is made on the basis of a combination of credit risk characteristics:

Items of bad debt provided on grouping basis:

Ageing	2023.12.31		
	Accounts receivables	Provision for bad debts	Percentage(%)
Within 1 year	9,868,840.27	49,344.20	0.50
1-2 years	4,008,452.69	400,845.27	10.00
2-3years	1,352,815.01	270,563.00	20.00
3-4years	448,996.15	134,698.85	30.00
4-5years	2,008,100.00	1,004,050.00	50.00
Above 5 years	20,947,279.15	20,947,279.15	100.00
Total	38,634,483.27	22,806,780.47	

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

Items	Opening balance	Amount of changes during the period				Closing balance
		Provision accrued	Recovered or reversed	Offset or written off	Other changes	
Expected credit loss	21,934,498.76	2,812,281.71		1,940,000.00		22,806,780.47
Total	21,934,498.76	2,812,281.71		1,940,000.00		22,806,780.47

4. Accounts receivables actually written off during reporting periods

Items	Amount written off
Accounts receivables written off	1,940,000.00

5. Top five accounts receivables and contract assets by debtors at the end of the period

The aggregate amount of the top five accounts receivable and contract assets with closing balance grouped by party in default was RMB183,325,373.45, representing 83.14% of the total closing balance of accounts receivable, and the corresponding aggregate amount of the closing balance of provision for bad debts was RMB17,277,155.40.

(2) Other receivables

Item	2023.12.31	2022.12.31
Interest receivable		
Dividends receivable		
Other receivables	2,485,080,815.54	1,738,194,238.89
Total	2,485,080,815.54	1,738,194,238.89

1. Other receivables

(1) Disclosed by ageing

Ageing	2023.12.31	2022.12.31
Within 1 year	1,064,988,401.56	1,160,055,161.45
1-2 years	852,619,262.86	152,379,589.05
2-3years	147,434,238.57	56,689,973.09
3-4years	55,322,530.57	331,061,164.80
4-5years	330,911,164.80	156,416,345.47
Above 5 years	174,572,568.58	19,256,419.88
Subtotal	2,625,848,166.94	1,875,858,653.74
Less:bad debt provision	140,767,351.40	137,664,414.85
Total	2,485,080,815.54	1,738,194,238.89

(2) Other receivables disclosed by bad debt provision method

Items	2023.12.31					2022.12.31				
	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	4.94	129,805,890.71	100.00		129,805,890.71	6.92	129,805,890.71	100.00	
Provision for bad debt on grouping basis	2,496,042,276.23	95.06	10,961,460.69	0.44	2,485,080,815.54	1,746,052,763.03	93.08	7,858,524.14	0.45	1,738,194,238.89
Of which:										
Grouping of expected credit loss	47,041,162.25	1.79	10,961,460.69	23.30	36,079,701.56	47,832,872.17	2.55	7,858,524.14	16.43	39,974,348.03
Grouping of related parties	2,449,001,113.98	93.27			2,449,001,113.98	1,698,219,890.86	90.53			1,698,219,890.86
Total	2,625,848,166.94	100.00	140,767,351.40		2,485,080,815.54	1,875,858,653.74	100.00	137,664,414.85		1,738,194,238.89

Bad debt provision for individuals:

Items	2023.12.31				2022.12.31	
	Ending balance	Bad debt provision	Proportion of provision(%)	Consideration for provision	Book balance	Bad debt provision
Beijing Bound-Assegai Technical and Trade Co., Ltd.	127,799,293.21	127,799,293.21	100.00	Expected unable to recover	127,799,293.21	127,799,293.21
Total	127,799,293.21	127,799,293.21			127,799,293.21	127,799,293.21

Provision for bad debt on grouping basis:

Items of bad debt provided on grouping basis:

Item	2023.12.31		
	Other receivables	Bad debt provision	Proportion of provision (%)
Grouping of expected credit loss	47,041,162.25	10,961,460.69	23.30
Grouping of related parties	2,449,001,113.98		
Total	2,496,042,276.23	10,961,460.69	

(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	7,858,524.14		129,805,890.71	137,664,414.85
Closing balance				
--Transfer to stage 2				
--Transfer to stage 3				
--Reverse back stage 2				
--Reverse back stage 1				
Accrual during the period	3,102,936.55			3,102,936.55
Reverse during the period				
Write-off during the period				
Cancellation during the period				

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)	
Other changes				
Closing balance	10,961,460.69		129,805,890.71	140,767,351.40

(4) Bad debt for provision, reverse and recover during reporting period

Items	Opening balance	Amount of changes during the period				Closing balance
		Accrual	Reverse and recover	Write-off	Other changes	
Grouping of expected credit loss	7,858,524.14	3,102,936.55				10,961,460.69
Provision on individual basis	129,805,890.71					129,805,890.71
Total	137,664,414.85	3,102,936.55				140,767,351.40

(5) Other receivables disclosed by nature of accounts

Nature of accounts	2023.12.31	2022.12.31
Current accounts	2,619,825,119.23	1,867,279,388.18
Reserve fund	5,573,475.35	7,360,695.08
Others	449,572.36	1,218,570.48
Total	2,625,848,166.94	1,875,858,653.74

(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 1,924,446,968.32, accounting for 73.29% of the total ending balance of other receivables, and the corresponding aggregate amount of the ending balance of provision for bad debts was 0.

