Stock Code: 603882 Stock Name: KingMed Diagnostics

广州金域医学检验集团股份有限公司
Guangzhou KingMed Diagnostics Group Co., Ltd.

Annual Report 2021

Chairman's Message

Dear shareholders, business partners and employees,

COVID-19 has, like a black swan, hovered over the world for more than two years since its outbreak in early 2020. Consequently, it has changed the world order and had a far-reaching impact on the development of every city and industry. Therefore, as we face the tide of history, our perseverance, effort, willingness to transform and commitment to social responsibility are the inexhaustible power to promote the development of the nation and society and drive the continuous advance of enterprises and individuals. Having walked together through the extraordinary 2021, we hail all the endeavor to advance despite the difficulties and pay tribute to all the power striving for hope and goodness.

To address the needs of both pandemic control and high-quality development, KingMed adheres to the simple belief of benefiting the nation, the people and others, and maintains our aspiration to "help doctors diagnose better" as always, so as to benefit the health of all people. Moreover, KingMed integrates its development with the overall development of the nation, society and the healthcare industry, assumes its responsibilities amid the pandemic, and bravely embraces innovation and transformation in the era of change. Thus, KingMed moves forward with determination, solid action and resilient growth. In 2021, the Company recorded operating revenue of RMB11,943,223,630.06, up 44.88% year-on-year. The net profit attributable to our shareholders amounted to RMB2,219,640,445.22, up 47.03% year-on-year.

The year 2021 was a significant one for KingMed. During the course of the year, the pace of corporate transformation and upgrading continued to accelerate. With the incorporation of Tibet KingMed and the launch of the Macao laboratory, KingMed bid farewell to extensive expansion and shifted to high-quality development. Additionally, the Company's "Diagnostics 4.0" vision has been implemented for one year, and we have been

the first in the industry to make quite a few pioneering achievements in digital business and business digitalization. During the year, the operation and management of the Group reached a new level. KingMed improved the resource-sharing and collaborative mechanisms that facilitate Group-wide coordination, and launched a series of strategic management and risk management programs, in which the concept of modern corporate governance was deeply rooted. During the year, the effectiveness of innovation-driven development was further highlighted, and KingMed has established cooperation with more than 150 universities and research institutions. Thus, a technological innovation ecosystem with industrial characteristics and KingMed features has taken shape. With more than 3,000 diagnostic tests available, the gap between us and the world's top clinical labs has become increasingly narrow. This year, in terms of corporate culture, KingMed once again cultivated the spirit and gathered the strength of the Company. KingMed has established the cultural approach characterized by the priority of righteousness over interest and benefit to the world through cooperation, mutual success, harmony and coexistence. In this way, KingMed people's character of "kindness and harmony" was passed down and embodied in the unity of awareness and action. During the course of the year, the achievements of our development are obvious to all. KingMed was rated "AA" by MSCI ESG, and honorably won multiple international and national awards such as the highest QCC Achievement Award in the 46th International Convention on Quality Control Circles (ICQCC), the "Nomination Award of China Quality Award" and the "Nomination Award of National Quality Award", which has greatly boosted our confidence and morale.

Witnessing our hard-earned achievements, our employees deeply appreciate the sense of professional responsibility, pride and honor brought by the nucleic acid testing and other clinical diagnostics services we provide, where they help build a healthy China with patriotic fervor. So, our employees more enthusiastically participate in the grand cause of helping to build the capacity of grassroots medical services. The Group's management also deeply understands the need to promote the effective iteration and orderly convergence of

short-term strategies and long-term planning, and deeply grasps the Company's need for "change and constancy" as the means to ensure high-quality development and continued progress.

We must be mindful of possible adversities and be prepared for the worst, thus averting calamities. Independent diagnostics had always been a technical backstage, mainly serving medical institutions. However, since COVID-19 it has stepped into the foreground and become known to the public through the popular awareness of nucleic-acid testing. It is KingMed's duty and honor to help the nation in pandemic control with our professional expertise. Meanwhile, the fight against diseases is by no means limited to this. The COVID-19 testing is merely one of thousands of mature clinical diagnostics items. Only through integration with the digital era, deep devotion to the study and treatment of diseases--including all diseases, the entire course of disease and the whole human life cycle, continuous innovation and continuous reinvention of ourselves can we tap into the boundless realm of high-quality development.

Behind these feelings and thoughts are exactly what KingMed does when it quietly settles down in the hustle and bustle, concentrates on professionalism in a chaotic environment, maintains strategic determination and keeps focusing on the difficult but right things in "building a strong foundation, fighting a siege and advancing a little every day". We strengthen our body, prepare for the worst and renew our spirit, doing so to prepare for the future. KingMed's abiding spirit of "consistent progress and never-ending goals" will drive a new chapter of transformation, upgrading, innovation and development.

Society demands and deserves more sophisticated technologies, better services and enhanced cost efficiency in medical services. For KingMed, there is still a long way to go to meet the growing needs of people for healthcare, and the current level of development is still far from our goals and society's expectations. In 2021, KingMed upgraded its corporate mission, vision and values, and thereby decided on a new development objective that would mark our continuous development and dedicated, step-by-step progress. In order to achieve

the new development objective, KingMed must be mindful of the big picture. We must adjust to the industrial and technological development trends as we strive to contribute new value, examples and growth to customers, the industry and the creation of a healthy China. In 2022, we will continue our efforts and begin a new journey.

-- **We will strive toward more sophisticated technologies.** We seek innovation-driven development, further integrate the strengths of "company, universities, research institutions and medical institutions", expand the ecosystem of collaborative innovation, benchmark our technology against the international advanced levels, comprehensively promote the national R&D network and the increased R&D capacity in various technical specialties and platforms, and obtain long-term advantages through strategic planning.

-- **We will strive toward better services.** Oriented towards meeting the clinical and disease diagnosis needs, we promote the clinical translation and application of more advanced technologies, focus on the popularization of cutting-edge technology and sharing of clinical cases, further improve the intelligent reporting system, and help medical institutions and doctors enhance their clinical diagnoses and treatments.

-- **We will strive toward enhanced cost efficiency.** While complying with laws and regulations and ensuring testing quality, we will faithfully walk the path of digital transformation, digitally empower clinical diagnostics service scenarios, provide more cost-efficient clinical diagnostics services and further build up the advantages of specialization and scale so that more partner institutions and people can benefit.

The *Basic Medical Health and Health Promotion Law* of China states that medical and healthcare shall embrace the principle of public welfare. KingMed currently serves more than 23,000 medical institutions nationwide, the majority of which are public medical institutions at various levels. Our endeavor isn't directed toward the Company's own profit and growth but, more importantly, to create lasting, visionary value for the medical

progress of society and the health and well-being of people.

It is the eternal mission of KingMed to help doctors diagnose better, be a guardian of Chinese health, and pursue a healthier and better life for humankind. In 2022, while the fight against COVID-19 is still not over, the great chapter of the nation's healthcare continues to unfold in a magnificent manner. We have more imagination and expectations for tomorrow and the future. On our development path of "integrity" and "innovation", KingMed will make new and greater accomplishments.

As KingMed is heading for a new time, we are forever grateful for your companion along the way.

Liang Yaoming

Chairman of the Board of KingMed Diagnostics

April 2022 in Guangzhou

Important Notes

1. The Board of Directors (or the "Board"), the Supervisory Committee as well as the directors, supervisors and senior management of Guangzhou KingMed Diagnostics Group Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.

2. All the directors of the Company attended the board meeting for the review of this Report.

3. BDO China Shu Lun Pan Certified Public Accountants LLP has issued an independent auditor's report with unmodified unqualified opinion for the Company.

4. Liang Yaoming, the Company's legal representative, Hao Bixi, the Company's Chief Financial Officer, and Zhou Liqin, head of the Company's financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are true, accurate and complete.

5. Final dividend plan approved by the Board of Directors

The Board of Directors of the Company has proposed a cash dividend of RMB1.28/share (tax inclusive) to shareholders based on the total share capital of 465,586,275 shares at 31 December 2021. Having been approved at the Fifth Meeting of the Third Board of Directors, this plan is subject to final approval by the 2021 Annual General Meeting of Shareholders.

6. Risk warning regarding forward-looking statements

√ Applicable □ Not applicable

Any plans, development strategies and other forward-looking statements mentioned in this Report shall not be considered as promises to investors. Investors are reminded to exercise caution when making investment decisions.

7. Indicate whether any of the controlling shareholder or its related parties occupied the Company's capital for non-operating purposes.

N/A

8. Indicate whether the Company provided any guarantee for any external party in violation of the prescribed decision-making procedure.

N/A

9. Indicate whether over half of the directors refused to guarantee the truthfulness, accuracy and completeness of this Report.

N/A

10. Major risk warning

The Company has provided a detailed description of the risks it may face in the course of business along with the countermeasures in this Report. For further information, please refer to contents under the heading “Possible risks” in “Part III Management Discussion and Analysis”. Investors are reminded to exercise caution when making investment decisions.

11. Other information

□ Applicable √ Not applicable

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Documents available for reference	The financial statements signed and stamped by the legal representative, the Chief Financial Officer, and the head of the financial department (equivalent to financial manager)
	The Independent Auditor's Report stamped by the CPA firm, as well as signed and stamped by the relevant certified public accountants
	The originals of all the Company's documents and announcements disclosed on the website designated by CSRC during the Reporting Period

Part I Definitions

I Definitions

The expressions in the left column in the table below refer to the contents in the right column unless otherwise specified.

Definitions of frequently used terms		
The “Company”, the “Group”, or “KingMed Diagnostics”	refers to	Guangzhou KingMed Diagnostics Group Co., Ltd.
Guochuang Kaiyuan	refers to	Guochuang Kaiyuan Equity Investment Fund (L.P.)
Xinmanyu	refers to	Guangzhou Xinmanyu Investment Management Partnership (Limited Partnership)
Shengboyu	refers to	Guangzhou Shengboyu Investment Management Partnership (Limited Partnership)
Shengyufang	refers to	Guangzhou Shengyufang Investment Management Enterprise (Limited Partnership)
Ruizhi	refers to	Guangzhou Ruizhi Investment Management Partnership (Limited Partnership)
Forensic Science	refers to	Guangzhou KingMed Forensic Science Co., Ltd.
Guangzhou KingMed Center for Clinical Laboratory	refers to	Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.
KingTest	refers to	Guangzhou KingTest Co., Ltd.
Fuzhou KingMed	refers to	Fuzhou KingMed Clinical Laboratory Co., Ltd.
Guizhou KingMed	refers to	Guizhou KingMed Center for Clinical Laboratory Co., Ltd.
Hainan KingMed	refers to	Hainan KingMed Center for Clinical Laboratory Co., Ltd.
Hangzhou KingMed	refers to	KingMed Diagnostics (Hangzhou)
Hefei KingMed	refers to	Hefei KingMed Clinical Laboratory Co., Ltd.
Jilin KingMed	refers to	KingMed Diagnostics (Jilin)
Jinan KingMed	refers to	Jinan KingMed Center for Clinical Laboratory Co., Ltd.
Kunming KingMed	refers to	KingMed Diagnostics (Kunming)
Nanjing KingMed	refers to	KingMed Diagnostics (Nanjing)
Nanning KingMed	refers to	KingMed Diagnostics (Guangxi)
Guangxi KingMed	refers to	Guangxi KingMed Clinical Laboratory Co., Ltd.
Qingdao KingMed	refers to	KingMed Diagnostics (Qingdao)
Shanghai KingMed	refers to	KingMed Diagnostics (Shanghai)
Shenyang KingMed	refers to	KingMed Diagnostics (Shenyang)
Shijiazhuang KingMed	refers to	Shijiazhuang KingMed Clinical Laboratory Co., Ltd.
Sichuan KingMed	refers to	Sichuan KingMed Center for Clinical Laboratory Co., Ltd.
Taiyuan KingMed	refers to	KingMed Diagnostics (Taiyuan)
Tianjin KingMed	refers to	KingMed Diagnostics (Tianjin)
Xi’an KingMed	refers to	KingMed Diagnostics (Xi’an)
Changsha KingMed	refers to	Changsha KingMed Clinical Laboratory Co., Ltd.
Zhengzhou KingMed (Partnership)	refers to	Zhengzhou KingMed Center for Clinical Laboratory (General Partnership)
Chongqing KingMed	refers to	KingMed Diagnostics (Chongqing)
KingMed Physical Examination	refers to	Guangzhou KingMed Physical Examination Clinic Co., Ltd.
Shenzhen KingMed	refers to	Shenzhen KingMed Clinical Laboratory
Wuhan KingMed	refers to	KingMed Diagnostics (Wuhan)
Heilongjiang KingMed	refers to	Heilongjiang KingMed Clinical Laboratory Co., Ltd.
Gansu KingMed	refers to	KingMed Diagnostics (Gansu)
Jiangxi KingMed	refers to	KingMed Diagnostics (Jiangxi)
KingMed Cold Chain Logistics	refers to	Guangzhou KingMed Cold Chain Logistics Co., Ltd.
Hohhot KingMed	refers to	KingMed Diagnostics (Hohhot)

Zhengzhou KingMed (Company Limited)	refers to	Zhengzhou KingMed Center for Clinical Laboratory Co., Ltd.
Hong Kong KingMed	refers to	KingMed Diagnostics (Hong Kong) Limited
Ausmed Immuno	refers to	Ausmed Immuno Diagnostic Services (AIDS) Limited
Zhaoqing KingMed	refers to	Zhaoqing KingMed Center for Clinical Laboratory Co., Ltd.
KunMed Health	refers to	KunMed (Beijing) Health Management Co., Ltd.
KingMed Li'an	refers to	Guangzhou KingMed Li'an Health Consulting Co., Ltd.
Jin Yuan Venture Capital	refers to	Guangzhou Jin Yuan Venture Capital Partnership (Limited Partnership)
Bo'ao KingMed	refers to	Hainan Bo'ao KingMed International Center for Clinical Laboratory Co., Ltd.
KingCreate	refers to	Guangzhou KingCreate Biotechnology Co., Ltd.
KingEne	refers to	Guangzhou KingEne Biotechnology Co., Ltd.
Institute of Translational Medicine	refers to	Guangzhou KingMed Institute of Translational Medicine Co., Ltd.
Xinjiang KingMed	refers to	KingMed Diagnostics (Xinjiang)
KingMed Gene	refers to	Guangzhou KingMed Gene Technology Co., Ltd.
Ningxia KingMed	refers to	KingMed Diagnostics (Ningxia)
Qinghai KingMed	refers to	Qinghai KingMed Center for Clinical Laboratory Co., Ltd.
Beijing KingMed	refers to	Beijing KingMed Clinical Laboratory Co., Ltd.
Changzhou KingMed	refers to	Changzhou KingMed Clinical Laboratory Co., Ltd.
Zhuzhou KingMed	refers to	Zhuzhou KingMed Diagnostics Biotechnology Co., Ltd.
KingMed Future	refers to	Guangdong KingMed Future Biotechnology Co., Ltd.
Zhumadian KingMed	refers to	Zhumadian KingMed Center for Clinical Laboratory Co., Ltd.
Tuosiwei	refers to	Guangzhou Tuosiwei Property Management Co., Ltd.
KingMed Jianshi	refers to	KingMed Jianshi Innovation Research Institute (Guangzhou) Co., Ltd.
Bijie KingMed	refers to	Bijie KingMed Clinical Laboratory Co., Ltd.
Jinmanli	refers to	Guangzhou Jinmanli Pharmaceutical Technology Co., Ltd.
Tibet KingMed	refers to	Tibet KingMed Center for Clinical Laboratory Co., Ltd.
Jiangmen KingMed	refers to	Jiangmen KingMed Clinical Laboratory Co., Ltd.
Ganzhou KingMed	refers to	Ganzhou KingMed Clinical Laboratory Co., Ltd.
Xiamen KingMed	refers to	Xiamen KingMed Clinical Laboratory Co., Ltd.
Clinical laboratories	refers to	laboratories that conduct microbiological, immunological, biochemical, hematological, cytological, pathological or other tests on specimens taken from human beings for the purpose of diagnosing, preventing and treating human diseases or evaluating human health. They can provide consultant services on all aspects related to experimental research, including interpretation of test results and suggestions for further tests.
Clinical diagnostics	refers to	the science that uses modern physical and chemical methods and tools to conduct clinical diagnosis, which mainly studies how to provide basis for clinical diagnosis and treatment through the use of laboratory technology and medical equipment.
Medical service institutions	refers to	medical institutions established under the statutory procedures for disease diagnosis and treatment.
Public hospitals	refers to	government-owned hospitals which receive government funding.
Grassroots medical institutions	refers to	institutions that provide basic public health services and basic medical services mainly for residents in areas

		served by the institutions, including community healthcare centers and clinics, township hospitals and village clinics.
Non-profit organizations	refers to	non-profit healthcare organizations, that is, medical institutions established and operated for the public interest. Such institutions are run on a non-profit basis whose income is used to cover the cost of medical services.
The clinical laboratory	refers to	the clinical department that tests specimens taken from inpatients, outpatients, emergency patients and various physical examinations as well as human and animal specimens used in scientific research.
The department of pathology	refers to	the clinical department responsible for pathological diagnosis in medical procedures. Its duties include conducting biopsies, exfoliative cytology and fine needle aspiration cytology, and autopsy to provide a clear pathological diagnosis for clinical practice, identify the nature of diseases and find out the cause of death.
ISO9001	refers to	the international standard that specifies requirements related to quality management and quality assurance, published by the International Organization for Standardization (ISO).
ISO15189	refers to	the standard that specifies requirements for quality and competence in medical laboratories.
CAP	refers to	College of American Pathologists' international accreditation which is widely recognized by relevant institutions around the world.
EQA	refers to	External Quality Assessment, the process in which external independent institutions collect and give feedback on the analysis results of the same specimens reported by multiple laboratories to evaluate laboratory practice. The competence of calibration and testing of laboratories are evaluated and the sustainability is monitored through the comparison between laboratories.
Clinical Research Organization	refers to	clinical trials of drugs, that is, systematic studies performed in people (patients or healthy volunteers) to confirm or discover the clinical, pharmacological and/or other pharmacodynamic effects, adverse reactions and/or absorption, distribution, metabolism and excretion of an investigational drug, with the aim of proving if the drug is safe and efficient.
Forensic science	refers to	an activity in litigation that appraisers use science and technology or expertise to identify and judge specialized issues involved in the lawsuit and provide expert opinions.
Food hygiene testing	refers to	food testing, management, development, processing and other work, conducted by Customs, quality supervision department, epidemic prevention department, modern food enterprises and other relevant sections.
COVID-19	refers to	Corona Virus Disease 2019
B2C	refers to	Business-to-Customer, a sale model where businesses sell products and services directly to consumers.
Physical and chemical testing and mass spectrometry	refers to	testing services that use physical and chemical testing technologies and chromatography-mass spectrometry.
Physical and chemical testing	refers to	testing by physical and chemical means, using micrometer, dial gauge, microscope, spectrometer,

		chromatograph, mass spectrometer, and other measuring tools or equipment.
Chromatography-mass spectrometry	refers to	inspection using chromatography-mass spectrometry. Widely used in different disciplines, chromatography-mass spectrometry is a special technology to identify compounds by preparing, separating and detecting gas-phase ions.
Genome testing	refers to	the testing service that uses genetic testing-related techniques. Genetic testing examines DNA by analyzing blood, other body fluids or cells.
Pathological diagnosis	refers to	a diagnosis arrived at through histological examination under microscope of tumor specimens taken in surgical operations or autopsy which are fixed and stained. Generally, it includes histopathological diagnosis and cytopathology.
Histopathological diagnosis	refers to	the process of making tissue slices after fixing, dehydrating, wax embedding, sectioning and staining clinical tissue samples, observing the tissue structure and cells under microscope by professional pathologists, and determining the nature of tissue lesions with the help of special staining techniques, immunohistochemistry, fluorescence insituhybridization and other techniques.
Cytopathology diagnosis	refers to	the process in which professional pathologists check the morphology and structure of cells under microscope for disease screening and diagnosis, that is, screening precancerous lesions on asymptomatic individuals, and conducting diagnosis and differential diagnosis on patients with symptoms or physical signs. At present, it is mainly divided into gynecological cytopathology and non-gynecological cytopathology.
Bioluminescence and chemiluminescence tests	refers to	clinical biochemical testing and chemiluminescence immunoassay.
Biochemistry	refers to	biological chemistry, a basic life science branch that explores the chemical composition and structure of living organisms and various chemical changes in the living processes.
Chemiluminescence	refers to	Chemiluminescence Immunoassay (CLIA), an assay that combines highly sensitive chemiluminescence technique with immunochemical reactions of high specificity to analyze various antigens, haptens, antibodies, hormones, enzymes, fatty acids, vitamins and drugs.
Immunology testing	refers to	testing using the immunological technique. Immunology is the biomedical science that explores the immune response of organisms to antigens.
Comprehensive testing	refers to	other testing services that fall within the category of principal businesses of the Company except physical and chemical testing, mass spectrometry, genome testing, pathological diagnosis, bioluminescence and chemiluminescence tests, and immunology testing.
PCR	refers to	Polymerase Chain Reaction, a molecular biology technique to amplify a specific region of DNA template sequence. It can be regarded as special DNA replication in vitro, which can significantly accumulate trace DNA.
NIPT	refers to	Non-invasive Prenatal Testing, a DNA sequencing technology. It can sequence cell-free DNA (including cell-free fetal DNA) in maternal peripheral plasma, and

		analyze the biological information of the sequencing results, from which the genetic information of a fetus can be obtained.
Microbiology	refers to	the science that explores morphology and structure of various microorganisms (bacteria, actinomycetes, fungi, viruses, rickettsia, mycoplasma, chlamydia, spirochete protozoa and unicellular algae), and basic laws of their life activities such as growth and reproduction, metabolism, genetic variation, ecological distribution, taxonomy and evolution at the molecular, cellular or community level, and applies the findings to industrial fermentation, medical health, bioengineering and other fields.
Molecular biology	refers to	the science that studies the structure, function, biosynthesis and other aspects of biomacromolecule (nucleic acids and proteins) to find out the nature of various phenomena of life.
Hematology	refers to	a branch of medical science with blood and hematopoietic tissue as its main research object.
RIA	refers to	Radioimmunoassay, the method that uses competitive inhibition between a radioisotope-labeled antigen and unlabeled antigen for antiserums to assay minute quantities of substances.
Cytogenetics	refers to	the study of genetic phenomena to clarify the mechanism of inheritance and variation, from the perspective of cytology, especially from the structure and function of chromosomes and the relationship between chromosomes and other organelles.
Nucleic acids	refers to	biomacromolecules composed of nucleotides, which are one of the most basic substances in life. Nucleic acids can be divided into ribonucleic acid (RNA for short) and deoxyribonucleic acid (DNA for short) according to different chemical composition.
FCM	refers to	Flow Cytometry, the technology that makes quantitative analysis and sorting for single cell by flow cytometry.
NGS	refers to	Next Generation Sequencing, a technology that anchors DNA templates on nanopores or microcarrier chips using chemical modification, and interprets base sequences in the process of DNA polymerase chain reaction or DNA ligase reaction under the principle of base complementary pairing by collecting fluorescence labeling signals or chemical reaction signals. Hundreds of thousands to millions of DNA sequences can be determined at one time.
FISH	refers to	Fluorescence in Situ Hybridization, a non-radioactive molecular cytogenetic technology developed on the basis of radioactive in situ hybridization technology. It is a new in situ hybridization method formed by replacing isotope labeling with fluorescent labeling.
Medical cold chain logistics	refers to	a systemic project to keep medical resources in a defined low temperature environment in storage, transportation, testing and other processes to ensure them meet the requirements of medical practice.
Precision medicine	refers to	a new medical concept and model based on personalized medicine and develops with the rapid progress of genome sequencing technology and the interactive application of

		bioinformatics technology and big data.
VR	refers to	Virtual Reality, which includes computer technology, electronic and information technology, and simulation technology. Generally, it uses computer technology to create a simulated environment and immerse people in it.
AR	refers to	Augmented Reality, a technology that combine virtual information with the real world. Through the extensive use of Multimedia, 3D modeling, real-time tracking and registration, intelligent interaction, sensing and other technologies, AR simulates and applies to the real world the computer-generated information, such as words, images, 3D models, music and videos. Information in the virtual and the real world complement each other, thus enhancing the real world.
AI	refers to	Artificial Intelligence, which generally means leveraging computers and other technologies to simulate human actions (such as learning, reasoning, thinking, and planning).
DRG	refers to	Diagnosis Related Groups.
DIP	refers to	Diagnosis-Intervention Packet.
LDT	refers to	Laboratory developed test.
CAR-T	refers to	Chimeric Antigen Receptor T-Cell Immunotherapy, a new targeted therapy to treat tumors.
TAT	refers to	Turn-Around Time.

Part II Corporate Information and Key Financial Information

I Corporate Information

Company name in Chinese	广州金域医学检验集团股份有限公司
Abbr.	金域医学
Company name in English	Guangzhou KingMed Diagnostics Group Co., Ltd.
Abbr.	KingMed Diagnostics
Legal representative	Liang Yaoming

II Contact Information

	Board Secretary	Securities Representative
Name	Hao Bixi	Xiao Dongqi
Address	No.10 Luoxuan 3rd Road, International Biotech Island, Guangzhou, Guangdong, China	No.10 Luoxuan 3rd Road, International Biotech Island, Guangzhou, Guangdong, China
Tel.	020-29196326	020-29196326
Fax	020-28078333	020-28078333
E-mail address	sid@kingmed.com.cn	sid@kingmed.com.cn

III General Company Information

Registered address	No.10 Luoxuan 3rd Road, International Biotech Island, Guangzhou, Guangdong, China
Past changes of registered address	510000
Office address	No.10 Luoxuan 3rd Road, International Biotech Island, Guangzhou, Guangdong, China
Zip code	510000
Company website	www.kingmed.com.cn
Email address	sid@kingmed.com.cn

IV Media for Information Disclosure and Place where this Report Is Lodged

Media and websites where this Report is disclosed	Shanghai Securities News, China Securities Journal, Securities Times, and Securities Daily
Stock exchange website where this Report is disclosed	www.sse.com.cn
Place where this Report is lodged	The Board Office of the Company

V Stock Profile

Stock profile				
Class of stock	Stock exchange	Stock name	Stock code	Formerly used stock name
A-stock	Shanghai Stock exchange	KingMed Diagnostics	603882	N/A

VI Other Information

Domestic CPA firm appointed	Name	BDO China Shu Lun Pan Certified Public

by the Company		Accountants LLP
	Office address	4/F, 61 Nanjing East Road, Huangpu District, Shanghai
	Accountants writing signatures	Ding Chenlong, and Luo Dan
Sponsor that exercised supervision over the Company in the Reporting Period	Name	CITIC Securities Company Limited
	Office address	North Tower, Times Square Excellence (Phase II), No.8 Zhongxin 3rd Road, Futian District, Shenzhen, Guangdong Province
	Representatives writing signatures	Sun Yanlin, and Shao Caijie
	Supervision period	13 April 2021-31 December 2022

VII Key Financial Information for the Past Three Years

(I) Key accounting information

Unit: RMB

Key accounting information	2021	2020	2021-over-2020 change (%)	2019
Operating revenue	11,943,223,630.06	8,243,763,516.83	44.88	5,269,266,497.93
Net profit attributable to the listed company's shareholders	2,219,640,445.22	1,509,701,887.90	47.03	402,331,127.66
Net profit attributable to the listed company's shareholders before exceptional gains and losses	2,188,848,283.96	1,457,448,245.76	50.18	318,751,687.77
Net cash generated from/used in operating activities	2,087,970,590.35	1,523,107,566.84	37.09	661,396,159.28
	31 December 2021	31 December 2020	Change of 31 December 2021 over 31 December 2020 (%)	31 December 2019
Equity attributable to the listed company's shareholders	6,303,809,487.21	3,787,213,437.89	66.45	2,274,778,951.92
Total assets	10,750,891,917.56	6,639,312,967.40	61.93	4,395,467,312.02

(II) Key financial indicators

Key financial indicator	2021	2020	2021-over-2020 change (%)	2019
Basic earnings per share (RMB/share)	4.80	3.29	45.90	0.88
Diluted earnings per share (RMB/share)	4.76	3.27	45.57	0.88
Basic earnings per share before exceptional gains and losses (RMB/share)	4.73	3.18	48.74	0.70

Weighted average return on equity (%)	44.20	50.06	Down by 5.86 percentage points	19.23
Weighted average return on equity before exceptional gains and losses (%)	43.58	48.33	Down by 4.75 percentage points	15.23

Explanations about the key accounting and financial information for the past three years:
√ Applicable □ Not applicable

For the current period, net profit attributable to the listed company's shareholders stood at RMB2,219,640,445.22, up 47.03% year on year, and net profit attributable to the listed company's shareholders before exceptional gains and losses stood at RMB2,188,848,283.96, up 50.18% year on year. The Company's profitability kept improving primarily driven by the following factors:

1. Regarding the three strategies of "high-quality development, innovation-driven development and Group-wide coordination" as the guiding ideology, the Company improved the mechanism for implementing and promoting company strategies, continued to enhance operations and management, refined the scheduling mechanisms, and accelerated digital transformation, thus boosting the efficiency of operations and management.

2. The continuous optimization of the product mix and customer structure generated high-quality growth. Oriented towards meeting the clinical and disease diagnosis needs, the product line was continuously improved. During the Reporting Period, the business in key diseases such as blood diseases, neurological and clinical immunological diseases and solid tumors grew rapidly. In terms of customer structure, specialized service teams are available for different customers. The Company has achieved comprehensive cooperation with a number of top tertiary hospitals, with the revenue proportion and yield from tertiary hospitals increasing as a result.

3. The scale effect and the optimization of project structure facilitated the growth of gross profit margin. As the initial planning for provincial-level laboratories has been completed, the fixed assets investment and the number of employees grew slower during the Reporting Period, and the revenue increased significantly, the dilution of fixed costs is pronounced. At the same time, with the increasing proportion of revenue from high-end projects and high-quality customers as well as the optimization of project structure and customer structure, the gross profit margin has increased from 46.69% in the previous year to 47.29%, an increase of 0.60 percentage point, among which the gross profit margin of principal operations has increased from 46.75% to 47.20%, an increase of 0.45 percentage point.

VIII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

(I) Differences in net profit and equity attributable to the listed company's shareholders under CAS and IFRS

□ Applicable √ Not applicable

(II) Differences in net profit and equity attributable to the listed company's shareholders under CAS and foreign accounting standards

□ Applicable √ Not applicable

(III) Reasons for accounting data differences above

□ Applicable √ Not applicable

IX Key Financial Information for 2021 by Quarter

Unit: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	2,678,827,943.92	2,776,619,531.32	3,161,798,106.83	3,325,978,047.99
Net profit attributable to the	538,090,179.47	521,143,746.31	612,993,765.14	547,412,754.30

listed company's shareholders				
Net profit attributable to the listed company's shareholders before exceptional gains and losses	530,232,284.68	499,141,813.33	618,907,187.83	540,566,998.12
Net cash generated from/used in operating activities	160,605,600.21	455,276,158.53	450,346,483.16	1,021,742,348.45

Indicate whether any of the quarterly financial data in the table above differs from what have been disclosed in the Company's past periodic reports.
□ Applicable √ Not applicable

X Exceptional Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	2021	Notes (if applicable)	2020	2019
Gain or loss on disposal of non-current assets	-10,106,631.10		1,432,191.16	-161,800.00
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons				
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	80,303,022.09		67,100,149.90	49,240,793.46
Capital occupation charges on non-financial enterprises that are recognized in profit or loss				
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments				
Gain or loss on non-monetary asset swaps				
Gain or loss on assets entrusted to other entities for investment or management				
Allowance for asset impairments due to acts of God such as natural disasters				
Gain or loss on debt restructuring				
Restructuring costs in staff arrangement, integration, etc.				
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices				
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to				

combination dates, net				
Gain or loss on contingencies that do not arise in the Company's ordinary course of business				
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)				
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment				
Gain or loss on loan entrustments				
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method				
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss				
Income from charges on entrusted management				
Non-operating income and expense other than the above	-29,432,394.56		-6,677,909.36	-2,244,344.19
Other gains and losses that meet the definition of exceptional gain/loss	1,553,493.69		28,671.35	45,224,095.86
Less: Income tax effects	7,983,123.48		1,881,730.83	2,690,564.99
Non-controlling interests effects (net of tax)	3,542,205.38		7,747,730.08	5,788,740.25
Total	30,792,161.26		52,253,642.14	83,579,439.89

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

□ Applicable √ Not applicable

XI Items Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening balance	Closing balance	Change in the period	Effect on current profit
Other non-current financial assets	80,087,533.21	144,071,848.29	63,984,315.08	0.00
Total	80,087,533.21	144,071,848.29	63,984,315.08	0.00

XII Other Information

□ Applicable √ Not applicable

Part III Management Discussion and Analysis

I Business Discussion and Analysis

During the Reporting Period, relying on its own professional abilities and advantages, the Company actively integrated itself into the overall picture of high-quality development of China's health undertaking and COVID-19 control as a social force, kept pace with the development of the country and industry, and realized its own development in serving the overall picture. Meanwhile, the Company continuously consolidated the foundation of operation and management, improved the operation and dispatching systems and mechanisms, strengthened internal risk control, and further improved operation and management. During the Reporting Period, MSCI ESG, an international authoritative index company, rated the Company as AA, which is the highest in the industry across the world. Besides, the Company also won "the Nomination Award of China Quality Award", and "the Nomination Award of National Quality Award", making the Company the only enterprise with the two awards in the industry.

(I) The Company adhered to the guidance of the strategic management system, and further promoted the implementation of strategies and digital transformation.

During the Reporting Period, the Company strengthened the top-level design of strategies, further determined the strategic direction of continuously expanding the diagnostics ecosystem based on the main business track of diagnostics on the basis of comprehensively combing the business strategy, aiming to be the world's leading diagnostics group. We also further improved the promotion mechanism for the implementation of the Group's strategies, and pointed out the work direction for subsidiaries to undertake the Group's strategies vertically and cooperate with each other horizontally.

The Company accelerated the strategic layout of digital transformation and made important breakthroughs in the three construction directions during the Reporting Period. **In terms of business digitalization**, the Company launched the construction of "three value chains and six end-to-end scenarios" to further provide high-quality customer services and develop efficient operation capacities. **In terms of digitalized business**, the "demonstration of artificial intelligence open innovation platform for clinical examination and pathological diagnosis" has won the support of R&D plan projects in key areas of Guangzhou. Technical capabilities in the three core areas of natural language processing, machine vision and data mining at the Group level have been developed altogether. The construction of KingMed text big data processing center, AI project control, medical terminology, disease specific model and case report structure has been started, so as to jointly provide a core driving force for the implementation of intelligent diagnostics scenarios. **In terms of platform infrastructure construction**, the Company actively explored the construction of supporting organizations and mechanisms for digital transformation, built a solid support base for digital transformation, and provided a leading demonstration of data standardized collection, management and analysis for the field of medical testing.

(II) The Company has adhered to the customer-oriented principle, and has built a multidimensional marketing operation system.

During the Reporting Period, the marketing operation system was further optimized by continuously promoting the improvement of products and services and business model innovation.

1. Further consolidating the business and service pattern "for both high-end and lower-tier markets". In terms of the product structure, the Company further enriched the product lines in key disease areas such as blood diseases, neurological and clinical immune diseases and solid tumors, because of which its business showed high-quality growth. With regard to the customer structure, different specialized service teams were established for different customers, and a multi-dimensional enabling system was built to promote the comprehensive cooperation of a number of top tertiary hospitals, so as to further improve the proportion of tertiary hospitals' revenue and per unit yield. At the same time, through the construction of regional independent legal laboratories, the Company further consolidated the grassroots service network and improved the Group's revenue scale and profitability.

2. Further innovating the business and service model. Relying on the "disease alliance" mutual diagnosis and treatment mode, the Company has continuously promoted the establishment and operation of disease alliance, and participated in 20 national disease alliances and platforms in total. KingMed also has been vigorously developing the business model of "co-constructed labs", and has formed a unique regional diagnostics business ecosystem inclusive of urban medical association, county medical community and urban community in 670 operating projects, which effectively helped the implementation of hierarchical diagnosis and treatment. The Company has built a medical teaching

research joint interaction mode of "KingMed-universities-Grade-A tertiary hospitals", and has promoted the implementation of scientific research projects in multiple centers in multiple fields. We have actively explored the business cooperation modes of Internet, public health, insurance and pharmaceutical enterprises, and our national public health projects have achieved remarkable results. The exploration of diagnostics Internet business is progressing smoothly, creating a new model of "cancer risk management + insurance" for commercial health insurance. The Company promoted the further implementation of the "golden domain + pharmaceutical enterprises" disease prevention and control ecosystem model, and has reached strategic cooperation with Pfizer, Gilead and other multinational pharmaceutical giants to accurately enable the prevention and control of infection, hepatitis, AIDS and so on.

(III) The Company stays oriented towards meeting the clinical and disease diagnosis needs, and continuously improves the efficiency of its operation, management and service.

During the Reporting Period, the Company enhanced its promotion of R&D projects and discipline layout with disease diagnosis as the demand, strengthened quality risk and operation management, consolidated the medical cold chain logistics capacity and improved the operation efficiency of the whole service chain.

1. Enhancing the promotion of R&D projects and discipline layout with disease diagnosis as the demand. Oriented towards meeting the clinical and disease diagnosis needs, the Company carries out project source management in systematic manner, focusing on supporting the capacity-building of laboratory technology such as neurodegenerative diseases, transplantation and immune deficiency diseases, due to which 257 new projects have been developed. We also make full use of the internal and external expert resources of the group to form characteristic specialties. At present, transplantation and PID projects have entered the output stage. Up to now, the Company has 75 types of inspection technology and more than 3,000 external service items.

The construction of discipline platforms and multi-center layout has achieved remarkable results, the construction of centers such as mass spectrometry, infection, macro genetic testing, blood and solid tumor has been boosted, with more than ten new testing centers added. The construction mode of specialized and molecular pathology specialty, which takes the direction of lymphatic hematopoiesis as the benchmark, has gradually taken shape, which has provided practical experience for the construction of other pathology sub specialties, and further has enhanced the ability of disease detection and service.

2. Improving the ability of digital clinical services. The Company has deeply explored the service system combining clinical services and artificial intelligence technology, and has built a specialized disease knowledge map with characteristics of KingMed in the fields of neuroimmunity and infection. Based on the independently developed KingMed quantitative medicine evidence-based reasoning engine, the Company has provided clinical decision-making auxiliary services for the whole process of clinical diagnostics, including the recommendation of the best testing strategy before testing and the management of diagnosis and treatment after testing.

3. Building an information-based, standardized and systematic operation management system. The Company lifted its informatization level to a large extent, promoted projects such as smart report, chromosome AI, automatic specimen sorting and automatic application of pathological technology, and further improved the overall operation efficiency. For example, the application of automatic cover opener, automatic sample spotter and one-click report information system sped up COVID-19 nucleic acid test by more than 50%. With AI film reading software to assist analysis of chromosome karyotypes, the diagnostic efficiency was improved by more than 30%. The "entry center" centralized production mode has been continuously promoted, and the production mode featuring laboratory dry and wet separation in the field of molecular genetics is being explored. The Company continues to build its risk management system of quality and safety. Relying on its supervision and inspection team of quality and safety, the Company conducts its "eternal quality and safety" within the Group, continues to modify relevant management norms, and further improves the Company's awareness and ability of compliance operation and risk prevention.

(IV) Adhering to innovation as the starting point and cultivating and strengthening new drivers of development

During the Reporting Period, the Company insisted on putting innovation at the core of the overall development, as an important engine and "first driving force" to boost its high-quality development, and focused on promoting its technological innovation, management innovation and business innovation, upholding the basic policy of "full staff innovation and whole chain innovation".

1. Continuing to promote scientific research and technological development related to COVID-19. The Company has been closely following the national innovation-driven development

strategy, focusing on the field of national respiratory infectious disease prevention and control and public epidemic emergency prevention and control, and has taken multiple measures to promote scientific and technological innovation and research related to COVID-19. The self-developed "vehicle/box/membrane" mobile detection shelter has been successfully put into operation, and the "Falcon" gas membrane laboratory is known as "an innovation in COVID-19 control in Guangzhou". The Company has participated in the project of "prevention and control strategy and clinical diagnosis and treatment of COVID-19", and won the special prize of scientific and technological progress of Guangdong Province in 2020.

2. Vigorously promoting the construction of major scientific research platforms. During the Reporting Period, the Company's "demonstration of artificial intelligence open innovation platform for clinical examination and pathological diagnosis" won the support of R&D projects in key areas of Guangzhou. Relying on 55 technology platforms such as the established major scientific research platforms, the Institute of Translational Medicine, the Group's R&D center and the technology centers of subsidiaries, the Company has attached further importance to technical capacity building in molecular diagnosis, proteomics, immunity, pathology, inspection+information fusion and other fields.

3. Actively promoting the integrated development of "the Company-universities-research institutions". During the Reporting Period, the Company carried out 22 new cooperation projects with universities and research institutions. The Company conducted multi-directional research with Harbin Medical University on breast cancer and neonatal genetic diseases, carried out big data analysis and mining research on kidney diseases with Southern Medical University, did rapid pathogen detection research based on surface enhancement with City University of Hong Kong, and conducted gene detection and clinical treatment research on lymphangioleiomyomatosis with Peking Union Medical College Hospital. The "Innovation and Transformation Laboratory of Beijing-Tianjin Neuroimmunology Center" has been established between the Company and Beijing-Tianjin Nneuroimmunology Center, and the joint innovation laboratory of clinical proteomics has been built between the Company and the team of Professor Qin Jun, an expert on proteomics, so as to gather various forces to further consolidate and expand the foundation of our work. The Company and Tianjin Medical University (TMU) have jointly built TMU-KingMed Diagnostics Industry Institute. A school-enterprise cooperation strategic agreement was signed between the Company and Beijing University of Chemical Technology. The Company is now actively exploring the mode of joint training of practical and innovative talents between it and universities.

4. Positive results have been achieved in terms of intellectual property management. During the Reporting Period, further improvement of standardization was officially incorporated into the Company's business development plan, and the Group's framework of standardization management and its key directions were defined. Last year, 14 standards in all were prepared and revised. The Company has officially become one of the member units to put forward standards in the Greater Bay Area. The Company has published more than 100 papers, including 17 SCI ones. 368 new intellectual property rights were authorized to the Company. During the Reporting Period, the Company vigorously promoted the "Mass Entrepreneurship and Innovation" activities and has achieved remarkable results. During the Reporting Period, the Company registered more than one thousand "Mass Entrepreneurship and Innovation" projects, among which the *Improving the Nucleic Acid Detection Capacity of COVID-19 of Guangzhou KingMed* won the highest QCC Achievement Award in the 46th International Convention on Quality Control Circles (ICQCC).

(V) Professional brand influence continued to expand

The Company launched the "Falcon" series of mobile laboratories together with Guangzhou Laboratory and put it into use in the screening of COVID-19 in many places, which has been reported by the People's Daily, Xinhua News Agency, CCTV and other mainstream media for many times, and was even mentioned on China's most important news program, *News Flash*, which is on air at every seven o'clock in the evening on CCTV-1. In various academic conferences, the number of contributions from KingMed increased year by year, and 338 contributions were made only at the National Annual Laboratory Conference. The teaching case of "*KingMed: Transformation After Listing*" has been officially adopted by Ivey Publishing, an internationally famous case research institution, and was released worldwide. This is the first teaching case of business operation modes from one of China's independent clinical laboratories included in the world's top authoritative business case library. During the Reporting Period, Liang Yaoming, Chairman of the Board and CEO, was awarded the title of "National Private Economy Advanced Individual in Combating COVID-19" jointly by the United Front Work Department of CPC Central Committee, State Administration for Market Regulation, the Ministry

of Industry and Information Technology and the All-China Federation of Industry and Commerce. Xie Jiangtao, Chief Operating Officer in turn, was rated as "Advanced Individual of Chinese Peasants and Workers Democratic Party in Combating COVID-19". KingMed Clinical Mass Spectrometry Testing Center won the title of "National Youth Civilization". Many subsidiaries such as Hohhot KingMed, Kunming KingMed, Hefei KingMed, Xi'an KingMed, Hainan KingMed have won national or local titles of "'Specialized, Refined, Distinguished and Novel' Small and Medium-sized Enterprises", "Excellent Private Enterprises" and" Excellent Service Enterprises".

In addition, the Company was also rated AA by MSCI ESG, which is at the highest level in the industry across the world. The Company successively and honorably won "the Nomination Award of China Quality Award", and "the Nomination Award of National Quality Award", making the Company the only enterprise that had simultaneously won the two top state honors of quality in the industry, which has improved the popularity and reputation of the ICL industry.

II Industry Overview for the Reporting Period

In 2021, with the COVID-19 epidemic spreading in multiple places, the independent clinical laboratories (ICL) industry played an important role in epidemic prevention and control across the country through effective dispatching of its own resources, and its professionalism and flexibility were further recognized. At the policy level, as China released the outline of the "14th Five-Year Plan" to further accelerate the pace of medical reform, the trend of medical insurance payment reform, centralized procurement and cost control, and the extension to the grassroots of medical resources is gradually clear, and the ICL industry can effectively help and coordinate the implementation of relevant policies, and growth space is expected to be further expanded. Biotechnology innovation, the integration of biotechnology and information technology, and the gradual liberalization of LDT accelerated the enhancement of the technical capacity of the ICL industry, and also brought more opportunities and new modes to the industry.

(I) National policies helped the ICL industry develop rapidly

The outline of the "14th Five-Year Plan" of China, where we give strategic priority to protecting the people's health and adhering to the policy of prevention first, raises that the Healthy China Initiative shall be deeply implemented, the policies of National Health Promotion shall be improved, and the national public health protection net shall be strengthened, so as to provide the people with comprehensive and whole-cycle health services. As the pace of medical reform has been accelerated recently, numerous policies have been introduced, whose implementation intensity and implementation mode in different regions are different, which brings new ideas and new topics to the development of the industry.

In March 2021, during an inspection tour in Sanming City, Fujian Province, General Secretary Xi Jinping pointed out: "We should continue to deepen the reform of the medical and health sectors, balance the distribution of quality medical resources, improve grassroots infrastructure conditions, and provide reliable guarantee for the people's health". It is one of the core social values of the ICL industry to promote the equalization of medical resources through service mode innovation.

In November 2021, the General Office of the National Health Commission issued the *Work Plan for Improving the Comprehensive Capacity of County Hospitals in the "Thousand Counties Project" (2021-2025)*, clarifying the overall requirements of the comprehensive capacity improvement of county hospitals in the "Thousand Counties Project": At least 1,000 county hospitals in China will possess the same medical service capacity as tertiary hospitals' through five years of effort. In the next few years, the test demand of grassroots hospitals will be significantly released, with the extension to the grassroots of diagnosis and treatment, and the test samples of grassroots medical institutions will also increase. The rapid expansion of the test capacity of county hospitals, on the one hand, depends on the Laboratory Developed Test ("LDT") to relieve the pressure of test demand; on the other hand, it relies on the ICLs, which may become the key to solve the problem of restricting the test capacity of grassroots medical institutions quickly and effectively.

In November 2021, the National Healthcare Security Administration issued the *Notice on Printing and Distributing the Three-year Action Plan for the Reform of DRG/DIP Payment Mode*, specifying the work goal in three years: By the end of 2024, the reform of DRG/DIP payment mode will be carried out in all overall planning areas of China; by the end of 2025, DRG/DIP payment mode will cover all eligible medical institutions providing inpatient services, and basically achieve full coverage of diseases

and medical insurance funds. The implementation of DIP and DRG may reduce the quantity of test delivery and the test price in a short term, which will have a certain impact on the development of the industry. However, in the medium and long term, hospital clinical laboratories is bound to be transformed into cost control centers, which prompts hospitals to increase the intensity of diagnostics outsourcing, and the penetration rate of the industry is expected to be greatly increased.

In addition, as the *Regulation on the Supervision and Administration of Medical Devices* gradually liberalizes and moderately manages the Laboratory Developed Test (LDT), medical institutions can independently develop in vitro diagnostic reagents of the products of the same category that have not been listed in China, which will promote the application and development of new methods and new technologies of clinical laboratory. The policies of consumable sunshine procurement and technology's separation from consumable for reagents have been widely spread in many provinces, while the pilot reform of medical service price has been accelerated, and the service price may be reduced accordingly. The introduction of the above policies makes the technical advantages and scale advantages of the ICLs more prominent, and it is expected that it will develop more rapidly.

(II) The people's health needs provide a broader space for the development of the ICL industry

In 2021, China's elderly population aged 65 and above accounted for 13.5%, far exceeding the United Nations' classification criteria for population aging. The country's 14th Five-Year Plan also elevated "actively coping with population aging" as a national strategy. With intensification of population aging, the health consciousness and the demand for health service of the general public are growing day by day, and the scale of China's medical service market is also expanding continuously. The statistical data of the *Yearbook of Health in the People's Republic of China* shows that in 2020, the total health expense per capita of China was RMB5,112.30, an increase of 9.5% compared with RMB4,669.30 in 2019.

At the same time, chronic diseases, as the biggest "killer" for Chinese residents' health, are getting more and more attention. The *Report on the Nutrition and Chronic Disease Status of Chinese Residents (2020)* indicates that in 2019, the number of deaths caused by chronic diseases accounted for 88.5% of the total, among which cardiovascular and cerebrovascular diseases, cancer and chronic respiratory diseases were the main causes of death, accounting for 80.7% of the total. How to reduce the mortality rate of chronic diseases and enhance the people's living standards is a great challenge we are facing at present. Through standardized and professional test capacity, ICLs arrange the network and service scope all over China, which plays a helpful role in monitoring chronic diseases. As the consciousness of "health management" transformed from "disease treatment" takes root, the demand for personalized test items will continue to increase, and the people's needs for health will present multi-level and diversified characteristics. The test demand based on genomics, proteomics and microbiome with relatively high test technology continues to increase, which will play an increasingly important role in precision diagnosis and treatment. The ICL sector exert its power on both sides of prevention and precision medicine, so as to help to create a broader space for development.

(III) The unbalanced distribution of medical resources and the inadequate development of supply demand promote the development of the industry

In recent years, a series of policies has been introduced by the state to continuously expand the supply of quality medical resources, accelerate the rational distribution of medical resources among regions, and facilitate the extension to the grassroots of quality medical resources, which has achieved certain achievements. According to the *Yearbook of Health in the People's Republic of China* in 2021, countrywide medical institutions cumulatively diagnosed and treated a total of 7.74 billion people, among which hospitals diagnosed and treated 3.32 billion people, accounting for 42.9%, down 1.1 percentage points year on year compared with 2019, and grassroots medical institutions diagnosed and treated 4.12 billion people, accounting for 53.2%, up 1.3 percentage points year on year compared with 2019. But the problems of inadequate medical development and unbalanced distribution of medical resources still exist. In 2020, among 3.32 billion people who were diagnosed and treated in hospitals, tertiary hospitals diagnosed and treated 1.8 billion people, accounting for 54.1%, while the number of tertiary hospitals only accounted for 8.5%, which made the problem that the tertiary hospitals were overcrowded but the grassroots hospitals were deserted unresolved completely.

ICLs, through specialization and scale operation, extended the service network to counties and towns to assist in enhancing the diagnosis and treatment level and the service capacity for the grassroots. As a result, the general public could enjoy the same quality diagnostics service in county and town

hospitals as Grade-A tertiary hospitals, and an effective way to solve the problem of unbalanced and inadequate medical resources was provided.

(IV) Technological innovation brings dividends for the rapid development of the industry

In terms of technological level, biotechnology innovation and the acceleration of the integration innovation between biotechnology and new-generation information technology are becoming important factors affecting the transformation and adjustment of the pattern of relevant fields. The clinical application and development of personalized medicine and precision medicine are expected to become hot topics. The development of advanced diagnosis and treatment technologies, such as stem cell therapy and immunotherapy, is increasingly dependent on the progress of diagnostics technology. The liberalization of LDT policy also encourages ICLs to keep innovating so as to acquire more competitive diagnostic technologies and service capabilities, who play a more essential role in facilitating the continuous improvement of the capacity and level of national medical and health services.

With the acceleration of technology update frequency such as genome and mass spectrometry and the in-depth application of Internet information technology, the technology update speed of the industry will be further accelerated in the future. The innovative development of the industry is bound to be deeply integrated with industries such as big data and artificial intelligence, and may also be affected by the innovation of alternative technologies in relevant fields. Enterprises with cumulative edges such as market, technology, talent and big data, strong innovation capacity and forward-looking vision, who can advance the layout, by giving priority to establishing digital medical standards, boost the rapid upgrading, implementation and promotion of new technologies and new products through technology and mode innovation, and probably procure the digital development dividends first.

(V) The COVID-19 boosts the industry reform and mode innovation

The impact of COVID-19 in the past two years has brought huge challenges to China's medical institutions and public health prevention and control system. Because of standardized and normalized operation, huge production reserve, and flexible and efficient dispatch capacity, ICLs have played essential role in nucleic acid test, especially large-scale nucleic acid screening. Boosted by the epidemic and capital, the volume of industry institutions is constantly increasing, and going public of enterprises in the industry speeds up, resulting in further intensified competition in the industry. Nevertheless, with the constant enhancement of China's public health prevention and control capacity, epidemic prevention and control has become regular, and the price for COVID-19 test has been gradually reduced, so small ICLs with small scale and single technology began to gradually unload, and the industry is expected to further centralized.

The epidemic not only speeds up the whole society's attention to the public health prevention system but also promotes the development of Internet medical, which brings new opportunities for the ICLs in serving Customer-end customers and service mode innovation. For example, Customer-end business is entered through nucleic acid test, and people gradually get used to the service procedures of online appointment and offline test. Besides, services such as online inquiry and home delivery provide people more convenience, fully reflecting the edges of Internet medical. In all, the development space of ToC business becomes more and more clear, but the diagnostics Internet is still in the exploration stage.

III Business Overview for the Reporting Period

During the Reporting Period, regarding the three strategies of "high-quality development, innovation-driven development and Group-wide coordination" as the guiding ideology, the Company continued to improve clinical service capabilities and conducted in-depth Company-universities-research institutions cooperation with top medical institutions. Besides, the Company further consolidated the customer service network "for both high-end and lower-tier markets" and promoted the steady growth of various businesses, with sustained improvements in the business development trend.

(I) Conventional businesses saw steady progress and high-quality development effectiveness emerged

1. With a focus on clinical specialties, the Company strengthened academic guidance and continued to enhance the professionalism and influence of clinical services. During the Reporting Period, the Company's key products maintained steady growth. Specifically, businesses in key disease areas, such as blood diseases, neurological and clinical immunological diseases and solid tumors, showed a high-quality development trend and the sales of key products increased significantly, which further enhanced the Company's revenue and profitability.

The Company continued to promote the implementation and operation of disease alliances. In 2021, the Company joined the China EBV-related Diseases Working Group, China Alliance for Cytokines and Diseases, China Narcolepsy Research Cooperation Group, Specialist Union for Prevention and Control of Birth Defects, Alliance for Ultrasound Puncture and Pathological Diagnosis of Thyroid Tumour and "Red House Birth Defects Alliance" led by academician Huang Hefeng, bringing the total number of joined national disease alliances and platforms to 20. During the Reporting Period, the national regional platform for virus diagnosis research and promotion had 45 members in total after the entry of 18 new members, and a respiratory virus monitoring network covering 26 provinces and autonomous regions took initial shape. In terms of establishing ecosystems for disease prevention and control in collaboration with multiple forces, the Company reached strategic cooperation with Pfizer, in a bid to co-build an infection control ecosystem, improve the diagnosis and treatment of drug-resistant infections in China from multiple dimensions, standardize the clinical use of antibacterial drugs, further curb the rising trend of bacterial drug resistance and benefit more patients.

The Company adhered to academic guidance. First, top academic exchange platforms were available to clinicians and experts through the Academic Committee. Second, the standardized diagnosis and treatment of diseases were promoted through expert consensus on diagnostic techniques, clinical transformation and application of patented technologies and training on standardized disease diagnosis and treatment procedures. The Company made full use of Internet technologies, platforms and expert resources and empowered clinical diagnosis and treatment with cutting-edge diagnostic technology exchanges, multidisciplinary consultation, case study, joint research and other service modes. Statistically, it attended 45 national large academic conferences, participated in or organized about 4,800 academic conferences of various types and provided more than 600,000 clinical doctors and laboratory personnel with opportunities for professional learning and communication. With these efforts, comprehensive and win-win development relations with customers were established, the sharing and extension to the grassroots of quality medical resources were promoted and improvements were achieved in the quality of both medical testing service and clinical diagnosis and treatment.

2. The Company delved into products and services, strengthened strategic cooperation with top resources and continued to optimize customer structure and enhance customer loyalty. During the Reporting Period, the total number of the Company's cooperative customers saw sustained growth, the number of active customers per month increased steadily, and the Company's customer structure was further optimized. In particular, the number of tertiary hospitals in cooperation was further increased and the proportion of revenue from tertiary hospitals (excluding COVID-19-related items) rose to 36%. The sales growth in this area was much higher than that in other customer groups and drove the Company's overall business toward the high-end level.

The Company strengthened strategic cooperation with top domestic medical institutions in Company-universities-research institutions transformation. The specific cooperation includes the following: The project transformation cooperation with Shanghai Tongji Hospital for CAR-T monitoring; the transformation cooperation with Peking University Third Hospital for the "Female Youth Assessment" model; the transformation project of myasthenia gravis antibody detection by cell transfection in collaboration with Beijing-TJ Center for Neuroinflammation; the release of the "Mega Lamp" system, China's first meta-gene-aided clinical decision-making system, in collaboration with Guangzhou Institute of Respiratory Health; the strategic cooperation with the "Red House Birth Defects Alliance" of Obstetrics & Gynecology Hospital of Fudan University, which aimed at assisting the alliance in building an integrated diagnosis and treatment platform and a three-dimensional prevention and control network for birth defects.

The Company vigorously promoted the in-depth expansion of the tertiary hospital business. Specifically, the building of a multi-dimensional empowering system targeted at subsidiaries contributed to the comprehensive cooperation with a number of top tertiary hospitals, the development of multi-center research projects was deepened, and a "KingMed-universities-Grade-A tertiary hospitals" closed loop with sound interaction was formed. At present, multi-center research projects on hypertension, osteoporosis and the elderly's sexual health have been carried out jointly with Nanjing Medical University, Wang Jing Hospital of CACMS and Sun Yat-sen University.

The Company continued to improve its products and services. Throughout the year, the development and report card upgrading of nearly 200 new important projects were completed, the multi-center layout of solid tumors, infections and other disciplines was actively pushed forward, and the turnaround time (TAT) and service quality were further improved. Additionally, the Company continued

to strengthen core product development and service team building to further enhance the empowered clinical service level.

3. The co-constructed labs business showed a high-pace development trend and operation projects continued to increase in number. During the Reporting Period, the Company's co-constructed labs business grew rapidly and became an important driving force for the diagnostics business. There were 670 co-constructed labs, including more than 150 new ones. With respect to the continuously optimized customer structure, the proportion of secondary/tertiary hospitals rose to 80%, contributing to 85% of the business.

The Company continued to deepen the service connotation development of the co-constructed labs business. Based on specialization, scale and intensification, the Company sought continuous improvements in its service capabilities of discipline planning and development, intensive supply, lab operation, clinical service, regional operation and research collaboration and provided whole-procedure, all-around KingMed solutions for the development of the diagnostics discipline of cooperative hospitals.

The Company continued to intensify its high-end discipline service capacity. In order to meet the needs of different hospitals for the construction of individualized precision medicine centers, the Company created a co-construction service mode for multiple disease areas, such as infectious diseases, solid tumors, maternal and child health and neuroimmunity to help hospitals build specialties and to improve the service level of regional precision medicine.

The Company actively responded to such national policy requirements as hierarchical diagnosis and treatment, the building of medical alliances and medical communities, as well as the mutual recognition of regional testing results, and profoundly promoted the co-construction service mode of regional testing centers, such as urban medical alliances, county medical communities and urban communities. Specifically, more than 400 tests & pathology centers were co-constructed and over 2,000 grassroots medical institutions were covered by such mode. Besides, a regional co-constructed labs ecosystem with KingMed characteristics was created, the diagnosis and treatment ability and regional service capacity of medical institutions were enhanced, and the access to quality medical resources was improved.

4. The multi-dimensional innovation mode achieved brilliant results and a new ecosystem of sustainable development was created. To further deepen the building of the Company's new ecosystem of "hospitals-pharmaceutical companies-clinical laboratories", the Company reached strategic cooperation with Pfizer and Gilead in "diagnosis and treatment integration" for infectious diseases and the project covered nearly 300,000 patients and accurately empowered roughly 800 hospitals nationwide.

In the field of Internet big health, the Company transformed cutting-edge and precise clinical diagnostic projects into C-end health monitoring products and publicized and released such products on Xiaohongshu, WeChat Channels, Sina Weibo and other mainstream media. During the whole year, the Company released information more than 60 million times, created the first C-end hot-selling product with a sales volume of RMB1 million, and ranked first in the industry in Tmall's "Professional Examination" category. Meanwhile, adhering to the original aspiration of "helping online doctors diagnose better", the "Cloud Clinical Laboratory" was built for JD Health, Medlinker and other Internet-based hospitals. In the form of specialist and special diagnostic package, the "Cloud Clinical Laboratory" provides auxiliary decision-making in terms of prescription, medication and patient follow-up for eight online diagnosis and treatment demands with a high consultation frequency, including gastroenterology, dermatology, andrology, gynecology, pediatrics, oncology, infectious diseases and endocrinology, which pushed Internet medicine back to the essence and original aspiration of serious medicine. Additionally, the Company collaborated with professional nurse groups in setting up a double blood collection service network covering door-to-door service in 415 cities nationwide and more than 500 sampling stations, with the number of people served reaching nearly 300,000 throughout the year. Besides, the specification for nurses' blood collection services was formulated to further enhance user experience.

In the field of innovative payment, the Company created the new mode of "cancer risk management + insurance" for commercial health insurance and promoted the innovative integration of tumor early screening and commercial health insurance jointly with Qianhai Reinsurance and Sino-Swed Tongkang Biotech Limited (Shenzhen). The Company joined the government-led Huimingbao with TK1 detection and implemented pilot projects in Nanjing, Chongqing and Liaoning to help the country to form a multi-level medical security system.

In addition, breakthrough progress was made in stem cell exploration. To promote the high-quality development of the cell industry, the Company was involved in the formulation of the *Specification for*

Release and Inspection of Stem Cell Preparations (For Trial), China's first specification for the release of stem cell preparations, as well as other stem cell product quality assessment systems and relevant testing standardization methods. In the International Medical Tourism Leading Zone of Hainan Boao Hope City, the Company built the Hainan Research Center and Hainan Stem Cell R&D Center of the Shanghai Institute of Stem Cell and Translational Medicine in collaboration with the Shanghai Institute of Stem Cell and Translational Medicine and Hainan Boao Hope City Stem Cell Engineering Center Co., Ltd., in a bid to sufficiently integrate the resource advantages of the concerned parties in the field of stem cell and regenerative medicine and facilitate the building of a medical and health industry highland.

(II) The synergistic business was expanded continuously and the diversified ecosystem platform was formed at a faster pace

The integrated service capacity for participating in new drug research and development was further enhanced. Central lab services were provided for more than 1,000 Phase I-IV clinical trials, and the clinical trials for the registration of over 20 new drugs passed the on-site inspection by the National Medical Products Administration (NMPA), which further consolidated the Company's leading position in domestic local central laboratories for clinical trials.

In terms of food hygiene testing, the Company achieved all-around development and produced satisfactory performance in four business segments, i.e., food and agriculture, daily chemical, public health, nutrition and health products. In particular, the number of CMA projects hit a record high at more than 3,000. The Company participated in the CATL (Consultation for Agricultural Products) competency assessment for two consecutive years and obtained a 4A grade. In addition to the "Cosmetic Efficacy Evaluation Center" co-constructed with Jinan University, the Company established in-depth strategic partnerships with a dozen of domestic leading enterprises in health food.

With respect to medical cold chain logistics, the Company further improved the rapid dispatching and transportation capacity of large materials across the country (including Hong Kong and Macao) and established three logistics hubs in China that made intra-provincial same-day delivery and overnight delivery within the country possible. The Company integrated, innovated on and applied the UAV (unmanned aerial vehicle) low-altitude operation technology and was the first to launch the first flight of UAV logistics in China's ICL industry. Additionally, the Company participated, as a main drafting unit, in the preparation of two group standards, including the *Biological Sample Boxes* and the *Code for the Administration of Cross-border Transport of Biological Materials*, which were included in the first group of reserve standards in the Greater Bay Area. In 2021, KingMed Cold Chain Logistics won the titles of a Science and Technology SME in Guangdong Province, an industry standard pilot enterprise for the *Specification on Temperature-controlled Logistics Services for In Vitro Diagnostic Reagents*, a national standard demonstration enterprise for the *Operating Procedure for Drug Cold Chain Logistics* and a Contract-abiding and Credit-worthy Enterprise in Guangdong Province for three consecutive years.

Despite the impacts of the COVID-19 pandemic, new policies in forensic science and other external factors, the Company achieved sound development in the physical examination business and maintained a growing trend in businesses such as forensic toxicology, forensic pathology and forensic clinical medicine, by relying on its operating capacity accumulated over the years.

(III) The Company actively fulfilled its social responsibilities and vigorously supported the building of the national public health system

During the Reporting Period, to help the government in strengthening the building of the public health system, the Company leveraged its professional edges and carried out a series of livelihood businesses in collaboration with the government and hospitals from the dimensions of enhancing the regional diagnostic level and saving diagnostic cost, including chronic disease management, screening for breast cancer and cervical cancer, large-scale nucleic acid testing, resident nutrition testing, as well as birth defects prevention. In particular, the Company undertook the national screening project for breast cancer and cervical cancer for rural women, with the business scope covering 31 provinces. It also undertook two national epidemiological survey projects from the Chinese Center for Disease Control and Prevention, including the *2021 Student Nutrition Monitoring Project* and the *2022 Nutrition and Health Monitoring Project for Chinese Residents*. The large-scale public welfare activity – "A Salute to Old Revolutionary Base Areas: Healthy China to Villages" – was launched to boost the construction of healthy villages. During the Reporting Period, through vigorous cooperation with local government, medical institutions and industry associations, the Company provided free medical diagnosis, science popularization, academic lectures, health examination and other public health services to residents of 11

old revolutionary base areas from nine provinces and autonomous regions and will continue such efforts in the future.

The Company actively summarized anti-pandemic experience, further improved the resource allocation mechanism of "Group-wide coordination", and focused more on procedure optimization, technology integration, information upgrading and mode innovation, with a dramatic rise in its anti-pandemic level. The "Falcon" series mobile labs launched in combination with Guangzhou Laboratory have become an important weapon for combating the pandemic throughout the country because they can meet multi-scenario testing requirements, including routine and emergency circumstances. A series of measures were adopted to further improve the public health prevention and control system, such as providing comprehensive solutions "combining routine, emergency and wartime circumstances" for nucleic acid testing labs and co-constructing urban nucleic acid testing bases in Haikou and Shenyang to enhance the local nucleic acid testing capacity and strengthen the ability to respond to sudden pandemic outbreaks. During the Reporting Period, the Company took on the task of nucleic acid testing for 31 provinces, including Guangdong, Jiangsu, Henan, Fujian, Sichuan, Ningxia, Jiangxi and Shaanxi, and got involved in the nucleic acid testing for a series of major events such as the 100th Anniversary of the Founding of the CPC, the National Games and the China Import and Export Fair. Owing to its working competence and attitude of "being ready to assemble at the first call and being capable of fighting and winning", KingMed has been highly recognized by the government at all levels.

IV Analysis of Core Competitiveness during the Reporting Period

√ Applicable □ Not applicable

(I) KingMed constantly pursued excellent quality and advantages in operation and management

The Company adhered to the belief of "quality is life", carried forward and developed the philosophy of "big quality", and formulated the development strategy of "technology quality, service quality, management quality, and development quality". The "integrated" excellent operation and management system developed by the Company over many years, covered the modules of leadership, strategy, customers, resources, processes, and improvement of test and analysis, etc., effectively integrated the requirements of more than 10 domestic and overseas management standards including quality, environmental protection, occupational health and safety, information security, etc., and realized integration and connection of operation and management system, quality management system, and process management system. The "five dimensional quality management model serving as a 'Guardian of Health' with quality as life" taken by the Company, guaranteed the high-quality development of the Company from three levels and five dimensions, and produced marked effect through many years of examination, which provided the KingMed-style practice for quality management in such domestic high-tech services as ICL in the era of a new generation of massive integration of information and technology. The Company was effectively holding 47 domestic and overseas certificates of certification and accreditation, and the testing reports issued by the Company were recognized by over 70 countries and regions globally, with the number of certification-and-accreditation certificates, that of the items and times of recognized capabilities, and that of recognized disciplines ranking No.1 in the industry consecutively for 20 years. During the Reporting Period, the Company won "the Nomination Award of China Quality Award", and "the Nomination Award of National Quality Award", making the Company the only enterprise that had simultaneously won the two top state honors of quality in the industry.

(II) KingMed integrated itself into the world and held the advantages in technologies and diagnostic items over its rivals

The Company benchmarked itself with the most advanced level in national standard, established the testing techniques, equipment, and facilities that were "advanced internationally and complete in range", and built the advantages in techniques and items, serving clinical diagnostics and treatment, clinical scientific research, and health management, covering all diseases and illnesses, managing the whole course of disease, and lasting the complete life cycle, and made the best efforts to realize technological and service innovation in diagnostics and pathological diagnostics.

First, the Company followed the guidance of top think tank of experts in the industry. It established the Academic Committee of KingMed Diagnostics in Medical Science, with Academician Zhong Nanshan assuming the Chairman of the Committee, and 52 domestic and overseas top experts in

examination, pathology, and clinic as members, guiding the Company in caring out collaborative innovation in multi-sectors by transferring and transforming achievements, jointly tackling key problems in science and technology, commonly establishing R&D platform, cooperatively training talents, etc., to form a development pattern featuring the integration of Company, universities, and research institutions.

Second, the Company took science as the guarantee for the innovation mechanism. The Company created the three-level innovation platform of the Group comprised of Innovation Research Institute, Institute of Translational Medicine, and Technological R&D Center of the Group, established integrated cooperation along with many domestic and overseas renowned colleges, institutes, and institutions to assist in the transfer of achievements and the cultivation of middle- and high-level talents, and established the new type of demonstration platform of R&D and public service for clinical diagnostics and medical testing. The Company, jointly with the associated experts of National Stem Cell Transfer Resource Library, Tongji University, Shanghai East Hospital Affiliated to Tongji University, etc., accomplished the formulation of first domestic standard for releasing stem cell preparations, namely the *Specification for Release and Inspection of Stem Cell Preparations (For Trial)*, hence promoting the high-quality development of the cell industry by offering advice and making efforts for it.

Third, the Company took the leading multi-technology platform as foundation. The Company established all ready laboratory platforms of inspection techniques in the industry, including high-throughput sequencing technique platform, gene chip technique platform, flow cytometry analytical technique platform, and gas chromatography-mass spectrometry analytical technique platform, etc., covering mainstream technique sectors from routine to high end. The Company owned 75 categories of testing techniques, of which 27 were key testing techniques, with 150 items of core techniques, involving almost all frontier disciplines in the sectors of clinical diagnostics and pathological diagnostics, and could offer over 3000 examination items. As of December 2021, KingMed Group owned a total of 1,526 valid intellectual property rights, of which 139 were invention patents and 393 were software copyrights.

(III) KingMed stayed oriented towards meeting the clinical and disease diagnosis needs, and owned the domestically leading advantages from the integration of high-end technique platforms with multi-technique platforms

The Company owned sound testing technique platforms and diagnostic technique systems, and established such internationally first-rate high and new technology platforms as clinical genome, clinical mass spectrometry, flow cytometry analytical, and pathological diagnostic centers. In such sectors concerning priority diseases as tumor, good birth and good care of children, infection, the Company gave full play to the advantages of owning many industry-leading high-end technology platforms in the industries of ultrastructural pathology, genome (high-throughput sequencing and analysis, and chromosomal microarray technology), mass spectrometry-gas chromatography testing, immunohistochemistry, flow cytometry. KingMed integrated and interpreted the data from various technology platforms, adopted the pattern of combining multi-disciplinary treatment (MDT) with the integration of multi-technology platforms, hence offering the connected sequence of testing and diagnostic service including consultant, testing, result analysis, etc. for clinical diagnostics and treatment.

KingMed established a nationwide largest team of pathologists, built a widest covered level-three long-distance pathological cooperative network, continuously promote the development of artificial-intelligence (AI) aided techniques of pathological diagnostics, and provided clinicians and patients with domestically first-rate and internationally advanced service of pathological diagnostics. In 2021, the Company owned over 630 domestic and overseas pathologists, and worked closely with nationwide hospitals at various levels, with an annual number of 12 million pathological specimens of the Company. KingMed further developed such distinctive sub-specialties as lymphohematopoietic pathology, renal pathology, and gynecologic pathology, and further promoted in digitalized manners such tasks as template-based reports, comprehensive testing and diagnostic reports, and intelligence-aided diagnostics. The Company gave full play to the advantages in clinical diagnostics with big pathological specimens, big data, and high-quality pathological services. In terms of AI-aided pathological diagnostics, it constantly made exploration and development, and along with such associated top institutions as Huawei, Tencent AI Lab, and Sunny Optical, spared no efforts to promote the development of the sector of accurate pathological diagnostics and testing toward intelligence.

(IV) KingMed owned widely covered and thoroughly radiated market service network and cold chain logistics system

The Company has independent clinical laboratories in China that lead the way in such multi-dimensions as the number of chain labs, region coverage, and the number of served customers. It independently built 39 clinical labs, and cooperatively built 670 regional labs, covering nationwide 31 provinces, municipalities under the Central Government, autonomous regions, and Hong Kong and Macao special administrative regions, with totally over 700 cities, more than 23,000 medical institutions, and above 90% populated regions in China. KingMed independently built over 2,000 logistics service outlets, and thoroughly reached townships and towns at grassroots level, realizing the time effectiveness of fast logistics that over 95% specimens could arrive at destinations, within 12 hours for the same province and less than 24 hours or 36 hours for other provinces, with 80% reports presented within 24 hours.

With regards to the innovation of logistics technologies, through the integrated innovation and application of the technology for low-altitude operation of drones, KingMed Diagnostics took the lead in realizing the maiden flight of logistics-used UAV in the ICL industry in China, and by utilizing technological means, the connection between labs and medical institutions was upgraded from "instantaneously interconnection of information" to "that of specimens", hence greatly increasing the time effectiveness of transportation.

Meanwhile, KingMed Diagnostics, as the initiator and principal writer, promoted the writing, reviewing, and issuance of the national standard of *Operation Specification for Cold Chain Logistics of Biological Specimens Used for Clinical Diagnostics*, and those of the two group standards including the *Code for the Administration of Cross-border Transport of Biological Materials* (T/GDCCA004-2021), and the *Biological Sample Boxes* (T/GDCCA003-2021), and therefore contributed with KingMed's strength to the standardized operation of the cold chain logistics of the industry. The Company owned the chain lab network and logistics network spreading all over the country, which became the foundation for the maximized scale effect and increased examination efficiency of the Company, and guaranteed the Company's advantages as the leader in the industry.

(V) KingMed owned the advantage of the high-quality talent team with multi-echelon structure

The Company built an internationalized, diversified, and specialized talent team, and established the high-quality talent team with multi-echelon structure in which the elderly, the middle-aged, and the young, and were allocated together, the Company, universities and research institutions were integrated, and the formations of technical and managerial teams were mutually considered. KingMed solidly promoted the development of the talent team, and proactively introduced such key talents who had the background of medical specialty, the vision of internalization, and the adaptation to business strategies and digital transformation. The Company owned over 4,000 technical and professional staff members, among whom, ten were the experts enjoying the allowance from the State Council, more than 200 were domestic and overseas renowned experts, and over 100 built the team for digital transformation. In 2021, the Company introduced over 500 talents in such key positions as clinical business, clinical counseling, AI&big data, scientific research and disciplinary technologies, and with master's or doctoral degree, of which more than 30 had overseas and international background. Thus, they established a domestically large-scale and vibrant team in the technical service of clinical diagnostics and in comprehensive management.

Talents constituted the driving force for the development of an enterprise, so KingMed Diagnostics regarded personnel as the most precious treasure, and by constantly intensifying talent development and the integration of human resources, enabled the competence, quality, and business skills of personnel to meet the demands of the operation and development of the enterprise. The Group transformed and upgraded its training development center, and by developing comprehensive and scientific training system and courses, with such training items and means as the "three strengths" training programme for the managerial talent team with multi-echelon structure, "the programme for the reserve force of strategic talents", and "all-dimensional management", trained all types of talents systematically, to offer more opportunities of learning and growth to personnel.

The Group was dedicated to building the platform realizing the self-worth of employees, and enabling them to grow and develop along with the enterprise, paid attention to their vocational development and physical and psychological health, and constantly increased their satisfaction and well-being, hence being awarded with such honors for employers as "αi High-quality Workplace and Outstanding Model Enterprise Award" and "Extraordinary Employer".

V Key Operating Results of the Reporting Period

For the Reporting Period, the Company recorded operating revenue of RMB11,943,223,630.06, up 44.88% year-on-year; and a net profit attributable to its shareholders of RMB2,219,640,445.22, up 47.03% year-on-year.

(I) Analysis of Principal Operations

1. Changes in consolidated income statement and cash flow statement items

Unit: RMB

Item	2021	2020	Change (%)
Operating revenue	11,943,223,630.06	8,243,763,516.83	44.88
Cost of sales	6,295,017,894.74	4,395,136,368.87	43.23
Selling expense	1,435,419,123.25	989,918,295.90	45.00
Administrative expense	887,953,944.51	622,663,977.78	42.61
Finance costs	10,088,107.51	17,552,149.42	-42.52
R&D expense	517,928,365.75	397,169,627.84	30.40
Net cash generated from/used in operating activities	2,087,970,590.35	1,523,107,566.84	37.09
Net cash generated from/used in investing activities	-1,009,617,606.13	-634,353,198.57	-59.16
Net cash generated from/used in financing activities	-53,033,354.30	-214,377,954.24	75.26

The change in operating revenue was primarily driven by the increased testing volume during the Reporting Period.

The change in cost of sales was primarily driven by the increased business volume during the Reporting Period.

The change in selling expense was primarily driven by the increased labor cost, travel expenses, office expenses, etc. as a result of the rising business volume during the Reporting Period.

The change in administrative expense was primarily driven by the increased labor cost and share-based payments during the Reporting Period.

The change in finance costs was primarily driven by the increased interest income during the Reporting Period.

The change in R&D expense was primarily driven by the increased R&D investments during the Reporting Period.

The change in net cash generated from/used in operating activities was primarily driven by the increased sales and relevant cash inflows during the Reporting Period.

The change in net cash generated from/used in investing activities was primarily driven by the increased testing equipment during the Reporting Period.

The change in net cash generated from/used in financing activities was primarily driven by the decreased repayments of bank borrowings during the Reporting Period.

Particulars about any significant change to the Company's business nature, profit composition or sources in the current period.

□ Applicable √ Not applicable

2. Revenue and cost analysis

√ Applicable □ Not applicable

For the Reporting Period, the average gross profit margin of the Company stood at 47.29%, up by 0.60 percentage point year-on-year. To be specific, the gross profit margin of principal operations was 47.20%, up by 0.45 percentage point year-on-year, while that of the other businesses was 48.98%, up by 3.64 percentage points year-on-year.

(1) Principal operations by operating division, product category, operating segment and sales model

Unit: RMB

Principal operations by operating division						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Independent medical diagnostic services	11,303,699,846.08	5,968,764,232.15	47.20	43.63	42.43	Up by 0.45 percentage points
Other	639,523,783.98	326,253,662.59	48.98	71.01	59.62	Up by 3.64 percentage points
Total	11,943,223,630.06	6,295,017,894.74	47.29	44.88	43.23	Up by 0.60 percentage points
Principal operations by product category						
Product category	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Medical diagnostic services	11,303,699,846.08	5,968,764,232.15	47.20	43.63	42.43	Up by 0.45 percentage points
Sale of diagnostic products	291,299,046.87	166,299,111.31	42.91	86.99	78.39	Up by 2.75 percentage points
Physical examination	54,739,494.70	33,414,479.29	38.96	60.11	117.28	Down by 16.06 percentage points
Cold chain logistics services	42,955,762.48	41,269,376.23	3.93	60.84	40.25	Up by 14.11 percentage points
Other	250,529,479.93	85,270,695.76	65.96	59.29	28.48	Up by 8.16 percentage points
Total	11,943,223,630.06	6,295,017,894.74	47.29	44.88	43.23	Up by 0.60 percentage points
Principal operations by operating segment						

Operating segment	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Southwest China	1,697,676,745.95	999,762,494.02	41.11	15.32	26.94	Down by 5.39 percentage points
South China	3,990,416,484.48	1,994,360,129.29	50.02	85.13	76.13	Up by 2.55 percentage points
East China	1,569,675,697.21	956,796,935.93	39.04	33.54	39.77	Down by 2.72 percentage points
Central China	1,581,023,877.91	750,989,496.78	52.50	72.26	50.18	Up by 6.98 percentage points
North China	1,419,471,102.43	731,793,795.98	48.45	16.78	22.60	Down by 2.45 percentage points
Northeast China	811,431,202.03	335,672,393.30	58.63	51.19	28.95	Up by 7.13 percentage points
Central South China	873,528,520.05	525,642,649.42	39.83	13.35	21.29	Down by 3.94 percentage points
Total	11,943,223,630.06	6,295,017,894.74	47.29	44.88	43.23	Up by 0.60 percentage points
Principal operations by sales model						
Sales model	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Direct-to-consumer sales	11,943,223,630.06	6,295,017,894.74	47.29	44.88	43.23	Up by 0.60 percentage points

Notes to the principal operations by operating division, product category, operating segment and sales model:
N/A

(2) Output and unit sales analysis

□ Applicable √ Not applicable

(3) Execution of significant purchase or sales contracts

□ Applicable √ Not applicable

(4) Cost analysis

Unit: RMB

By operating division							
Operating division	Cost category	2021	As % of total costs in 2021 (%)	2020	As % of total costs in 2020 (%)	Change in amount (%)	Note
Independent medical diagnostic services	Cost of sales	5,968,764,232.15	100.00	4,190,739,850.80	100.00	42.43	
Independent medical diagnostic services	Reagent cost	3,357,686,545.27	56.25	2,588,928,580.23	61.78	29.69	
Independent medical diagnostic services	Direct labor cost of labs	770,242,300.43	12.90	461,356,892.09	11.01	66.95	
Independent medical diagnostic services	Delivery cost	488,730,215.33	8.19	359,976,641.93	8.59	35.77	
Independent medical diagnostic services	Other costs	1,352,105,171.12	22.65	780,477,736.55	18.62	73.24	
Other	Cost of sales	326,253,662.59	100.00	204,396,518.07	100.00	59.62	
Other	Reagent cost	189,920,591.00	58.21	103,055,151.15	50.42	84.29	
Other	Labor cost	37,736,050.21	11.57	29,286,642.38	14.33	28.85	
Other	Other costs	98,597,021.37	30.22	72,054,724.54	35.25	36.84	
By product category							
Product category	Cost category	2021	As % of total costs in 2021 (%)	2020	As % of total costs in 2020 (%)	Change in amount (%)	Note
Medical diagnostic services	Cost of sales	5,968,764,232.15	94.82	4,190,739,850.80	95.35	42.43	
Sale of diagnostic products	Cost of sales	166,299,111.31	2.64	93,222,857.63	2.12	78.39	
Physical examination	Cost of sales	33,414,479.29	0.53	15,378,781.38	0.35	117.28	
Cold chain logistics services	Cost of sales	41,269,376.23	0.66	29,425,252.50	0.67	40.25	
Other	Cost of sales	85,270,695.76	1.35	66,369,626.57	1.51	28.48	
Total		6,295,017,894.74	100.00	4,395,136,368.87	100.00	43.23	

Other information:
N/A

(5) Changes to the consolidation scope due to changed ownership in principal subsidiaries in the Reporting Period

□ Applicable √ Not applicable

(6) Significant changes to the business scope or product or service range in the Reporting Period

□ Applicable √ Not applicable

(7) Major customers and suppliers

A. Major customers

Sales to the top five customers stood at RMB1,039.6110 million, accounting for 8.70% of the total annual sales. Sales to the related-parties among the top five customers stood at RMB0, accounting for 0% of the total annual sales.

Indicate whether sales to a single customer accounted for over 50% of the total sales, there was any new customer in the top five customers, or the Company heavily relied on a few number of customers in the Reporting Period.

□ Applicable √ Not applicable

B. Major suppliers

Purchases from the top five suppliers stood at RMB1,397.5632 million, accounting for 35.98% of the total annual purchases. Purchases from the related-parties among the top five suppliers stood at RMB0, accounting for 0% of the total annual purchases.

Indicate whether purchases from a single supplier accounted for over 50% of the total purchases, there was any new supplier in the top five suppliers, or the Company heavily relied on a few number of suppliers in the Reporting Period.