(3) Long-term equity investments

Items	2023.12.31			2022.12.31		
	Ending balance	Provision for impairment	Carrying value	Ending balance	Provision for impairment	Carrying value
Investments in subsidiaries	9,118,201,989.35		9,118,201,989.35	8,504,499,183.30		8,504,499,183.30
Investments in Joint venture and associates	1,182,743,880.81	138,024,410.41	1,044,719,470.40	1,048,606,701.14	138,024,410.41	910,582,290.73
Total	10,300,945,870.16	138,024,410.41	10,162,921,459.75	9,553,105,884.44	138,024,410.41	9,415,081,474.03

1. Investments in subsidiaries

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
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	
Changzhou Bingkun Medical Technology Co., Ltd.(used name: Ningbo Bingkun Medical Technology Co., Ltd.)	992,240,136.26		80,941,065.51				1,073,181,201.77	
Lepu (Shenzhen) International Development Center Co., Ltd	800,000,000.00						800,000,000.00	
LP Chemicals (Europe)	721,509,647.49		42,329,962.05				763,839,609.54	
Shanghai Lepu Yunzhi Technology Co., Ltd	475,940,146.36		41,125,000.00				517,065,146.36	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Liaoning Boao Biopharmaceutical Co., Ltd	337,563,293.88						337,563,293.88	
LEPU TECHNOLOGY (MALAYSIA) SDN. BHD.			322,418,413.57				322,418,413.57	
Suzhou Bosimax Medical Technology Co., Ltd	254,634,348.00						254,634,348.00	
Beijing Lepu Zhiying 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	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Beijing Lejian Medical Investment Co., Ltd	97,425,000.00		29,574,430.43				126,999,430.43	
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	
Lepu Youkang (Beijing) Medical Technology Co., Ltd	100,000,000.00						100,000,000.00	
Aunor (Qingdao) Pharmaceutical Co., Ltd	70,000,000.00						70,000,000.00	
Shanghai Gurong Biotechnology Co., Ltd.(used name:Shanghai			70,000,000.00				70,000,000.00	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Gurong New Energy Technology Co., Ltd.)								
LEPRO Rui Kang (Shanghai) Intelligent Technology Co., Ltd	55,600,000.00		10,000,000.00				65,600,000.00	
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	
Shaanxi Xingtai Biotechnology Co., Ltd	59,358,059.71						59,358,059.71	
Sichuan Xingtai Pu Le Medical Technology Co., Ltd	59,267,618.98						59,267,618.98	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Xiangcheng Lepu Hospital Management Co., Ltd	56,330,000.00						56,330,000.00	
LP Rui Kang (Beijing) Senior Care Service Management Co., Ltd	10,000,000.00		40,285,000.00				50,285,000.00	
Shenzhen Lepu Intelligent Medical Equipment Co., Ltd	50,000,000.00						50,000,000.00	
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	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
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	
LP CleanTech Digital Technology (Shanghai) Co., Ltd	20,000,000.00						20,000,000.00	
Lepu (Beijing) Medical Technology Co., Ltd			20,000,000.00				20,000,000.00	
Shanxi Letong Printing Technology Co., Ltd			16,500,000.00				16,500,000.00	
Lepu Jiansui Pharmaceutical (Chongqing) Co., Ltd	3,000,000.00		12,000,000.00				15,000,000.00	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Beijing LOPE Growth Investment Management Co., Ltd	6,350,000.00		3,650,000.00				10,000,000.00	
Tianjin Yuhengjia Medical Technology Co., Ltd	7,000,000.00						7,000,000.00	
Beijing Lepu Digital Health Technology Co., Ltd			5,500,000.00				5,500,000.00	
LOPE International Holdings (Shenzhen) Co., Ltd	3,500,000.00						3,500,000.00	
Beijing Rexiang Taikang Technology Co., Ltd	21,527,347.79			18,500,000.00			3,027,347.79	
Yinchuan Lepu Internet Hospital Co., Ltd.	2,600,000.00		200,000.00				2,800,000.00	
Beijing Guomei Health Technology Co., Ltd	2,000,000.00						2,000,000.00	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period				2023.12.31	Provision for impairment at the end of the period
			Increase during the period	Decrease during the period	Accrual for impairment during the period	Others		
Beijing LOPE Precision Medical Technology Co., Ltd	1,000,000.00						1,000,000.00	
Beijing LeDuPuKang Medical Technology Co., Ltd	100,000.00		800,000.00				900,000.00	
Lepu (Shenzhen) Surgical Medical Devices Co., Ltd	300,000.00						300,000.00	
Shenzhen Puhui Medical Technology Co., Ltd	17,700,000.00		7,560,000.00	25,260,000.00				
Beijing Tiandi Hexie Technology Co., Ltd	45,421,065.51			45,421,065.51				
Total	8,504,499,183.30		702,883,871.56	89,181,065.51			9,118,201,989.35	