□ Applicable √ Not applicable

Other information:

N/A

3. Expense

√ Applicable □ Not applicable

Item	2021	2020	Change (%)
Selling expense	1,435,419,123.25	989,918,295.90	45.00
Administrative expense	887,953,944.51	622,663,977.78	42.61
R&D expense	517,928,365.75	397,169,627.84	30.40
Finance costs	10,088,107.51	17,552,149.42	-42.52

4. R&D investments

(1) R&D investments

√ Applicable □ Not applicable

Unit: RMB

Expensed R&D investments in the current period	517,928,365.75
Capitalized R&D investments in the current period	0.00
Total R&D investments	517,928,365.75
Total R&D investments as % of operating revenue	4.34
Capitalized R&D investments as % of total R&D investments	0.00

(2) R&D personnel

√ Applicable □ Not applicable

Number of R&D personnel	1,299

R&D personnel as % of total employees	10.50
Educational background of R&D personnel	
Educational background	Number of employees
Doctoral degree	21
Master's degree	172
Bachelor's degree	719
Junior colleges	387
Senior high school and below	0
Age structure of R&D personnel	
Age	Number of employees
Below 30 (exclusive)	600
30-40 (inclusive of 30 and exclusive of 40)	598
40-50 (inclusive of 40 and exclusive of 50)	87
50-60(inclusive of 50 and exclusive of 60)	14
60 and beyond	0

(3) Other information

□ Applicable √ Not applicable

(4) Reasons for any significant change to the composition of R&D personnel and the impact on the Company

□ Applicable √ Not applicable

5. Cash flows

√ Applicable □ Not applicable

Item	2021	2020	Change (%)
Net cash generated from/used in operating activities	2,087,970,590.35	1,523,107,566.84	37.09
Net cash generated from/used in investing activities	-1,009,617,606.13	-634,353,198.57	-59.16
Net cash generated from/used in financing activities	-53,033,354.30	-214,377,954.24	75.26

(II) Significant changes in profit incurred by non-core business

□ Applicable √ Not applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not applicable

1. Assets and Liabilities

Unit: RMB

Item	Closing amount	As % of closing total assets (%)	Opening amount	As % of opening total assets (%)	Change (%)	Note
Monetary	2,653,446,559.87	24.68	1,635,296,519.60	24.63	62.26	Increased sales

assets						revenue as a result of business growth
Accounts receivable	4,665,449,068.93	43.40	2,694,451,437.58	40.58	73.15	Larger business size
Prepayments	8,621,374.19	0.08	12,664,064.10	0.19	-31.92	Decreased prepayments to suppliers
Inventories	345,143,469.71	3.21	238,127,719.90	3.59	44.94	Larger business size
Contract assets	138,394,870.97	1.29	76,825,711.28	1.16	80.14	Larger business size
Long-term equity investments	214,251,265.02	1.99	155,099,642.20	2.34	38.14	More investments made
Other non-current financial assets	144,071,848.29	1.34	80,087,533.21	1.21	79.89	More investments made
Fixed assets	1,576,195,727.16	14.66	1,207,189,016.53	18.18	30.57	Increased testing equipment
Construction in progress	143,152,458.06	1.33	17,726,879.55	0.27	707.54	Construction in progress in the Zhaoqing and Bo'ao projects
Right-of-use assets	248,288,810.67	2.31		0.00	100.00	Adoption of the new accounting standard for leases
Intangible assets	68,410,218.30	0.64	138,628,111.25	2.09	-50.65	Disposal of land use rights
Deferred income tax assets	36,107,779.72	0.34	15,467,617.37	0.23	133.44	Increased tax provisions for increased receivables
Other non-current assets	148,499,109.75	1.38	41,479,374.12	0.62	258.01	Increased prepayments for the construction of long-term assets
Short-term borrowings		0.00	37,170,908.88	0.56	-100.00	Repayment of borrowings
Accounts payable	2,282,755,453.61	21.23	1,626,533,094.38	24.50	40.34	Larger business size
Contract liabilities	131,796,202.25	1.23	93,056,481.17	1.40	41.63	Increased advances from customers as a result of a larger business size
Employee benefits payable	637,107,915.10	5.93	248,496,020.64	3.74	156.39	Increased salaries and performance bonuses payable
Taxes and levies payable	251,477,447.59	2.34	111,187,969.72	1.67	126.17	Increased income tax as a result of profit growth
Other payables	223,483,558.89	2.08	149,520,635.58	2.25	49.47	Increase in expenses that were incurred but unpaid
Current	200,968,998.04	1.87	45,145,520.51	0.68	345.16	Increased current

portion of non-current liabilities						portion of long-term borrowings and lease liabilities
Other non-current liabilities	507,648.97	0.00	326,208.62	0.00	55.62	Increased output tax-to-be
Long-term borrowings	248,739,891.73	2.31	379,189,945.37	5.71	-34.40	Repayment of borrowings
Lease liabilities	172,388,248.66	1.60		0.00	100.00	Adoption of the new accounting standard for leases
Deferred income tax liabilities	41,627,828.24	0.39	19,220,972.96	0.29	116.58	Increased one-off depreciation of fixed assets
Capital reserves	1,376,945,494.79	12.81	923,888,243.00	13.92	49.04	The private placement of shares and share-based payments
Other comprehensive income	-11,762,957.42	0.11	-1,761,721.21	0.03	-567.70	Increased differences arising from the translation of foreign currency-denominated financial statements
Surplus reserves	232,793,137.50	2.17	107,094,311.85	1.61	117.37	Appropriation to surplus reserves as a result of profit growth
Retained earnings	4,240,247,537.34	39.44	2,298,505,027.25	34.62	84.48	Profit growth
Non-controlling interests	218,783,903.94	2.04	89,368,577.26	1.35	144.81	Profit growth

Other information:
N/A

2. Overseas assets

√ Applicable □ Not applicable

(1) Value of assets

Overseas assets stood at RMB847,762,889.49, accounting for 7.89% of the total assets.

(2) Notes as to why overseas assets account for a larger proportion

□ Applicable √ Not applicable

3. Major restricted assets as at the period-end

√ Applicable □ Not applicable

Item	Closing carrying value	Reason for restriction
Monetary assets	15,285,389.38	Security deposits for performance bonds

Fixed assets	279,410,934.24	As collateral for bank loans
Investment property	1,866,736.13	As collateral for bank loans
Total	296,563,059.75	

4. Other information

□ Applicable √ Not applicable

(IV) Industry analysis

√ Applicable □ Not applicable

(I) Industry overview

Independent Clinical Laboratories (ICL), also known as independent clinical legal laboratories or clinical independent laboratories, are the medical institutions with separate legal entity, which can engage in clinical diagnosis or pathological diagnosis and services as well as can bear the responsibility independently under the permission of health authorities. Independent Clinical Laboratories establish business cooperation with medical institutions at all levels to collect and test collected specimens. The test results will be sent back to the medical institutions for application in clinical diagnostic and treatment services.

The National Health Commission defines the clinical laboratory that it is an independent medical institution with independent legal entity, which does clinical inspection of the specimen from the human body, including the inspection of clinical blood and body fluids, clinical chemistry, clinical immunology, clinical microorganism, genetics of clinical cell analysis and clinical pathologic examination, and issues the inspection results with the aim to provide information related to the diagnosis, management, prevention and treatment of human disease or health assessment.

The country has introduced a number of policies to explicitly encourage clinical laboratories to form the chain and conglomerate development, and establish normalized and standardized management and service modes. Benefiting from policy support and continuous opening-up of the industry, the domestic ICL industry has been steadily developing, thus becoming a force that no one can afford to overlook in the field of medical services now.

(II) The market size of the ICL industry

According to the statistics of *Yearbook of Health in the People's Republic of China* in 2021, the revenue of domestic medical and health institutions in 2020 was RMB4.87 trillion, among which the revenue of clinical diagnostics accounted for about 10%. Accordingly, it is estimated that the market size of the clinical diagnostic market in 2020 reached about RMB487 billion. ICLs accounted for about 8% of the medical testing market, and the market size of the domestic ICL industry was about RMB39 billion in 2020.

ICLs in China started rather late compared with developed countries, so there is still a large space for development in terms of the overall scale and market maturity. At present, the domestic ICL industry market still maintains its continuous growth momentum on the whole. From 2015 to 2019, the growth rate of the industry was much higher than the year-on-year growth rate of the domestic GDP during the same period. The market research shows that the penetration rate of the industry has increased from 5% in 2015 to 8% in 2020. The market share of ICLs in mature markets like the United States, Europe and Japan is 35%, 50% and 67% respectively. Compared with them, the proportion of ICLs in the clinical diagnostic market in China is still rather low with a very large space for improvement. The industry is in a period of rapid development. In addition, driven by favorable policies such as the development of non-governmental hospitals, the establishment of medical treatment partnerships to promote effective cooperation and coordination between different types of medical institutions, diagnosis related groups (DRG) and hierarchical diagnosis and treatment, the future market potential will be constantly released in the future, and the potential market size of the industry will be enormous.

(III) Favorable factors for the industry's development

1. By shifting from "treatment-centered" to "prevention-centered", the ICL industry will make great progress in health management. With the aging of the population, the increasing demand for health services from the general public can be seen. Meanwhile, the rising mortality rate of chronic diseases has become a big challenge to improve people's living standards and strengthen health

management of residents. The "14th Five-year Plan" puts forward to take the development of people's health as a strategic priority, and emphasizes the health management philosophy of "prevention first", marking the transformation from therapeutic medicine to preventive medicine. Therefore, the prevention-centered health management market will become a future market potential. The ICL industry can empower the whole health industry and provide high-precision screening and testing services for medical institutions, governments and individuals by comprehensively improving the level of clinical diagnostics, thus helping to create a broader space for development.

2. The development of the public health system has been vigorously promoted by China, and policies have helped create a favorable atmosphere for government-enterprise cooperation. During the "14th Five-year Plan" period, in terms of the demand side, the public health security situation in China is still complex and grave. For example, sudden acute infectious diseases spread rapidly and widely, causing great impacts and side-effects. It can be seen that the increasing burden that chronic diseases place on people and the people who suffer that are much younger. In terms of the supply side, structural problems in the health care service system still remain significant. Firstly, the public health system needs to be improved, and the capacity for response and treatment of major epidemics is inadequate. Besides, the coordination between medical treatment and prevention is inadequate, and the coordination of the ability to get prepared for both peacetime and epidemic time is not close. Secondly, the total amount of high-quality medical resources is insufficient and the regional allocation is unbalanced.

In 2020, China made great efforts to adjust and optimize the distribution of medical resources, emphasized the ability to get prepared for both peacetime and epidemic time, focused on capacity building, and strengthen areas of weakness. In addition, the *Plan for Public Health Prevention, Control and Treatment Capacity Building* was formulated by the National Development and Reform Commission, National Health Commission of the People's Republic of China the National Administration of Traditional Chinese Medicine. On the one hand, government funding was increased. In 2021, the central government invested RMB30 billion of government funding in the health sector to build shields for public health and epidemic prevention, build platforms for people to have easy access to medical services, expand quality medical resources and promote balanced regional distribution. On the other hand, the development of public health system and disease control system were paid more attention to. In terms of daily public health projects, national policies started from scratch and local policies developed from rough to fine, which will provide more opportunities for in-depth cooperation between ICLs and clinical laboratories in hospitals. However, in the public health emergencies, the ICL industry can become the strategic reserve of the emergency system, especially the leading enterprises in the industry. These enterprises will be more likely to become the strategic partner of the government with their solid professional advantages and obvious advantages of cost reduction.

3. The digital transformation of the industry was vigorously promoted by China, providing important policy guarantees for the integration of life science and technology with the new generation of information technology. In 2021, The State Council issued the *Key Tasks for Deepening the Reform of Medicine and Healthcare System in 2021* and other policies, proposing to promote the information-oriented development of national health, intensify efforts to promote the development of biomedicine, medical equipment, 5G network and industrial Internet, and accelerate the construction of data center infrastructure. In addition, the National Health Commission issued policies including electronic medical records and smart hospital management. The integration and application of biological big data, artificial intelligence and other technologies enjoy an edge in dealing with the pathogenic mechanism of diseases, establishing data modeling for diagnostic screening, and optimizing clinical diagnosis and treatment plans. In this context, the industry leading enterprises have the core resources advantages of "big platform, extensive network, great service, large sample and big data". Adopting AI-assisted pathological diagnosis and genetic analysis, test automation and intelligence, smart medical development and other sides, these enterprises can build an artificial intelligence ecology of clinical diagnosis with the integration of biotechnology and clinical diagnostic technology to promote the ecological revolution of clinical diagnosis and a new highlight of digital economy industry development.

4. Drug innovation and LDT model will accelerate the expansion of the ICL business content. With the rapid expansion of the market of new drugs, the need for companion diagnostics and clinical trials should be further increased. The clinical application of stem cell/immune cell therapy are accelerated through filing system and registration system, thus promoting the new demand for the release testing of cell products, quality testing, and clinical immune function assessment testing before and after patient treatment. Decree of No. 739 of *Regulations for the Supervision and Administration of*

Medical Devices issued by the State Council in 2021, saying that for in vitro diagnostic reagents of the same kind that have not been marketed in China, qualified medical institutions can develop them by themselves and use them in their own units under the designation of medical practitioners according to the clinical needs of their own units. The LDT mode can speed up the application and development of the new methods and technologies of the clinical diagnostics, which is conducive to the development of the ICL industry.

5. Against the backdrop of the pandemic, the rapid development of Internet medical services brings new development opportunities to the ICL industry. Under COVID-19, Internet medical services have achieved rapid development. The market scale of Internet medical services reached RMB283.1 billion in 2021, with a market growth of 45%. ICLs explore the strategic cooperation with Internet medical enterprises, strengthen the areas of weakness in Internet clinical diagnostics and testing. Meanwhile, ICLs promote their digital transformation, actively explore the needs of C-end customers, and provide customers with more individualized testing services in an more efficient and accurate way, which will bring new opportunities for the industry's development.

(IV) Unfavorable factors for the industry's development

Interim Measures for Fixed-point Management of Medical Insurance and Medical Institutions, released by the National Healthcare Security Administration on 30 December 2020, has no clear legal provisions for ICLs to apply for medical insurance qualification and the medical insurance settlement. Local governments may have different understanding and implementation of policies, which may lead to the failure of medical insurance settlement for the outsourcing medical insurance projects of designated institutions. As a result, designated institutions will reduce their outsourcing cooperation of medical insurance projects with ICLs, which will negatively affect the development of the industry in some regions.

Additionally, the industry is in the process of rapid development of the industry. However, there is still room for improvement in the systematic management of the ICL industry in China. The uneven testing level and quality of some institutions with poor technical conditions and immature management may affect the reputation of the ICL industry, thus bringing adverse effects on the industry.

(V) Investments made

Equity investments in other entities

√ Applicable □ Not applicable

As at the end of the Reporting Period, the balance of consolidated long-term equity investments stood at RMB214.2513 million, up by RMB59.1517 million compared to RMB155.0996 million as at the end of last year, primarily driven by the investment in Guangzhou Kejin KingMed Venture Capital Partnership (Limited Partnership); as at the end of the Reporting Period, the balance of consolidated other non-current financial assets stood at RMB144.0718 million, up by RMB63.9843 million compared to RMB80.0875 million as at the end of last year, primarily driven by the investment in Beijing Guhai Tianmu Biomedical Technology Co., Ltd.

1. Significant equity investments

□ Applicable √ Not applicable

2. Significant non-equity investments

□ Applicable √ Not applicable

3. Financial assets measured at fair value

√ Applicable □ Not applicable

Item	Opening balance	Closing balance	Change in the period	Effect on current profit
Other non-current financial assets	80,087,533.21	144,071,848.29	63,984,315.08	0.00
Total	80,087,533.21	144,071,848.29	63,984,315.08	0.00

4. Progress on any major asset restructuring in the Reporting Period

□ Applicable √ Not applicable

(VI) Sale of significant assets and equity investments

□ Applicable √ Not applicable

(VII) Principal subsidiaries

√ Applicable □ Not applicable

Unit: RMB'0,000

Name of company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Net profit
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.	Independent medical diagnostic services	2,308.00	229,409.10	81,550.90	317,241.45	58,220.51
KingMed Diagnostics (Xi'an)	Independent medical diagnostic services	2,000.00	36,747.39	20,644.05	46,508.93	14,394.60
Heilongjiang KingMed Clinical Laboratory Co., Ltd.	Independent medical diagnostic services	2,500.00	25,578.74	17,390.17	33,951.50	14,033.12
Zhengzhou KingMed Center for Clinical Laboratory Co., Ltd.	Independent medical diagnostic services	2,000.00	58,988.23	16,146.65	68,821.43	12,049.09
KingMed Diagnostics (Nanjing)	Independent medical diagnostic services	3,000.00	38,396.28	17,002.03	56,424.60	12,036.32

(VIII) Structured entities controlled by the Company

□ Applicable √ Not applicable

VI Outlook Discussion and Analysis

(I) Industry landscape and trends

√ Applicable □ Not applicable

1. Competition landscape of the industry. At present, with the continuous increasing demands for healthcare and the support and promotion by national policies, the market opportunities of ICL industry is constantly being explored, presenting a competitive landscape where large chain medical diagnostics groups are at the leading position and various small and medium-sized clinical laboratory institutes are developing like hundreds of flowers blooming. As the leaders of chain and group operation in China, KingMed, Dian and Adicon have always ranked the top three in terms of market share of the ICL industry. In the past two years, due to COVID-19 pandemic, the demand for nucleic acid testing as the standard method of virus detection has increased significantly, which has activated some "zombie" ICLs and also promoted the rapid development of regional ICLs. However, with the mark-down of COVID-19

testing prices, the rapid development of new technologies and accelerated contribution of capital to the industry, more special testing laboratories and cross-border enterprises are induced to the ICL industry. As a result, small and medium-sized ICLs without scale effect are facing a new shuffling, while industrial leaders may benefit in the long run. By the end of 2021, there were more than 1,800 ICL enterprises practicing in China, and many of them have obtained financing through IPO. Different enterprises establish their own advantages and competition barriers in their respective segments to make market competition more intense.

2. Development trends of the industry.

(1) Comprehensive laboratories are further oriented to group-based chain operations, with the service network continuing to extend to communities. It is understood that in developed countries, the representative companies in the ICL industry, especially the larger ones, are all providing services with group-based chain operations, and China is no exception. This is because the group-based development can bring about cost advantage from large-scale operation, and the integration through multi-technology platform can lead to competitive advantage from differentiated products. Along with the in-depth development of national health reform, further implementation of hierarchical diagnosis and treatment, more abundant diagnostics projects and lower cost in the ICL industry are just appropriate with grade-based diagnosis and treatment, and the more "precise, convenient and inclusive" medical testing services will become the prevailing trend and the grassroots medical institutions will become the broad market of the ICL industry. Under the new environment of health reform, ICL enterprises further have their service network go to communities through regional laboratory and logistics network construction to provide the grassroots medical institutions (at the county, township and village level) with comprehensive and high quality diagnostics services, which will help enhance the grassroots healthcare workers' ability of the diagnosis and treatment, effectively reduce medical treatment costs of the people at the grassroots level, undertake to promote the hierarchical diagnosis and treatment where "serious illnesses may be treated within the county".

(2) Specialized laboratories are developing rapidly in segments, with market presence in multiple areas, and advancement in both products and services. With the rapid development of biomedical technology and the great promotion by capital, specialized laboratories are developing rapidly in segments. In addition, as time goes by, the technological gap between different laboratories is gradually narrowing, and customers' requirements for service are also gradually improving. Many specialized laboratories also start their path of multi-area development, which further improves the comprehensive service capacity of enterprises. In the early stage, specialized laboratories mainly focus on LDT products, and gradually shift to IVDs to enhance resilience and competitiveness of the enterprises.

(3) ICLs are becoming lean and digital-based. The reform of medical insurance payment and the implementation of centralized acquisition and cost control impose higher requirements on operation efficiency and test quality for ICLs. Capturing the opportunity of digital China construction and laboratory automation and intelligent construction, ICLs integrate testing technology and information technology for innovative development to realize business digitization, further improve the enterprise operation efficiency and enhance the customer service and thus improve enterprise competitiveness. It will also explore new growth points in the digital business by making use of its advantages in large medical samples and big data.

(4) The "Internet + healthcare" service model develops in depth. Impacted by the COVID-19 pandemic, China's era of online medical care is accelerating its pace. Keeping pace with the development of Internet medical treatment, China revealed in 2020 in the context of "inclusive medical insurance" its insurance payment policies that favored Internet medical treatment, striving to get through the "last mile" of online medical treatment. The demand for Internet consultation and online drug purchase started to boom consequently. According to statistics, a number of ICLs launched in 2020 a number of B2C clinical diagnostics products and provided corresponding offline services (such as door-to-door sampling, physical store sampling, etc.) on the Internet e-commerce platform to better meet the demands of citizens for personalized health services. It can be predicted that in the near future, while providing diagnostics services in reliance on the Internet, the industry will continue to upgrade the "Internet + healthcare" service mode for a larger share of the Internet market.

(5) ICLs will play a greater role in assisting the construction of the national disease control system. In response to the COVID-19 pandemic, ICLs, as an emerging force, rapidly complemented the shortage of public hospitals in clinical diagnostics resources with their core capability of large-scale sample testing, fully demonstrating their professional value and social value. Facing the problems exposed by the pandemic, China has formulated a number of policies to strengthen the construction of China's

disease control system and improve the response capacity of public health emergency. In combination with the experience and mature practice of pandemic prevention and control both at home and abroad, the group and chain-based ICLs with strong technical force and assured quality can assist the local disease control centers in health management of chronic diseases, tuberculosis prevention and control and cooperation in other public health service projects. They can participate in service synergy of daily public health, promote equal access to public health services and share health resources such as medical testing equipment and personnel within the region, and help the country save budget expenses on one hand. They may also, as war preparedness resources, play a role in large-scale testing in case of public health emergency and early warning of infectious diseases, help optimize the prevention, control and treatment system in case of major pandemic so as to combine peace and emergency (war)" on the other hand.

(II) Development strategies of the Company

√ Applicable □ Not applicable

Bearing always in mind its original aspiration and mission of "helping doctors diagnose better" for the health and benefit of all people, the Company upholds diagnostics as its main business track, grasps the strategic opportunity of the Healthy China initiative, implements the development strategy of "providing excellent medical diagnostics and pathological diagnosis services with people's health as the center and through innovation and integration of multiple technology platforms". It strives "to be the world's leading diagnostics group" in the near future under the guidance of the three strategic guidelines of "high-quality development, innovation-driven development and Group-wide coordination" and with the support of four pillars of "continuing to expand the medical and health market through innovation of products, channels and modes; building core ability of clinical services based on clinical practice; conducting high-quality development driven by technological innovation and digital transformation and intensifying construction of strategic personnel".

1. It adheres to the main business track of diagnostics and builds an ecosystem of diagnostics. KingMed Diagnostics adheres to its main business track of diagnostics, continues to consolidate the main business of ICL, gains presence in the leading edge of medical diagnostics technology in advance, and accelerates the development in clinical trials of medicines, hygiene testing, physical examination, forensic science and other related businesses.

In the future, the Company will continue to promote in-depth cooperation with the country's top tertiary hospitals, intensifying its ability construction of new product research and development, scientific research service and clinical consulting service with the customer-oriented principle and clinical and disease diagnosis needs as the orientation; and improve the layout of product R&D center and production capacity center with Group-wide coordination to enhance its product R&D and service capabilities, and further enhance its core competitiveness. Using its successful experience in chain-based operation, it intensifies construction of a regional laboratory as an independent legal entity, promotes high-quality medical resources to county areas to provide the local medical units at all levels with high-standard clinical diagnostics services, and provides technical support, personnel training and other services to fully enhance the level of regional clinical diagnostics and help implement China's hierarchical diagnosis and treatment.

The Company focuses on cutting-edge diagnostics technologies, completes in advance its presence in the potential "bottlenecked" fields through technology research and development, collaborative innovation, investment and merger and acquisition, and speeds up the transformation and application of new technologies through KingMed's core resource advantages in "big platform, big network, big service, big sample and big data".

KingMed carries forward its corporate culture and explores its independent development path in clinical trials of medicines, hygiene testing, physical examination, forensic science and other related fields through the transformation of economic mechanism and institutional innovation and by dint of its medical diagnostics platform.

2. It strengthens scientific and technological innovation, accelerates digital transformation, and leads high-quality development of the enterprise. KingMed vigorously promotes its technological innovation and digital transformation, strengthens its automation of experimental process and digital construction of business process to improve the testing quality, improve operational efficiency, perfect customer services, and strengthen the core competitiveness of the enterprise. Furthermore, it integrates the domestic and foreign innovation resources, strengthens the cooperation

with universities and research institutions to explore its new digital business model based on its advantages in large sample size and big data.

In 2022, the Company will give full play to its leading technical advantages, further increase investment in scientific and technological innovation, enhance its laboratory automation and intelligence and use digital technology for the whole-process intelligent medical diagnostics services with problems as the direction and through scientific and technological innovation. It will provide innovative products and services for assisting clinical decision-making, disease early warning, medical scientific research and new drug research and development, and leads the Company's high-quality development by innovatively integrating biotechnology and the new generation of information technology, integrating the multi-technology platform of diagnostics, digging out the accumulated biological sample resources and medical big data value.

It continues to promote digital construction, and further leads the industry towards the era of "Diagnostics 4.0". Using digital and intelligent technologies, focusing on "three value chains and six end-to-end scenarios", the Company realizes "customer-oriented" end-to-end process integration and information service to support its operation and decision-making, and constantly improve its core competitiveness. With construction of "two libraries a center and a base" (the large biomedical sample repository, large database of clinical diagnostics and pathologic diagnosis, the technology innovation center of intelligent diagnostics and large health and the demonstration base of diagnostics industry), the comprehensive intelligent diagnostics is driven by data and technologies for the more precise, convenient and inclusive medical and health services.

3. It continues to strengthen the building of talent team and ensures the strategy implementation. The Company will deepen its construction of organizational structure "based on platform, network and flat pattern", continuously optimize the professional talent structure of marketing and clinical laboratories to transform and upgrade the professional composition of the talent team by adhering to the concept "promoting development through staff development", using the three supports of "adjusting structure, supplementing short sectors and building echelon" and strengthen the construction of strategic talent team. It will constantly introduce strategic talents in scientific research, key disciplines, clinical consulting, medical big data and others to gradually complement the shortage of talents. It will also strengthen the cultivation of reserve talents in key management and professional positions, build its internal and external multi-level talent resource pool, build professional a talent team that matures with its business, has reasonable structure and creativity to support the development strategy of the Group and ensure the implementation of the Company's strategy.

(III) Operation plans

√ Applicable □ Not applicable

In 2022, the Company will unify its thoughts and actions with the three strategic guidelines of "high-quality development, innovation-driven development and Group-wide coordination", concentrate its efforts to push forward for higher starting points, higher levels and higher targets so as to achieve high-quality leapfrog development. It includes seven major tasks in its main business plan for 2022:

First, it will further consolidate and expand the business development pattern "for both high-end and lower-tier markets" and strive for the new win-win cooperation.

1. It will continue to deepen cooperation with top tertiary hospitals. To meet the clinical needs of these hospitals, the Company will further strengthen its development of new testing items for key disease lines and optimize TAT services for key projects; it will make key efforts to improve the comprehensive service capacity of tertiary hospitals; it will also further build the professional brand awareness and improve brand influence through the overall brand construction.

2. The Company will accelerate its marketing service network for lower-tier markets. It will quickly lay out its regional laboratory as an independent legal entity nationwide; ensure orderly and efficient implementation of relevant projects, push its service network further downward and expand its service radius for differentiated competitive advantages and create the next important growth pole of the Company by formulating and improving the supporting systems and working mechanisms such as project approval process, laboratory construction standards and operation standards.

Second, it will put in full implementation the quality and efficiency improvement project for laboratories, and explore the multi-center production and intelligent management mode.

1. The multi-center technology platform will be laid out nationally. For some key projects, it will

transform and back up the production mode from single center to multiple sub-centers, further strengthen the reserve of technical force, and improve the technical capacity of subsidiaries; regional capacity will be laid out to improve clinical service capacity with focus on key disease areas.

2. The lean management level will be improved for the Company's laboratories (including co-constructed labs). It will establish laboratory management and operation maturity assessment model and measurement system for laboratory operation benchmark based on its existing operation and management situation; Management will be intensified through information-based means to further optimize the operating costs of co-built laboratories.

3. The development of new projects will be accelerated for key diseases. The Company will continue to sort out the needs for new projects and complete the projects in key disease lines in priority. Its product research and development mechanism will be established and improved and subsidiaries will be encouraged and supported to set up research and development sub-centers and accelerate research and development of new projects and new products.

Third, we will comprehensively enhance our innovation capacity and create new advantages in digital development.

1. The Company will improve and perfect its innovation mechanism and system. It will sort out and improve three innovation systems for technology, management and operation, and establish and improve the relevant mechanisms and systems; the benefit evaluation mechanism will be established for stage-based innovation achievements to promote the generation, transformation, application, demonstration and promotion of excellent innovation achievements; it will strengthen the construction of personnel team, establish expert think tank for a stronger decision support of forward professional layout; multiple measures will be adopted to create innovative atmosphere and foster a innovative culture.

2. Digital transformation development will be promoted. Full play will be given to the huge amounts of data and the rich application scenarios of diagnostics and pathology to carry out the pilot digital application in key areas and drive the data to empower the transformation and upgrading of the whole industrial chain in combination with external innovative resources and with "intelligent lab engineering" as the breakthrough point, enhancement of customers one-stop service and efficiency as the core, and VR/AR, AI, robots and other direction as the focus. We will further improve our capabilities of data governance and strengthen the security protection of data resources throughout the life cycle.

Fourth, the Company will place emphasis on building its brand externally and preventing internally to vigorously safeguard its high-quality development.

1. Its golden signboards of "KingMed Diagnostics", "Guardian of Health" and "Falcon" will be further polished to maintain and enhance its sound corporate brand image. A good atmosphere will be further created for the industrial development.

2. It will further enhance its capabilities of risk response and prevention. The Company will pay close attention to and follow up the changes and orientation of the industrial policies and the key public opinions, and strengthen analysis and judgment to provide important reference and decision-making basis for the Company to deeply understand the situation changes, scientifically plan the key work, and respond to risks and challenges in advance. Internal risk prevention and control efforts will be strengthened, audit and supervision functions will be strengthened, risks in different positions and departments will be dynamically grasped and accurately identified so that a three-pronged supervision mechanism will be established to reduce operational risks.

Fifth, the Company will further stimulate the vitality of talents and build a talent project of highly efficient.

1. A high-quality talent management mechanism will be established. The Company will further strengthen on-boarding of strategic talents, intensify the management on strategic talents, optimize the supporting mechanisms such as talent evaluation, performance assessment, learning and growth so as to support the high-quality development of the Company with a more scientific and perfect talent management mechanism.

2. A salary incentive system will be established that matches the business development. The existing long-term incentive system will be further improved. It will launch the optimization project for its human resource system, further strengthening the differentiated compensation mechanism and better promoting the practice of "striver-oriented" incentive direction to lay a solid personnel and organizational foundation for the Company's development.

Sixth, it will vigorously promote excellent corporate culture and comprehensively enhance the enterprise's soft power.

The construction of corporate culture will be further strengthened. By adhering to its core value

concept to lead the construction of corporate culture, it will make great effort to promote the popularity of its cultural characters and core value concept of "kindness and harmony" with "KingMed Diagnostics Charters" as the blueprint, corporate culture training as the important carrier. Its value evaluation and value distribution mechanism will be optimized and adjusted to cover its position value evaluation, professional behavior ability evaluation, key performance assessment and salary system. The Company's honor incentive system will be further improved.

Seventh, the general requirements for Party building in the new era will be thoroughly implemented and the development of various undertakings of the company should be led with the new achievements of Party building.

It will further improve its quality of Party building. Theoretical support will be strengthened, solid and in-depth progress will be made in study and education of the Party history to guide the Party members and officials to be firm in their ideals and beliefs and firmly commit to their original mission. It will continue to explore the Party building model with industry characteristics and enterprise characteristics, and organically integrate the Party building to lead and promote the healthy and high-quality development of the enterprise. It will strengthen the leading role of community-level Party building, improve and strengthen the organizational system, continue to promote in-depth integration of community-level Party building with rural revitalization and corporate governance, focus on identifying and training outstanding cadres, and encourage Party members to strengthen their abilities, promote development, get in advance, and set the benchmark, thus strongly guaranteeing the Company's high-quality and leapfrog development.

(IV) Possible Risks

√ Applicable □ Not applicable

1. Policy risk. During the Reporting Period, the continuous deepening of the reform of China's medical and health system and the continuous improvement of the social and medical security system, such as medical insurance policy, hierarchical diagnosis and treatment, DRG, DIP, technology and consumable separation policy, medical association and other pilot promotion, have showed a certain impact on the development of the industry. Release of LDT regulation from administrative regulations on medical devices and application new diagnostics methods and technologies become new challenges to the technology pattern of the industry. If no timely adjustment is made according to the policies, it may bring risks to ICLs.

2. Market risk. The ICL industry is concerned by many people as the increasing number of new entrants further intensify the market competition, and the market requirements for timeliness and quality, for example, of the testing services are constantly heightened. The uneven operation management, resource allocation, quality control and chain operation capabilities of various laboratories in the industry may bring risks of quality and service, cause negative impacts, and even affect the reputation of the whole industry in the government, customers and the general public.

3. Quality risk. The most problematic possess of clinical diagnostics lies in the pre-analysis, including subject preparation, medical sampling, and quality control during sample transportation. For example, in the large-scale nucleic acid testing for COVID-19 in the past two years, all processes before analysis are faced with challenges such as tight tasks, heavy workload, and strong planning and coordination requirements. In the case of insufficient medical resources, adverse factors cannot be completely eliminated even with standardized management, which is easy to affect the quality of test results. In addition, as an important support for clinical diagnosis and treatment, medical diagnostics results, if wrong, may have a negative impact on follow-up diagnosis and treatment of patients, cause medical disputes and may. Meanwhile, it will have a negative effect on the Company's operation, affect the Company's brand image and market competitiveness, and damage the credibility of the industry.

4. Capital risk. First, due to the impact of COVID-19 pandemic, the overall social and economic development has slowed down, medical insurance has put substantially in the prevention and control of COVID-19 pandemic, and the settlement of nucleic acid testing fees may be delayed in some regions. Second, the continuation of the pandemic has further aggravated the poor operation of some private medical institutions and clinics, which may lead to the risk of bad debts. Third, with the increasing proportion of reagent trade and co-construction business in the industry, the number of collection days increases and thus brings certain capital risks.

(V) Other information

□ Applicable √ Not applicable

VII Indicate whether the Company does not disclose information as required due to inapplicability or special reasons concerning state secrets or business secrets.

□ Applicable √ Not applicable

Part IV Corporate Governance

I Overview of Corporate Governance

√ Applicable □ Not applicable

During the Reporting Period, the Company strictly complied with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Stock Listing Rules of the Shanghai Stock Exchange*, and the laws, regulations, and normative documents of the China Securities Regulatory Commission (CSRC) and other relevant departments, stepped up efforts to the information disclosure, continued to improve the Company's corporate governance structure, refine internal management and control policy systems, standardized the Company's operation so as to practically safeguard shareholders' legitimate rights and interests.

1. Shareholders and General Meeting of Shareholders

During the Reporting Period, the Company held two General Meetings of Shareholders in strict accordance with the laws and regulations, such as the *Company Law* and the *Stock Listing Rules of the Shanghai Stock Exchange*, the *Articles of Association*, and the *Rules of Procedure of the General Meeting of Shareholders*. Shareholders' interests were taken into full consideration to ensure that all shareholders, especially the small and medium shareholders, enjoy equal status and rights. In case of the voting of relevant major events in the Company's General Meeting of Shareholders, the procedure and disclosure mechanism of separate counting of the votes of the small and medium investors were adopted so that they can enjoy the rights to know and the decision-making rights.

2. The Board of Directors

The Company's all directors strictly exercised their rights and fulfilled their obligations in accordance with the provisions of the *Articles of Association* and the *Rules of Procedure of the Board of Directors* and held meetings of the Board of Directors in time to deliberate the Company's major events, practically safeguarding the interests of the Company and all shareholders. During the Reporting Period, a total of ten meetings of the Board of Directors were held. Under the Board of Directors, there are five special committees, i.e., the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Sustainability Committee. They have played a positive role in making decisions scientifically of the Board of Directors, safeguarding the legitimate rights and interests of the Company and shareholders, and promoting the Company's development.

3. The Supervisory Committee

The Company's all supervisors strictly exercised their rights and fulfilled their obligations in accordance with the provisions of the *Articles of Association* and the *Rules of Procedure for the Supervisory Committee*, held meetings of the Supervisory Committee in time to deliberate the Company's major events, and attended the meetings of the Board of Directors and the General Meeting of Shareholders as nonvoting attendees by law to effectively safeguard the interests of the Company and all shareholders. During the Reporting Period, a total of nine meetings of the Supervisory Committee were held.

4. Internal control improvement

During the Reporting Period, the Company revised the *Procedure for Information Disclosure*, the *Procedure for the Management of Investor Relations*, and other system documents. The Company constantly improved its governance structure and procedures to effectively safeguard the legitimate rights and interests of all shareholders.

Indicate whether there was any material incompliance with the applicable laws and regulations, as well as the CSRC's requirements in corporate governance. If yes, please explain.

□ Applicable √ Not applicable

II Specific Measures Taken by the Controlling Shareholder and Actual Controller to Guarantee the Asset, Personnel, Financial, Organizational and Business Independence of the Company, as well as Solutions, Progress and Subsequent Plans when the Company's Independence Is Intervened

□ Applicable √ Not applicable

Indicate whether the controlling shareholder, the actual controller, or any entity under their control is engaged in the same or similar business with the Company. Please explain the impact of horizontal competition or any significant change to horizontal competition on the Company, solutions taken, progress and subsequent plans.
□ Applicable √ Not applicable

III General Meetings of Shareholders

Meeting	Date	Index to disclosed resolutions	Disclosure date	Resolutions
The 2020 Annual General Meeting of Shareholders	10 May 2021	http://www.sse.com.cn/	11 May 2021	I. The *Report on the Work of the Board of Directors in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved II. The *Report on the Work of the Supervisory Committee in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved III. The *Financial Final Report for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved IV. The *Proposal on Profit Appropriation Plan in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved V. *The Full Annual Report and Summary for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved VI. The *Proposal on Renewal of Appointment of Audit Institution and Internal Control Audit Institution for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved VII. The *Proposal on the Confirmation of the Annual Remuneration in 2020 and the Compensation Scheme in 2021 for the Directors and Officers of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved VIII. The *Proposal on the Confirmation of the Annual Remuneration in 2020 and the Compensation scheme in 2021 for the Supervisors of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved IX. The *Proposal on the Change of Registered Capital and the Revision of 'Articles of Association' of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved X. Deliberated and approved, by item-by-item voting, the *Proposal on the 'Stock Option Incentive Scheme in 2021 (Draft)' and its Abstract*. 10.01 The *Purpose and Principle of Incentive Scheme*; 10.02 The *Management Organization of the Incentive Scheme*; 10.03 The *Determination Basis and Scope of the Awardees*; 10.04 The *Source, Quantity, and Apportionment of the Underlying Stocks of the Stock Option Incentive Scheme*; 10.05 The *Time Arrangement of the Stock Option Incentive Scheme*; 10.06 The *Exercise Price of Stock Option and the Determination Methods for the Exercise Price*; 10.07 The *Conditions for Granting and Exercising Stock Options*; 10.08 The *Adjustment Methods and Procedure for the Stock Option Incentive Scheme*; 10.09 The *Accounting Treatment of Stock Option*; 10.10 The *Implementation Procedure for the Stock Option Incentive Scheme*; 10.11 The *Respective Rights and Obligations for the Company/the Awardees*; 10.12 The *Processing for the Change of the Company/Awardees* XI. The *Proposal on the 'Formulation of the Management Measures for the Assessment of the Stock Option Incentive Scheme for 2021'* was deliberated and approved

				XII. The *Proposal on the Request to the General Meeting of Shareholders to Authorize the Board of Directors to Handle the Matters Related to the Company's Stock Option Incentive Scheme* was deliberated and approved
The First Extraordinary General Meeting of Shareholders of 2021	6 September 2021	http://www.sse.com.cn/	7 September 2021	I. The *Proposal on the Revision of 'Articles of Association' of Guangzhou KingMed Diagnostics Group Co., Ltd.* was deliberated and approved II. Deliberated and approved, by item-by-item voting, the *Proposal on the General Election of Non-independent Directors for the 3rd Board of Directors of the Company*. 2.01 The *Proposal on Electing Mr. Liang Yaoming to the Non-independent Director for the 3rd Board of Directors*; 2.02 The *Proposal on Electing Ms. Yan Ting to the Non-independent Director for the 3rd Board of Directors*; 2.03 The *Proposal on Electing Mr. Zeng Zhanwen to the Non-independent Director for 3rd Board of Directors*; 2.04 The *Proposal on Electing Mr. Hao Bixi to the Non-independent Director for 3rd Board of Directors*; 2.05 The *Proposal on Electing Mr. Wang Linglai to the Non-independent Director for the 3rd Board of Directors*; 2.06 The *Proposal on Electing Mr. Xie Qiang to the Non-independent Director for the 3rd Board of Directors* III. Deliberated and approved, by item-by-item voting, the *Proposal on the General Election of Independent Directors for the 3rd Board of Directors of the Company*. 3.01 The *Proposal on Electing Mr. Yu Yumiao to the Independent Director for the 3rd Board of Directors*; 3.02 The *Proposal on Electing Mr. Xu Jingming to the Independent Director for the 3rd Board of Directors*; 3.03 The *Proposal on Electing Mr. Ling Jianhua to the Independent Director for the 3rd Board of Directors* IV. Deliberated and approved, by item-by-item voting, the *Proposal on the General Election of Non-employee Supervisors for the Third Term of the Supervisory Committee of the Company*. 4.01 The *Proposal on Electing Ms. Zhou Liqin to the Non-employee Supervisor for the Third Term of the Supervisory Committee*; 4.02 The *Proposal on Electing Mr. Chen Yongjian to the Non-employee Supervisor for the Third Term of the Supervisory Committee*

Extraordinary general meetings of shareholders convened at the request of preference shareholders with resumed voting rights:
□ Applicable √ Not applicable

Notes to general meetings of shareholders:
□ Applicable √ Not applicable

IV Directors, Supervisors and Senior Management

(I) Shareholding changes and remunerations of incumbent directors, supervisors and senior management and those who resigned before the end of their tenures during the Reporting Period

√ Applicable □ Not applicable

Unit: share

Name	Office title (note)	Gender	Age	Start of tenure	End of tenure	Opening shareholding (share)	Closing shareholding (share)	Change in shareholding in the Reporting Period (share)	Reason for change	Total pre-tax remuneration received from the Company in the Reporting Period (RMB' 0,000)	Paid by any of the Company's related parties (yes/no)
Liang Yaoming	Chairman of the Board and General Manager	Male	58	2021-09-06	2024-09-05	71,068,209	74,191,907	3,123,698	Private placement of shares	566.99	No
Yan Ting	Director and Deputy General Manager	Female	53	2021-09-06	2024-09-05	3,500,000				196.75	No
Zeng Zhanwen	Director	Male	57	2021-09-06	2024-09-05	3,500,000				158.11	No
Hao Bixi	Director, Deputy General Manager, CFO and Board Secretary	Male	52	2021-09-06	2024-09-05	0				315.64	No
Wang Linglai	Director and Deputy General	Male	50	2021-09-06	2024-09-05	165,000	123,100	-41,900	Shareholding reduction	181.72	No

	Manager										
Xie Qiang	Director	Male	41	2021-09-06	2024-09-05	0				0	No
Xu Jingming	Independent Director	Male	50	2021-09-06	2024-09-05	0				24	No
Yu Yumiao	Independent Director	Male	57	2021-09-06	2024-09-05	0				24	No
Ling Jianhua	Independent Director	Male	65	2021-09-06	2024-09-05	0				7.36	No
Chen Yongjian	Chairman of the Supervisory Committee and Employee Supervisor	Male	53	2021-09-06	2024-09-05	0				53.44	No
Zhou Liqin	Supervisor	Female	47	2021-09-06	2024-09-05	0				121.38	No
Zou Xiaofeng	Supervisor	Female	42	2021-09-06	2024-09-05	0				104.46	No
Xie Jiangtao	Deputy General Manager	Male	45	2021-09-06	2024-09-05	0				279.92	No
Yang Wanfeng	Deputy General Manager	Male	45	2021-09-06	2024-09-05	0				254.03	No
Chen Hao (former)	Director	Male	57	2018-06-13	2021-09-06	0				0	No
Peng Yongxiang (former)	Independent Director	Male	70	2018-06-13	2021-09-06	40,000	43,000	3,000	Shareholding increase	16.62	No
Zhu Guilong (former)	Independent Director	Male	58	2018-06-13	2021-09-06	0				16.62	No
Zhou Hongbin (former)	Supervisor	Male	49	2018-06-13	2021-09-06	0				0	No

Yu Shihui (former)	Deputy General Manager	Male	60	2018-06-13	2021-09-06	40,000	30,000	-10,000	Shareholding reduction	227.29	No
Total	/	/	/	/	/	78,313,209	74,388,007	3,074,798	/	2,548.33	/

Name	Main work experience
Liang Yaoming	Male. He was born in 1964, Chinese nationality. He has no permanent residence abroad and holds a master's degree in business administration. He graduated from Guangzhou Medical University in 1988 and obtained a bachelor's degree in clinical medicine; he graduated from the National University of Singapore and obtained a master's degree in business administration in 2002. From 1988 to 1990, he was a cadre of the office of academic affairs and the office of academic research of Guangzhou Medical University; from 1990 to 1999, he was the factory director of the Science and Technology Experiment Factory of Guangzhou Medical University; from 2001 to 2003, he served as the Chairman and general manager of Guangzhou KingMed Medical Technology Co., Ltd.; since 2003, he has been the Chairman and General Manager of Guangzhou KingMed; from 2006 to 2015, he was the Chairman and General Manager of KingMed Co., Ltd. He is the current Chairman of the Board and General Manager of the Company.
Yan Ting	Female. She was born in 1969, Chinese nationality. She has no permanent residence abroad and holds a master's degree. She graduated from Guangzhou University in 1990 and obtained a college degree in fine chemical engineering; in 1997, she graduated from Guangzhou Institute of Finance and Trade Management and obtained a college degree in business management; in 2004, she graduated from the Australian National Institute of Management and Commerce and obtained a master's degree in international management. From 1991 to 1992, she was a technician at the Science and Technology Experiment Factory of Guangzhou Medical University; from 1992 to 1994, she was a laboratory technician at Guangzhou Henkel Chemical Products Co., Ltd.; from 1994 to 1999, she was a technician at the Science and Technology Experiment Factory of Guangzhou Medical University; from 2001 to 2003, she was the Deputy General Manager of Guangzhou KingMed Medical Technology Co., Ltd.; since 2003, she has been the Director and Deputy General Manager of Guangzhou KingMed; from 2006 to 2015, she was the Director and Deputy General Manager of KingMed Co., Ltd. She is the current Director and Deputy General Manager of the Company.
Zeng Zhanwen	Male. He was born in 1965, Chinese nationality. He has no permanent residence abroad and holds a doctoral degree. He graduated from Guangzhou Medical University in 1986, with a technical secondary school degree in preclinical medicine; in 1996, he graduated from Guangzhou Medical University and obtained a college degree in pharmacy; in 2008, he completed the marketing master's course at Peking University. From 1986 to 1993, he was a pathologist at Guangzhou Medical University; from 1993 to 2001, he was the deputy general manager of Guangzhou KingMed Medical Technology Co., Ltd.; from 2001 to 2003, he was the Deputy General Manager of Guangzhou KingMed Medical Technology Co., Ltd.; since 2003, he has been the Deputy General Manager of Guangzhou KingMed Marketing Management Center; since 2012, he has been the General Manager of Shengxin Biological Co., Ltd.; from 2006 to 2015, he was the Director of KingMed Co., Ltd. He is a current Director of the Company.
Hao Bixi	Male. He was born in 1970, Chinese nationality. He has no permanent residence abroad and holds a master's degree. In 1989, he graduated from Chaohu Financial School in Anhui Province, with a technical secondary school degree in finance and accounting; in 1992, he graduated from Anhui Finance & Trade Vocational College and obtained a college degree in accounting; in June 2010, he graduated from South China U niversity of Technology, with an executive master of business administration. From 1995 to 1997, he was the Chief of the Finance Section at Anhui Hanshan Brewery; from 1998 to 2000, he was the Head of the Financial Department of Guangzhou Ertiantang Health Care Products Co. Ltd.; in 2001, he

	was the Chief Financial Officer (CFO) of Guangdong Jianbang Group Yipintang Pharmaceutical Co. Ltd.; from 2001 to 2003, he was the Chief Controller of Guangzhou KingMed Medical Technology Co., Ltd.; since 2003, he has been the General Manager of Guangzhou KingMed Financial Management Center; from 2011 to 2015, he was the Deputy General Manager and Chief Controller of KingMed Co., Ltd. He is the current Director, Deputy General Manager, Chief Financial Officer and Board Secretary of the Company.
Wang Linglai	Male. He was born in 1972, Chinese nationality. He has no permanent residence abroad and holds a master's degree. In 1994, he graduated from Southeast University, with a bachelor's degree in fine chemical engineering. In 1999, he graduated from the journalism and communication department of Nanjing University and obtained a master's degree in Arts. From 1994 to 1996, he was an editor at the compilation department of Jiangsu Science and Technology Newspaper; from 1999 to 2005, he was a journalist at the economic news center of Yangcheng Evening News; from 2005 to 2008, he was the Deputy Managing Officer of the Economic News Center of Yangcheng Evening News; from 2013 to 2016, he was a member of the Management Committee of Yangcheng Evening News Group, member of the Social Committee of Yangcheng Evening News, Chairman of Guangdong Yangcheng Evening News Digital Media Co. Ltd., and the Secretary-general of Guangdong Federation of Digital Publishing Industry. Since 2016, he has been the Deputy General Manager, Chief Brand Officer, and Director of the President's Office of the Company.
Xie Qiang	Xie Qiang, male, was born in 1978, Chinese Nationality. He has no permanent residence abroad and holds a master's degree. In 2000, he graduated from Tongji University, with a bachelor's degree in economic law. In 2003, he graduated from the Law School of the University of Pittsburgh, with a master's degree in law. From 2003 to 2006, he was a paralegal at Beijing Guantao Law Firm; from 2006 to 2008, he was a cadre of Contract Supervision Division, Legal Affairs Department, Organizing Committee of Beijing Organizing Committee for the Olympic Games. From 2008 to 2009, he was a cadre of Shenzhen Branch of China Development Bank. From 2010 to 2013, he was the Senior Manager of Fund Department II of China Development Bank Capital Co., Ltd. From 2013 to 2018, he was a cadre of the General Office of China Development Bank. From 2018 to 2019, he was the Vice President of China Development Bank International Holdings Co., Ltd. Since 2019, he has been the General Manager of China Development KeyWin Equity Investment Fund Management Co., Ltd. He is a current Director of the Company.
Xu Jingming	Male. He was born in 1972, Chinese nationality. He has no permanent residence abroad and holds a master's degree. In 2001, he graduated from the University of Science and Technology of China, with a master's degree in business administration. From 1993 to 1998, he was a Division Manager of Anhui High-tech Market Development Co. Ltd.; from 2001 to 2016, he successively served as the Director of the President's Office, Director of Human Resources, Vice President, and Secretary of the Board of Directors of iFLYTEK; since 2016, he has been the Chairman of Anhui Iflytek Industry Investment Co., Ltd. He is a current Independent Director of the Company.
Yu Yumiao	Male. He was born in 1965, Chinese nationality. He has no permanent residence abroad and holds a doctoral degree. He successively obtained a bachelor's degree, a master's degree, and a doctoral degree in economics from Wuhan University in 1986, 1989, and 1997, respectively. From 1989 to 1996, he served as a lecturer in the accounting and auditing department of the Economics and Management School of Wuhan University; from 1996 to 2001, he was an associate professor and subdean of the accounting and auditing department of the Economics and Management School of Wuhan University; from 2001 to 2013, he was a professor, the doctoral supervisor, and subdean of the accounting department of the Economics and Management School of Wuhan University. He used to be a visiting scholar at the University of California, Irvine, USA and Hong Kong University of Science and Technology. Since 2013, he has been the professor and doctoral supervisor of the accounting department of the Economics and Management School of Wuhan University. He is a current Independent Director of the Company.
Ling Jianhua	Male. He was born in 1957, Chinese nationality. He has no permanent residence abroad and holds a doctoral degree. In 1981, he graduated from the University of Dundee in the UK, with a bachelor's degree in medical microbiology. In 1992, he graduated from the Chinese University of Hong

	Kong (CUHK), with a doctoral degree in microbiology. From 1984 to 2017, he served as the scientific officer at the Prince of Wales Hospital of CUHK; since 2020, he has been working in the COVID-19 Testing Center of CUHK and the School of Medical and Health Sciences of Tung Wah College as a consultant and an associate professor, respectively.
Chen Yongjian	Male. He was born in 1969, Chinese nationality, with a bachelor's degree. From 1992 to 2002, he successively served as a section member and a Section Chief at Guangzhou Medical University; since 2003, he has been working in KingMed Physical Examination as a business manager; and since 2009, he has been served as the General Manager of KingMed Physical Examination. He is a current Supervisor of the Company.
Zhou Liqin	Female. She was born in 1975, Chinese nationality, with a bachelor's degree. From 1998 to 2001, she was a teacher teaching accounting at Foshan Guangming Vocational and Technical School; from 2001 to 2003, she was the accountant in charge of the Reader's Digest (Guangzhou); since 2003, she has successively been the accountant in charge, in-charge accountant, accounting officer, and manager of the Financial Management Center of Guangzhou KingMed, and the Deputy General Manager of Financial Management Center of KingMed Diagnostics. She is a current Supervisor of the Company.
Zhou Xiaofeng	Female. She was born in 1980, Chinese nationality. Since 2003, she has successively been a technician, the Manager, and Director of the Customer Service Center of KingMed Clinical Laboratory, the Director of Operations of Guangzhou KingMed Laboratory, the key account Director for the South China district of KingMed Diagnostics, the Senior Director of the Customer Service Center and Deputy General Manager of the Marketing Operation Center of KingMed Diagnostics; since 2021, she has been served as the Deputy General Manager of Guangzhou KingMed.
Xie Jiangtao	Male. He was born in 1977, Chinese nationality. He has no permanent residence abroad and holds a master's degree. In 2002, he graduated from the Department of Clinical Medicine, University of South China, with a bachelor's degree in medicine. In 2015, he graduated from Nanyang Technological University Business School, Singapore with an EMBA. Since 2002, he has successively served as a sales representative, Marketing Director, and the General Manager of Chongqing KingMed, Guiyang KingMed, Sichuan KingMed, Hangzhou KingMed, Nanjing KingMed, Shanghai KingMed, Hefei KingMed, and the Group's Marketing Management Center. He is now the Deputy General Manager of the Company.
Yang Wanfeng	Male. He was born in 1977, Chinese nationality. He has no permanent residence abroad and holds a master's degree. In 2004, he graduated from Wannan Medical College majoring in clinical medicine, with a bachelor's degree in medicine. In 2016, he graduated from Nanyang Technological University Business School, Singapore with an EMBA. Since 2004, he has successively served as the business manager and Marketing Director of Guangzhou KingMed, General Manager of the South China district of the Company, and General Manager of Hainan KingMed and Jiangxi KingMed. He is now the Deputy General Manager of the Company and the General Manager of the North China district.
Chen Hao (former)	Male. He was born in 1966, Chinese nationality. He has no permanent residence abroad and holds a bachelor's degree. From 1992 to 2000, he served as the manager of Lenovo Group Minicomputer Division, the General Manager and Vice President of the East China district of Lenovo Integrated System Co., Ltd., the Deputy Managing Officer of Lenovo Group Planning Office, and the General Manager of the Human Resources Department; from 2001 to 2015, he served as the Managing Director and Chief Investment Officer of Legend Capital Management Co., Ltd.; since 2015, he has been the Managing Director and President of Legend Capital Management Co., Ltd.
Peng Yongxiang (former)	Male. He was born in 1952, Chinese nationality. He has permanent residence in Hong Kong and a British residency and holds a doctoral degree. In 1975, he graduated from National Taiwan University, with a bachelor's degree in clinical diagnostics. He graduated from CUHK, with a master's degree in clinical biochemistry and a doctoral degree in internal medicine, in 1988 and 1997, respectively. From 1975 to 2008, he served as the managing officer of clinical biochemistry at the Department of Pathology, Queen Mary Hospital, University of Hong Kong; since 2008, he has been working at the Clinical Laboratory of Qualab Biotech Co., Ltd. (Shanghai) as a senior consultant for quality control.
Zhu Guilong	Male. He was born in 1964, Chinese nationality. He has no permanent residence abroad and holds a doctoral degree. In 1986, he graduated from

(former)	Anhui Normal University, with a bachelor's degree in science. He graduated from Nanjing University of Science and Technology in 1992, with a master's degree in engineering. In 2003, he graduated from Zhongshan University, with a Ph.D. in Management. From 1986 to 1989, he worked at Lujiang Alum mine in Anhui Province; from 1992 to 2000, he worked at the Institute of Forecasting and Development, the Hefei University of Technology as a researcher; since 2002, he has been a professor in the School of Business Administration South China University of Technology.
Zhou Hongbin (former)	Male. He was born in 1973, Chinese nationality, with a doctoral degree. From 2000 to 2001, he served as Deputy General Manager at the Consultative Department of Shanghai Founder Technology Software Co. Ltd.; from 2001 to 2004, he was the Strategic Development Manager of Shanghai Fosun High-tech Group; since 2005, he has successively served as the Investment Manager, Investment Vice President, Executive Director, and Managing Director of Legend Capital Management Co., Ltd.
Yu Shihui (former)	Male. He was born in 1962, US nationality, with a doctoral degree. In 1985, 1988, and 1993, he graduated from Harbin Medical University, with a bachelor's degree in medicine, a master's degree in medical genetics, and a doctoral degree in medical genetics, respectively. From 1988 to 1994, he worked at Harbin Medical University as a teaching assistant, lecturer, and associate professor, successively; From 1994 to 1996, he was a visiting scholar at Hamamatsu University School of Medicine in Japan; from 1996 to 2002, he was a postdoctoral fellow at University of Minnesota Medical School; from 2002 to 2004, he worked at MayoClinic in the USA as a senior researcher; from 2007 to 2011, he worked at the Gene Chip Testing Center of Children's Hospital of Kansas USA as a managing officer; from 2011 to 2015, he was the managing officer at the Genome Testing Lab of Seattle Children's Hospital, USA. He is now the Chief Scientist of the Company.

Other information:
□ Applicable √ Not applicable

(II) Offices held by incumbent directors, supervisors and senior management and those who resigned before the end of their tenures during the Reporting Period

1. Offices held concurrently in shareholding entities

√ Applicable □ Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure
Xie Qiang	Guochuang Kaiyuan Equity Investment Fund (L.P.)	Executive Partner (General Manager)	/	/
Note	N/A			

2. Offices held concurrently in other entities

√ Applicable □ Not applicable

Name	Other entity	Office held in other entity	Start of tenure	End of tenure
Liang Yaoming	KingMed School of Laboratory Medicine, Guangzhou Medical University	Dean (part-time) and guest professor		
	Guangzhou Jiajian Biotechnology Co., Ltd.	Director	December 2020	
Zeng Zhanwen	Guangdong KingMed Future Biotechnology Co., Ltd.	Chairman	January 2019	
Xie Qiang	China Development KeyWin Equity Investment Fund Management Co., Ltd.	Director and member of Investment Committee	September 2020	
	Hourui Equity Investment Co., Ltd.	Executive Director, General Manager, and legal representative	October 2020	
	Kaiyuan Fund Management Co., Ltd	Independent Director	August 2020	
	Suzhou Industrial Park Jiaqiguangye Investment Center (L.P.)	Appointed representative of the managing partner	October 2020	
	Suzhou Industrial Park Xinyuanguangyi Investment Center (L.P.)	Appointed representative of the managing partner	October 2020	
	Suzhou Industrial Park Kaiyuanyikang Venture Capital Enterprise (L.P.)	Appointed representative of the managing partner	October 2020	
	Suzhou Industrial Park Guohejiahua Venture Capital Enterprise (L.P.)	Appointed representative of the managing partner	October 2020	
	Guoke Ruihua Strategic Emerging Industry Investment Fund (L.P.)	Member of Consulting Committee	August 2020	
	Beijing Legend Maolin Equity Investment Partnership Enterprise (L.P.)	Member of Consultant Committee	August 2020	
	Guangzhou GL Equity Investment Fund Partnership Enterprise (L.P.)	Member of Consulting Committee	August 2020	
	Guokai Boyu Phase I (Shanghai) Equity Investment Partnership Enterprise (L.P.)	Member of Consultant Committee	August 2020	
	Guokai Boyu Phase II (Shanghai) Equity Investment Partnership Enterprise (L.P.)	Member of Consulting Committee	August 2020	
	Boyu Capital Fund II, L.P.	Member of Consulting	August 2020	

		Committee		
	Tianjin Junruiqi Equity Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Shanghai Sinopharm Equity Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	New Century Healthcare Holding Co., Limited (New Century overseas entity)	Director	August 2020	
	Kaiyuan Guochuang Capital Management Co., Ltd.	Director and member of Investment Committee	September 2020	
	Kangda Biotechnology Holdings Co., Ltd.	Director		
	Tibet Kaiyuan Guochuang Hengyu Venture Capital Management Co., Ltd.	Legal representative and Executive Director	December 2020	
	Kaiyi (Shanghai) Investment Center	Appointed representative of the managing partner	November 2020	
	Suzhou Industrial Park Guohemeida Venture Capital Enterprise (L.P.)	Appointed representative of the managing partner	October 2020	
	Jiaxing De Xuhong Investment Partnership (L.P.) and Zhuhai Dehong Phase I Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Hubei Kaihui Yangtze Automobile Industry Equity Investment Fund Partnership(L.P.)	Member of Consultant Committee	August 2020	
	Beijing Legend Xinhai Equity Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Beijing Legend Huicheng Equity Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Beijing Legend Shengyuan Equity Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Hangzhou Chen Tak Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Suzhou Chenzhide Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
	Suzhou Lirui Equity Investment Center (L.P.)	Member of Consultant Committee	August 2020	
	Suzhou Tonghe Two Venture Capital Partnership (L.P.)	Member of Consultant Committee	August 2020	
	WuXi Healthcare Venture II, L.P.	Member of Consultant Committee	August 2020	
	Suzhou Shengtao Medical Investment Partnership (L.P.)	Member of Consultant Committee	August 2020	
Yu Yumiao	Oceanwide Holdings Co., Ltd.	Independent Director	August 2015	
	Zhejiang Semir Garment Co., Ltd.	Independent Director	January 2016	
	China Security Co., Ltd.	Independent Director	November 2019	
Hao Bixi	KunMed Health	Director		
Xu Jingming	Anhui IT Industry Investment & Holdings CO., Ltd.	Director	November 2019	Currently ongoing
	Anhui Iflytek Industry Investment Co., Ltd.	Chairman and General Manager	June 2016	Currently ongoing
	Hefei Weisu Technology Co., Ltd.	Director	January 2016	Currently ongoing
	Hefei Iflytek Digital Technology Co., Ltd.	Supervisor	May 2014	January 2021
	Hefei Kexundingli Enterprise	Executive Director and	August 2017	Currently

	Management Co., Ltd.	General Manager		ongoing
	Anhui Zhitianle Information Technology Co., Ltd.	Executive Director and General Manager	August 2017	Currently ongoing
	Kexun Jialian Information Technology Co., Ltd.	Chairman	August 2018	Currently ongoing
	Sanya Gaozhuojiayin Information Technology Partnership (L.P.)	Managing partner	November 2015	Currently ongoing
	Shanghai Qiongtian Technology Co., Ltd	Chairman	June 2018	Currently ongoing
	Chacha Food Co., Ltd.	Independent Director	April 2017	Currently ongoing
	Chongqing Volta Mao Technology Co., Ltd.	Director	October 2018	Currently ongoing
	Hefei Renzhi Information Technology Partnership (L.P.)	Managing partner	August 2018	Currently ongoing
	Anhui Taoyun Science And Technology Co., Ltd.	Director	August 2019	February 2021
	Hefei Ruizheng Guantong Enterprise Management Co., Ltd.	Executive Director and General Manager	November 2019	Currently ongoing
	Hefei Donghengruijie Business Management Partnership (L.P.)	Managing partner	November 2019	Currently ongoing
	Hefei Kexun Ruijian Technology Co., Ltd.	Executive Director and General Manager	May 2019	Currently ongoing
	Anhui Yanzhi Technology Co., Ltd.	General Manager	December 2019	Currently ongoing
	Anhui Xiaoyu Intelligent Technology Partnership (L.P.)	Managing partner	March 2020	Currently ongoing
	Tianjin Kexun Haihe Technology Partnership (L.P.)	Managing partner	March 2020	Currently ongoing
	Beijing Diandian Future Education Technology Co., Ltd.	Director	August 2020	Currently ongoing
	Anhui LISTENAI Technology Co., Ltd.	Executive Director and General Manager	April 2020	October 2021
	Hefei AND Exhibition Technology Co., Ltd.	Director	July 2021	December 2021
	Shanghai LISTENAI Technology Co., Ltd.	Executive Director	May 2021	December 2021
	Anhui Yuangou Biological Technology Co., Ltd.	Director and General Manager	November 2021	Currently ongoing
Ling Jianhua	CMA Testing and CaTAGene, Hong Kong	Managing Officer of the COVID-19 Nucleic Acid Testing Center and Laboratory Director and Consultant	October 2020	October 2022
	MicrobiotaI Centre MagIC	Part-time Consultant	October 2021	October 2023
Chen Yongjian	KingMed Li'an	Director and General Manager		
Xie Jiangtao	Tianjin Tianhai Xinyu Biotechnology Co., Ltd.	Director	December 2020	
	Guangzhou Huayi Regeneration Technology Co., Ltd.	Director	February 2020	
Chen Hao (former)	Legend Capital Management Co., Ltd.	Vice Chairman		
	Beijing Legend Management Consulting Co., Ltd.	Director		
	Beijing Junqi Jiarui Enterprise	Director		

	Management Co., Ltd.			
	Legend Capital (Shenzhen) Management Co., Ltd.	Director		
	Cybrid Technologies Inc.	Director		
	Tianya Community Network Technology Co., Ltd.	Director		
	Zhuhai Saina Printing Technology Co., Ltd.	Director		
	Beijing Hongshan Information Technology Research Institute Co. Ltd.	Director		
	Shanghai Fullhan Microelectronics Co., Ltd.	Director		
	Junhai Chuangxin (Beijing) Consulting Management Co., Ltd.	Chairman		
	Wuxi Junhai Lianxi Investment Management Co., Ltd.	Chairman		
	Wuxi Junhai Lianxi Investment Consulting Co., Ltd.	Chairman		
	Beijing Junhai Tengxin Consulting Management Co., Ltd.	Chairman		
	CNOOC Energy Development Co. Ltd.	Independent Director		
	Beijing Kunlun Tech Co., Ltd.	Independent Director		
Zhu Guilong (former)	GRG Banking Equipment Co., Ltd.	Independent Director	January 2018	December 2023
	CSG Holding Co., Ltd.	Independent Director	May 2017	May 2023
	Bank of Guangzhou Co., Ltd.	Independent Director	April 2019	April 2022
	Jiangxi Jovo Energy Co., Ltd.	Independent Director	January 2019	April 2022
	Guangzhou Nuocheng Biological Products Co., Ltd.	Independent Director		
	CS Richland Asset Management Co., Ltd.	Director		
Zhou Hongbin (former)	Jiangsu Lihua Animal Husbandry Co., Ltd.	Director	July 2015	Currently ongoing
	Shanghai Cell Therapy Group Co. Ltd.	Director	September 2016	Currently ongoing
	Shanghai Yaduo Hotel Management (Group) Co., Ltd.	Director	February 2017	Currently ongoing
	Milkyway Chemical Supply Chain Service Co., Ltd.	Director	June 2015	Currently ongoing
	CHIVD Chemclin Diagnostics Technology Co., Ltd.	Director	February 2018	Currently ongoing
	Joy Wing Mau Corporation Limited	Director	January 2019	Currently ongoing
	Pharmaron (Beijing) Co., Ltd.	Director	October 2016	Currently ongoing
	Ningbo Xinwan Technology Development Co., Ltd.	Director	July 2017	Currently ongoing
	China Southern Air Logistics Co. Ltd.	Supervisor	January 2021	Currently ongoing
	Shanghai UNITA Pharmaceutical Co., Ltd.	Director	October 2020	Currently ongoing
	Nantong Novast Pharmaceutical Co., Ltd.	Director	April 2020	December 2021

	Nantong Lianke Pharmaceuticals Co., Ltd.	Director	June 2020	March 2022
	Shanghai Genext Medical Technology Co., Ltd.	Supervisor	December 2018	January 2021
Note	N/A			

(III) Remunerations of directors, supervisors and senior management

√ Applicable □ Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management personnel	(1) The remuneration of the Company's directors shall be determined by the Remuneration and Appraisal Committee of the Board of Directors. After that, it shall be submitted to the Board of Directors for review and shall be implemented after being approved by the Company's General Meeting of Shareholders. (2) The remuneration of the Company's officers shall be determined by the Remuneration and Appraisal Committee of the Board of Directors. After that, it shall be implemented after being approved by the Company's Board of Directors. (3) The remuneration of the Company's supervisors shall be implemented after being approved by the General Meeting of Shareholders.
Basis for determining the remuneration of directors, supervisors and senior management personnel	The Company shall determine the remuneration of the directors, supervisors, and officers by practically abiding by relevant policy systems including the *Working Rules of the Remuneration and Appraisal Committee*, the *Management Rules of KingMed Diagnostics for Remunerations*, as well as the Company's overall operating results and the completion of relevant indicators.
Actual payment of remuneration for directors, supervisors and senior management personnel	In 2021, the remunerations due to directors, supervisors, and senior management were RMB25.48 million in total.
Total actual remuneration received by all directors, supervisors and senior management personnel at the end of the Reporting Period	In 2021, the actual remunerations received by all directors, supervisors and senior management were RMB25.48 million in total.

(IV) Changes of directors, supervisors and senior management

√ Applicable □ Not applicable

Name	Office title	Type of change	Reason for change
Chen Hao	Director	Resignation	Expiry of tenure
Peng Yongxiang	Independent Director	Resignation	Expiry of tenure
Zhu Guilong	Independent Director	Resignation	Expiry of tenure
Zhou Hongbin	Supervisor	Resignation	Expiry of tenure
Yu Shihui	Senior management	Resignation	Expiry of tenure
Ling Jianhua	Independent Director	Elected	Re-elected
Zou Xiaofeng	Supervisor	Elected	Re-elected

(V) Punishments imposed by securities regulators in the past three years

□ Applicable √ Not applicable

(VI) Other information

□ Applicable √ Not applicable

V Board Meetings Convened during the Reporting Period

Meeting	Date	Resolutions
The 21st Meeting of the 2nd Board of Directors	1 February 2021	I. The meeting deliberated and approved the *Proposal on the Estimated Routine Related-party Transactions of the Company in 2021*, with 6 votes in favor, 0 against, 0 abstention and 5 votes to withdraw
The 22nd Meeting of the 2nd Board of Directors	19 April 2021	I. The meeting deliberated and approved the *Report on the Work of the Board of Directors in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. II. The meeting deliberated and approved the *Report on the Work of the General Manager in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. III. The meeting deliberated and approved the *Financial Final Report for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. IV. The meeting deliberated and approved the *Proposal on Profit Appropriation Plan in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. V. The meeting deliberated and approved the *Full Annual Report and Summary for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VI. The meeting deliberated and approved the *Proposal on Change in Accounting Policies of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VII. The meeting deliberated and approved the *Proposal on Renewal of Appointment of Audit Institution and Internal Control Audit Institution for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention and 0 vote to withdraw. VIII. The meeting deliberated and approved the *Proposal on the Confirmation of the Annual Remuneration in 2020 and the Compensation scheme in 2021 for the Directors and Officers of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 0 vote in favor, 0 against, 0 abstention, and 11 votes to withdraw. IX. The meeting deliberated and approved the *Proposal on the Application of the Company and its Subsidiaries for Comprehensive Credit Line from the Bank of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. X. The meeting deliberated and approved the *Internal Control Self-assessment Report in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XI. The meeting deliberated and approved the *Corporate Social Responsibility Report 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 votes to withdraw. XII. The meeting deliberated and approved the *Full Text and Body of the First Quarter Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XIII. The meeting deliberated and approved the *Proposal on the Change of Registered Capital and the Revision of 'Articles of Association' of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XIV. The meeting deliberated and approved the *Proposal on the 'Stock Option Incentive Scheme in 2021 (Draft)' and its Abstract*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XV. The meeting deliberated and approved the *Proposal on the Formulation of the 'Management Measures for the Assessment of the Stock Option Incentive Scheme*

		for 2021', with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XVI. The meeting deliberated and approved the *Proposal on the Request to the General Meeting of Shareholders to Authorize the Board of Directors to Handle the Matters Related to the Company's Stock Option Incentive Scheme*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XVII. The meeting deliberated and approved the *Proposal on Convening the 2020 Annual General Meeting of Shareholders of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 23rd Meeting of the 2nd Board of Directors	18 May 2021	I. The meeting deliberated and approved the *Proposal on Granting Stock Option to the Awardees by the Stock Option Incentive Scheme of the Company for 2021*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 24th Meeting of the 2nd Board of Directors	23 June 2021	I. The meeting deliberated and approved the *Proposal on Adjusting the Exercise Price of the Stock Option Incentive Scheme of the Company for 2019*, with 10 votes in favor, 0 against, 0 abstention, and 1 vote to withdraw. II. The meeting deliberated and approved the *Proposal on Adjusting the Exercise Price of the Stock Option Incentive Scheme of the Company for 2020*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. III. The meeting deliberated and approved the *Proposal on Adjusting the Exercise Price of the Stock Option Incentive Scheme of the Company for 2021*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 25th Meeting of the 2nd Board of Directors	26 July 2021	I. The meeting deliberated and approved the *Proposal on the Establishment of the Sustainable Development Committee of the Board of Directors and the Election of Committee Members of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. II. The meeting deliberated and approved the *Proposal on the Formulation of the Terms of Reference of the Sustainable Development Committee of the Board of Directors and the Corresponding Implementation Rules of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention and 0 vote to withdraw.
The 26th Meeting of the 2nd Board of Directors	16 August 2021	I. The meeting deliberated and approved the *Full Text and Summary of the Semi-Annual Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. II. The meeting deliberated and approved the *Proposal on the Achievement of Exercise Conditions of the Second Exercise Schedule for the Stock Option Granted by the Stock Option Incentive Scheme of 2019*, with 10 votes in favor, 0 against, 0 abstention, and 1 vote to withdraw. III. The meeting deliberated and approved the *Proposal on the Adjustment of the List of Awardees, Option Quantity, and the Cancellation of Part of Stock Option of the Stock Option Incentive Scheme of 2019*, with 10 votes in favor, 0 against, 0 abstention, and 1 vote to withdraw; IV. The meeting deliberated and approved the *Revision of 'Articles of Association' of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. V. The meeting deliberated and approved, by item-by-item voting, the *Proposal on the General Election and Nomination of Candidates for Non-independent Directors of the 3rd Board of Directors of the Company*. 1. The meeting deliberated and approved the *Proposal on Nominating Mr. Liang Yaoming as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 2. The meeting deliberated and approved the *Proposal on Nominating Ms. Yan Ting as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 3. The meeting deliberated and approved the *Proposal on Nominating Mr. Zeng Zhanwen as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11

		votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 4. The meeting deliberated and approved the *Proposal on Nominating Mr. Hao Bixi as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 5. The meeting deliberated and approved the *Proposal on Nominating Mr. Wang Linglai as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 6. The meeting deliberated and approved the *Proposal on Nominating Mr. Xie Qiang as the Candidate for Non-independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VI. The meeting deliberated and approved, by item-by-item voting, the *Proposal on the General Election and Nomination of Candidates for Independent Directors of the 3rd Board of Directors of the Company*. 1. The meeting deliberated and approved the *Proposal on Nominating Mr. Yu Yumiao as the Candidate for Independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 2. The meeting deliberated and approved the *Proposal on Nominating Mr. Xu Jingming as the Candidate for Independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 3. The meeting deliberated and approved the *Proposal on Nominating Mr. Ling Jianhua as the Candidate for Independent Directors of the 3rd Board of Directors*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VII. The meeting deliberated and approved the *Proposal on the Application for Convening the 1st Extraordinary General Meeting of 2021*, with 11 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 1st Meeting of the 3rd Board of Directors	6 September 2021	I. The meeting deliberated and approved the *Proposal on the Election of the Chairman of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. II. The meeting deliberated and approved the *Proposal on the Election of Members of the Strategy Committee of the 3rd Board of Directors of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. III. The meeting deliberated and approved the *Proposal on the Election of Members of the Sustainable Development Committee of the 3rd Board of Directors of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VI. The meeting deliberated and approved the *Proposal on the Election of Members of the Audit Committee of the 3rd Board of Directors of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. V. The meeting deliberated and approved the *Proposal on the Election of Members of the Compensation and Appraisal Committee of the 3rd Board of Directors of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VI. The meeting deliberated and approved the *Proposal on the Election of Members of the Nomination Committee of the 3rd Board of Directors of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VII. The meeting deliberated and approved the *Proposal on the Engagement of the General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. VIII. The meeting deliberated and approved, by item-by-item voting, the *Proposal on the Engagement of the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.* 1. The meeting deliberated and approved the *Proposal on Engaging Ms. Yan Ting as the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 2. The meeting deliberated and approved the

		Proposal on Engaging Mr. Hao Bixi as the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd., with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 3. The meeting deliberated and approved the *Proposal on Engaging Mr. Wang Linglai as the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 4. The meeting deliberated and approved the *Proposal on Engaging Mr. Yang Wanfeng as the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. 5. The meeting deliberated and approved the *Proposal on Engaging Mr. Xie Jiangtao as the Deputy General Manager of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. IX. The meeting deliberated and approved the *Proposal on the Engagement of the Chief Controller of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. X. The meeting deliberated and approved the *Proposal on the Engagement of the Board Secretary of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. XI. The meeting deliberated and approved the *Proposal on the Engagement of the Securities Affairs Representative of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 2nd Meeting of the 3rd Board of Directors	19 October 2021	I. The meeting deliberated and approved the *Proposal on the Achievement of Exercise Conditions of the First Exercise Schedule for the Stock Option Granted by the Stock Option Incentive Scheme of 2020*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw. II. The meeting deliberated and approved the *Proposal on the Adjustment of the List of Awardees, Option Quantity, and the Cancellation of Part of Stock Option of the Stock Option Incentive Scheme of 2020*, with 9 votes in favor, 0 against, 0 abstention, and 0 vote to withdraw.
The 3rd Meeting of the 3rd Board of Directors	25 October 2021	I. The meeting deliberated and approved the *Full Text and Body of the Third Quarter Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*, with 9 votes in favor, 0 against, 0 abstention, and 0 votes to withdraw.
The 4th Meeting of the 3rd Board of Directors	27 December 2021	I. The meeting deliberated and approved the *Proposal on the Adjustment of the Estimated Routine Related-party Transactions of the Company in 2021*, with 5 votes in favor, 0 against, 0 abstention and 4 votes to withdraw. II. The meeting deliberated and approved the *Proposal on the Estimated Routine Related-party Transactions of the Company in 2022*, with 5 votes in favor, 0 against, 0 abstention and 4 votes to withdraw.

VI Activities of Directors

(I) Attendance of directors at board meetings and general meetings of shareholders during the Reporting Period

Name of director	Independent director or not	Attendance at board meetings						Attendance at general meetings of shareholders
		Total number of board	Board meetings attended	Board meetings attended by way of telecommunicat	Board meetings attende	Absence	The director failed to attend	Total number of general meetings

		meetings the director was supposed to attend	d on site	ion	d through a proxy		two consecutive board meetings (yes/no)	of shareholders the director was supposed to attend
Liang Yaoming	No	10	10	6	0	0	No	2
Yan Ting	No	10	10	6	0	0	No	2
Zeng Zhanwen	No	10	10	6	0	0	No	2
Hao Bixi	No	10	10	6	0	0	No	2
Wang Linglai	No	10	10	6	0	0	No	2
Xie Qiang	No	10	10	10	0	0	No	2
Yu Yumiao	Yes	10	10	10	0	0	No	2
Xu Jingming	Yes	10	10	10	0	0	No	2
Ling Jianhua	Yes	5	5	2	0	0	No	0
Chen Hao (former)	No	6	6	6	0	0	No	2
Peng Yongxiang (former)	Yes	6	6	6	0	0	No	2
Zhu Guilong (former)	Yes	6	6	6	0	0	No	2

Explain why any director failed to attend two consecutive board meetings.
□ Applicable √ Not applicable

Total number of board meetings convened in the Reporting Period	10
Of which: on-site meetings	0
Meetings convened by way of telecommunication	6
Meetings where on-site attendance and attendance by telecommunication were both allowed	4

(II) Objections raised by directors on matters of the Company

□ Applicable √ Not applicable

(III) Other information

□ Applicable √ Not applicable

VII Special Committees under the Board of Directors

√ Applicable □ Not applicable

(1) Members of the special committees

Special committee	Members
Audit Committee	Yu Yumiao, Zeng Zhanwen, and Ling Jianhua
Nomination Committee	Xu Jingming, Hao Bixi, and Ling Jianhua

Remuneration and Appraisal Committee	Ling Jianhua, Yan Ting, and Yu Yumiao
Strategy Committee	Liang Yaoming, Xu Jingming, and Xie Qiang
Sustainability Committee	Liang Yaoming, Yan Ting, Hao Bixi, Wang Linglai, and Yu Yumiao

(2) The Audit Committee held five meetings during the Reporting Period.

Date	Contents	Important comments and suggestions	Other activities
29 January 2021	The deliberation of the *Proposal on the Estimated Routine Related-party Transactions of the Company in 2021*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
13 April 2021	The meeting deliberated the following matters: 1. The *Financial Final Report for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 2. The *Proposal on Profit Appropriation Plan in 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 3. The *Full Annual Report and Summary for 2020 of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 4. The *Proposal on Change in Accounting Policies of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 5. The *Proposal on Renewal of Appointment of Audit Institution and Internal Control Audit Institution for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 6. The *Report on the Duty performance of the Audit Committee of the KingMed Diagnostics Group Co., Ltd. in 2020*; 7. The *Full Text and Body of the First Quarter Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
13 August 2021	The deliberation of the *Full Text and Summary of the Semi-Annual Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
25 October 2021	The deliberation of the *Full Text and Body of the Third Quarter Report for 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
27 December 2021	The meeting deliberated the following matters: 1. The *Proposal on the Adjustment of the Estimated Routine Related-party Transactions of the Company in 2021* 2. The *Proposal on the*	All proposals in this meeting were deliberated and approved with unanimous consent and	None

	Estimated Routine Related-party Transactions of the Company in 2022	were agreed to submit to the Board of Directors of the Company for deliberation.	

(3) The Remuneration and Appraisal Committee held three meetings during the Reporting Period.

Date	Contents	Important comments and suggestions	Other activities
16 April 2021	The meeting deliberated the following matters: 1. The *Proposal on the Confirmation of the Annual Remuneration in 2020 and the Compensation Scheme in 2021 for the Directors and Officers of Guangzhou KingMed Diagnostics Group Co., Ltd.*; 2. The *Proposal on the Stock Option Incentive Scheme (Draft) and its Abstract in 2021*; 3. The *Proposal on the Formulation of the Management Measures for the Assessment of the Stock Option Incentive Scheme for 2021*	All proposals in this meeting, except for the unanimous avoiding of votes for Proposal One, were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
13 August 2021	The meeting deliberated the following matters: 1. The *Proposal on the Achievement of Exercise Conditions of the Second Exercise Schedule for the Stock Option Granted by the Stock Option Incentive Scheme of 2019*; 2. The *Proposal on the Adjustment of the List of Awardees, Option Quantity, and the Cancellation of Part of Stock Option of the Stock Option Incentive Scheme of 2019*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None
18 October 2021	The meeting deliberated the following matters: 1. The *Proposal on the Achievement of Exercise Conditions of the First Exercise Schedule for the Stock Option Granted by the Stock Option Incentive Scheme of 2020*; 2. The *Proposal on the Adjustment of the List of Awardees, Option Quantity, and the Cancellation of Part of Stock Option of the Stock Option Incentive Scheme of 2020*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None

(4) The Nomination Committee held one meeting during the Reporting Period.

Date	Contents	Important comments and suggestions	Other activities
11 August 2021	1. The meeting deliberated and approved, by item-by-item voting, the *Proposal on the General Election and Nomination of Candidates for Non-independent Directors of the 3rd Board of Directors* of the Company 1.01 The *Proposal on Nominating Mr. Liang Yaoming as the Candidate for Non-independent Directors of the 3rd Board of Directors*; 1.02 The *Proposal on Nominating Ms. Yan Ting as the Candidate for Non-independent Directors of the 3rd Board of Directors*; 1.03 The *Proposal on Nominating Mr. Zeng Zhanwen as the Candidate for Non-independent Directors of the 3rd Board of Directors;* 1.04 The *Proposal on Nominating Mr. Hao Bixi*	All proposals in this meeting were deliberated and approved with unanimous consent and were agreed to submit to the Board of Directors of the Company for deliberation.	None

	as the Candidate for Non-independent Directors of the 3rd Board of Directors; 1.05 The *Proposal on Nominating Mr. Wang Linglai as the Candidate for Non-independent Directors of the 3rd Board of Directors*; 1.06 The *Proposal on Nominating Mr. Xie Qiang as the Candidate for Non-independent Directors of the 3rd Board of Directors* 2. The meeting deliberated and approved, by item-by-item voting, the *Proposal on the General Election and Nomination of Candidates for Independent Directors of the 3rd Board of Directors of the Company* 2.01 The *Proposal on Nominating Mr. Yu Yumiao as the Candidate for Independent Directors of the 3rd Board of Directors*; 2.02 The *Proposal on Nominating Mr. Xu Jingming as the Candidate for Independent Directors of the 3rd Board of Directors*; 2.03 The *Proposal on Nominating Mr. Ling Jianhua as the Candidate for Independent Directors of the 3rd Board of Directors*		

(5) The Strategy Committee held one meeting during the Reporting Period.

Date	Contents	Important comments and suggestions	Other activities
16 April 2021	The discussion and analysis of the business picture in 2020 and the formulation of the business plan for 2021	All the contents in this meeting were deliberated and approved with unanimous consent.	None

(6) The Sustainability Committee held one meeting during the Reporting Period.