2. Investments in Joint Ventures and Associates

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
1. Associates												
Beijing Yudingzengcai Manufacturing research Institute Co., Ltd.	72,905,510.95				2,985,131.20		1,390,575.90				77,281,218.05	
Xian Chaoqian Intelligent Technology Co., Ltd.	43,907,045.47				-5,495,352.00						38,411,693.47	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
Beijing Haijingge Pharmaceutical Science and Technology Co., Ltd.	116,399,967.32				8,409,008.67		1,742,925.00				126,551,900.99	
Xinyu bio-tech Co., Ltd.	49,995,873.16				-2,451.21						49,993,421.95	
Tianjin Weiman Biomaterials Co., Ltd.	126,822,163.92				-488,588.84						126,333,575.08	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
Shenzhen Born Medical Equipment Co. , Ltd.	40,578,700.16				-2,672,552.10						37,906,148.06	
Hunan Pinxin Biological Engineering Co. , Ltd.	83,491,098.80				-1,782,301.76						81,708,797.04	
Beijing Ya Lian Badeke Trade Co. , Ltd.	138,024,410.41	138,024,410.41									138,024,410.41	138,024,410.41

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
Beijing Kuai Súr Medical Technology Co. , Ltd.	53,770,218.13				-4,700,941.99						49,069,276.14	
Sichuan Ruijian Medical Technology Co. , Ltd.	120,121,300.92				25,917,423.02		17,662,985.04	18,382,000.00			145,319,708.98	
Lepu Biotechnology Co. , Ltd.	122,323,159.99				-15,561,111.09	-44,963.21	15,082,193.20				121,799,278.89	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
Beijing Purun Medical Instrument Co. , Ltd.	10,824,703.67				-344,793.19					-10,479,910.48		
Shenzhen Ruihan Medical Technology Co. , Ltd.	64,442,548.24				-11,569,901.94						52,872,646.30	
Beijing Yuewei Medical Technology Co. , Ltd.	5,000,000.00		5,000,000.00		-984,943.16						9,015,056.84	

Investee	2022.12.31	Provision of impairment at the end of the prior period	Amount of changes during the period								2023.12.31	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		
Shanghai Minwei Biotechnology Co., Ltd			116,875,000.00		-8,418,251.39						108,456,748.61	
China Machine Emergency Industry Co., Ltd			20,000,000.00								20,000,000.00	
Subtotal	1,048,606,701.14	138,024,410.41	141,875,000.00		-14,709,625.78	-44,963.21	35,878,679.14	18,382,000.00		-10,479,910.48	1,182,743,880.81	138,024,410.41
Total	1,048,606,701.14	138,024,410.41	141,875,000.00		-14,709,625.78	-44,963.21	35,878,679.14	18,382,000.00		-10,479,910.48	1,182,743,880.81	138,024,410.41

(4) Operating revenue and operating cost

1. Breakdown of operating revenue and operating cost

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal business	1,473,521,421.85	381,135,228.39	1,409,390,257.58	408,354,767.52
Other businesses	103,460,065.07	93,458,800.20	108,860,131.41	89,066,564.41
Total	1,576,981,486.92	474,594,028.59	1,518,250,388.99	497,421,331.93

(5) Investment income

Item	2023	2022
Income from long-term equity investments accounted for under the cost method	411,550,000.00	593,250,000.00
Investment gains from disposal of long-term equity investments	-14,709,625.78	-79,890,010.05
Investment gains from the disposal of trading financial assets	-219,910.48	-8,843,177.02
Dividends income acquired during the other equity instruments investment holding period	451,342.96	
Investment income received from investments in other equity instruments during holding period	1,620,000.00	1,970,852.84
Income of investment from disposal of other non-current financial assets	1,100,000.00	1,100,000.00
Others	10,779,309.41	
Income of investment from disposal of investment in long-term equity	-9,949,374.21	
Total	400,621,741.90	507,587,665.77

XVII. 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, including elimination of provision for impairment of assets	-11,695,079.64	
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)	136,862,124.49	
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	14,968,324.97	
Capital occupation fee received from non-financial entities included in current profit or loss		
Gain or loss on entrusted investments or assets under management		
Gains or losses from entrusted loans		
Loss of assets due to force majeure factors, such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment		
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		
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 exchange of non-monetary assets		
Gain or loss on debt restructuring		

Item	Amount	Note
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees		
One-time effect on current period's profit or loss due to adjustments in tax, accounting and other laws and regulations		
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Profit or loss from transactions with obviously unfair transaction price for amount which exceeds fair value		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	-15,169,206.58	
Other gain or loss items meeting the definition of non-recurring gains or losses	39,783,383.77	
Sub-total	164,749,547.01	
Effect of income tax	-22,170,644.49	
Effect of minority interests (after tax)	-7,494,901.78	
Total	135,084,000.74	

(2) Returns on net assets and earnings per share

Profits for the reporting periodProfits 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	8.23	0.6757	0.6757
Net profit attributable to ordinary shareholders of the Company, net of non-recurring gains and losses	7.35	0.6032	0.6032

Lepu Medical Technology (Beijing) Co., Ltd

(Seal)

19 April 2024