Date	Contents	Important comments and suggestions	Other activities
26 July 2021	The determination of the focal points of work and the subsequent work plan for the Sustainable Development Committee	All the contents in this meeting were deliberated and approved with unanimous consent.	None

(7) Objections

□ Applicable √ Not applicable

VIII Risks Detected by the Supervisory Committee

□ Applicable √ Not applicable

The Supervisory Committee raised no objections during the Reporting Period.

IX Employees of the Company as the Parent and Its Principal Subsidiaries at the Period-end

(I) Employees

Number of in-service employees of the Company as the parent	31
Number of in-service employees of principal	12,340

subsidiaries	
Total number of in-service employees	12,371
Number of retirees to whom the Company as the parent or its principal subsidiaries need to pay retirement pensions	13
Functions	
Function	Employees
Sales	2,707
Technical	4,363
Financial	237
Administrative	1,088
Customer service	301
R&D	1,299
Logistics	2,376
Total	12,371
Educational background	
Educational background	Employees
Master's degree and beyond	807
Bachelor's degree (inclusive of junior college)	9,742
Senior high school/secondary technical school/technical secondary school and below	1,822
Total	12,371

(II) Remuneration policy

√ Applicable □ Not applicable

(1) The Company adopts a remuneration system with a diversified incentive distribution that is based on the post value and individual capability, oriented by the performance contribution, factored in the external competitiveness and internal fairness, and combined the work characteristics of different posts.

(2) The Company practices the incentive policies with the "administration streamlining, power delegating, supervision strengthening, and service improving" to major regions, gives play to the business characteristics and advantages of subsidiaries, promotes local key projects and core products, and emphasizes the strong connection of business development and the high incentive for high yield.

(3) The Company improves the Group's performance management mechanism. With the performance mechanism, employees with high performance can distinguish themselves from others. Competent employees can be motivated by the remuneration incentive, thus driving the high-quality development of the Company in the future. As a result, differentiated remuneration can be oriented by competent employees and high-value performance output.

(III)Training plans

√ Applicable □ Not applicable

The training system of the Training and Development Center:

(1) The vertical professional lines: The Training and Development Center of KingMed Group has six professional training centers, which are, Management Training Center, Marketing Training Center, Testing Training Center (including the Mass Spectrum Testing Center), Pathological Training Center, Customer Service Center, and Logistics Training Center. All these centers have vertically covered the training needs of all professional fields at all levels of the Group.

(2) The horizontal lines for general competencies and management capabilities: Starting from the new employees, training programs, such as the Special Training Camp of "Huangpu Military Academy", training of new employees at the manager level, a 90-day integration plan for new employees, and the back-up talent cultivation for the branch of learning, have covered all aspects.

The cultivation program of management personnel, namely, the "Three-chang 3.0 program" has covered the management echelons at various levels. Such programs include the "Three-chang

preparatory course class" that is specially designed for the competent employees at the primary level, the "Changjiang" program for the frontline managerial personnel, the "Changcheng" program for managers/heads of departments, the "Changqing" program for the deputy general managers of subsidiaries/functional directors or above level of major regions, as well as the "all-around management training program".

(3) The optimization of training systems and platforms: The "Three-chang" program has been continuously transformed and upgraded in all respects. Targeted training programs based on the characteristics of employees at all levels are provided. The training approaches of new employees have been continuously improved and diversified. While developing talent teams, the development of internal trainers has been intensified. Meanwhile, new courses have been introduced and previous courses have been optimized according to the challenges and needs of businesses. Management has been further optimized through the E-learning platform, i.e., "KingMed Learning Center", providing all employees with a learning tool that they can study at all times and places and comprehensively creating an atmosphere of a learning organization.

(IV) Labor outsourcing

□ Applicable √ Not applicable

X Dividend Payouts

(I) Formulation, execution and adjustments of the cash dividend policy

√ Applicable □ Not applicable

In strict compliance with the relevant requirements and undertakings of the Company's Articles of Association, the IPO Prospectus of Guangzhou KingMed Diagnostics Group Co., Ltd., and the Shareholder Return Plan of Guangzhou KingMed Diagnostics Group Co., Ltd. for the Next Three Years (2020-2022), the Company continuously improves shareholder returns. Taking into account both the long-term interests of the Company and the legitimate rights and interests of shareholders, the Company has established a shareholder return mechanism that is continual, consistent and scientific.

During the Reporting Period, taking into account the Company's earnings, capital needs, etc., and as approved at the 2020 Annual General Meeting of Shareholders, the Company carried out the 2020 final dividend payout on 15 June 2021. Based on the total share capital of 462,611,275 shares at the record date of 11 June 2021, a cash dividend of RMB3.29 (tax inclusive) per 10 shares was paid out to shareholders, totaling RMB152,199,109.48.

As approved at the Fifth Meeting of the Third Board of Directors on 26 April 2022, the Company intends to, based on the total share capital of 465,586,275 shares on 31 December 2021, distribute a cash dividend of RMB12.80 (tax inclusive) per 10 shares to shareholders, totaling RMB595,950,432.00. This final dividend plan is subject to final approval by the 2021 Annual General Meeting of Shareholders.

(II) Special statement on the cash dividend policy

√ Applicable □ Not applicable

In compliance with the Company's Articles of Association or the relevant resolutions of general meeting of shareholders	√ Yes □ No
Specific and clear dividend standards and ratios	√ Yes □ No
Complete decision-making procedure and mechanism	√ Yes □ No
Independent directors have faithfully performed their duties and played their due role	√ Yes □ No
Non-controlling shareholders are able to fully express their opinion and demand and their legal rights and interests are fully protected	√ Yes □ No

(III) Where the Company fails to put forward a cash dividend proposal despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive, it shall give a detailed explanation of why, as well as of the purpose and use plan for the retained earnings.

□ Applicable √ Not applicable

XI Status and Impact of Share Incentive Schemes, Employee Shareholding Plan or Other Incentive Measures for Employees

(I)Relevant incentive matters disclosed in current announcement with no subsequent progress or change

√ Applicable □ Not applicable

Overview	Index to the disclosed information
On 15 March 2019, the Company held the 5th Meeting of the 2nd Board of Directors and deliberated and approved the *Proposal on the Stock Option Incentive Scheme in 2019 (Draft) and its Abstract* and relevant proposals. According to the proposals, the Company intended to grant 6.57 million stock options to 45 employees. On 8 April 2019, the above proposals were deliberated and approved at the Company's 1st Extraordinary General Meeting of 2019. On 26 April 2019, the Company held the 7th Meeting of the 2nd Board of Directors and the 7th Meeting of the Supervisory Committee, deliberating and approving the *Proposal on Granting Stock Option to the Awardees by the Stock Option Incentive Scheme of the Company for 2019*. Stock options were determined to be granted to the Awardees on 26 April 2019. On 29 May 2019, the Company completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited. On 5 June 2020, the Company held the 14th Meeting of the 2nd Board of Directors and the 14th Meeting of the 2nd Supervisory Committee and deliberated and approved the *Proposal on the Achievement of Exercise Conditions of the First Exercise Schedule for the Stock Option Granted by the Stock Option Incentive Scheme of 2019*, the *Proposal on the Adjustment of the List of Awardees, Option Quantity, and the Cancellation of Part of Stock Option of the Stock Option Incentive Scheme of 2019*, and the Proposal on Adjusting the Exercise Price of the Stock Option of the Company. Independent directors of the Company made independent comments on relevant matters. On 15 September 2020, a total of 1,603,000 shares of the first exercise completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited and traded on the market on 22 September 2020. On 8 September 2021, a total of 1,347,500 shares of the second exercise completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited and traded on the market on 15 September 2021.	For details, please refer to the relevant announcements published by the Company on the specified media of disclosure and the Shanghai Stock Exchange website on 16 March 2019, 9 April 2019, 27 April 2019, 31 May 2019, 6 June 2020, 7 July 2020, 17 September 2020, 7 August 2021, 1 September 2021, 10 September 2021.
On 17 August 2020, the Company held the 16th Meeting of the 2nd Board of Directors and deliberated and approved the *Proposal on the 'Stock Option Incentive Scheme in 2020 (Draft)' and its Abstract* and relevant proposals. According to the proposals, the Company intended to grant 7 million stock options to 157 employees. On 2 September 2020, the above proposals were deliberated and approved at the Company's 3rd Extraordinary General Meeting of 2020. On 8 September 2020, the Company held the 17th Meeting of the 2nd Board of Directors and the 17th Meeting of the Supervisory Committee, deliberating and approving the *Proposal on Granting Stock Option to the Awardees by the Stock Option Incentive Scheme of the Company for 2020*. Stock options were determined to be granted to the Awardees on 8 September 2020. On 22 October 2020, the Company completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited. On 29 November 2021, a total of 1,627,500 shares of the first exercise completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited and traded on the market on 6 December 2021.	For details, please refer to the relevant announcements published by the Company on the specified media of disclosure and the Shanghai Stock Exchange website on 18 August 2020, 3 September 2020, 9 September 2020, 23 October 2020, 20 October 2021, 3 November 2021, and 1 December 2021.
On 19 April 2021, the Company held the 22nd Meeting of the 2nd Board of Directors and the 22nd Meeting of the 2nd Supervisory Committee, which	For details, please refer to the relevant

deliberated and approved the *Proposal on the 'Stock Option Incentive Scheme in 2021 (Draft)' and its Abstract* and relevant proposals. According to the proposals, the Company intended to grant 7 million stock options to 233 employees. On 10 May 2021, the above proposals were deliberated and approved at the 2021 Annual General Meeting of Shareholders of the Company. On 18 May 2021, the Company held the 23rd Meeting of the 2nd Board of Directors and the 23rd Meeting of the Supervisory Committee, deliberating and approving the *Proposal on Granting Stock Option to the Awardees by the Stock Option Incentive Scheme of the Company for 2021*. Stock options were determined to be granted to the Awardees on 18 May 2021. On 5 July 2021, the Company completed the registration with the Shanghai office of China Securities Depository and Clearing Corporation Limited.	announcements published by the Company on the specified media of disclosure and the Shanghai Stock Exchange website on 20 April 2021, 11 May 2021, 19 May 2021, 24 June 2021, and 6 July 2021.

(II) Incentive plans undisclosed in current announcements or disclosed but with new progress

Equity incentive plans:
□ Applicable √ Not applicable

Other information:
□ Applicable √ Not applicable

Employee stock ownership plans:
□ Applicable √ Not applicable

Other incentive measures:
□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Unit: share

Name	Office title	Share options held at the period-begin	Share options granted in the Reporting Period	Exercisable share options in the Reporting Period	Share options exercised in the Reporting Period	Exercise price (RMB)	Share options held at the period-end	Closing market price (RMB)
Yu Shihui (former)	Deputy General Manager	120,000	0	40,000	0	0	120,000	111.37
Wang Linglai	Director and Deputy General Manager	495,000	0	165,000	0	0	495,000	111.37
Total	/	615,000	0	205,000	0	/	615,000	/

(IV) Establishment and formulation of appraisal and incentive mechanisms for senior management during the Reporting Period

√ Applicable □ Not applicable

The Remuneration and Appraisal Committee of the Board of Directors is responsible for the review and approval of the remuneration plans for senior management. Furthermore, based on the completion of the Company's annual work objectives and business tasks and the actual duty performance of senior management, they will be appraised. The performance-based remuneration will be determined by the

appraisal results.

XII Development and Implementation of Internal Control Systems During the Reporting Period

√ Applicable □ Not applicable

The operation of the Company's internal control in 2021 was good. The assessment incorporates the entities, business, matters, and high-risk fields, covering all major aspects of the Company's operation and management. A suitable internal control system has been set up and effectively implemented, without major defects in internal control, reasonably guaranteeing the achievement of the internal control objectives. For details, please refer to the *Internal Control Self-assessment Report in 2021 of Guangzhou KingMed Diagnostics Group Co., Ltd.* disclosed by the Company on the Shanghai Stock Exchange website on 27 April 2022.

Explanation of material weaknesses in internal control during the Reporting Period:
□ Applicable √ Not applicable

XIII Management and Control over Subsidiaries during the Reporting Period

√ Applicable □ Not applicable

In order to enhance the management of the Company to the subsidiaries, ensure the normative, efficient, and orderly operation of subsidiaries, improve the operating quality of the Company's overall assets, and uphold the Company's overall image and the interests of investors, KingMed Diagnostics has developed a series of internal control policies including the *Management Policy for Subsidiaries of KingMed Diagnostics* in accordance with the *Company Law*, the *Securities Law*, the *Rules for Stock Listing of Shanghai Stock Exchange*, and other relevant laws and regulations and the *Articles of Association of Guangzhou KingMed Diagnostics Group Co., Ltd.* Such policies have made detailed specifications and requirements for many aspects, including but not limited to organizational management, financial management, decision-making of business and investment, and information disclosure. During the Reporting Period, the Company has effectively managed the subsidiaries, without material weakness.

XIV Independent Auditor's Report on Internal Control

√ Applicable □ Not applicable

BDO China Shu Lun Pan Certified Public Accountants LLP was appointed to carry out audit on the effectiveness of the Company's internal control during 2021 and issue the Independent Auditor's Report on the 2021 Internal Control of Guangzhou KingMed Diagnostics Group Co., Ltd. (please visit www.sse.com.cn, the website of the Shanghai Stock Exchange, for the full report).

Whether the Independent Auditor's Report on Internal Control is disclosed: Yes
Type of the independent auditor's opinion: Unmodified unqualified opinion

XV Remediation of Problems Identified by Self-inspection in the Special Action on the Governance of Listed Companies

N/A

XVI Other information

□ Applicable √ Not applicable

Part V Environmental and Social Responsibility

I Environmental Information

(I) Indicate whether the Company or any of its major subsidiaries was identified as a major polluter by environmental authorities.

√ Applicable □ Not applicable

1. Discharge of pollutants

√ Applicable □ Not applicable

According to the list of key monitoring enterprises and key pollutant discharge enterprises released by the national, provincial, municipal, and environmental departments, the subsidiary, Guangzhou KingMed Center for Clinical Laboratory Co., Ltd. (hereinafter referred to as "Guangzhou KingMed"), has been listed as a key unit under supervision for soil environment pollution and an other major polluter.

Company name or subsidiary name	Type of pollution	Volume of hazardous waste discharged in the current period (ton)
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.	Soil environment	678.71

2. Construction and operation of pollution control facilities

√ Applicable □ Not applicable

Waste water treatment: The concentrated water discharged by the pure water generator of Guangzhou KingMed is clean water, which can be directly discharged after being collected by the municipal pipelines. The wastewater used for washing experimental vessels, cleaning test rooms, and washing clothes can be discharged to the self-built sewage treatment station. Such water will be processed to reach the pretreatment standard specified by the *Discharge Standard of Water Pollutants for Medical Organization* and the level 3 standards for the second period of the *Discharge Limits of Water Pollutants*. After that, such water, as well as the domestic wastewater processed by the level 3 digestion tank will be flooded into the municipal sewer network and processed by the water recycling plant. The operation of wastewater disposal facilities is presented as follows:

Company name or subsidiary name	Wastewater treatment process	Designed treatment volume (m^3/d)	Number of treatment facilities (set)	Operation status of facilities
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.	The experimental wastewater——sewage treatment system (chlorine dioxide generator)——discharged to the sewer network of the government after being properly treated	30 m^3/d	1	Normal

Treatment of exhaust gas: Guangzhou KingMed has set up a refined exhaust gas treatment system. Guangzhou KingMed has installed a biosafety fume hood at every post that may generate exhaust gas. The exhaust gas generated from the reagent and specimen preparation of the laboratory will be specially filtered through the biosafety fume hood. After that, such gas will be centralized to the exhaust gas treatment system for the level-2 treatment to reach the relevant discharge standards before discharging. The bioaerosol generated from the laboratory is processed the ultraviolet sterilization through the biosafety cabinet. After that, an efficient filter screen will be utilized for purification. Finally, an absorption treatment device of activated carbon will be used so that bioaerosol can reach the relevant discharge standards before discharging.

The treatment of medical wastes: The solid wastes generated by Guangzhou KingMed mainly include household and medical wastes. The daily household wastes generated by Guangzhou KingMed will be handed over to the qualified sanitation company to be taken away for treatment. The medical wastes will be strictly treated in accordance with the relevant national regulations. In order to further standardize the treatment procedure of medical wastes, the Group has formulated and strictly implemented the *Management Procedure for Clinical Laboratory Wastes of KingMed Diagnostics* to ensure that the collection, classification, storage, transfer, and disposal of medical wastes are compliant and the health of workers is not compromised.

3. Assessment of the environmental impact of construction projects and other administrative licenses of environmental protection

√ Applicable □ Not applicable

The official reply to the assessment of the environmental impact of the projects is as follows:

Project classification	No.	Project name	Document No. of the environmental impact assessment approval	Construction period
Environmental impact assessment	1	The official reply to the environmental impact report form of the construction project	S.K.H.Y.Z [2014] No. 187	2 years
Completion and acceptance	2	Inspection and acceptance of environmental protection for the completion of the construction project	S.K.J.H.Y [2016] No. 24	/

During the Reporting Period, the Company strictly implemented the policy of the "synchronization on three levels" for the environmental protection of projects to ensure compliance, guarantee the normal operation of pollution treatment facilities, and strictly discharge pollutants according to the requirements specified by the Sewage Discharge License.

4. Contingency plan for environmental emergencies

√ Applicable □ Not applicable

In accordance with the *Environmental Protection Law of the People's Republic of China*, the *Overall Emergency Plan for National Public Emergencies*, the *National Emergency Plan for Sudden Environmental Accidents*, and relevant laws and regulations, the Company and its subsidiaries have developed specific contingency plans for sudden accidents related to environment and set up an emergency response team to identify the existed sources of environmental risks and major hazard. Meanwhile, the team will conduct a specific analysis of the category of pollutants that are possibly generated from the risk accidents, the category of environmental impact, the impact scope, the coping measures, and the consequences of such accidents.

5. Environmental self-monitoring plan

√ Applicable □ Not applicable

The Company develops an annual environmental self-monitoring plan according to relevant regulations and entrusts the qualified third-party testing agencies to carry out monitoring of wastewater, exhaust gas, and the factory boundary noise according to the plan.

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

□ Applicable √ Not applicable

7. Other environmental information that should be disclosed

□ Applicable √ Not applicable

(II) Information on the Company's environmental protection other than major polluters

√ Applicable □ Not applicable

1. Administrative penalties for environmental problems

□ Applicable √ Not applicable

2. Other environmental information disclosed with reference to major polluters

√ Applicable □ Not applicable

The Company engages in the medical service industry. Except for Guangzhou KingMed, the other subordinate companies are not major polluters identified by the environmental authorities. During the Reporting Period, no administrative penalties were imposed for environmental protection issues. The production and operating activities of the Company conformed to the provisions of national laws and regulations on environmental protection.

3. Reasons for not disclosing other environmental information

□ Applicable √ Not applicable

(III) Information that is conducive to ecological protection, pollution prevention and environmental responsibility performance

√ Applicable □ Not applicable

As an active practitioner of green development, with a high sense of social responsibility, the Company strictly complies with the relevant requirements of national and local medical practice licenses. Meanwhile, in keeping with ISO14001 and the industrial laws and regulations, national standards, and industrial norms, the Company has developed a management system for environmental protection, comprehensive utilization of resources, and public health responsibility that fits the characteristics of KingMed. It adopts a series of management measures to facilitate ecological protection, pollution prevention, and reduction of carbon emissions and cope with the challenges brought about by global climate change. Furthermore, the Company advocates the green development philosophy to all employees, improves the consciousness and sense of responsibility for the green operation, continuously pursues the harmonious progress of enterprise economic growth and environmental protection, and safeguards lucid waters and lush mountains with practical action.

The Company has set up a refined ISO14001 environmental management system, carried out the pre-assessment of the environmental impact of projects in accordance with laws and regulations, and strictly implemented requirements for the occupational health and safety and the "synchronization on three levels" for environmental protection facilities, thus preventing problems related to environment and occupational health from the source. It regularly conducts assessments of environmental factors and adopts monitoring and control measures for the identified important environmental factors. Qualified institutes are regularly arranged to test exhaust gas and wastewater so as to ensure that emissions are discharged according to standards. Qualified institutes are appointed to conduct the pollution-free disposal of medical wastes and chemical waste liquid. During the Reporting Period, the Company mainly adopted the following measures to fulfill its environmental responsibilities:

(I) Combining with industrial characteristics, targeted environmental protection efforts conducive to the Company's sustainable operation have been carried out. Environmental management policies have been continuously promoted and implemented to further standardize and optimize the Company's environmental management. Furthermore, all departments and subsidiaries have been encouraged to conduct clean production and green management through self-optimization and source control to achieve the low-carbon development goal of the reduction of greenhouse gas emissions and active response to climate change.

(II) The impact of water resource consumption on the environment has been reduced. In the daily operation, the Company has meticulously publicized water conservation, actively promoted intelligent water-saving facilities, and regularly maintained water-consumption facilities, such as hose, faucet, and hand washing sink, to avoid any water leakage. In addition, the Company has widely applied

water-saving technologies, such as condensate water recovery and recycling of reclaimed water, to projects that are newly built, expanded, and reconstructed so as to improve the Group's water utilization efficiency.

The sewage generated by the Company can be categorized into four types, which are, sewage generated from work, medical sewage (including the wastewater generated from washing experimental vessels, cleaning test rooms, and washing clothes), the water discharged from the pure water generator, and chemical waste liquid. The Company has formulated the following measures to treat different types of sewage to ensure that the discharge of sewage will not compromise the environment and human health. During the Reporting Period, some laboratories of the Company transformed and upgraded the self-built sewage treatment system and significantly improved the efficiency of sewage treatment through equipment renewal and process optimization.

Sewage treatment	
Category	Treatment means
Sewage generated from work	Such sewage is discharged to the municipal sewage system after being treated by the septic tank.
Medical sewage	All laboratories have built internal sewage treatment systems that can operate 24 hours uninterruptedly. Such treatment systems are regularly supervised by environmental protection authorities. All medical sewage is pre-treated by sewage treatment systems and discharged to the municipal sewage system after being treated to the relevant discharge standards.
The water generated from the pure water generator	It is collected by a water tank made of stainless steel and recycled to flush the toilet.
Chemical waste liquid	Special water tanks are used to properly store chemical waste liquid. Qualified institutes for the treatment of chemical sewage are regularly appointed to take away such sewage for further treatment.

(III) The solid wastes are treated according to laws and regulations. The solid wastes generated by the Company mainly include the general solid wastes (household wastes) and medical wastes. Specifically, household wastes are handed over to a qualified sanitation company to be taken away for treatment. The medical wastes are strictly treated in accordance with the *Standard for Pollution Control on Medical Waste Treatment and Disposal* and the relevant regulations. In order to standardize the treatment procedure of the internal medical wastes, the Company has developed the *Management Procedure for Clinical Laboratory Wastes of KingMed Diagnostics* to ensure that the reception, storage, and treatment and disposal processes are safe and compliant.

(IV) A refined medical exhaust gas treatment system has been set up. The laboratory benches are all equipped with biosafety fume hoods. The exhaust gas generated from the reagent and specimen preparation of the laboratory is specially filtered through the biosafety fume hood. After that, such gas is centralized in the exhaust gas treatment system for the level-2 treatment to reach the relevant discharge standards before discharging. The bioaerosol generated from the laboratory is processed the ultraviolet sterilization through the biosafety cabinet. After that, an efficient filter screen is utilized for purification. Finally, an absorption treatment device of activated carbon is used so that bioaerosol can reach the relevant discharge standards before discharging.

(IV) Measures taken to reduce carbon emissions during the Reporting Period and the corresponding effect

√ Applicable □ Not applicable

The Company has proactively responded to the green and low-carbon economic growth philosophy of the country by properly making statistics and tracking data on energy consumption and carbon emissions. In addition, various measures have been taken for energy conservation and consumption reduction. The Company has stepped up efforts to develop the green logistics, green testing, and green office, with significant effect. Particularly for the last three years, the performance of energy conservation and consumption reduction has kept showing a better tendency. It has made conducive exploration and practices for domestic Independent Clinical Laboratories (ICL) in terms of the green logistics, green testing, green office, and green data center. The adopted management measures are

mainly as follows:

Category	Measures
Green Logistics	The Company has continuously pushed forward the investment and application coverage of new energy vehicles and purchased and utilized new energy vehicles for the Company's cold chain logistics transportation. In 2021, a total of 957 vehicles were used for the Company's cold chain logistics business, among which, new energy vehicles accounted for 32.81%. In May 2021, the first flight ceremony for the UAV-facilitated medical technology cold chain logistics hosted by the Company was launched in Guangzhou and Hangzhou at the same time, successfully realizing the first flight milestone for the ICL industry in China. Relying on the cold chain logistics service capability that has been accumulated for years, the Company has continuously explored the orientation of normal operation and maintenance of UAV logistics. It leveraged technological means to build an exclusive real-time logistics line in the air to serve medical institutes, enabling the upgrading from the "real-time information interconnection" to the "real-time specimen interconnection". As a result, transportation efficiency has been significantly improved and carbon emissions have been reduced.
Green testing	Customers are encouraged to use the "KingMed self-service system" to inquire about testing results, which has made the customer consulting and inquiry more convenient. Moreover, with the electronic work order and testing documents, paper use has been effectively reduced and the sustainability of operation has been improved. The Company has proactively worked together with superior domestic manufacturers of diagnostic reagents and consumables to optimize the product specification and design, thus reducing the waste of such reagents and consumables.
Green office	Power consumption has been significantly reduced by selecting and applying energy-saving precision air conditioners, using more frequency conversion and environmental protection central air-conditioning systems, equipping the air supply system of laboratories with variable frequency motors, and transforming energy-saving lamps on a large scale. Furthermore, in the long run, the Company has advocated the green laboratory philosophy through training, education, posters, and labels, promoted the best practice for the use of air conditioners, lamps, and other electrical appliances, and instructed employees to fulfill low-carbon and environmental protection from the details.
Green data center	In terms of projects, the Company has adopted advanced refrigerant type refrigeration systems. The precision air conditioners installed previously can be used as a backup. In this way, energy consumption has been reduced. Meanwhile, the walls of the data center, the structure of fireproof doors, and the direction of internal flow have been transformed and optimized to improve the refrigeration effect. For software and hardware technologies, invalid data storage has been reduced by improving data storage quality through data cleaning and marking. The hot and cold separation has been carried out for databases to improve the utilization efficiency of resources. Meanwhile, the outmoded servers and storage equipment have been replaced by high-performance servers and flash storage, which has reduced the energy consumption of system operation.

During the Reporting Period, the comprehensive energy consumption for an output value of RMB10,000 for the Company has been reduced year by year. On the one hand, in terms of comprehensive water consumption, the Company adopted measures for water conservation and reduction of wastewater discharge to reduce the waste of water resources. While the Company keeps expanding its scale, the comprehensive energy consumption for an output value of RMB10,000 has been continuously reduced. On the other hand, the Company adopted various energy conservation and emission reduction measures to reduce greenhouse gas emissions, bringing in the gradual reduction of carbon emission intensity. In 2021, KingMed participated in the Carbon Disclosure Project (CDP) for

the first time and obtained a score of B, which is the score of the management level. This has demonstrated the efforts that the Company has made in the management of climate-related problems.

The Company will continuously monitor the management performance of greenhouse gas and optimize the utilization of energy by setting up an energy management system, developing a strategy for carbon emission reduction, carrying out energy-saving projects, and introducing clean energy projects or technologies.

II Fulfillment of Social Responsibility

√ Applicable □ Not applicable

The Company aims to make medical services more equal and accessible and improve the level of domestic medical testing. It mainly engages in medical testing and pathological diagnostic services. With 39 self-built clinical laboratories and 670 co-constructed laboratories in areas that cover 90% of the country's population, the Company can provide support for the above-mentioned services to more than 900,000 clinical doctors in over 23,000 medical institutions. It also assists more than 11,000 grassroots hospitals across the country in improving their health service level. The Company's creative service modes can not only supplement the testing items of hospitals and improve their level of clinical treatment but also save medical costs and make the utilization of medical resources more efficient. With the in-depth national medical reform, the Company's service modes have been effectively applied to facilitate the hierarchical diagnosis and treatment, thus further driving the inclusive health care and enabling the health services to be accessible and enjoyable to every people. For details, please refer to the *2021 Corporate Social Responsibility Report of KingMed Diagnostics*, which was released at the same time as the Annual Report.

(II) Category and contribution of charity activities participated in

Category	Number	Information
Donation		
Of which: Funds (RMB'0,000)	4,398.55	During the Reporting Period, the Company established Guangzhou KingMed Foundation, making it the first enterprise that has set up a public welfare foundation in the ICL industry. It successively initiated large-scale public donation activities on Ear Care Day, World Tuberculosis Day, and other days, with an expense of RMB11.88 million for health support. It proactively participated in relief actions such as "Guangdong Poverty Alleviation Day" and "Heavy Rain Disaster in Henan on 20 July", with an accumulative donated amount of RMB31.25 million in cash and supplies. The Company and China Charities Aid Foundation for Children jointly carried out "28 days of newborn assistance" to assist all children who have been tested positive for rare diseases within 28 days after being born. It has been more than four years since the launch of the program. A total of 16 provinces including Guangdong, Guizhou, Shaanxi, Shanxi, Hubei, Henan, Hebei, and Jilin have been covered. It has provided subsidies for medical costs, testing, diagnosis, and medical consulting assistance to local families with children suffering from rare diseases so that they can be treated in time and the family burden can be alleviated. Meanwhile, it has been rewarded with the title of "Excellent Partner" by China Charities Aid Foundation for Children. The Company attached great importance to re-feeding education and talent cultivation. During the Reporting Period, it set up fellowships and scholarships in 26 universities and colleges including Guangzhou Medical University, Central South University, Tianjin Medical University, Chongqing Medical University, Dalian Medical University, Anhui Medical University, Harbin Medical University, and Fujian Medical University, with a fund of RMB86,000 and RMB772,000 for fellowship and scholarship, respectively.
Rural Revitalization		

Of which: Funds (RMB'0,000)	2,730.57	For details, please refer to "III Efforts in Poverty Alleviation and Rural Revitalization"

III Efforts in Poverty Alleviation and Rural Revitalization

√ Applicable □ Not applicable

During the Reporting Period, the Company profoundly studied and implemented General Secretary Xi Jinping's important speeches and instructions and understood the connotation and requirements for rural revitalization and common prosperity in a comprehensive and accurate manner. The Company stepped up more efforts to the industrial and health assistance and facilitated consolidating and extending the achievements of poverty alleviation by replying on its capability, keeping a foothold on actual needs, and focusing on the long-term development.

In 2021, the Company invested a total of RMB16.56 million in areas that have been lifted out of poverty and key counties specified in the national rural revitalization strategy. It continues to facilitate consolidating the achievements of poverty alleviation by co-constructing clinical laboratories to support the industry. Specifically, it carried out 28 assistance projects for laboratories in 22 key counties specified in the national rural revitalization strategy, with a total fund investment of RMB5.98 million. As of 31 December 2021, the Company assisted a total of 100 laboratories in areas that have been lifted out of poverty and key counties specified in the national rural revitalization strategy. Through this mode, the Company has facilitated the improvement of the capability of disease diagnosis and medical service level of local medical institutes, enabling local people to enjoy superior medical testing services on their doorsteps. As a result, they can save on medical expenditure and avoid the poverty caused by cure diseases.

In terms of health assistance, during the Reporting Period, the Company launched large-scale charity activity "Saluting the Old Revolutionary Bases - A Village Tour for Health in China". It actively cooperated with local government sectors, medical institutions, and industry associations. By taking the facilitation of the building of a grassroots public health system in revolutionary bases as a starting point, it provided public services including free diagnosis, popularization of science, academic lectures and health testing. The Company provided superior medical testing resources for lower-tier regions, assisting the building of a healthy rural area and the realization of common prosperity. The activity has been conducted in ten old revolutionary bases in eight provinces in China, with a donation of medical testing services worth RMB10.74 million. Meanwhile, it was rewarded with the "Outstanding Public Welfare Project Award" by Guangdong Times Media Group at the time marketing awarding ceremony.

Part VI Significant Events

I Fulfillment of Commitments

(I) Commitments of the Company's actual controller, shareholders, related parties and acquirers, as well as the Company and other entities during the Reporting Period or commitments continuing to the Reporting Period

√ Applicable □ Not applicable

Background	Type of commitment	Commitment maker	Commitment contents	Date of commitment making and term	Whether there is a deadline for fulfillment	Whether it is strictly fulfilled in time	If it is not fulfilled in time, the specific reasons shall be stated	If it is not fulfilled in time, the plan for the next step shall be stated
Commitments related to IPO	Settlement of horizontal competition	The Company's controlling shareholder and actual controller Liang Yaoming and the persons acting in concert Yan Ting and Zeng Zhanwen	(1) During the period that I directly or indirectly hold the shares (equities) of KingMed Diagnostics, I (inclusive of the other enterprises, organizations, or institutes under my control) will not directly or indirectly participate in any business activity which is identical or similar to the principal businesses or products of KingMed Diagnostics (including its wholly-owned or holding subsidiaries) and which is in direct or indirect competition in any form (including but not limited to the self-operation, joint venture or joint operation). (2) If the business I (inclusive of the other enterprises, organizations, or institutes under my control) engage in constitutes competition due to the business expansion of KingMed Diagnostics in the future, I shall terminate the corresponding business, or allow KingMed Diagnostics to take the priority to acquire the assets or stock rights (equities) related to the business on the equal conditions, or transfer the assets or share rights related to the business to a third party that has no related party relationship on the principle of fairness and justice.	Long-term	Yes	Yes	N/A	N/A

			(3) I undertake that I will restrain the other enterprises, organizations, or institutes under my control from proceeding or not proceeding with specific behaviors according to the commitment letter. (4) I shall compensate all direct or indirect losses to KingMed Diagnostics if I have been proved for not complying with the commitment. Meanwhile, the lock-up shares I held shall be extended for six months after the expiry of the lock-up period and the floating stocks I held shall be imposed an extra six-month lock-up period from the date of failing to fulfill the obligations on the commitment letter. I shall undertake corresponding legal responsibilities."					
	Dividend	The Company	(1) In accordance with the provisions of the *Company Law*, relevant laws, regulations, and the Articles of Association, on the premise of meeting the condition of cash dividend, the Company shall take its continuing operations and long-term development into consideration and shall, in principle, conduct one-time cash dividend within three years after going public. In principle, the annual profit distributed in cash shall not be less than 10% of the profit available for distribution to shareholders obtained in the year, and the accumulated profit distributed in cash in the consecutive three years shall not be less than 30% of the average annual distributable profit obtained in the corresponding period. The Board of Directors shall put forward the proposal on the specific dividend proportion according to the Company's profitability and the plan for the future fund use. (2) Conditionally, the Board of Directors of the Company can propose to conduct an interim cash dividend based on the profit scale of the current period, cash flow, development phase, and fund demand of the Company. (3) The Company shall at least review the *Shareholder Return Plan for the Next Three Years* every three years. It shall evaluate the implemented profit	Three years from 8 September 2017	Yes	Yes	None	None

			distribution policy based on the opinions of shareholders (in particular, the public shareholders), independent directors, and supervisors to determine the shareholder return plan for the period.					
	Restricted share sales	Liang Yaoming, Yan Ting, and Zeng Zhanwen	(1) Within 36 months from the date of listing of the Company's shares on the securities exchange, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. (2) If the Company's shares I hold are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, dividend payout, bonus shares, and capital reserves to share capital, it shall be the issue price that is used for comparison after the adjustment of ex-rights and ex-dividend according to corresponding proportion, which is hereinafter uniformly referred to as issue price); if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price within six months after the listing of the Company, or the closing price at the end of six months after the listing is lower than the issue price, the lock-up period for holding the Company's shares will be automatically extended for six months. I shall not waive the above commitment to extend the lock-up period due to position change, resignation, and other reasons. (3) After the expiry of the lock-up period for the shares I hold, I undertake that I shall reduce the holding shares in accordance with relevant laws, regulations, and the rules of the Shanghai Stock Exchange.	Thirty-six months from 8 September 2017	Yes	Yes	None	None
	Restricted share sales	Sheng Yufang, Xin Manyu, Sheng Boyu	(1) Within 36 months from the date of listing of the Company's shares on the securities exchange, the promisor will not transfer or entrust others to manage the	Thirty-six mont	Yes	Yes	None	None

		and Rui Zhi	shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. (2) If the Company's shares I hold are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, dividend payout, bonus shares, and capital reserves to share capital, it shall be the issue price that is used for comparison after the adjustment of ex-rights and ex-dividend according to corresponding proportion, which is hereinafter uniformly referred to as issue price); if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price within six months after the listing of the Company, or the closing price at the end of six months after the listing is lower than the issue price, the lock-up period for holding the Company's shares will be automatically extended for six months. I shall not waive the above commitment to extend the lock-up period due to position change, resignation, and other reasons. (3) After the expiry of the lock-up period for the shares I hold, I undertake that I shall reduce the holding shares in accordance with relevant laws, regulations, and the rules of the Shanghai Stock Exchange.	hs from 8 September 2017				
	Restricted share sales	Hao Bixi, Tong Xiaomeng, Chen Hao, Hu Chaohui, and Deng Zhefeng	(1) If the Company's shares I hold are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, dividend payout, bonus shares, and capital reserves to share capital, it shall be the issue price that is used for comparison after the adjustment of ex-rights and ex-dividend according to corresponding proportion, which is hereinafter uniformly referred to as issue price);	Within two years after the expiry of the lock-up	Yes	Yes	None	None

			if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price within six months after the listing of the Company, or the closing price at the end of six months after the listing is lower than the issue price, the lock-up period for holding the Company's shares will be automatically extended for six months. I shall not waive the above commitment to extend the lock-up period due to position change, resignation, and other reasons. (2) After the expiry of the lock-up period for the shares held, I undertake that I shall reduce the holding shares in accordance with relevant laws, regulations, and the rules of the Shanghai Stock Exchange.	perio d				
Commitme nts related to the follow-on offering	Settlement of horizontal competition	Liang Yaoming and the persons acting in concert Yan Ting and Zeng Zhanwen	(1) They (inclusive of the other enterprises, organizations, or institutes under their control) shall not directly or indirectly participate in any business activity which is identical or similar to the principal businesses or products of the listed company (including its wholly-owned or holding subsidiaries) and which is in direct or indirect competition in any form. (2) During the period that they directly or indirectly hold the shares (equities) of the listed company, they (inclusive of the other enterprises, organizations, or institutes under their control) shall not directly or indirectly participate in any business activity which is identical or similar to the principal businesses or products of the listed company (including its wholly-owned or holding subsidiaries) and which is in direct or indirect competition in any form (including but not limited to the self-operation, joint venture or joint operation). (3) If the business they (inclusive of the other enterprises, organizations, or institutes under their control) engage in constitutes competition due to the business expansion of the listed company in the future, they shall terminate the corresponding business, or allow the listed company to take the priority to acquire the assets or stock rights (equities) related to the business on	Long -term	Yes	Yes	None	None

			the equal conditions, or transfer the assets or share rights related to the business to a third party that has no related party relationship on the principle of fairness and justice. (4) They undertake that they will restrain the other enterprises, organizations, or institutes under my control from proceeding or not proceeding with specific behaviors according to the commitment letter.					
Commitments related to the follow-on offering	Settlement of the related-party transactions	The Company's controlling shareholders, the actual controller, and the persons acting in concert, the shareholders holding more than 5% of the Company's shares, the independent directors, supervisors, and senior management	(1) They undertake that they shall, to the largest extent, avoid and reduce the related-party transactions carried out between the promisors, their close relatives (if any), the other enterprises, organizations, or institutes (hereinafter referred to as the "promisors and other enterprises under their control"), and the issuers and the subordinate enterprises. (2) For the related-party transactions that occurred due to unavoidable reasons or reasonable grounds, promisors and other enterprises under their control shall fulfill legal procedures to sign the agreement of the related-party transaction in accordance with relevant laws, regulations, normative documents, and the provisions of the Articles of Association of the issuer on the general commercial criteria that are equal, voluntary, equivalent, and paid. They shall ensure the fair price of the related-party transaction. In principle, the price shall not deviate from the price or the charging standard of the independent third parties on the market so as to safeguard the interests of the issuer and its shareholders (in particular, the medium and small shareholders). (3) They guarantee that they shall not leverage their position and influence in the issuer to compromise the legitimate rights and interests of the issuer and its shareholders (in particular, the medium and small shareholders) through the related-party transactions. The promisors and other enterprises under their control undertake that they shall not leverage their position and influence in the issuer to take up or transfer the funds, assets, and other resources against the rules, or require the issuer to provide a	Long-term	Yes	Yes	None	None

			guarantee against the rules. (4) They shall compensate all direct or indirect losses to the issuer and shall undertake corresponding legal responsibilities if they have been proved to not be truthful or complying with the commitment. (5) The *Letter of Commitment on Regulating the Related-party Transactions* issued by the promisors shall be entered into force from the date of signing and shall not be revocable. It shall be valid if the issuer exists and during the period that the promisor is identified as the related party to the issuer in accordance with the CSRC or the relevant provisions of securities exchanges.					
Commitments related to the follow-on offering	Restricted share sales	Liang Yaoming	The shares newly issued by the issuer of this subscription shall not be transferred within 36 months from the date of issue termination of the non-public offering. If the promisor intends to reduce the holding shares obtained from the non-public offering after the expiry of the lock-up period, he shall comply with the laws and administrative regulations, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Stock Listing Rules of the Shanghai Stock Exchange*, and the administrative regulations and normative documents of the CSRC and the relevant regulations of the relevant rules of the Shanghai Stock Exchange.	Thirty-six months from 9 April 2021	Yes	Yes	None	None
Commitments related to the follow-on offering	Others	All directors and senior management of the Company	All directors and officers of the Company undertake the following commitments in terms of the measures taken to fill up the diluted immediate return of this issuance of the Company: "(1) I will not transfer benefits to other organizations or individuals for free or under unfair conditions, nor will I compromise the interests of the Company in other ways; (2) I will regulate my personal business consumption behavior; (3) I will not use the Company's assets to engage in any investment or consumption activities unrelated to their performance of duties; (4) I will link the remuneration system formulated	Long-term	Yes	Yes	None	None

			by the Board of Directors or the Remuneration Committee to the implementation of the Company's measures to fill up returns; (5) if the Company has a share incentive scheme, I will link the exercise conditions of the share incentive scheme to be announced to the implementation of the Company's measures to fill up returns; (6) after issuing the commitment and before the completion of the implementation of A shares of this non-public offering, if the CSRC formulates measures to fill up the returns or the other new regulations that it has undertaken, and the above commitment fails to meet the CSRC's regulations, I shall undertake that I will issue supplementary commitment according to the CSRC's latest regulations; (7) I will effectively implement the Company's measures to fill up returns and fully fulfill their corresponding commitment, and I am willing to bear the corresponding liability for compensation according to the law if I violate such commitment and cause losses to the Company or investors."					
Commitments related to the follow-on offering	Others	The controlling shareholder and the actual controller Liang Yaoming	The Company's controlling shareholder and the actual controller Mr. Liang Yaoming undertakes the following commitments in terms of the measures taken to fill up the diluted immediate return of this issuance of the Company: "(1) I undertake that I will not act beyond my authority to intervene in the Company's operation and management activities and encroach on the interests of Company; (2) after issuing the commitment and before the completion of the implementation of A shares of this non-public offering, if the CSRC formulates measures to fill up the returns or the other new regulations that it has undertaken, and the above commitment fails to meet the CSRC's regulations, I shall undertake that I will issue supplementary commitment according to the CSRC's latest regulations; (3) I will effectively implement the Company's measures to fill up returns and fully fulfill their corresponding commitment, and I am willing to bear					

			the corresponding liability for compensation according to the law if I violate such commitment and cause losses to the Company or investors.”					
Commitments related to share incentives	Others	Awardees of the 2019 Share Incentive Scheme	The awardees undertake that if the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement, or material omission in the information disclosure document, the awardee shall return to the Company all the benefits received from the share incentive scheme after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.	Long-term	Yes	Yes	None	None
Commitments related to share incentives	Others	The Company	The Company undertakes that no loans or financial aid in other forms will be provided to the awardees for the acquisition of the stock options under the Incentive Scheme, including the provision of guarantees for their loans.	Within 60 months from 8 September 2020	Yes	Yes	None	None
Commitments related to share incentives	Others	Awardees of the 2020 Share Incentive Scheme	The awardees undertake that if the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement, or material omission in the information disclosure document, the awardee shall return to the Company all the benefits received from the share incentive scheme after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.	Long-term	Yes	Yes	None	None
Commitments related to share incentives	Others	The Company	The Company undertakes that no loans or financial aid in other forms will be provided to the awardees for the acquisition of the stock options under the Incentive Scheme, including the provision of guarantees for their loans.	Within 60 months from 18	Yes	Yes	None	None

				May 2021				
	Others	Awardees of the 2021 Share Incentive Scheme	The awardees undertake that if the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement, or material omission in the information disclosure document, the awardee shall return to the Company all the benefits received from the share incentive scheme after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.	Long -term	Yes	Yes	None	None
Other Commitments	Others	The Company, the Company's actual controller and the persons acting in concert, directors, supervisors and senior management	The Prospectus for the IPO and listing has no false record, misleading statement, or material omissions and they shall bear individual and joint and several liabilities for the truthfulness, accuracy, and completeness of these contents.	Long -term	Yes	Yes	None	None
Other Commitments	Others	The Company's actual controller and the persons acting in concert	If any enforcement of laws and regulations on social security has been tracked back to the Company and its subsidiaries, such as the supplementary payments identified by competent authorities that need to be made for employees' social security payment or housing provident fund, the penalties imposed by competent authorities, or the claim of right raised by any party at interest in any form that needs to be supported by competent authorities, I will, unconditionally, bear all the relevant supplementary payment, penalties, the compensation cost to the party at interest, and other relevant expenses that need to be paid by the Company and its subsidiaries, ensuring that the Company and its subsidiaries will not suffer any losses.	Long -term	Yes	Yes	None	None

Other Commitments	Others	The Company's controlling shareholder and the persons acting in concert	I will guarantee that I will not act beyond my authority to intervene in the Company's operation and management activities and encroach on the interests of the Company, and will practically take corresponding measures to fill up the returns of the Company.	Long-term	Yes	Yes	None	None
Other Commitments	Others	The directors and senior management of the Company	(1) I will not transfer benefits to other units or individuals for free or under unfair conditions, nor will I compromise the interests of the Company in other ways. (2) I will regulate the business consumption behavior of directors and officers. (3) I will not use the Company's assets to engage in investment and consumption activities unrelated to the performance of corresponding duties. (4) I undertake that the remuneration system formulated by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's measures to fill up returns. (5) I undertake that I will link the exercise conditions of the share incentive scheme to be implemented to the implementation of the Company's measures to fill up returns.	Long-term	Yes	Yes	None	None
	Others	The Company, the controlling shareholder and the persons acting in concert, directors, supervisors and senior management	Note I	Long-term	Yes	Yes	None	None

According to the deliberation and approval of the 1st Extraordinary General Meeting of 2016, the Company developed the *Contingency Plan for the Stability of Share Price* after the Listing of the Company's Shares. In accordance with the Contingency Plan and the relevant laws and regulations, if the closing price of the Company's shares is lower than the audited net asset value per share for the previous fiscal year of the Company for 20 consecutive trading days, a meeting of the Board of Directors shall be held within ten trading days to deliberate the specific plans to stabilize the Company's share price. The meeting shall specify the implementation period of such plans and shall implement such plans to stabilize share price after being deliberated and approved by the General Meeting of Shareholders.

When the Company's conditions have triggered the launch of the measures for stabilizing share price, the Company shall carry out such measures in the following order:

1. The share repurchase of the Company

If the closing price of the Company's shares is lower than the audited net asset value per share for the previous fiscal year of the Company for 20 consecutive trading days, the Company shall launch the plan of repurchasing shares from the public shareholders:

(1) The Company shall repurchase the shares from the public shareholders in accordance with the *Administrative Measures for Repurchase by the Listed Companies of their Public Shares (Tentative)*, the *Supplementary Provisions on Repurchase by the Listed Companies of their Public Shares through Call Auction*, and relevant laws and regulations, meanwhile, such repurchase shall not result in the failure of meeting the listing requirement for the share distribution of the Company.

(2) When the General Meeting of Shareholders resolves on the repurchase of shares, such resolution shall be approved by more than two-thirds of voting rights held by shareholders present at the meeting. The controlling shareholder and the actual controller of the Company shall undertake to vote in favor of the repurchase at the General Meeting of shareholders.

(3) If the Company needs to repurchase shares to stabilize the Company's share price, in addition to the conformity to the relevant laws and regulations, the following requirements shall be met: 1) The price for the share repurchase shall not be higher than the audited net asset value per share for the previous fiscal year of the Company; 2) the total funds used for the share repurchase shall not exceed the amount of funds raised by the IPO of new shares; 3) the funds used for share repurchase shall not be less than RMB20 million for a single time; 4) a single share repurchase shall not exceed 2% of the Company's total share capital, if the requirement of 3) conflicts with 4), 4) shall prevail; 5) the total funds used for share repurchase in a single fiscal year shall not exceed 50% of the audited net profit attributable to the owner of the Company as the parent for the previous year.

(4) After the Board of Directors of the Company announces the contingency plan of share repurchase, if the closing price of the Company's shares is higher than the audited net asset value per share for the latest period of the Company for 20 consecutive trading days, the Board of Directors of the Company shall resolve to terminate the share repurchase.

2. The increase in shareholding of the actual controller and the persons acting in concert

After the implementation of share repurchase, if the closing price of the Company's shares is still lower than the audited net asset value per share for the previous fiscal year of the Company for 20 consecutive trading days, or the share repurchase is not implementable, the Company's actual controller and the persons acting in concert shall increase the shareholding by auction through the secondary market.

(1) The actual controller and the persons acting in concert shall increase the shareholding in accordance with the conditions and requirements of the Measures for the *Administrative Measures on Acquisition of Listed Companies*, the *Stock Listing Rules of the Shanghai Stock Exchange*, and relevant laws and regulations, meanwhile, such increase shall not result in the failure of meeting the listing requirement for the share distribution of the Company.

(2) If the actual controller and the persons acting in concert need to increase their shareholding to stabilize the Company's share price, in addition to the conformity to the relevant laws and regulations, the following requirements shall be met: 1) The price for the increased shareholding shall not be higher than the audited net asset value per share for the previous fiscal year of the Company; 2) the total funds used for the increased shareholding shall not exceed 20% of the cash dividend that they have obtained from the Company after it is listed; 3) the total funds used for the increased shareholding in a single fiscal year shall not exceed 60% of the cash dividend that they have obtained from the Company after it is listed.

3. The increase of shareholding for directors and officers

After the controlling shareholder and the actual controller increased their shareholding, if the closing price of the Company's shares is still lower than the audited net asset value per share for the previous fiscal year of the Company for 20 consecutive trading days, or the controlling shareholder and the actual controller cannot increase their shareholding, the Company's directors and officers shall increase the shareholding by auction through the secondary market.

(1) The directors and officers who are paid by the Company shall increase the shareholding in accordance with the conditions and requirements of the *Administrative Measures on Acquisition of Listed Companies*, the *Management Rules for the Shares Held by Directors, Supervisors, and Officers of Listed Companies and the Change of Such Shares*, and relevant laws and regulations, meanwhile, such increase shall not result in the failure of meeting the listing requirement for the share distribution of the Company.

(2) If the directors and officers who are obligated to increase their shareholding to stabilize the Company's share price, in addition to the conformity to the relevant laws and regulations, the following requirements shall be met: 1) The price for the increased shareholding shall not be higher than the audited net asset value per share for the previous fiscal year of the Company; 2) the money assets used by the Company's directors for the single and (or) consecutive 12 months of increased shareholding shall not be less than 20% of the total pre-tax income of the directors and officers in the previous year but shall not exceed 60% of such income; 3) all directors and officers shall undertake joint liability for the obligation of the increased shareholding.

(3) The newly engaged directors and officers who are paid by the Company within three years of the IPO and the listing shall abide by the obligations and responsibilities of directors and officers of the Company specified in the contingency plan. The Company, its controlling shareholder and the actual controller, and the current directors and officers shall urge the newly engaged directors and officers to abide by the contingency plan and sign relevant letters of commitment.

(4) When independent directors implement the above-mentioned contingency plan for the stabilization of share price, they shall abide by the independence specified in the provisions and requirements of the CSRC, the securities exchange, and the Articles of Association.

(II) Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has or has not been reached for the Reporting Period.

□ Forecast reached □ Forecast unreached √ Not applicable

(III) Fulfillment of performance commitments and the impact on goodwill impairment tests

□ Applicable √ Not applicable

II Occupation of the Company's Capital by the Controlling Shareholder or Other Related Parties for Non-Operating Purposes during the Reporting Period

□ Applicable √ Not applicable

III Irregularities in the Provision of Guarantees

□ Applicable √ Not applicable

IV Explanation Given by the Board of Directors Regarding "Independent Auditor's Report with Modified Opinion"

□ Applicable √ Not applicable

V Reasons for and Impact of Changes to Accounting Policies and Accounting Estimates and Correction of Significant Accounting Errors

(I) Reasons for and impact of changes to accounting policies and accounting estimates

√ Applicable □ Not applicable

In accordance with the relevant provisions and requirements of the Ministry of Finance, the Company has changed and adjusted the accounting policies and business accounting of relevant titles of account accordingly. This change in accounting policies will not exert a significant impact on the Company's profit and loss, total assets, net assets, and cash flow.

(I) Implementing the *Interpretation No. 14 of Accounting Standards for Business Enterprises*

On 2 February 2021, the Ministry of Finance issued the *Interpretation No. 14 of Accounting Standards for Business Enterprises* (C.K. [2021] No. 1, hereinafter referred to as the "Interpretation No. 14"), which came into force on the date of publication. The relevant business newly added from 1 January 2021 to the implementation date was adjusted according to the Interpretation No. 14.

The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(II) Implementing the *Notice on Adjusting the Application Scope of the 'Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic'*

On 19 June 2020, the Ministry of Finance issued the *Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic* (C.K. [2020] No. 10). For rent concession meeting the conditions and directly caused by the COVID-19, such as rent relief and deferred rent payments, businesses can choose to use a simplified approach for accounting treatment.

On 26 May 2021, the Ministry of Finance issued the *Notice on Adjusting the Application Scope of the 'Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic'* (C.K. [2021] No. 9), which was implemented on 26 May 2021, and adjusted the application scope of

rent concessions related to the COVID-19 allowed by the *Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic* from "concessions only for lease payments payable before 30 June 2021" to "concessions only for the lease payments before 30 June 2022", with other applicable conditions unchanged.

The Company has decided to adopt the simplified method for the accounting treatment of all lease contracts that met the requirements before the adjustment of the application scope and simultaneously adopt the simplified method for the accounting treatment of all similar lease contracts that met the requirements after the adjustment of the application scope. Retroactive adjustments were made to the relevant lease contracts for which accounting treatment was changed, but the data in the comparative financial statements during the previous period was not adjusted; adjustments were made for the relevant rent concessions occurred between 1 January 2021 and the implementation date of the Notice that had not been accounted for in accordance with the Notice based on the Notice.

The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(III) Implementing the *Interpretation No. 15 of Accounting Standards for Business Enterprises*

On 30 December 2021, the Ministry of Finance issued the *Interpretation No. 15 of Accounting Standards for Business Enterprises* (C.K. [2021] No. 35, hereinafter referred to as the "Interpretation No. 15"), in which the content of "the related presentation of the centralized management of funds" specified came into force on the date of publication, with corresponding adjustments made for the financial statement data of the comparable period.

The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(II) Reasons for correction of material accounting errors and the impact

□ Applicable √ Not applicable

(III) Communications with the former CPA firm

□ Applicable √ Not applicable

(IV) Other information

□ Applicable √ Not applicable

VI Appointment and Dismissal of CPA Firm

Unit: RMB

	In service
Name of the domestic CPA firm	BDO China Shu Lun Pan Certified Public Accountants LLP
The Company's payment to the domestic CPA firm	2,000,000.00
How many years the domestic CPA firm has provided audit service for the Company	7

	Name	Payment
CPA firm for the audit of internal control	BDO China Shu Lun Pan Certified Public Accountants LLP	800,000
Sponsor	CITIC Securities Company Limited	0

Appointment and dismissal of CPA firm:
√ Applicable □ Not applicable

As approved by the 2020 Annual General Meeting of Shareholders, the Company decided to re-appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the independent auditor for the financial statements and internal control of 2021.

Change of the CPA firm during the audit:
□ Applicable √ Not applicable

VII Delisting Risk

(I) Reasons for the delisting risk warning

□ Applicable √ Not applicable

(II) The Company's response

□ Applicable √ Not applicable

(III) Risk of termination of listing and the reasons

□ Applicable √ Not applicable

VIII Insolvency and Reorganization

□ Applicable √ Not applicable

IX Significant Legal Matters

□The Company has material litigation and arbitration this year
√The Company has no material litigation and arbitration this year

X Punishments on the Company as well as Its Directors, Supervisors, Senior Management, Controlling Shareholder and Actual Controller for Violation of Laws or Regulations, as well as the Relevant Rectifications

□ Applicable √ Not applicable

XI Credit Standings of the Company as well as Its Controlling Shareholder and Actual Controller during the Reporting Period

□ Applicable √ Not applicable

XII Major Related-Party Transactions

(I) Continuing related-party transactions

1. Already disclosed in current announcement without new progress or changes

√ Applicable □ Not applicable

Transaction overview	Index to the disclosed information
The Proposal on the Estimated Continuing Related-party Transactions for 2021 was approved at the 21st Meeting of the Second Board of Directors on 1 February 2021. As such, the Company was estimated to purchase raw materials of RMB35 million from its related party Guangzhou KingCreate Biotechnology Co., Ltd.	For further information, see the Announcement of Guangzhou KingMed Diagnostics Group Co., Ltd. on the Estimated Continuing Related-party Transactions for 2021 disclosed by the Company on the designated media and the website of the Shanghai Stock Exchange dated 2 February 2021.
The Proposal on Adjustments to Estimated Continuing Related-party Transactions for 2021 and the Proposal on the Estimated Continuing Related-party Transactions for 2022 were approved at the Fourth Meeting of the Third Board of Directors on 27 December 2021. As such, the Company intended to raise the estimated total amount of continuing related-party transactions in 2021 with KingCreate from RMB35 million to RMB57 million, and estimated the total amount of continuing related-party transactions with KingCreate in 2022 at RMB140 million.	For further information, see the Announcement of Guangzhou KingMed Diagnostics Group Co., Ltd. on Adjustments to Estimated Continuing Related-party Transactions for 2021 and the Estimated Continuing Related-party Transactions for 2022 disclosed by the Company on the designated media and the website of the Shanghai Stock Exchange dated 28 December 2021.

2. Disclosed in current announcement but with new progress or changes

□ Applicable √ Not applicable

3. Undisclosed in current announcement

□ Applicable √ Not applicable

(II) Related-party transactions regarding purchase or sale of assets or equity investments

1. Already disclosed in current announcement without new progress or changes

□ Applicable √ Not applicable

2. Disclosed in current announcement but with new progress or changes

□ Applicable √ Not applicable

3. Undisclosed in current announcement

□ Applicable √ Not applicable

4. Where a performance commitment is involved in such a related-party transaction, the performance results for the Reporting Period shall be disclosed.

□ Applicable √ Not applicable

(III) Major related-party transactions regarding joint investments in third parties

1. Already disclosed in current announcement without new progress or changes

□ Applicable √ Not applicable

2. Disclosed in current announcement but with new progress or changes

□ Applicable √ Not applicable

3. Undisclosed in current announcement

□ Applicable √ Not applicable

(IV) Amounts due to and from related parties

1. Already disclosed in current announcement without new progress or changes

□ Applicable √ Not applicable

2. Disclosed in current announcement but with new progress or changes

□ Applicable √ Not applicable

3. Undisclosed in current announcement

□ Applicable √ Not applicable

(V) Financial transactions between the Company and related finance companies, or between finance companies under the Company's control and related parties

□ Applicable √ Not applicable

(VI) Other information

□ Applicable √ Not applicable

XIII Major Contracts and the Execution

(I) Entrustment, Contracting and Leases

1. Entrustment

□ Applicable √ Not applicable

2. Contracting

□ Applicable √ Not applicable

3. Leases

□ Applicable √ Not applicable

(II) Guarantees

□ Applicable √ Not applicable

(III) Cash entrusted to other entities for management

1. Cash entrusted for wealth management

(1) Total cash entrusted for wealth management

□ Applicable √ Not applicable

Other information:

□ Applicable √ Not applicable

(2) Single Wealth Management Entrustment

□ Applicable √ Not applicable

Other information:

□ Applicable √ Not applicable

(3) Impairment allowances for wealth management entrustment

□ Applicable √ Not applicable

2. Entrusted Loans

(1) Total Entrusted Loans

□ Applicable √ Not applicable

Other information:

□ Applicable √ Not applicable

(2) Single Entrustment Loans

□ Applicable √ Not applicable

Other information:

□ Applicable √ Not applicable

(3) Impairment allowances for entrusted loans

□ Applicable √ Not applicable

3. Other information

□ Applicable √ Not applicable

(IV) Other significant contracts

□ Applicable √ Not applicable

XIV Other Significant Events for Investors' Judgment of Value and Investment Decision-making

□ Applicable √ Not applicable

Part VII Share Changes and Shareholder Information

I Share Changes

(I) Share changes

1. Share changes

Unit: share

	Before		Increase/decrease in the current period (+/-)					After	
	Shares	Percentage (%)	New issue	Bonus issue from profit	Bonus issue from capital reserves	Other	Subtotal	Shares	Percentage (%)
I Restricted shares	0	0	3,123,698				3,123,698	3,123,698	0.67
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	0	0	3,123,698				3,123,698	3,123,698	0.67
Including: Shares held by domestic corporations	0	0							
Shares held by domestic individuals	0	0	3,123,698				3,123,698	3,123,698	0.67
4. Shares held by overseas investors									
Including: Shares held by overseas corporations									

Shares held by overseas individuals									
II Unrestricted shares	459,487,577	100	2,975,000				2,975,000	462,462,577	99.33
1. RMB-denominated ordinary shares	459,487,577	100	2,975,000				2,975,000	462,462,577	99.33
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III Total shares	459,487,577	100	6,098,698				6,098,698	465,586,275	100

2. Description of changes in shares

√ Applicable □ Not applicable

(1) On 9 April 2021, the ownership registration formalities were completed with the Shanghai branch of China Securities Depository and Clearing Corporation Limited regarding the 3,123,698 shares issued by the Company in a private placement. The shares subscribed by the Company's actual controller Liang Yaoming were not allowed for transfer within 36 months of the end of the private placement.
(2) On 8 September 2021, the ownership registration formalities were completed with the Shanghai branch of China Securities Depository and Clearing Corporation Limited regarding the 1,347,500 shares which had been exercised in the second period of the 2019 Share Option Incentive Plan. These shares have been allowed for public trading since 15 September 2021.
(3) On 29 November 2021, the ownership registration formalities were completed with the Shanghai branch of China Securities Depository and Clearing Corporation Limited regarding the 1,627,500 shares which had been exercised in the first period of the 2020 Share Option Incentive Plan. These shares have been allowed for public trading since 6 December 2021.

3. Impact of share changes on financial indicators such as earnings per share and net asset value per share for the most recent year and the most recent period (if any)

√ Applicable □ Not applicable

During the Reporting Period, due to the private placement of 6,098,698 new shares, the total share capital increased from 459,487,577 shares to 465,586,275 shares. This share change resulted in the

dilution of financial indicators such as basic earnings per share and equity per share for 2021. For details, see "VII Key Financial Information for the Past Three Years" in Part II.

4. Other information necessary to be disclosed or required to be disclosed

□ Applicable √ Not applicable

(II) Change of restricted shares

√ Applicable □ Not applicable

Unit: Share

Name of shareholder	Opening restricted shares	Number of shares unlocked during the Reporting Period	Increase in restricted shares during the Reporting Period	Closing restricted shares	Reason for restriction	Date of unlocking
Liang Yaoming	0	0	3,123,698	3,123,698	Private placement	9 April 2024
Total	0	0	3,123,698	3,123,698	/	/

II Issuance and Listing of Securities

(I) Securities issued during the Reporting Period

√ Applicable □ Not applicable

Unit: Share Currency: RMB

Class of stock and its derivative securities	Issue date	Issue price (or interest rate)	Number of shares issued	Listing date	Number of shares allowed for public trading	Final trading date
Ordinary stock						
A-stock	9 April 2021	48.03	3,123,698	9 April 2021	3,123,698	/
A-stock	8 September 2021	28.461	1,347,500	15 September 2021	1,347,500	/
A-stock	29 November 2021	90.901	1,627,500	6 December 2021	1,627,500	/

Description of securities issued during the Reporting Period (for bonds with different interest rates over the lifetime, please specify separately):

□ Applicable √ Not applicable

(II) Changes in Total Shares and Shareholder Structure, as well as in Asset and Liability Structures

√ Applicable □ Not applicable

During the Reporting Period, due to the private placement of 6,098,698 new shares, the total share capital increased from 459,487,577 shares to 465,586,275 shares. For changes in the shareholder structure, see "(I) Share changes" under "I Share Changes" of this part. For changes in asset and liabilities structures, see "(III) Analysis of assets and liabilities" under "V Business Overview for the Reporting Period" of Part III.

(III) Existing staff-held shares

□ Applicable √ Not applicable

III Shareholders and Actual Controller

(I) Total number of shareholders

Number of ordinary shareholders at the period-end	32,974
Number of ordinary shareholders at the month-end prior to the disclosure of this Report	41,374
Number of preference shareholders with resumed voting rights at the period-end	0
Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0

(II) Top 10 shareholders and public shareholders (or unrestricted shareholders) at the period-end

Unit: share

Top 10 shareholders							
Full name of shareholder	Shareholding increase/decrease in the Reporting Period	Closing shareholding	Shareholding percentage (%)	Restricted shares held	Shares in pledge, marked or frozen		Nature of shareholder
					Status	Shares	
Hong Kong Securities Clearing Company Limited	32,441,551	80,024,590	17.19	0	Unknown	0	Other
Liang Yaoming	3,123,698	74,191,907	15.94	3,123,698	In pledge	9,100,000	Domestic individual
Guangzhou Xinmanyu Investment Management Partnership (Limited Partnership)	0	36,042,650	7.74	0	N/A	0	Other
Guochuang Kaiyuan Equity Investment Fund (L.P.)	-343,200	30,880,905	6.63	0	N/A	0	Other

Guangzhou Shengboyu Investment Management Partnership (Limited Partnership)	0	24,346,350	5.23	0	N/A	0	Other
Guangzhou Shengyufang Investment Management Enterprise (Limited Partnership)	0	21,000,000	4.51	0	In pledge	8,300,000	Other
Guangzhou Ruizhi Investment Management Partnership (Limited Partnership)	0	18,788,000	4.04	0	N/A	0	Other
Postal Savings Bank of China Co., Ltd.－E Fund New Income Dynamic Asset Allocation Mixed Securities Investment Fund	4,264,038	5,178,871	1.11	0	Unknown	0	Other
National Social Security Fund-Portfolio 117	4,099,969	4,999,955	1.07	0	Unknown	0	Other
Shanghai Pudong Development Bank Co., Ltd.－E Fund Yufeng Return Bond Securities Investment Fund	3,818,700	3,818,700	0.82	0	Unknown	0	Other

Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted public shares held	Type and number of shares	
		Class	Shares
Hong Kong Securities Clearing Company Limited	80,024,590	RMB-denominated ordinary stock	80,024,590
Liang Yaoming	71,068,209	RMB-denominated ordinary stock	71,068,209
Guangzhou Xinmanyu Investment Management Partnership (Limited Partnership)	36,042,650	RMB-denominated ordinary stock	36,042,650
Guochuang Kaiyuan Equity Investment Fund (L.P.)	30,880,905	RMB-denominated ordinary stock	30,880,905

Guangzhou Shengboyu Investment Management Partnership (Limited Partnership)	24,346,350	RMB-denominated ordinary stock	24,346,350
Guangzhou Shengyufang Investment Management Enterprise (Limited Partnership)	21,000,000	RMB-denominated ordinary stock	21,000,000
Guangzhou Ruizhi Investment Management Partnership (Limited Partnership)	18,788,000	RMB-denominated ordinary stock	18,788,000
Postal Savings Bank of China Co., Ltd.—E Fund New Income Dynamic Asset Allocation Mixed Securities Investment Fund	5,178,871	RMB-denominated ordinary stock	5,178,871
National Social Security Fund-Portfolio 117	4,999,955	RMB-denominated ordinary stock	4,999,955
Shanghai Pudong Development Bank Co., Ltd.—E Fund Yufeng Return Bond Securities Investment Fund	3,818,700	RMB-denominated ordinary stock	3,818,700
Share repurchase account among the top 10 shareholders	N/A		
Shareholders above entrusting/entrusted with or waiving voting rights	N/A		
Related or acting-in-concert parties among shareholders above	1. Among the top 10 shareholders, the actual controller and controlling shareholder Liang Yaoming held interests of 4.89%, 10.03%, 99.09% and 1.79% respectively in and acted as a general partner of Guangzhou Xinmanyu Investment Management Partnership (Limited Partnership), Guangzhou Shengboyu Investment Management Partnership (Limited Partnership), Guangzhou Shengyufang Investment Management Enterprise (Limited Partnership), and Guangzhou Ruizhi Investment Management Partnership (Limited Partnership). 2. Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties among the shareholders above.		
Preference shareholders with resumed voting rights and their shareholdings	N/A		

Shareholdings of the top 10 restricted shareholders and the restrictions:

√ Applicable □ Not applicable

Unit: share

No.	Name of restricted shareholder	Restricted shares held	Restricted shares allowed for public trading	Restriction

			Date when public trading is allowed	Increase in restricted shares allowed for public trading	
1	Liang Yaoming	3,123,698	9 April 2024	3,123,698	Non-tradable for 36 months since the shares were listed
2					
3					
4					
5					
6					
7					
8					
9					
10					
Related or acting-in-concert parties among shareholders above		N/A			

(III) Indicate whether any strategic investor or general corporation has become a top-10 shareholder in a rights issue.

□ Applicable √ Not applicable

IV Controlling Shareholder and Actual Controller

(I) Controlling shareholder

1. Corporation

□ Applicable √ Not applicable

2. Individual

√ Applicable □ Not applicable

Name	Liang Yaoming
Nationality	Chinese
Residency in other countries or regions (yes/no)	No
Main occupations and positions	Chairman of the Board and General Manager

3. Special statement regarding the fact that the Company does not have a controlling shareholder

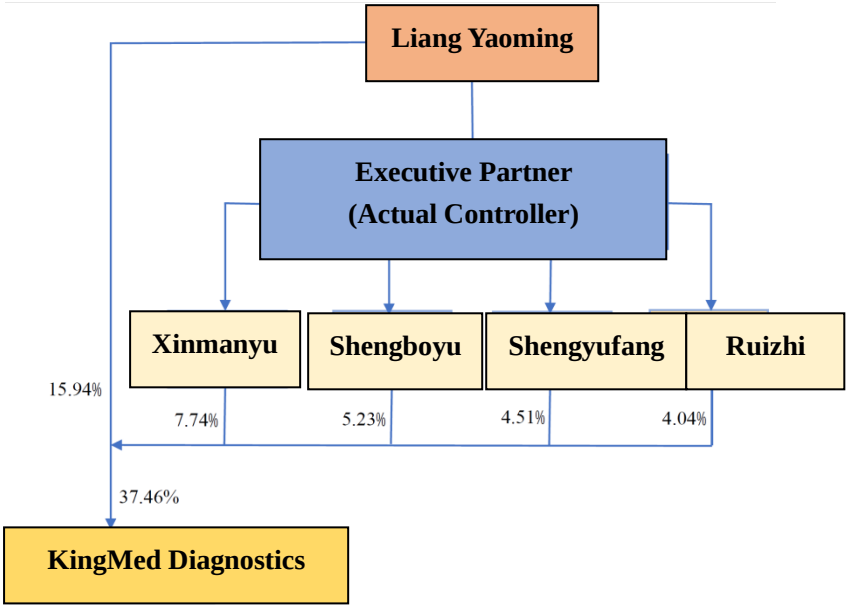
□ Applicable √ Not applicable

4. Change of the controlling shareholder in the Reporting Period

□ Applicable √ Not applicable

5. Illustration of the controlling shareholder's ownership in the Company

√ Applicable □ Not applicable



(II) Actual controller

1. Corporation

□ Applicable √ Not applicable

2. Individual

√ Applicable □ Not applicable

Name	Liang Yaoming
Nationality	Chinese
Residency in other countries or regions (yes/no)	No
Main occupations and positions	Chairman of the Board and General Manager
Controlling interests in other domestically and overseas listed companies in the past 10 years	N/A

3. Special statement regarding the fact that the Company does not have an actual controller.

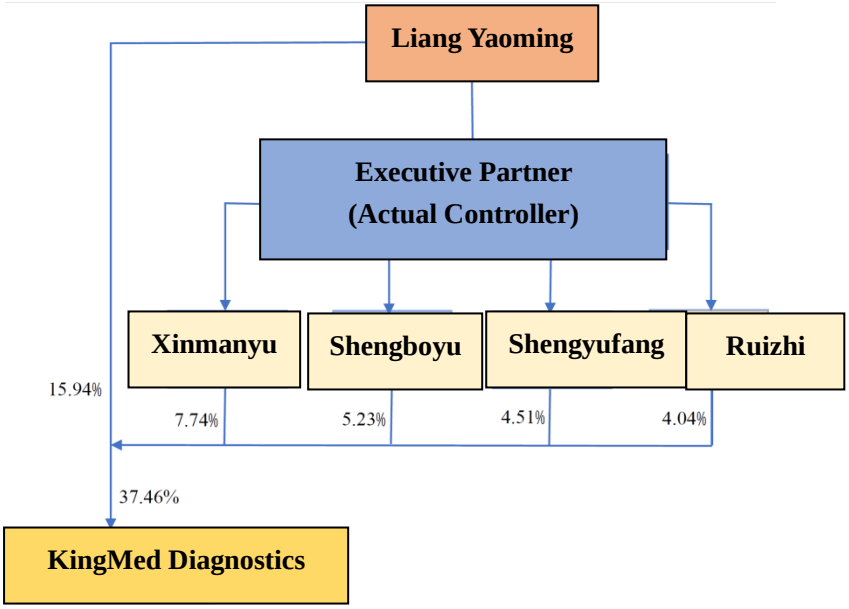
□ Applicable √ Not applicable

4. Change of the actual controller in the Reporting Period

□ Applicable √ Not applicable

5. Illustration of the actual controller's ownership in the Company

√ Applicable □ Not applicable



6. Indicate whether the actual controller controls the Company via trust or other ways of asset management.

□ Applicable √ Not applicable

(III) Other information about the controlling shareholder and the actual controller

√ Applicable □ Not applicable

Related party	Relationship
Xinmanyu	Liang Yaoming acts as the Executive Partner.
Shengboyu	Liang Yaoming acts as the Executive Partner.
Shengyufang	Liang Yaoming holds a direct interest of 99.09% and acts as the Executive Partner.
Ruizhi	Liang Yaoming acts as the Executive Partner.
Guangzhou Jinyuan Kun Tong Investment Management Limited	Liang Yaoming holds an interest of 55.00%.
Guangzhou Xinmanli Investment Consulting Co., Ltd.	Liang Yaoming holds the 100% interest.

V Indicate whether the cumulative number of shares put in pledge by the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties accounts for over 80% of their shareholdings in the Company.

□ Applicable √ Not applicable

VI Other 10% or Greater Corporate Shareholders

□ Applicable √ Not applicable

VII Restrictions on Shareholding Reduction

√ Applicable □ Not applicable

On 9 April 2021, the ownership registration formalities were completed with the Shanghai branch of China Securities Depository and Clearing Corporation Limited regarding the 3,123,698 shares issued by the Company in a private placement. The shares subscribed by Liang Yaoming were not allowed for transfer within 36 months of the end of the private placement.

VIII Share Repurchases during the Reporting Period

□ Applicable √ Not applicable

Part VIII Preference shares

□ Applicable √ Not applicable

Part IX Bonds

I Enterprise Bonds, Corporate Bonds and Debt Financing Instruments of Non-financial Enterprise

□ Applicable √ Not applicable

(I) Enterprise bonds

II Convertible Corporate Bonds

□ Applicable √ Not applicable

Part X Financial Statements

I Independent Auditor's Report

√ Applicable □ Not applicable

To the shareholders of Guangzhou KingMed Diagnostics Group Co., Ltd.:

We have audited the financial statements of Guangzhou KingMed Diagnostics Group Co., Ltd. ("KingMed Diagnostics" or the "Company"), which comprise the consolidated and parent company (the Company as the parent exclusive of subsidiaries) balance sheets as at 31 December 2021, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2021, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. 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 matters that, based on our professional judgment, are deemed most important to the 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.

The key audit matters we identified in our audit are summarized as follows:

Key audit matter	Audit response
(I) Allowances for doubtful accounts receivable	
For the details of allowances for doubtful accounts receivable, see the accounting policy stated in Note "III Significant Accounting Policies and Accounting Estimates/(X)" and "V Notes to the Items of the Consolidated Financial Statements/(II)". As at 31 December 2021, the balance of the Company's accounts	1. Acquiring knowledge of and testing key internal controls with respect to the Company's expected credit losses on accounts receivable; 2. Analyzing and communicating with the management about the rationality of the Company's accounting estimates for establishing allowances for doubtful accounts receivable by age group,

Key audit matter	Audit response
receivable stood at RMB4,808.5059 million, inclusive of the allowances of RMB143.0568 million for doubtful accounts and the carrying value of RMB4,665.4491. When making judgment with respect to the recoverability of accounts receivable, the management needs to assess the credit conditions of the relevant customers, including their credit records, historical payment records, disputes, etc. When assessing the expected credit losses on accounts receivable, the management needs to make significant accounting estimates and judgment, which are uncertain. Since allowances for doubtful accounts receivable are substantial to the financial statements, we are of the opinion that there is a major risk as to the allowances for the expected credit losses on accounts receivable and thus recognize allowances for doubtful accounts receivable as a key audit matter.	including the basis for the determination of the ages of accounts receivable as the credit risk feature groups, as well as the data and materials relying on which the expected credit loss rates of groups are determined based on the historical credit loss experience and forward-looking estimates; 3. Obtaining the Company's schedule of accounts receivable by age, selecting samples to review the ages of accounts receivable, analyze the customers' credit conditions, execute the writing confirmation for the accounts receivable and examine the subsequent settlement of accounts receivable, and expressing our opinion on the accuracy of the schedule of accounts receivable by age; 4. Obtaining the table of the Company's allowances for doubtful accounts receivable, examining whether the allowances have been established according to the determined accounting estimates, and re-measuring to see whether the amounts of allowances for doubtful accounts receivable are accurate; and 5. Examining whether the information on the allowances for doubtful accounts receivable is properly presented in the financial statements.

Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2021 Annual Report 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 this 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 Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such

internal control as the 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern (if applicable) and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for Audit of 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 CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(I) 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.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(IV) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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 noteworthy deficiencies in internal control that we identify during our audit.

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

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

BDO China Shu Lun Pan Certified Public Accountants LLP	**Chinese certified public accountant: Ding Chenlong (engagement partner)**
	Chinese certified public accountant: Luo Dan
Shanghai•China	**26 April 2022**

II Financial Statements

Consolidated Balance Sheet

31 December 2021

Prepared by Guangzhou KingMed Diagnostics Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary assets		2,653,446,559.87	1,635,296,519.60
Settlement reserve			
Loans to other banks and financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable		4,665,449,068.93	2,694,451,437.58
Receivables financing			
Prepayments		8,621,374.19	12,664,064.10
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables		66,096,716.27	54,863,727.94
Of which: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories		345,143,469.71	238,127,719.90
Contract assets		138,394,870.97	76,825,711.28
Assets held for sale			
Current portion of non-current assets			
Other current assets		53,113,052.77	49,435,460.47
Total current assets		7,930,265,112.71	4,761,664,640.87
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		214,251,265.02	155,099,642.20
Other equity investments			
Other non-current financial assets		144,071,848.29	80,087,533.21
Investment property		30,613,681.06	31,748,130.90
Fixed assets		1,576,195,727.16	1,207,189,016.53
Construction in progress		143,152,458.06	17,726,879.55
Productive living assets			
Oil and gas assets			
Right-of-use assets		248,288,810.67	
Intangible assets		68,410,218.30	138,628,111.25
Development costs			

Goodwill		13,350,135.62	13,350,135.62
Long-term prepaid expense		197,685,771.20	176,871,885.78
Deferred income tax assets		36,107,779.72	15,467,617.37
Other non-current assets		148,499,109.75	41,479,374.12
Total non-current assets		2,820,626,804.85	1,877,648,326.53
Total assets		10,750,891,917.56	6,639,312,967.40
Current liabilities:			
Short-term borrowings			37,170,908.88
Borrowings from the central bank			
Loans from other banks and financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,282,755,453.61	1,626,533,094.38
Advances from customers			
Contract liabilities		131,796,202.25	93,056,481.17
Financial assets sold under repurchase agreements			
Customer deposits and deposits from other banks and financial institutions			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable		637,107,915.10	248,496,020.64
Taxes and levies payable		251,477,447.59	111,187,969.72
Other payables		223,483,558.89	149,520,635.58
Of which: Interest payable			
Dividends payable		2,407,044.96	16,019,598.16
Fees and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		200,968,998.04	45,145,520.51
Other current liabilities		507,648.97	326,208.62
Total current liabilities		3,728,097,224.45	2,311,436,839.50
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings		248,739,891.73	379,189,945.37
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		172,388,248.66	
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		37,445,333.33	52,883,194.42

Deferred income tax liabilities		41,627,828.24	19,220,972.96
Other non-current liabilities			
Total non-current liabilities		500,201,301.96	451,294,112.75
Total liabilities		4,228,298,526.41	2,762,730,952.25
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		465,586,275.00	459,487,577.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		1,376,945,494.79	923,888,243.00
Less: Treasury shares			
Other comprehensive income		-11,762,957.42	-1,761,721.21
Specific reserve			
Surplus reserves		232,793,137.50	107,094,311.85
Specific reserve			
Retained earnings		4,240,247,537.34	2,298,505,027.25
Total equity attributable to owners (or shareholders) of the Company as the parent		6,303,809,487.21	3,787,213,437.89
Non-controlling interests		218,783,903.94	89,368,577.26
Total owners' equity (or shareholders' equity)		6,522,593,391.15	3,876,582,015.15
Total liabilities and owners' equity (or shareholders' equity)		10,750,891,917.56	6,639,312,967.40

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Balance Sheet of the Company as the Parent

31 December 2021

Prepared by Guangzhou KingMed Diagnostics Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Current assets:			
Monetary assets		1,289,931,801.97	767,213,097.99
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Prepayments			
Other receivables		1,754,164,653.20	1,008,145,127.66
Of which: Interest receivable			
Dividends receivable			118,451,238.59
Inventories			
Contract assets			
Assets held for sale			
Current portion of			

non-current assets			
Other current assets			991,810.08
Total current assets		3,044,096,455.17	1,776,350,035.73
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		1,084,830,483.85	835,007,903.57
Other equity investments			
Other non-current financial assets		143,971,848.29	79,987,533.21
Investment property		246,592,309.62	256,231,191.02
Fixed assets		36,423,647.37	36,137,549.90
Construction in progress			2,900,192.02
Productive living assets			
Oil and gas assets			
Right-of-use assets		500,451.52	
Intangible assets		1,224,562.21	60,409,403.23
Development costs			
Goodwill			
Long-term prepaid expense		459,958.26	182,265.14
Deferred income tax assets			
Other non-current assets		2,055,249.60	5,798,210.00
Total non-current assets		1,516,058,510.72	1,276,654,248.09
Total assets		4,560,154,965.89	3,053,004,283.82
Current liabilities:			
Short-term borrowings			37,170,908.88
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		5,733,225.00	648,364.80
Advances from customers			
Contract liabilities		17,500,000.00	17,500,000.00
Employee benefits payable		16,374,151.97	7,475,402.53
Taxes and levies payable		3,437,134.84	520,251.62
Other payables		136,962,451.69	246,396,117.74
Of which: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		130,888,613.25	44,850,966.79
Other current liabilities			
Total current liabilities		310,895,576.75	354,562,012.36
Non-current liabilities:			
Long-term borrowings		242,377,018.03	372,541,099.79
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		278,603.93	
Long-term payables			

Long-term employee benefits payable			
Provisions			
Deferred income		262,909.95	6,387,687.94
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		242,918,531.91	378,928,787.73
Total liabilities		553,814,108.66	733,490,800.09
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		465,586,275.00	459,487,577.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		1,407,079,744.50	947,708,030.19
Less: Treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserves		232,793,137.50	107,094,311.85
Retained earnings		1,900,881,700.23	805,223,564.69
Total owners' equity (or shareholders' equity)		4,006,340,857.23	2,319,513,483.73
Total liabilities and owners' equity (or shareholders' equity)		4,560,154,965.89	3,053,004,283.82

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Consolidated Income Statement

January-December 2021

Unit: RMB

Item	Note	2021	2020
I Total revenues		11,943,223,630.06	8,243,763,516.83
Of which: Operating revenue		11,943,223,630.06	8,243,763,516.83
Interest income			
Insurance premium income			
Fee and commission income			
II Total costs and expenses		9,158,116,257.11	6,429,374,374.96
Of which: Cost of sales		6,295,017,894.74	4,395,136,368.87
Interest expense			
Fee and commission expense			
Surrenders			
Net insurance claims paid			
Net amount provided as insurance contract reserve			
Expenditure on policy dividends			
Reinsurance premium expense			
Taxes and levies		11,708,821.35	6,933,955.15
Selling expense		1,435,419,123.25	989,918,295.90

Administrative expense		887,953,944.51	622,663,977.78
R&D expense		517,928,365.75	397,169,627.84
Finance costs		10,088,107.51	17,552,149.42
Of which: Interest expense		27,547,340.64	29,256,575.27
Interest income		21,531,766.90	13,758,953.55
Add: Other income		79,713,823.45	66,140,068.09
Return on investment (“－” for loss)		-7,294,883.49	-18,664,364.64
Of which: Share of profit or loss of joint ventures and associates		-8,848,377.18	-18,693,035.99
Income from the derecognition of financial assets at amortized cost			
Exchange gain (“－” for loss)			
Net gain on exposure hedges (“－” for loss)			
Gain on changes in fair value (“－” for loss)			
Credit impairment loss (“－” for loss)		-70,500,051.51	-46,226,499.36
Asset impairment loss (“－” for loss)		-518,975.56	-878,952.53
Asset disposal income (“－” for loss)		-9,739,652.78	2,105,787.92
III Operating profit (“－” for loss)		2,776,767,633.06	1,816,865,181.35
Add: Non-operating income		1,979,922.94	2,172,970.81
Less: Non-operating expense		31,190,097.18	8,564,395.12
IV Gross profit (“－” for gross loss)		2,747,557,458.82	1,810,473,757.04
Less: Income tax expense		384,045,589.85	237,041,408.11
V Net profit (“－” for net loss)		2,363,511,868.97	1,573,432,348.93
(I) By operating continuity			
1.Net profit from continuing operations (“－” for net loss)		2,363,511,868.97	1,573,432,348.93
2.Net profit from discontinued operations (“－” for net loss)			
(II) By ownership			
1.Net profit attributable to owners of the Company as the parent (“－” for net loss)		2,219,640,445.22	1,509,701,887.90
2.Net profit attributable to non-controlling interests (“－” for net loss)		143,871,423.75	63,730,461.03
VI Other comprehensive income, net of tax		-10,001,236.21	-3,558,134.93
(I) Other comprehensive income, net of tax attributable to owners of the Company as the parent		-10,001,236.21	-3,558,134.93
1．Other comprehensive income that will not be reclassified to profit or loss			
（1）Changes caused by remeasurements on defined benefit schemes			
（2）Other comprehensive income that will not be reclassified to profit or loss under the equity method			
（3）Changes in the fair value of other equity investments			
（4）Changes in the fair value arising from changes in own credit risk			
2．Other comprehensive income that will be reclassified to profit or loss		-10,001,236.21	-3,558,134.93

（1）Other comprehensive income that will be reclassified to profit or loss under the equity method			
（2）Changes in the fair value of other debt investments			
（3）Other comprehensive income arising from the reclassification of financial assets			
（4）Credit impairment allowance for other debt investments			
（5）Reserve for cash flow hedges			
（6）Differences arising from the translation of foreign currency-denominated financial statements		-10,001,236.21	-3,558,134.93
（7）Others			
(II) Other comprehensive income, net of tax attributable to non-controlling interests			
VII Total comprehensive income		2,353,510,632.76	1,569,874,214.00
(I) Total comprehensive income attributable to owners of the Company as the parent		2,209,639,209.01	1,506,143,752.97
(II) Total comprehensive income attributable to non-controlling interests		143,871,423.75	63,730,461.03
VIII Earnings per share：			
(I) Basic earnings per share (RMB/share)		4.80	3.29
(II) Diluted earnings per share (RMB/share)		4.76	3.27

Where business combinations involving entities under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0, with the amount for last year being RMB0.

Legal representative: Liang Yaoming　　Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Income Statement of the Company as the Parent

January-December 2021

Unit: RMB

Item	Note	2021	2020
I Operating revenue		332,624,177.01	33,856,095.23
Less: Cost of sales		9,638,881.40	9,638,731.96
Taxes and levies		1,833,143.15	1,629,902.99
Selling expense			
Administrative expense		95,092,175.61	61,779,189.54
R&D expense		12,855,308.82	13,278,715.83
Finance costs		-5,971,050.85	7,812,449.37
Of which: Interest expense		8,044,645.65	11,662,548.19
Interest income		14,153,622.51	3,936,348.27
Add: Other income		12,035,536.48	5,950,702.95
Return on investment (“－” for loss)		1,168,162,162.01	421,808,541.76
Of which: Share of profit or loss of joint ventures and associates		-6,303,192.98	-16,647,111.11
Income from the derecognition of financial assets at amortized cost			

Net gain on exposure hedges (“－” for loss)			
Gain on changes in fair value (“－” for loss)			
Credit impairment loss (“－” for loss)		109,101.02	-215,050.98
Asset impairment loss (“－” for loss)			
Asset disposal income (“－” for loss)		-12,022,993.76	
II Operating profit (“－” for loss)		1,387,459,524.63	367,261,299.27
Add: Non-operating income		173,655.99	82,533.38
Less: Non-operating expense		14,077,109.95	943,719.22
III Gross profit (“－” for gross loss)		1,373,556,070.67	366,400,113.43
Add: Income tax expense			576,600.85
IV Net profit (“－” for net loss)		1,373,556,070.67	365,823,512.58
(I) Net profit from continuing operations (“－” for net loss)		1,373,556,070.67	365,823,512.58
(II) Net profit from discontinued operations (“－” for net loss)			
V Other comprehensive income, net of tax			
(I) Other comprehensive income that will not be reclassified to profit or loss			
1.Changes caused by remeasurements on defined benefit schemes			
2.Other comprehensive income that will not be reclassified to profit or loss under the equity method			
3.Changes in the fair value of other equity investments			
4.Changes in the fair value arising from changes in own credit risk			
(II) Other comprehensive income that will be reclassified to profit or loss			
1.Other comprehensive income that will be reclassified to profit or loss under the equity method			
2.Changes in the fair value of other debt investments			
3.Other comprehensive income arising from the reclassification of financial assets			
4.Credit impairment allowance for other debt investments			
5.Reserve for cash flow hedges			
6.Differences arising from the translation of foreign currency-denominated financial statements			
7. Others			
VI Total comprehensive income		1,373,556,070.67	365,823,512.58
VII Earnings per share：			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Consolidated Cash Flow Statement

January-December 2021

Unit: RMB

Item	Note	2021	2020
I Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		10,040,609,616.44	7,060,263,745.06
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from the central bank			
Net increase in loans from other financial institutions			
Premiums received on original insurance contracts			
Net proceeds from reinsurance			
Net increase in deposits and investments of policy holders			
Interest, fees and commissions received			
Net increase in loans from other banks and financial institutions			
Net increase in proceeds from repurchase transactions			
Net proceeds from acting trading of securities			
Tax and levy rebates		1,454,621.25	937,050.29
Cash generated from other operating activities		109,140,058.03	108,018,334.00
Subtotal of cash generated from operating activities		10,151,204,295.72	7,169,219,129.35
Payments for goods and services		4,500,737,015.49	3,050,304,674.92
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other banks and financial institutions			
Payments for claims on original insurance contracts			
Net increase in loans to other banks and financial institutions			
Interest, fees and commissions paid			
Policy dividends paid			
Cash paid to and for employees		1,987,839,431.64	1,416,328,857.86
Taxes and levies paid		296,139,681.92	164,571,372.16
Cash used in other operating activities		1,278,517,576.32	1,014,906,657.57
Subtotal of cash used in operating activities		8,063,233,705.37	5,646,111,562.51
Net cash generated from/used in operating activities		2,087,970,590.35	1,523,107,566.84
II Cash flows from investing activities:			
Proceeds from disinvestment		1,879,831.92	2,623,793.72
Return on investment		1,553,493.69	28,671.35
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		73,234,251.90	10,608,061.12

Net proceeds from the disposal of subsidiaries and other business units			
Cash generated from other investing activities			
Subtotal of cash generated from investing activities		76,667,577.51	13,260,526.19
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		952,421,036.64	550,653,724.76
Payments for investments		133,864,147.00	77,000,000.00
Net increase in pledged loans granted			
Net payments for the acquisition of subsidiaries and other business units			
Cash used in other investing activities			19,960,000.00
Subtotal of cash used in investing activities		1,086,285,183.64	647,613,724.76
Net cash generated from/used in investing activities		-1,009,617,606.13	-634,353,198.57
III Cash flows from financing activities:			
Capital contributions received		345,592,552.96	52,082,740.00
Of which: Capital contributions by non-controlling interests to subsidiaries		9,300,000.00	5,932,370.00
Borrowings received			463,542,264.76
Cash generated from other financing activities		5,834,505.00	
Subtotal of cash generated from financing activities		351,427,057.96	515,625,004.76
Repayment of borrowings		81,737,393.64	616,317,285.55
Interest and dividends paid		213,666,125.17	112,885,673.45
Of which: Dividends paid by subsidiaries to non-controlling interests		43,683,112.79	20,970,015.24
Cash used in other financing activities		109,056,893.45	800,000.00
Subtotal of cash used in financing activities		404,460,412.26	730,002,959.00
Net cash generated from/used in financing activities		-53,033,354.3	-214,377,954.2
IV Effect of foreign exchange rate changes on cash and cash equivalents		-11,458,001.68	-3,756,580.69
V Net increase in cash and cash equivalents		1,013,861,628.24	670,619,833.34
Add: Cash and cash equivalents, beginning of the period		1,624,299,542.25	953,679,708.91
VI Cash and cash equivalents, end of the period		2,638,161,170.49	1,624,299,542.25

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Cash Flow Statement of the Company as the Parent
January-December 2021

Unit: RMB

Item	Note	2021	2020
I Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		34,823,888.71	34,499,166.66

Tax and levy rebates			
Cash generated from other operating activities		172,923,833.71	541,872,661.85
Subtotal of cash generated from operating activities		207,747,722.42	576,371,828.51
Payments for goods and services			
Cash paid to and for employees		22,102,594.88	23,761,795.36
Taxes and levies paid		2,222,768.68	2,275,613.82
Cash used in other operating activities		874,836,243.31	403,270,760.15
Subtotal of cash used in operating activities		899,161,606.87	429,308,169.33
Net cash generated from/used in operating activities		-691,413,884.45	147,063,659.18
II Cash flows from investing activities:			
Proceeds from disinvestment		2,324,927.82	2,423,793.72
Return on investment		1,291,844,147.82	790,135,859.87
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		56,730,000.00	
Net proceeds from the disposal of subsidiaries and other business units			2,969,111.45
Cash generated from other investing activities			
Subtotal of cash generated from investing activities		1,350,899,075.64	795,528,765.04
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		8,861,419.64	68,457,267.10
Payments for investments		224,864,147.00	91,000,000.00
Net payments for the acquisition of subsidiaries and other business units			
Cash used in other investing activities			
Subtotal of cash used in investing activities		233,725,566.64	159,457,267.10
Net cash generated from/used in investing activities		1,117,173,509.00	636,071,497.94
III Cash flows from financing activities:			
Capital contributions received		336,292,552.96	46,150,370.00
Borrowings received			456,340,777.90
Cash generated from other financing activities		5,834,505.00	
Subtotal of cash generated from financing activities		342,127,057.96	502,491,147.90
Repayment of borrowings		81,451,421.76	586,090,616.15
Interest and dividends paid		160,313,967.50	74,278,022.48
Cash used in other financing activities		3,407,783.42	800,000.00
Subtotal of cash used in financing activities		245,173,172.68	661,168,638.63
Net cash generated from/used in financing activities		96,953,885.28	-158,677,490.73
IV Effect of foreign exchange rate changes on cash and cash equivalents			
V Net increase in cash and cash equivalents		522,713,509.83	624,457,666.39
Add: Cash and cash equivalents, beginning		765,507,380.05	141,049,713.66

of the period			
VI Cash and cash equivalents, end of the period		1,288,220,889.88	765,507,380.05

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi
Head of the financial department: Zhou Liqin

Consolidated Statements of Changes in Owners' Equity

January-December 2021

Unit: RMB

Item	2021														
	Equity attributable to owners of the Company as the parent													Non-controlling interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Specific reserve	Retained earnings	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I Balance as at the end of the prior year	459,487,577.00				923,888,243.00		-1,761,721.21		107,094,311.85		2,298,505,027.25		3,787,213,437.89	89,368,577.26	3,876,582,015.15
Add: Adjustments for changes in accounting policies															
Adjustments for correction of previous errors															
Adjustments for business combinations involving entities under common control															
Other adjustments															
II Balance as at the beginning of the year	459,487,577.00				923,888,243.00		-1,761,721.21		107,094,311.85		2,298,505,027.25		3,787,213,437.89	89,368,577.26	3,876,582,015.15
III	6,098,698.00				453,057,251.79		-10,001,236.21		125,698,825.65		1,941,742,510.09		2,516,596,049.32	129,415,326.68	2,646,011,376.00

Increase/decrease in the period (“-” for decrease)															
(I) Total comprehensive income							-10,001,236.21				2,219,640,445.22		2,209,639,209.01	143,871,423.75	2,353,510,632.76
(II) Capital increased and reduced by owners	6,098,698.00				459,371,714.31								465,470,412.31	9,300,000.00	474,770,412.31
1. Ordinary shares increased by owners	6,098,698.00				326,233,854.96								332,332,552.96	9,300,000.00	341,632,552.96
2. Capital increased by other equity holders															
3. Share-based payments recognized in owners’ equity					133,137,859.35								133,137,859.35		133,137,859.35
4. Others															
(III) Profit distribution									125,698,825.65		-277,897,935.13		-152,199,109.48	-30,333,532.49	-182,532,641.97
1. Appropriation to surplus reserves									125,698,825.65		-125,698,825.65				
2. Appropriation to general reserve															
3. Appropriation to owners (or shareholders)											-152,199,109.48		-152,199,109.48	-30,333,532.49	-182,532,641.97
4. Others															
(IV) Transfers within															

owners' equity															
1. Increase in capital (or share capital) from capital reserves															
2. Increase in capital (or share capital) from surplus reserves															
3. Surplus reserves used to offset loss															
4. Changes in defined benefit schemes transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Specific reserve															
1. Increase in the period															
2. Used in the period															
(VI) Others					-6,314,462.52								-6,314,462.52	6,577,435.42	262,972.90
IV Balance as at the end of the period	465,586,275.00				1,376,945,494.79		-11,762,957.42		232,793,137.50		4,240,247,537.34		6,303,809,487.21	218,783,903.94	6,522,593,391.15

Item	2020														
	Equity attributable to owners of the Company as the parent													Non-controlling interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Specific reserve	Retained earnings	Others	Subtotal		
		Preference shares	Perpetual bonds	Others											
I Balance as at the end of the prior year	457,884,577.00				856,928,207.53		1,796,413.72		70,511,960.59		887,657,793.08		2,274,778,951.92	50,925,648.37	2,325,704,600.29
Add: Adjustments for changes in accounting policies															
Adjustments for correction of previous errors															
Adjustments for business combinations involving entities under common control															
Other adjustments															
II Balance as at the beginning of the year	457,884,577.00				856,928,207.53		1,796,413.72		70,511,960.59		887,657,793.08		2,274,778,951.92	50,925,648.37	2,325,704,600.29
III Increase/decrease in the period ("-" for decrease)	1,603,000.00				66,960,035.47		-3,558,134.93		36,582,351.26		1,410,847,234.17		1,512,434,485.97	38,442,928.89	1,550,877,414.86

(I) Total comprehensive income							-3,558,134.93				1,509,701,887.90		1,506,143,752.97	63,730,461.03	1,569,874,214.00
(II) Capital increased and reduced by owners	1,603,000.00				90,424,163.45								92,027,163.45	5,932,370.00	97,959,533.45
1. Ordinary shares increased by owners	1,603,000.00				44,547,370.00								46,150,370.00	5,932,370.00	52,082,740.00
2. Capital increased by other equity holders															
3. Share-based payments recognized in owners' equity					45,876,793.45								45,876,793.45		45,876,793.45
4. Others															
(III) Profit distribution									36,582,351.26		-98,854,653.73		-62,272,302.47	-22,084,030.12	-84,356,332.59
1. Appropriation to surplus reserves									36,582,351.26		-36,582,351.26				
2. Appropriation to general reserve															
3. Appropriation to owners (or shareholders)											-62,272,302.47		-62,272,302.47	-22,084,030.12	-84,356,332.59
4. Others															
(IV) Transfers within owners' equity															
1. Increase in capital (or share capital) from capital															

reserves															
2. Increase in capital (or share capital) from surplus reserves															
3. Surplus reserves used to offset loss															
4. Changes in defined benefit schemes transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Specific reserve															
1. Increase in the period															
2. Used in the period															
(VI) Others					-23,464,127.98								-23,464,127.98	-9,135,872.02	-32,600,000.00
IV Balance as at the end of the period	459,487,577.00				923,888,243.00		-1,761,721.21		107,094,311.85		2,298,505,027.25		3,787,213,437.89	89,368,577.26	3,876,582,015.15

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi Head of the financial department: Zhou Liqin

Statements of Changes in Owners' Equity of the Company as the Parent

January-December 2021

Unit: RMB

Item	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the prior year	459,487,577.00				947,708,030.19				107,094,311.85	805,223,564.69	2,319,513,483.73
Add: Adjustments for changes in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	459,487,577.00				947,708,030.19				107,094,311.85	805,223,564.69	2,319,513,483.73
III Increase/ decrease in the period ("-" for decrease)	6,098,698.00				459,371,714.31				125,698,825.65	1,095,658,135.54	1,686,827,373.50
(I) Total comprehensive income										1,373,556,070.67	1,373,556,070.67
(II) Capital increased and reduced by owners	6,098,698.00				459,371,714.31						465,470,412.31
1. Ordinary shares increased by owners	6,098,698.00				326,233,854.96						332,332,552.96
2. Capital increased by other equity holders											
3. Share-based payments recognized in owners' equity					133,137,859.35						133,137,859.35
4. Others											
(III) Profit distribution									125,698,825.65	-277,897,935.13	-152,199,109.48
1. Appropriation to surplus reserves									125,698,825.65	-125,698,825.65	
2. Appropriation to owners (or shareholders)										-152,199,109.48	-152,199,109.48
3. Others											
(IV) Transfers within owners' equity											
1. Increase in capital (or share capital) from capital reserves											

2．Increase in capital (or share capital) from surplus reserves											
3．Surplus reserves used to offset loss											
4．Changes in defined benefit schemes transferred to retained earnings											
5．Other comprehensive income transferred to retained earnings											
6．Others											
(V) Specific reserve											
1．Increase in the period											
2．Used in the period											
(VI) Others											
IV Balance as at the end of the period	465,586,275.00				1,407,079,744.50				232,793,137.50	1,900,881,700.23	4,006,340,857.23

Item	2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the prior year	457,884,577.00				857,283,866.74				70,511,960.59	538,254,705.84	1,923,935,110.17
Add: Adjustments for changes in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	457,884,577.00				857,283,866.74				70,511,960.59	538,254,705.84	1,923,935,110.17
III Increase/ decrease in the period ("-" for decrease)	1,603,000.00				90,424,163.45				36,582,351.26	266,968,858.85	395,578,373.56
(I) Total comprehensive income										365,823,512.58	365,823,512.58
(II) Capital increased and reduced by owners	1,603,000.00				90,424,163.45						92,027,163.45

1. Ordinary shares increased by owners	1,603,000.00				44,547,370.00						46,150,370.00
2. Capital increased by other equity holders											
3. Share-based payments recognized in owners' equity					45,876,793.45						45,876,793.45
4. Others											
(III) Profit distribution									36,582,351.26	-98,854,653.73	-62,272,302.47
1. Appropriation to surplus reserves									36,582,351.26	-36,582,351.26	
2. Appropriation to owners (or shareholders)										-62,272,302.47	-62,272,302.47
3. Others											
(IV) Transfers within owners' equity											
1. Increase in capital (or share capital) from capital reserves											
2. Increase in capital (or share capital) from surplus reserves											
3. Surplus reserves used to offset loss											
4. Changes in defined benefit schemes transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Specific reserve											
1. Increase in the period											
2. Used in the period											
(VI) Others											
IV Balance as at the end of the period	459,487,577.00				947,708,030.19				107,094,311.85	805,223,564.69	2,319,513,483.73

Legal representative: Liang Yaoming Chief Financial Officer: Hao Bixi Head of the financial department: Zhou Liqin

III Company Profile

1. Company overview

√ Applicable □ Not applicable

Guangzhou KingMed Diagnostics Group Co., Ltd. (hereinafter referred to as the "Company") is a joint stock company jointly incorporated by Liang Yaoming, Yan Ting, Zeng Zhanwen, Guangzhou Ruizhi Investment Management Partnership (Limited Partnership), Guangzhou Shengyufang Investment Management Enterprise (Limited Partnership), Guangzhou Shengboyu Investment Management Partnership (Limited Partnership), Guangzhou Xinmanyu Investment Management Partnership (Limited Partnership), Guokai Boyu I (Shanghai) Equity Investment Partnership (L.P.), Tianjin Junruiqi Equity Investment Partnership (L.P.), Shanghai ChenDe Weijing Investment Center (Limited Partnership), Guochuang Kaiyuan Equity Investment Fund (L.P.), Lasa Qingde Investment Center (Limited Partnership) with limited liability. Its unified social credit code is 9144010178891443XK. Listed in the Shanghai Stock Exchange in September 2017, the Company operates in the medical service industry.

As of 31 December 2021, the cumulative issued shares of the Company stood at 465,586,275.00 shares. Its registered capital amounts to RMB465,586,275.00. Its registered address is No.10 Luoxuan 3rd Road, International Biotech Island, Guangzhou, Guangdong, China. And its headquarters is located at 3/F of the aforesaid address. The Company is principally engaged in medical diagnostic services. And Liang Yaoming is its actual controller.

The financial statements have been authorized on 26 April 2022 by all the directors of the Company for issue.

2. Scope of the consolidated financial statements

√ Applicable □ Not applicable

As of 31 December 2021, the following subsidiaries were included in the Company's consolidated financial statements:

Name of subsidiary
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as "Guangzhou KingMed Center for Clinical Laboratory"）
Jinan KingMed Center for Clinical Laboratory Co., Ltd. （hereinafter referred to as "Jinan KingMed"）
KingMed Diagnostics (Nanjing) （hereinafter referred to as "Nanjing KingMed"）
Hefei KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Hefei KingMed"）
KingMed Diagnostics (Xi'an)（hereinafter referred to as "Xi'an KingMed"）
Zhengzhou KingMed Center for Clinical Laboratory (General Partnership)（hereinafter referred to as "Zhengzhou KingMed (Partnership)"）
KingMed Diagnostics (Kunming)（hereinafter referred to as "Kunming KingMed"）
KingMed Diagnostics (Jilin)（hereinafter referred to as "Jilin KingMed"）
Fuzhou KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Fuzhou KingMed"）
Guizhou KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as "Guizhou KingMed"）
Changsha KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Changsha KingMed"）

Sichuan KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as “Sichuan KingMed”）
Tianjin KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as “Tianjin KingMed”）
KingMed Diagnostics (Hangzhou)（hereinafter referred to as “Hangzhou KingMed”）
KingMed Diagnostics (Shenyang)（hereinafter referred to as “Shenyang KingMed”）
KingMed Diagnostics (Chongqing)（hereinafter referred to as “Chongqing KingMed”）
Guangxi KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as “Guangxi KingMed”）
KingMed Diagnostics (Shanghai)（hereinafter referred to as “Shanghai KingMed”）
Guangzhou KingMed Forensic Science Co., Ltd.（hereinafter referred to as “KingMed Forensic Science”）
Shijiazhuang KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as “Shijiazhuang KingMed”）
KingMed Diagnostics (Taiyuan)（hereinafter referred to as “Taiyuan KingMed”）
Hainan KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as “Hainan KingMed”）
Guangzhou KingTest Co., Ltd.（hereinafter referred to as “KingTest”）
Guangzhou KingMed Physical Examination Clinic Co., Ltd.（hereinafter referred to as “KingMed Physical Examination”）
KingMed Diagnostics (Qingdao)（hereinafter referred to as “Qingdao KingMed”）
Heilongjiang KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as “Heilongjiang KingMed”）
KingMed Diagnostics (Jiangxi)（hereinafter referred to as “Jiangxi KingMed”）
KingMed Diagnostics (Wuhan)（hereinafter referred to as “Wuhan KingMed”）
KingMed Diagnostics (Gansu) （hereinafter referred to as “Gansu KingMed”）
Shenzhen KingMed Clinical Laboratory（hereinafter referred to as “Shenzhen KingMed”）
KingMed Diagnostics (Hong Kong) Limited（hereinafter referred to as “Hong Kong KingMed”）
Guangzhou KingMed Cold Chain Logistics Co., Ltd.（hereinafter referred to as “KingMed Cold Chain Logistics”）
KingMed Diagnostics (Hohhot)（hereinafter referred to as “Hohhot KingMed”）
Zhaoqing KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as “Zhaoqing KingMed”）
Ausmed Immuno Diagnostic Services (AIDS) Limited（hereinafter referred to as “Ausmed Immuno”）
Hainan Bo’ao KingMed International Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as “Bo’ao KingMed”）
Guangzhou KingEne Biotechnology Co., Ltd.（hereinafter referred to as “KingEne”）
Guangzhou KingMed Institute of Translational Medicine Co., Ltd.（hereinafter referred to as “KingMed Institute of Translational Medicine”）
KingMed Diagnostics (Xinjiang)（hereinafter referred to as “Xinjiang KingMed”）
KingMed Diagnostics (Ningxia)（hereinafter referred to as “Ningxia KingMed”）
Qinghai KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as “Qinghai KingMed”）
Beijing KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as “Beijing KingMed”）
Guangzhou Jin King Biological Materials Logistics Service Co., Ltd.（hereinafter referred to as “Jin King Logistics”）
Changzhou KingMed Clinical Laboratory Co., Ltd. （hereinafter referred to as “Changzhou KingMed”）
Zhuzhou KingMed Diagnostics Biotechnology Co., Ltd.（hereinafter referred to as “Zhuzhou KingMed”）

Zhengzhou KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as "Zhengzhou KingMed (Company Limited)"）
Zhumadian KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as "Zhumadian KingMed"）
Guangzhou Tuosiwei Property Management Co., Ltd.（hereinafter referred to as "Tuosiwei"）
Guangzhou Jinbo Testing Technology Co., Ltd.（hereinafter referred to as "Jinbo Testing"）
KingMed Jianshi Innovation Research Institute (Guangzhou) Co., Ltd.（hereinafter referred to as "KingMed Jianshi"）
Bijie KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Bijie KingMed"）
Guangzhou Jinmanli Pharmaceutical Technology Co., Ltd.（hereinafter referred to as "Jinmanli"）
Tibet KingMed Center for Clinical Laboratory Co., Ltd.（hereinafter referred to as "Tibet KingMed"）
Jiangmen KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Jiangmen KingMed"）
Ganzhou KingMed Clinical Laboratory Co., Ltd. （hereinafter referred to as "Ganzhou KingMed"）
Xiamen KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Xiamen KingMed"）
Guangzhou Panyu KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Panyu KingMed"）
Chongqing Yongchuan KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Yongchuan KingMed"）
KingMed Diagnostics (Suzhou)（hereinafter referred to as "Suzhou KingMed"）
Linyi KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Linyi KingMed"）
Tai'an KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Tai'an KingMed"）
Guangzhou Huadu KingMed Clinical Laboratory Co., Ltd. （hereinafter referred to as "Huadu KingMed"）
Jinan Jinsheng Biotechnology Co., Ltd.（hereinafter referred to as "Jinsheng Biotechnology"）
Guangzhou KingMed Investment and Development Co., Ltd.
Guangzhou KingMed Supply Chain Management Co., Ltd.
KingMed Diagnostics (Xuzhou) （hereinafter referred to as "Xuzhou KingMed"）
Heze KingMed Clinical Laboratory Co., Ltd.（hereinafter referred to as "Heze KingMed"）
Guangzhou KingMed Nabo Investment Consulting Co., Ltd.

For details of the scope of the consolidated financial statements of the Reporting Period and the changes thereto, see Note "VIII Changes to the Consolidation Scope" and Note "IX Interests in Other Entities".

IV Preparation Basis of Financial Statement

1. Basis of preparation

The financial statements were prepared in accordance with the *Accounting Standards for Business Enterprises - Basic Standard* promulgated by the Ministry of Finance ("MOF") as well as specific accounting standards, guidelines on accounting standards for business enterprises, announcements on interpreting the accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), and the relevant provisions of the *Preparation Regulations of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Regulations for Financial Report* issued by the China Securities Regulatory Commission.

2. Continuing operations

√ Applicable □ Not applicable

The financial statements of the Company are based on continuing operations.

V Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimation hint:
√ Applicable □ Not applicable

The Company and all its subsidiaries have formulated specific accounting policies for transactions and events, such as the recognition of incomes, based on the actual production and operation characteristics, and in accordance with the provisions of the relevant accounting standards for business enterprises. Please refer to the "V/38 Descriptions" in this Note for details."

1. Statement on Compliance with Accounting Standards for Business Enterprises

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and truly and completely reflect the combinations of the Company and the financial conditions of the Company as the parent as at 31 December 2021 and the combinations and the operating results and cash flows of the Company as the parent in 2021.

2. Accounting period

The Company has adopted the Gregorian calendar year, which means from 1 January to 31 December as its accounting year.

3. Operating cycle

√ Applicable □ Not applicable
The operating cycle of the Company is one year.

4. Standard currency for accounting

The Company's standard currency for accounting is RMB.

5. The accounting methods of business combinations involving entities under common control and business combinations not involving entities under common control

√ Applicable □ Not applicable

Business combinations involving entities under common control: Assets and liabilities acquired by the acquirer in a business combination (including the goodwill formed by the ultimate controlling party's acquisition of the acquiree) were measured based on the carrying value of the acquiree's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying value of net assets acquired by the acquirer and the carrying value of the combination consideration paid (or the total carrying value of shares issued) was referred to adjusting the share premium of capital reserves; if the share premium of capital reserves was not sufficient to offset the difference, then retained earnings were adjusted.

Business combinations not involving entities under common control: The combination cost was the fair value of the assets paid for the control right over the acquired party, the liabilities incurred or assumed and the equity securities issued by the acquirer on the acquisition date. The combination cost, which was greater than the difference of the fair value share of the acquiree's identifiable net assets acquired in the combination, was recognized as goodwill; the combination cost, which was less than the difference of the fair value share of acquiree's identifiable net assets acquired in the combination, was included in the profit and loss of the current period. The acquiree's identifiable assets, liabilities and contingent liabilities, which met the recognition conditions, acquired in combination were measured at the fair value on the acquisition date.

The directly related expenses for a business combination were included in the profit and loss of the current period; the transaction costs for the equity securities or debt securities for a business combination were included in the initial recognition amount of the equity securities or debt securities.

6. Method of preparation of consolidated financial statements

√ Applicable □ Not applicable

1. Combination scope

Combination scope for consolidated financial statements was determined based on control,

including the Company and all subsidiaries. Control refers to the power that the investor owns against the investee, which allows the investor to enjoy the variable returns by attending relevant activities held by the investee, and to be capable of using such power to affect the amount of returns.

2. Combination procedure

The Company prepared the consolidated financial statements by considering the entire enterprise group as one accounting entity, reflecting the overall financial status, operational results and cash flows in accordance with the unified accounting policies. The impact of internal transactions between the Company and its subsidiaries, as well as between subsidiaries and each other, was offset. If an internal transaction indicated an impairment loss on a related asset, the portion of the loss was recognized in full. If the accounting policies and accounting period adopted by the subsidiaries were inconsistent with those of the Company, necessary adjustments were made in accordance with the accounting policies and accounting period of the Company when preparing the consolidated financial statements.

The owners' equity, the profit and loss of the current period and the share of minority shareholders in the comprehensive income of the current period of a subsidiary are listed in the item "Owners' equity" of the consolidated balance sheet, the item "Net profit" and the item "Total comprehensive income" of the consolidated statement of profit or loss, respectively. If the share of minority shareholders in the loss of the current period of a subsidiary exceeded the share of minority shareholders in the owners' equity at the beginning of the period of the subsidiary, the balance was eliminated by non-controlling interests.

(1) Addition of subsidiaries or businesses

During the Reporting Period, if subsidiaries or businesses were added due to the business combinations involving entities under common control, the operating results and cash flow of the subsidiaries or business combination from the beginning of the current period to the end of the Reporting Period were included in the consolidated financial statements, with adjustments to the opening figures of the consolidated financial statements and the relevant items in the comparative statements, as if the consolidated reporting entity had been in existence from the point at which control by the ultimate controlling party commenced.

If the investee under the same control could be control due to additional investments and other reasons, equity investments held before the acquisition of the control right over the acquiree and relevant profit and loss, other comprehensive income and other changes in net assets, which were recognized from the date when the original equity was acquired or the date when the acquirer and the acquiree were ultimately controlled by the same party, whichever was later, to the combination date, were offset against the opening retained earnings or the profit and loss of the current period during the comparative statements, respectively.

During the Reporting Period, the subsidiaries or businesses, which were added due to the business combinations not involving entities under common control, were included in the consolidated financial statements from the acquisition date based on the fair value of identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

If the investee not under the same control could be control due to additional investments and other reasons, equities of the acquiree held before the acquisition date were re-measured according to the fair value of the equities on the acquisition date, and the difference of the fair value and its carrying value was included in the return on investment of the current period. Other comprehensive income that could be reclassified into profit or loss and other changes in owners' equity accounted by the equity method, related to the equities of the acquiree held before the acquisition date, were transferred to the return on investment of the current period on the acquisition date.

(2) Disposal of subsidiaries

a) General disposal methods

If the control over the investee for the disposal of part of equity investments or any other reason was lost, the residual equity investments were re-measured at fair value on the date of loss of control. The sum of consideration acquired from equity disposal and the fair value of the residual equity, minus the difference between the shares of net assets in the former subsidiary calculated from the acquisition date or the combination date on an ongoing basis at the percentage of the former shares held and the sum of goodwill, was included in the return on investment of the current period on the date of loss of control. Other comprehensive income that could be reclassified into profit or loss and other changes in owners' equity accounted by the equity method, related to the equity investments in the former subsidiary, were transferred to the return on investment of the current period after loss of control.

b) Disposal of subsidiaries step by step

If the clauses, conditions, and economic impact, by which the equity investments of a subsidiary were disposed of step by step through multiple transactions until the control was lost, and the various transactions in the equity investments of a subsidiary were disposed of, fell under one or more of the following circumstances, the multiple transactions were generally regarded as a "Package Deal":

i. These transactions were reached concurrently or after the impact thereof on each other was taken into consideration;

ii. These transactions might achieve a complete business result only as a whole;

iii. The occurrence of a transaction depended on the occurrence of, at a minimum, one another transaction;

iv. A transaction was considered uneconomical separately but was considered economical when other transactions were also taken into consideration.

If those transactions were package deals, each transaction was treated as a transaction that would result in loss of control of the subsidiary in accounting treatment. However, before loss of control, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment was recognized as other comprehensive income in the consolidated financial statements and, after loss of control, transferred to the profit and loss of the current period.

If those transactions were not package deals, before loss of control, partial disposal of the equity investments of subsidiaries were carried out in accounting treatment according to the circumstance of without loss of control; after loss of control, general disposal methods for subsidiaries were carried out in accounting treatment.

(3) Acquisition of minority equity of subsidiaries

The difference between the long-term equity investments newly acquired from the acquisition of minority equity and the shares of net assets in the subsidiary calculated from the acquisition date or the combination date on an ongoing basis at the percentage of new shares held was referred to adjusting the share premium of capital reserves in the consolidated balance sheet; if the share premium of capital reserves was not sufficient to offset the difference, then retained earnings were adjusted.

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

The difference between the disposal payment and the shares of net assets in the subsidiary calculated from the acquisition date or the combination date on an on-going basis corresponding to the disposal of the long-term equity investments was referred to adjusting the share premium of capital reserves in the consolidated balance sheet; if the share premium of capital reserves was not sufficient to offset the difference, then retained earnings were adjusted.

7. Classification of joint operation arrangements and accounting methods for joint operations

√ Applicable □ Not applicable

The Company adopted the equity method for the accounting of the investments of joint ventures. Please refer to the "V/21 Long-term equity investments" in this Note for details.

8. Recognition criteria of cash and cash equivalents

Cash refers to the cash on hand and other deposits of the Company that can be used for payment at any time. Cash equivalents refer to the Company's investments on hand that have short-term and strong liquidity, and can be easily converted into cash with a known amount, with a small risk of value change.

9. Foreign currency business and conversion of foreign currency statement

√ Applicable □ Not applicable

1. Foreign currency business

For foreign currency business, the spot exchange rate on the transaction date was used as the conversion rate to convert the foreign currency amount into RMB for record keeping.

On the balance sheet date, the monetary items in foreign currency were converted into RMB at the spot exchange rate on balance sheet date. Except the exchange difference arising from special foreign-currency borrowing for the purpose of construction or production of assets meeting capitalization conditions was treated in the principle of capitalization, the conversion difference was directly included in the profit and loss of the current period.

2. Conversion of foreign-currency financial statements

The assets and liabilities in the balance sheet were converted at the spot exchange rate on the balance sheet date. Except "retained earnings", all the other owners' equity items were converted at the spot exchange rate at the time of occurrence. Items under income and expenses in the income statement were translated at the spot exchange rate on the date of the transaction.

When disposing of overseas operations, the difference arising from the translation of foreign currency-denominated financial statements related to the overseas operations was transferred from the owners' equity item to the profit and loss of the current disposal.

10. Financial instruments

√ Applicable □ Not applicable

When the Company became a party to financial instrument contracts, it recognized a financial asset, financial liability or equity instrument.

1. Classification of financial instruments

At initial recognition, according to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classified financial assets into the following categories: Financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit and loss of the current period.

The Company classified the financial assets that met the following conditions simultaneously and were not assigned to be measured at fair value through profit or loss as financial assets measured at the amortized cost:

- The business model aimed at obtaining the contractual cash flows;
- Contractual cash flows were only payments of principal and interest based on the amount of outstanding principal.

The Company classified the financial assets that met the following conditions simultaneously and were not assigned to be measured at fair value through profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income.

- The business model aimed at both obtaining the contractual cash flows and selling the financial assets;
- Contractual cash flows were only payments of principal and interest based on the amount of outstanding principal.

For an equity instrument investments that were not held for trading, the Company could irrevocably assign such investments as financial assets (equity instruments) measured at fair value through other comprehensive income at initial recognition. The assignment was made based on investments by item, and the relevant investments that met the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Company classified all other financial assets as financial assets measured at fair value through profit and loss of the current period. At initial recognition, if the accounting mismatch could be eliminated or significantly reduced, the Company would irrevocably assign financial assets that should be classified as financial assets measured at the amortized cost and financial assets measured at fair value through other comprehensive income as financial assets measured at fair value through profit and loss of the current period.

At initial recognition, financial liabilities were classified into the following two categories: financial liabilities measured at fair value through profit and loss of the current period, and financial liabilities measured at the amortized cost.

2. Recognition basis and measurement methods of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, were initially measured at fair value, and relevant transaction costs were included in the initial recognition amount; accounts receivable that did not contain significant financing components and accounts receivable that the Company decided not to consider the financing components of no longer than one year, were initially measured at the contractual transaction price.

Interest calculated by the effective interest method during the holding period was included in the profit

and loss of the current period.
When recovering or disposing of, the difference between the price obtained and the carrying value of the financial assets was included in the profit and loss of the current period.
(2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income, including receivables financing and other debt investments, were initially measured at fair value, and relevant transaction costs were included in the initial recognition amount. The financial assets were subsequently measured at fair value, with the changes in fair value recognized under other comprehensive income, except for interest, impairment loss or gain and exchange profit or loss calculated by the effective interest method.

On derecognition, the accumulated gains or losses that were previously included in other comprehensive income were transferred out of other comprehensive income and included in the profit and loss of the current period.
(3) Financial assets (equity instruments) measured at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including other equity investments, were initially measured at fair value, and relevant transaction costs were included in the initial recognition amount. The financial assets were subsequently measured at fair value, with the changes in fair value recognized under other comprehensive income. The dividends obtained were included in the profit and loss of the current period.

On derecognition, the accumulated gains or losses that were previously included in other comprehensive income were transferred out of other comprehensive income and included in retained earnings.
(4) Financial assets measured at fair value through the profit and loss of the current period

Financial assets measured at fair value through the profit or loss of the current period, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, were initially measured at fair value, and relevant transaction costs were included in the profit or loss of the current period. The financial assets were subsequently measured at fair value, with the changes in fair value recognized under the profit and loss of the current period.
(5) Financial liabilities measured at fair value through the profit and loss of the current period

Financial liabilities measured at fair value through the profit and loss of the current period, including held-for-trading financial liabilities and derivative financial liabilities, were initially measured at fair value, and relevant transaction costs were included in the profit and loss of the current period. The financial liabilities were subsequently measured at fair value, with the changes in fair value recognized under the profit and loss of the current period.

On derecognition, the difference between the carrying value and the consideration paid was included in the profit and loss of the current period.
(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, and long-term payables, were initially measured at fair value, and relevant transaction costs were included in initial recognition amount.

Interest calculated by the effective interest method during the holding period was included in the profit and loss of the current period.

On derecognition, the difference between the consideration paid and the carrying value of the financial liabilities was included in the profit and loss of the current period.

3. Derecognition of financial assets and transfer of financial assets

If any of the following conditions was met, the Company derecognized the financial asset:
- The contractual right to obtain cash flows from the financial asset was terminated;
- The financial asset had been transferred, and almost all risks and remuneration of the ownership of the financial asset were transferred to the transferee.
- The financial asset had been transferred, although the Company neither transferred nor retained almost all risks and remuneration of the ownership of the financial asset, but retained no control over the financial asset.

When a financial asset was transferred, the Company did not derecognize the financial asset if almost all risks and remuneration of the ownership of the financial asset were retained.

When judging whether the transfer of a financial asset met the above-mentioned conditions for

derecognition of the financial asset, the principle of substance over form was adopted.

The Company classified the transfer of financial assets into the overall transfer and partial transfer of financial assets. If the overall transfer of financial assets met the conditions for derecognition, the difference between the following amounts was included in the profit and loss for the current period:

(1) The carrying value of the transferred financial assets;

(2) The sum of the consideration obtained due to the transfer and the cumulative amount of the changes in fair value that were directly included in owners' equity (involving the circumstance in which the transferred financial assets were the financial assets (debt instruments) measured at fair value through other comprehensive income).

If the partial transfer of financial assets met the conditions for derecognition, the overall carrying value of the transferred financial assets was divided between the derecognition portion and non derecognition portion according to their respective relative fair value. The difference between the following amounts was included in profit or loss of the current period:

(1) The carrying value of the derecognition portion;

(2) The sum of the consideration for the derecognition portion and the amount of the corresponding derecognition portion in the cumulative amount of the changes in fair value that were directly included in owners' equity (involving the circumstance in which the transferred financial assets were the financial assets (debt instruments) measured at fair value through other comprehensive income).

If the transfer of financial assets did not meet the conditions for derecognition, the financial assets continued to be recognized, and the consideration received was recognized as a financial liability.

4. Derecognition of financial liabilities

If all or part of the current obligations of a financial liability were discharged, overall or partial derecognition of the financial liability performed; By concluding an agreement with the creditor, the Company replaced the existing financial liabilities by assuming new financial liabilities. If the contract terms were materially different from the new and the existing financial liabilities, the Company derecognized the existing financial liabilities and recognized the new financial liabilities at the same time.

If all or part of the contract terms of the existing financial liabilities were substantially modified, overall or partial derecognition of the existing financial liabilities performed, and the financial liability after changes of terms was recognized as a new financial liability

When overall or partial derecognition of the existing financial liabilities performed, the difference between the carrying value of the derecognized financial liabilities and the consideration paid (including the transferred non-cash assets or the new financial liabilities assumed) was included in the profit or loss of the current period.

If the Company repurchased part of the financial liabilities, the overall carrying value of the financial liabilities was allocated according to the relative fair value of the portion continued to be recognized and the portion derecognized on the repurchase date. The difference between the carrying value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) was included in the profit or loss of the current period.

5. Methods for determining the fair value of financial assets and financial liabilities

For a financial instrument which had an active market, its fair value was determined by its quoted price in active market; For a financial instrument which did not have an active market, its fair value was determined by valuation techniques. When valuing, the Company adopted valuation techniques that were applicable in the current situation and supported by sufficient available data and other information, and chose the input value that were consistent with the characteristics of assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and preferred the relevant observable input value. Unobservable input values were used only when the relevant observable input values were unavailable or impractical to obtain.

6. Test methods and accounting treatment methods for impairment of financial assets

The Company estimated the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts by item or portfolio.

Through considering the past events, the current situation and the prediction of future economic

conditions and other reasonable and evidence-based information, and taking the default risks as the weight, the Company calculated the probability-weighted amount of the present value of the difference between the contractual cash flows and the cash flows expected to be received, so as to recognize the expected credit losses.

If the credit risk of the financial instrument was increased significantly since the initial recognition, the Company measured its provision for loss according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration; if the credit risk of the financial instrument was not increased significantly since the initial recognition, the Company measured its provision for loss according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The consequent increases or reversals of provision for loss were included in the profit or loss of the current period as an impairment loss or gain.

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determined the relative change in the default risk within the expected duration of the financial instrument so that whether the credit risks of a financial instrument rocketed since the initial recognition was assessed. Usually overdue for more than 30 days, the Company recognized that the credit risk of the financial instrument had increased significantly, unless there was conclusive evidence indicating that the credit risk of the financial instrument had not increased significantly since the initial recognition.

If the credit risk of a financial instrument was low on the balance sheet date, the Company recognized that the credit risk of the financial instrument had not increased significantly since the initial recognition.

If there was objective evidence indicating that a financial asset had suffered credit impairment, the Company would make provision for impairment of the financial asset on an item basis.

For receivables and contract assets formed by transactions regulated by *Accounting Standards for Business Enterprises No. 14 - Income (2017)*, regardless of whether there were significant financing components, the Company always measured provision for impairment based on the amount equivalent to the expected credit loss within the whole duration.

For lease receivables, the Company chose to always measure provision for impairment based on the amount equivalent to the expected credit loss within the whole duration.

If the Company no longer reasonably expected that the contractual cash flow of a financial asset could be completely or partially recaptured, the carrying amount of the financial asset was directly written down.

11. Notes receivable

Determination methods and accounting methods of the expected credit losses of notes receivable

□ Applicable √ Not applicable

12. Accounts receivable

Determination methods and accounting methods of the expected credit losses of accounts receivable

√ Applicable □ Not applicable

The Company set aside bad debts provision according to the credit risk characteristic portfolio

Methods of Setting Aside Bad Debts Provision According to the Credit Risk Characteristic Portfolio		
Category	Contents	Accrual methods
Portfolio 1	Receivables and deposits from related parties within the combination scope	Withdrawal
Portfolio 2	Except for the accounts receivable, of which the item amount was significant and had been accrued by item or the item amount was not significant but the bad debts provision had been accrued by item, and the receivables in portfolio 1, the receivable	Aging analysis

Methods of Setting Aside Bad Debts Provision According to the Credit Risk Characteristic Portfolio		
	portfolios with similar credit risk characteristics divided by the Company based on the same or similar accounts receivable and age in previous years.	

13. Receivables financing

√ Applicable □ Not applicable

14. Other receivables

Determination methods and accounting methods of the expected credit losses of other receivables

√ Applicable □ Not applicable

The Company set aside bad debts provision according to the credit risk characteristic portfolio

Methods of Setting Aside Bad Debts Provision According to the Credit Risk Characteristic Portfolio		
Category	Contents	Accrual methods
Portfolio 1	Receivables and deposits from related parties within the combination scope	Withdrawal
Portfolio 2	Except for the accounts receivable, of which the item amount was significant and had been accrued by item or the item amount was not significant but the bad debts provision had been accrued by item, and the receivables in portfolio 1, the receivable portfolios with similar credit risk characteristics divided by the Company based on the same or similar accounts receivable and age in previous years.	Aging analysis

15. Inventories

√ Applicable □ Not applicable

1. Classification and cost of inventories

Inventories were classified as: Raw materials, turnover materials, merchandise on hand, merchandise shipped, etc.

Inventories were initially measured at cost, including procurement costs, processing costs and other expenses arising from bringing inventories to the current location and condition.

2. Valuation method of issuing inventories

Inventories were valued using the weighted average method when being issued.

3. Basis for determining the net realizable value of various categories of inventories

On the balance sheet date, inventories were measured whichever was lower in accordance with the cost and net reliable value. If the cost of inventories was higher than its net realizable value, the accrual for inventory falling prices reserves was implemented. Net realizable value refers to the amount of the estimated selling price of inventories, minus the cost to be incurred when completion, the estimated selling expense and the relevant taxes in normal activities.

The net realizable value of the inventory of finished goods, commodities and materials for sale, which were directly used for sale, was recognized as the estimated selling price of the inventory less estimated selling expenses and related taxes in the normal course of production and operation; the net realizable value of the inventory of materials to be processed was determined as the estimated selling price of the finished goods less the estimated costs to be incurred after completion, estimated selling expenses and related taxes in the normal course of production and operation; the net realizable value of inventory held for the implementation of sales contracts or labor contracts was calculated on the basis of the contract price. If the quantity held exceeded that ordered in the sales contract, the net realizable value of the excess inventory was calculated on the basis of the general sales price.

If the influence of the previous write-down value of inventories had vanished after accruing reserves for falling price of inventories, causing the net realizable value of inventories to be higher than its carrying value, the amount of the previously accrued reserves for falling price of inventories was reversed, and the reversed amount was included in the profit or loss of the current period.

4. Inventory system of inventories
The perpetual inventory system is adopted.

5. Amortization method for low-value consumables and packages
(1) The one-off charge-off method of low-value consumables;
(2) The one-off charge-off method is adopted for packages.

16. Contract assets

(1). Method and criteria for recognizing contract assets

√ Applicable □ Not applicable

The Company reported contract assets or contract liabilities on the balance sheet in accordance with the relationship of performance obligations and customer payment. The consideration the Company had the right to receive from transferring goods to or providing services from customers (in the meantime this right was dependent on other factors except time lapse) was reported as contract assets. The contract assets and contract liabilities under the same contract were presented in net amount. The right of the Company to receive consideration from its customers unconditionally (only depending on the passage of time) was separately presented as receivables.

(2). Determination methods and accounting methods of the expected credit losses of contract assets

√ Applicable □ Not applicable

Please refer to "V/10/6 Test methods and accounting treatment methods for impairment of financial assets" in this Note for the recognition methods and accounting treatment methods of the expected credit losses of contract assets.

17. Assets held for sale

□ Applicable √ Not applicable

18. Debt investments

(1). Determination methods and accounting methods of the expected credit losses of debt investments

□ Applicable √ Not applicable

19. Other debt investments

(1). Determination methods and accounting methods of the expected credit losses of other debt investments

□ Applicable √ Not applicable

20. Long-term receivables

(1). Determination methods and accounting methods of the expected credit losses of long-term receivables

□ Applicable √ Not applicable

21. Long-term equity investments

√ Applicable □ Not applicable

1. Judgment criteria for joint control and significant influence

Joint control refers to the common control over a particular arrangement according to relevant agreement, and that the decisions on relevant activities under such arrangement are subject to unanimous consent from the parties sharing the joint control. If the Company and other joint venture parties jointly

controlled the investee and had rights to the net assets of the investee, the investee was a joint venture of the Company.

Significant influence means having the power to participate in the financial and operating policy decision-making of the investee, but cannot control or, together with other parties, jointly control the formulation of these policies. If the Company could exert significant influence on it, the investee was an associate of the Company.

2. Recognition of initial investment cost

(1) Long-term equity investments formed by business combination

For the long-term equity investments of subsidiaries formed by the business combination under the same control, the initial investment cost of the long-term equity investments was recognized at the portion of the carrying value of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of long-term equity investments and the carrying value of the consideration paid was referred to adjusting the share premium of capital reserves; if the share premium of capital reserves was not sufficient to offset the difference, then retained earnings were adjusted. If the investee under the same control could be control due to additional investments and other reasons, the difference between the initial investment cost of long-term equity investments recognized based on the above-mentioned principles, and the sum of the carrying value of long-term equity investments before the combination and the carrying value of the newly paid consideration for the shares further acquired on the combination date was referred to adjusting the share premium; if the share premium was not sufficient to offset the difference, then retained earnings were adjusted.

For the long-term equity investments formed by the business combination not under the same control, the initial investment cost of the long-term equity investments was the combination cost recognized on the acquisition date. If the investee not under the same control could be controlled due to additional investments and other reasons, the initial investment cost was the sum of the carrying value of the former equity investments held plus the new additional investment cost.

(2) Long-term equity investments obtained by methods other than business combination

For the long-term equity investments obtained by payment in cash, the initial investment cost was the actual acquisition payment.

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

3. Subsequent measurement and recognition methods of profit and loss

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

The Company accounted for the long-term equity investments in subsidiaries using the cost method, unless the investments qualified as held for sale. Except for the price actually paid at the acquisition of investment or the declared but undistributed cash dividends or profits included in the consideration, the Company recognized the return on investment of the current period in accordance with the cash dividends or profits declared and distributed by the investee.

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

Long-term equity investments of associates and joint ventures were accounted for using the equity method. If the initial investment cost was greater than the difference between share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of long-term equity investments was not adjusted; if the initial investment cost is less than the difference between share of the fair value of the investee's identifiable net assets at the time of investment, the difference was included in the profit and loss of the current period, and the cost of long-term equity investments was adjusted at the same time.

The Company recognized the return on investment and other comprehensive income respectively, according to the allocated share of net profit and loss and other comprehensive income reported by the investee as it was entitled to share or was responsible for sharing, while the carrying value of the long-term equity investments were adjusted. The Company measured its allocated share according to the profits and cash dividend declared by the investee, while a commensurate reduction incurred to the carrying value of the long-term equity investments. For other changes in owners' equity of the investee except the net profit and loss, other comprehensive income and profit distribution, the carrying value of the long-term equity investments was adjusted and the changes were included in the owners' equity.

When recognizing the allocated share of net profit of loss, other comprehensive income and other

changes in owners' equity of the investee, the Company recognized the net profit and loss and other comprehensive income of the investee after adjustment, based on the fair value of the identifiable net assets of the investee at the time of obtaining the investments, and in accordance with the Company's accounting policies and accounting period.

The proportion attributed to the Company of unrecorded profit or loss of internal transactions between the Company and associates and joint ventures was calculated and set off according to the proportion entitled to the Company, while its profit or loss of the investments were recognized correspondingly, the business constituted by invested or sold assets except. Unrecorded internal transaction losses incurred between the Company and the investee were recognized in full if they fell under asset impairment loss.

For the net loss in the joint ventures or associates, the Company wrote down to zero at the carrying value of long-term equity investments and other long-term equity that substantially constituted the net investment in the joint ventured or associated, except for the obligation to assume additional losses. If the joint ventures or associates could realize net profit in the future, the Company resumed the recognition of the sharing amount of profit after the sharing amount of profit made up for the unrecognized sharing amount of loss.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between its carrying value and the actual price obtained was included in the profit and loss of the current period.

For the partial disposal of long-term equity investments accounted for by the equity method, if the residual equity was still accounted for by the equity method, the other comprehensive income accounted and recognized by the original equity method was carried forward according to the same basis as the investee's direct disposal of the relevant assets or liabilities in proportion, and other changes in owners' equity were carried forward to the profit and loss of the current period in proportion.

If the joint control or significant influence over the investee was lost due to the disposal of equity investments or other reasons, the other comprehensive income, which was calculated and recognized by the original equity investments due to the use of equity method, was carried out accounting treatment on the same basis of the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity were all transferred to the profit and loss of the current period when it was ceased to keep account of the investment using equity method.

If the control over the investee was lost due to the partial disposal of the equity investments and other reasons, when preparing some financial statements, the residual equity that could perform joint control or significant influence on the investee was accounted for by the equity method instead, and the residual equity was adjusted as adopting the equity method for accounting since the acquisition. The other comprehensive income recognized before the acquisition of the control over the investee was carried forward on the same basis as the investee's direct disposal of the relevant assets or liabilities in proportion, and changes in other owners' equity recognized by the equity method were carried forward to the profit and loss of the current period in proportion. The residual equity which could not perform joint control or significant influence on the investee was recognized as a financial asset, and the difference between its fair value and carrying value on the date of loss of control was included in the profit and loss of the current period. All changes in other comprehensive income and other owners' equity recognized before the acquisition of control over the investee were carried forward.

If the multi transactions in the disposal of equity investments in a subsidiary that resulted in the loss of control constituted a package deal, each transaction was treated as a transaction that disposed of equity investments in the subsidiary and resulted in the loss of control of the subsidiary in accounting treatment. Before the loss of control, each difference between the disposal price and the carrying value of long-term equity investments corresponding to the disposed equity was first recognized as other comprehensive income in some financial statements, and after losing the control, then transferred to the profit and loss of the current period. Each transaction was accounted for separately if it did not belong to a package deal.

22. Investment property

(1). If the cost measurement mode is adopted:

Depreciation or amortization method

Investment property refers to real estate held for rent or capital appreciation, or both, including leased land use rights, land use rights held to be transferred after appreciation and leased buildings

(including buildings for rental after self-construction or completed development activities and buildings under construction or development for future rental).

Subsequent expenses related to the investment property were included in the cost of the investment property when the relevant economic benefits were likely to flow in and the cost could be measured reliably; otherwise, such expenses were included in the profit and loss of the current period when being incurred.

The Company has adopted the cost model to measure the existing investment property. For the investment property measured based on the cost model - the leased buildings adopted the same depreciation policy as the Company's fixed assets, the lease of land use rights was performed based on the same amortization policy as the intangible assets.

23. Fixed assets

(1). recognition criteria

√ Applicable □ Not applicable

Fixed assets refer to tangible assets that are held for the production of commodities, provision of labor services, lease or operation and management, with a useful life of more than one accounting year. Fixed assets were recognized when the following conditions were met:

(1) There was a high potential that the economic benefits related to the fixed assets would flow in the enterprise;

(2) The cost of the fixed assets could be measured reliably.

Fixed assets were initially measured at cost (and the influence of the estimated disposal expenses was taken into consideration).

Subsequent expenses related to fixed assets were included in the cost of fixed assets when the economic benefits related to such expenses were likely to flow in and the cost can be measured reliably; for the replaced part, the carrying value was derecognized; all other subsequent expenses were included in the profit and loss of the current period when being incurred.

(2). Depreciation method

√ Applicable □ Not applicable

Category	Depreciation method	Depreciable life (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation method	30	5	3.17
Special equipment	Straight-line depreciation method	5	0-5	19.00-20.00
Transportation equipment	Straight-line depreciation method	5	0-5	19.00-20.00
General equipment	Straight-line depreciation method	3 or 5	0-5	19.00-33.33
Fixed assets fixtures	Straight-line depreciation method	5	0	20.00

(3). Recognition basis, valuation and depreciation method for fixed assets under financing lease

□ Applicable √ Not applicable

24. Construction in progress

√ Applicable □ Not applicable

Construction in progress was measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other necessary expenses

incurred before the construction in progress reaches the predetermined serviceable condition. When reaching the predetermined serviceable condition, the construction in progress was transferred to the fixed assets and depreciation to be accrued from the next month.

25. Borrowing costs

√ Applicable □ Not applicable

1. Recognition principles for the capitalization of borrowing costs

The borrowing costs incurred by the Company, which could be directly attributed to the acquisition, construction or production of assets that met the capitalization conditions, were capitalized and included in the cost of relevant assets; other borrowing costs recognized as expenses according to the amount incurred were included in the profit and loss of the current period.

Assets eligible for capitalization refer to assets that require a long period of acquisition, construction or production activities to reach the expected usable or salable status, such as fixed assets, investment properties, and inventories.

2. Period for capitalization of borrowing costs

Capitalization period refers to the period from the time when the capitalization of borrowing costs starts to the time when the capitalization is stopped, excluding the period during which the capitalization of borrowing costs is suspended.

Borrowing costs only started the capitalization when meeting the following conditions:

(1) The asset expenditure had occurred, including the cash payment for the acquisition, construction or production of assets eligible for capitalization and expenditure in the form of transfer of non-cash assets or assumption of interest-bearing debts;

(2) The borrowing costs had been incurred;

(3) The necessary acquisition, construction or production activities to make the assets reached the expected available or marketable state had begun.

When the assets with the acquisition, construction or production meeting the capitalization conditions reached the expected usable or salable status, the borrowing costs would cease to be capitalized.

3. Period for suspension of capitalization

If abnormal disruption were incurred for the assets eligible for the capitalization condition during the acquisition, construction, and production process, and the period of disruption was over 3 months continuously, the capitalization of the borrowing cost was suspended. If the disruption was the necessary procedure for the assets to reach the expected usable or salable status, the borrowing costs continued to be capitalized. The borrowing costs incurred during the interruption period were recognized as the profit and loss of the current period, and the borrowing costs continued to be capitalized until the restart of the assets' acquisition, construction or production.

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

For the special borrowings borrowed for acquisition, construction or production of the assets eligible for capitalization, the capitalization amount of the borrowing costs was determined based on the borrowing costs actually incurred in the current period of the special borrowings minus the interest income from unspent borrowing funds deposited in banks or the amount of return on investment obtained from the temporary investment.

For general borrowings employed for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs for capitalization from general borrowings was calculated and determined through the weighted average of asset expenditures of accumulated asset expenditures over special borrowings multiplied by the capitalization rate of the occupied general borrowings. The capitalization rate was calculated and determined based on the weighted average effective interest rate of general borrowings.

During the capitalization period, the exchange differences between the principal and interest of special borrowings in foreign currencies were capitalized and included in the cost of assets eligible for capitalization. The exchange differences arising from the principal and interest of other borrowings in foreign currencies other than the special borrowings in foreign currencies were included in the profit and loss of the current period.

26. Biological assets

□ Applicable √ Not applicable

27. Oil and gas assets

□ Applicable √ Not applicable

28. Right-of-use assets

√ Applicable □ Not applicable

The Right-of-use assets category mainly includes houses and buildings, vehicles in operation, land and others.

On the start date of the lease term, the Company and its subsidiaries recognized the right to use the leasehold property in the lease term as right-of-use assets, including: The initial measurement amount of the lease obligation; the lease payment paid on or before the start date of the lease term. If there was a lease incentive, the amount related to the lease incentive taken should be deducted; the initial direct cost incurred by the lessee; the estimated cost that the lessee would use to pull down and remove the leasehold property, and restore the site of the leasehold property or restore the leasehold property to the state agreed in the lease clauses.

The right-of-use assets were subsequently depreciated using the straight-line method. If it was reasonably certain that the ownership of the leasehold property would be obtained at the end of the lease term, the Company depreciated the leasehold property over its remaining service life. If it was not reasonably certain that the ownership of the leasehold property would be obtained at the end of the lease term, the Company depreciated the leased asset(s) over the lease term or the remaining service life, whichever is shorter.

When the Company and its subsidiaries re-measured the lease liabilities according to the present value of the changed lease payments, and correspondingly adjusted the carrying value of right-of-use assets. If the carrying value of right-of-use assets had been reduced to zero, yet the lease liabilities still needed to be further reduced, the remaining amount was included in the profit and loss of the current period.

29. Intangible assets

(1). Pricing method, service life, and impairment test

√ Applicable □ Not applicable

1. Pricing method of intangible assets

(1) Upon acquisition, the Company initially measured the intangible assets at cost;

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

(2) Follow-up measurement

Upon acquisition, the service life of intangible assets was analyzed and judged.

The intangible assets with limited service life were amortized within the period that brings economic gains to the enterprise; if the period in which the intangible assets could bring economic gains to the enterprise was not predictable, such assets were regarded as intangible assets with uncertain service life, and shall not be amortized.

2. Estimation of the service life of intangible assets with limited service life

Item	Estimated service life	Basis
Land use right	Term of the warrant	Term of the warrant
Software	5 years	Estimated useful life

The Company reviewed the service life and amortization method of intangible asset with limited service life at the end of each year.

After review, at the end of the current period, the service life and amortization method of the intangible assets had no difference with the previous estimation.

3. Specific criteria for dividing the research phase and development phase

The Company classified the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase.

Research phase: It refers to the phase of original planned investigations and research activities conducted to acquire and understand new scientific or technical knowledge.

Development stage: It refers to the stage of an activity, which applies research achievements or other knowledge to a certain plan or design to produce new or materially improved materials, equipment and products, before commercial production or use.

(2). Accounting policies for internal research and development costs

√ Applicable □ Not applicable

Specific criteria for dividing the research phase and development phase

The Company classified the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase.

Research phase: It refers to the phase of original planned investigations and research activities conducted to acquire and understand new scientific or technical knowledge.

Development stage: It refers to the stage of an activity, which applies research achievements or other knowledge to a certain plan or design to produce new or materially improved materials, equipment and products, before commercial production or use.

30. Long-term assets impairment

√ Applicable □ Not applicable

For long-term equity investments, investment property measured by the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with limited service life, oil and gas assets and other long-term assets, if there were signs of impairment on the balance sheet date, an impairment test was carried out. If the results of an impairment test indicated that the recoverable amount of an asset was lower than its carrying value, an impairment provision was made according to the difference and included in the impairment loss. The recoverable amount was the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset. The provision for asset impairment was calculated and recognized based on individual assets. If it was difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group was determined based on the asset group to which the asset belonged. Asset group refers to the smallest asset portfolio which can independently generate cash inflows.

For goodwill formed due to business combination, intangible assets with uncertain service life, and intangible assets that had not yet reached a usable status, whether there was any sign of impairment, an impairment test was performed at least at the end of each year.

For the goodwill impairment test conducted by the Company, the carrying value of goodwill formed due to business combination was allocated to the relevant asset group in a reasonable manner from the acquisition date; if it was difficult to allocate goodwill to the relevant asset group, it was allocated to the relevant asset group profile. Relevant asset group or asset group profile is an asset group or asset group portfolio that can benefit from the synergy effect of business combination and is not larger than a certain reporting segment.

When the impairment test was conducted on the asset group or asset group portfolio containing goodwill, if there was any sign of impairment in the asset group or asset group portfolio related to goodwill, the impairment test was firstly conducted on the asset group or asset group portfolio not containing goodwill, and the recoverable amount was calculated to recognize the corresponding impairment loss by comparing with the relevant carrying value. Then the impairment test was conducted on the asset group or asset group portfolio containing goodwill to compare the carrying value and recoverable amount. If the recoverable amount was lower than the carrying value, the impairment loss was first offset against the carrying value that was allocated to asset group or asset group portfolio, and then offset against the carrying value of assets excluding goodwill in asset group or asset group portfolio on a pro-rata basis according to the proportion of their carrying value. Once the above-mentioned asset impairment loss was recognized, it shall not be reversed in subsequent accounting periods.

31. Long-term prepaid expense

√ Applicable □ Not applicable

Long-term prepaid expense refers to the expenses that have occurred but shall be assumed by the current and subsequent periods for a period of more than one year.

1. Amortization method

Long-term prepaid expense was amortized equally within the beneficial period.

2. Amortization Period

Amortizing equally over the shorter of the remaining lease term and the remaining useful life of the leased asset.

32. Contract liabilities

(1). Method for determining contract liabilities

√ Applicable □ Not applicable

The Company reported contract assets or contract liabilities on the balance sheet in accordance with the relationship of performance obligations and customer payment. The obligations of transferring goods to or providing services for customers as a result of the consideration that the Company had received or shall receive from customers were reported as contract liabilities. The contract assets and contract liabilities under the same contract were presented in net amount.

33. Employee remuneration

(1). Accounting treatment methods of short-term remuneration

√ Applicable □ Not applicable

Within the accounting period when its employees provide service, the Company recognized actual short-term remuneration as liabilities, and included them in the profit and loss of the current period or relevant asset costs.

The employee remuneration, in the accounting period in which the employees provided services for the Company, was calculated and determined by the withdrawal basis and withdrawal ratio specified in the regulations, including social insurance expenses and public housing provision paid by the Company, as well as labor union expense and employee education expense withdrawn in accordance with the regulations.

The employee benefits of the Company which had incurred were included in the profit and loss of the current period or the cost of relevant assets according to the actual amount incurred, of which non-monetary benefits were measured at fair value.

(2). Accounting treatment method for post-employment benefits

√ Applicable □ Not applicable

Defined contribution plans

The Company paid basic endowment insurance and unemployment insurance for employees in accordance with the relevant local regulations. During the accounting period when the employees provide services to the Company, the amount to be paid was calculated based on the payment base and proportion specified by the local regulations, and recognized as liabilities to be included in the profit and loss of the current period or relevant asset costs. In addition, the Company also participated in the enterprise annuity plan/supplementary endowment insurance fund approved by the relevant national departments. The Company paid a certain percentage of the total employee wages to the annuity plan/local social insurance institutions, and the corresponding expenses were included in the profit and loss of the current period or relevant asset costs.

(3). Accounting treatment method for dismissal benefits

√ Applicable □ Not applicable

If the Company provided the employee with dismissal benefits, the Company would recognize the employee remuneration liabilities arising from the dismissal benefits and included them in profit or loss of the current period on the following dates (whichever was earlier): the date when the Company might not unilaterally withdraw dismissal benefits provided due to termination of labor relationship plans or layoff proposals; the date when the Company recognized costs or expenses relating to the restructure of

payments of dismissal benefits.

(4). Accounting treatment method for other long-term employee benefits

□ Applicable √ Not applicable

34. Lease liabilities

√ Applicable □ Not applicable

On the start date of the lease term, the Company and its subsidiaries recognized the present value of unpaid lease payments as lease liabilities, except for the short-term and low-value asset leases. When calculating the present value of lease payments, the interest rate implicit in the lease was adopted as the discount rate; if the interest rate implicit in the lease could not be determined, the incremental borrowing rate of the lessee was used as the discount rate. The Company and its subsidiaries calculated the interest expense of lease liabilities in each period of the lease term at a fixed periodic interest rate, and included it in the profit and loss of the current period, unless otherwise stipulated to be included in the relevant asset costs. The variable lease payments that were not included in the measurement of lease liabilities were included in the profit and loss of the current period when they were actually incurred, unless otherwise stipulated to be included in the relevant asset costs.

After the start date of the lease term, the Company and its subsidiaries re-measured the lease liabilities according to the present value of the changed lease payments when there were changed in the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, or the assessment result of the call option, the renewal option, or the termination option, or the actual exercise changes.

35. Provisions

□ Applicable √ Not applicable

36. Share-based payment

□ Applicable √ Not applicable

The Company's share-based payment is the transaction made through granting equity instruments or bearing the liabilities recognized based on such instruments in exchange for services rendered by employees or other parties. The Company's share-based payments include equity-settled share-based payment and cash-settled share-based payment.

Equity-settled share-based payments and equity instruments

If an equity-settled share-based payment was adopted for services provided by employees, it was measured at the fair value of the equity instrument granted to employees. For an equity-settled share-based payment, if the right could be exercised immediately after the grant, the fair value of the equity instruments would, on the grant date, be included in the relevant costs or expenses and the capital reserves would be increased accordingly. For share-based payment transactions that could be exercised only after completing the services during the vesting period or meeting the prescribed performance conditions after the grant, then on each balance sheet date within the vesting period, the services acquired in the current period would, based on the best estimate of the number of vested equity instruments, be recorded in the relevant costs or expenses at the fair value of the equities instruments on the grant date, and the capital reserve would be increased accordingly.

If the terms of the equity-settled share-based payment were modified, as a minimum, the services acquired were recognized as if the terms were not modified. In addition, any modification that increased the fair value of the equity instruments granted, or any changes that were beneficial to the employee on the modification date, were recognized as an increase in services acquired.

During the vesting period, if the granted equity instrument was canceled, the Company treated the cancellation of the granted equity instrument as an accelerated exercise, included the remaining amount that should be recognized during the vesting period immediately in the profit and loss of the current period, and recognized the capital reserves at the same time. However, if a new equity instrument was granted and designated as a replacement equity instrument for the canceled one on the date of grant, then granted alternative equity instrument was treated in the same manner as the modification of the terms and conditions of the original one.

37. Preference shares, perpetual bonds and other financial instruments

□ Applicable √ Not applicable

38. Revenue

(1). Accounting policy for recognition and measurement of revenue

√ Applicable □ Not applicable

1. Accounting policy for recognition and measurement of revenue

The Company recognized revenue when it had satisfied its performance obligations under the contract, i.e., when the customer had obtained control of relevant goods or services. Obtaining control of relevant goods or services means being able to direct the use of them and obtain substantially all benefits from them.

Where the contract contained two or more performance obligations, the Company, at the inception date of the contract, allocated the transaction price to each performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each performance obligation. The Company measured revenue on the basis of the transaction price allocated to each performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customer. The Company recognized the transaction price in accordance with the terms of the contract, with past business practices taken into account. When recognizing the transaction price, it considered the impact of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, consideration payable to a customer and other factors. The transaction price was recognized only to the extent that it was highly probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the relevant uncertainty was resolved. Where a contract contained a significant financing component, the Company recognized the transaction price on the basis of the amount presumably payable in cash when the customer obtained control of the goods or services, and used the actual interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

A performance obligation was satisfied over time if one of the following conditions was met; otherwise, it was treated as satisfied at a point in time:

- The customer simultaneously received and consumed the benefits provided by the Company's performance as the Company performed obligation.
- The customer could control the goods as they were created during the Company's performance.
- The goods produced by the Company's performance had no alternative use, and the Company had the right to collect payment for performance completed to date during the entire contract period.

For a performance obligation performed within a certain period, the Company recognized revenue in accordance with the progress of performance during that period, except when the progress could not be reasonably determined. In determining the progress of performance, the Company took into account the nature of the goods or services and adopted the output methods or the input methods. Where the performance progress cannot be reasonably determined, and the costs incurred were expected to be recovered, the Company recognized revenue according to the amount of the costs incurred until the progress could be reasonably determined.

Where the performance obligation was to be satisfied at a certain point in time, the Company recognized revenue at the point when the customer obtained control of the relevant goods or services. When judging whether the customer had obtained control of goods or services, the Company considered the following indicators:

- The Company had a present right to receive payment for the goods or services, i.e., the customer had a present obligation to pay for the goods or services.
- The Company had transferred the legal ownership of the goods to the customer, i.e., the customer had obtained the legal ownership of the goods.
- The Company had transferred physical possession of the goods to the customer, i.e., the customer had taken physical possession of the goods.
- The Company had transferred primary risks and rewards of ownership of the goods to the customer, i.e., the customer had obtained the primary risks and rewards of ownership of the goods.
- The customer had accepted the goods or services.

2. Specific methods for revenue recognition

(1) Revenue recognition procedures for clinical diagnostic services

A. According to the inspection service contract signed by the Company and the customer, the Company obtained the inspection order and samples from the customer, and then provided the inspection services;

B. The Company entered the inspection order and samples into the core inspection business system, implemented inspection, issued inspection reports, and recognized sales revenue after the payment was expected to be recovered.

(2) Revenue recognition procedures for sales of reagents

A. The Company prepared the delivery note according to the sales contract signed by the Company and the customer;

B. Reagents were organized to be delivered out of the warehouse according to the delivery note, and were recognized with the customer's acceptance;

C. Invoices were issued and revenue was recognized after the payment was expected to be recovered.

(3) Revenue recognition procedures for physical examination services

A. The Company provided physical examination services as agreed;

B. According to the physical examination procedures, the Company entered the relevant systems, implemented the inspection, issued the report, and issued an invoice to recognize the revenue after the payment was expected to be recovered.

(4) Revenue from logistics services

The Company provided logistics services as agreed, reconciled with the customer for recognition after the service was completed, and recognized the sales revenue after the payment was expected to be recovered.

(5) Revenue from health consulting services

The Company provided health consulting services as agreed, and recognized the revenue after the service was completed and the payment was expected to be recovered.

(2) Different business models were adopted for different businesses, which might lead to the differences in the accounting policy for recognition of revenue

□ Applicable √ Not applicable

39. Contract costs

√ Applicable □ Not applicable

Contract costs include contract performance costs and contract acquisition costs.

The cost incurred by performing a contract by the Company, which did not belong to the scope of relevant standards such as inventories, fixed assets or intangible assets, was recognized as an asset in the form of contract performance cost when it met all the following conditions:

- This cost was directly related to a current or expected contract.
- This cost enhanced the Company's resources that would be used in satisfying performance obligations in the future.
- This cost was expected to be recovered.

If the incremental cost incurred by the Company's acquisition of the contract was expected to be recovered, it was recognized as an asset in the form of contract acquisition cost.

The asset relevant to contract cost was amortized on the same basis as goods or service revenue recognition relevant to this asset; but if the amortization period of the contract acquisition cost was no more than one year, the Company included it into the profit or losses of the current period when it was incurred.

If the carrying value of the assets related to contract costs was higher than the difference between the two figures below, the Company would set aside provisions for assets impairment to deal with the extra part, and recognized that part as asset impairment loss:

1. Estimated residual consideration to be obtained from the transfer of commodities or services related to the assets;

2. Estimated costs incurred from the transfer of the relevant commodities or services.

If the above-mentioned difference was higher than the carrying value of the asset due to the subsequent changes in factors of impairment in the previous period, the Company would reverse the provision for impairment that had been accrued and included the difference in the profit and loss of the

current period, but the carrying value of the reversed asset did not exceed the carrying value of the asset on the reversal date assumed to be the amount without accrual of provision for assets impairment.

40. Government grants

√ Applicable □ Not applicable

1. Category

Government grants are monetary or non-monetary assets obtained by the Company from the government for free, and are classified into asset-related government grants and income-related government grants.

Asset-related government grants refer to the government grants obtained by the Company for acquisition and construction or to form long-term assets in other forms. Income-related government grants refer to the government grants other than asset-related government grants.

The specific criteria for the Company to classify government grants as assets-related government grants are as follows: Government documents clearly stipulate that government grants are used for the acquisition and construction of the Company or to form long-term assets in other forms.

The specific criteria for the Company to classify government grants as income-related government grants are as follows: Government documents clearly stipulate that the use of government grants is not related to assets.

For the subsidy object that does not clearly specified by the government documents, the judgment basis for the Company to classify the government grant as asset-related government grant or income-related government grant is as follows: whether the actual use after obtaining the government grant is related to assets.

2. Recognition time

The Company recognized the government grants only when it met the conditions attaching to the grants and it was received.

3. Accounting treatment

Asset-related government grants were used to offset the carrying value of related assets or recognized as deferred income. The asset-related government grants that were recognized as deferred income, were included in the profit and loss of the current period in a reasonable and systematic method within the service life of the relevant assets (that related to the Company's daily activities were included in other income; that unrelated to the Company's daily activities were included in non-operating income);

Income-related government grants that were used to compensate the Company's related costs or losses in subsequent periods were recognized as deferred income, and included in the profit and loss of the current period when the related costs or losses were recognized (that related to the Company's daily activities were included in other income; that unrelated to the company's daily activities were included in non-operating income) or were used to offset related costs or losses; the income-related government grants that were used to compensate the Company's related costs or losses incurred, were directly included in the profit and loss of the current period (that related to the Company's daily activities were included in other income; that unrelated to the company's daily activities were included in non-operating income) or were used to offset related costs or losses.

The policy prime loan interest subsidies obtained by the Company were accounted for in the following two conditions:

(1) If the fiscal system allocated the funds of interest subsidies to the lending bank, and the lending bank provided loans to the Company at a policy prime interest rate, the actual loan amount received by the Company was recognized as the carrying value of the loan, and the relevant borrowing costs was calculated in accordance with the loan principal and the policy prime interest rate.

(2) If the fiscal system allocated the funds of interest subsidies to the Company directly, the Company reduced the corresponding interest subsidies against relevant borrowing costs.

41. Deferred income tax assets/Deferred income tax liabilities

√ Applicable □ Not applicable

Income tax comprises current income tax and deferred income tax. Except for the income tax arising from business combination and transactions or events directly included in owners' equity (including other comprehensive income), the Company would include current income tax and deferred

income tax into the profit and loss for the current period.

Deferred income tax assets and deferred income tax liabilities were calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their carrying value.

For deductible temporary differences, the recognition of deferred income tax assets was limited to the amount of taxable income that was likely to be obtained in the future to offset against the deductible temporary differences. For the unused deductible losses and unused tax credits that could be carried forward, the recognition of the corresponding deferred income tax assets was limited to the amount of the future taxable income that was probable to be available and could be utilized to against these losses.

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

Special circumstances, in which deferred income tax assets or deferred income tax liabilities were not recognized, include:

- Initial recognition of goodwill;
- A transaction or event that was neither a business combination nor affected accounting profits and taxable income (or deductible loss) when the transaction or event occurred.

For taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, deferred income tax liabilities were recognized unless the Company could control the time of the temporary difference reversal and the temporary differences were likely not to be reversed in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax assets were recognized when the temporary differences were likely to be reversed in the foreseeable future and to be obtained to offset the deductible temporary differences in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities were measured according to the applicable tax rate during the period when the relevant assets were expected to be recovered or the relevant liabilities were repaid specified in the tax law.

On the balance sheet date, the Company reviewed the carrying value of deferred income tax assets. If it was probable that sufficient taxable income would not be available in the future to offset the gains of deferred income tax assets, the carrying value of deferred income tax assets was written down. Such write-downs was reversed when it became probable that sufficient taxable profits would be available.

When the Company had the legal right to settle on a net basis and intended to settle on a net basis or to acquire assets and settle liabilities simultaneously, the current income tax assets and current income tax liabilities were listed and reported on a net basis after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities were presented as the net amount after offsetting when the following conditions were met at the same time:

- The taxpayer had the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities were related to the income tax levied by the same tax administration department on the same taxpayer or different taxpayers, but during the period when each significant deferred income tax assets and liabilities would be reversed in the future, the involved taxpayer intended to settle the current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities at the same time.

42. Rent

(1). Accounting treatment method for operating lease

√ Applicable □ Not applicable

Accounting policies prior to 1 January 2021

(1) The Company apportioned the rental costs for rented assets on a straight-line basis over the entire lease term without deducting the rent-free period, and included them in the current costs. The initial direct costs paid by the Company in connection with the lease transaction were included in the current cost.

If the lessor of the assets assumed any lease-related costs that should be assumed by the Company, the Company deducted such costs from the total rent costs and apportioned them in accordance with the rental costs after deduction during the lease term and included them into the current costs.

The Company apportioned the rental costs charged by the Company for renting assets on a straight-line basis over the entire lease term without deducting the rent-free period, and recognized them as rental

receipts. The initial direct costs paid by the Company related to the lease transaction were included in the current costs; larger amounts were capitalized and recognized in current profit on the same basis as rental receipt throughout the term of the operating lease.
If the Company assumed the lease-related costs that should be assumed by the lessee, the Company deducted this part of the costs from the total rent costs, and apportioned the deducted rental costs during the lease term.

(2). Accounting treatment method for finance lease

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Accounting policies from 1 January 2021

The term "lease" refers to a contract whereby the lessor transfers the right of use regarding the leased asset(s) to the lessee within a specified time in exchange for consideration. From the effectiveness date of a contract, the Company assessed whether the contract was a lease or includes any lease. If a party to the contract transferred the right allowing the control over the use of one or more assets that had been identified within a certain period, in exchange for a consideration, such contract was a lease or includes a lease.

If a contract contained multiple single leases at the same time, the Company split the contract, and conducted accounting treatment of each single lease, respectively. If a contract contained both lease and non-lease parts at the same time, the lessee and lessor would split the lease and non-lease parts.

For rent concessions reached on the existing lease contracts such as rent relief and deferred payments, which were directly caused by the COVID-19, the Company adopted a simplified method for all lease selections, did not assess whether there was a lease change, and did not re-assess lease classification if the following conditions were met at the same time:

- The lease consideration after the concession was reduced or basically unchanged from that before the concession, among which, the lease consideration could be undiscounted or discounted at the discount rate before the concession;
- The concession is only for lease payments payable before 30 June 2022, an increase in lease payments payable after 30 June 2022 does not affect meeting this condition, and a decrease in lease payments payable after 30 June 2022 does not satisfy this condition; and
- After comprehensive consideration of qualitative and quantitative factors, it is recognized that there were no significant changes in other terms and conditions of the lease.

1. The Company was lessee:

(1) Right-of-use assets

On the start date of the lease term, the Company recognized leases other than short-term leases and leases of low-value assets as right-of-use assets. Right-of-use assets were initially measured at cost. The cost included:

The initial measurement amount of lease liabilities;

Lease payments made on or before the start date of the lease term (if a lease incentive exists, net of the amount related to the lease incentive already taken);

Initial direct costs incurred by the Company;

Costs expected to be incurred by the Company for dismantling and removing the leased asset(s), restoring the premises where the leased asset(s) is/are located, or restoring the leased asset(s) to the status agreed in the leasing clauses (excluding costs incurred for inventory production).

The Company subsequently adopted the straight-line method to depreciate the right-of-use assets. Where it could be reasonably certain that the Company would obtain ownership of the leased assets at the expiry of the lease term, the leased assets were depreciated over the expected residual service life; where it could not be reasonably certain that the Company could obtain ownership of the leased assets at the end of the lease term, the leased assets were depreciated at the shorter of the lease term and the residual service life of the leased assets.

The Company recognized whether the right-of-use assets had been impaired in accordance with the principles described in "V\30 Long-term asset impairment" in this note, and performed accounting treatment on the identified impairment losses.

(2) Lease liabilities

On the start date of the lease term, the Company recognized leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities were initially measured at the present value of outstanding lease payments. Lease payments included:

Fixed payments (including actual fixed payments, and if a lease incentive exists, deduct the amount related to the lease incentive);

Variable lease payments that depend on indexation or ratio;

The estimated amount payable based on the secured residual value provided by the Company;

Exercise price of the purchase option, provided that the Company is reasonably certain that the option will be exercised;

Payments required to be made for exercising the option to terminate the lease if the lease term reflects that the Company will exercise such an option;

The Company used the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease could not be reasonably determined, the Company's incremental borrowing rate was used as the rate of discount.

The Company calculated the interest expenses of lease liabilities during each period of the lease term at a fixed periodic interest rate, and included them in the profit or loss of the current period or the cost of relevant assets.

Variable lease payments that were not included in the measurement of lease liabilities were included in the profit or loss of the current period or the cost of relevant assets when actually incurred.

After the start date of the lease term, the Company re-measured the lease liabilities and adjusted the corresponding right-of-use assets if the following circumstances occurred. If the carrying value of the right-of-use assets had been reduced to zero, the lease liabilities still needed to be further reduced, the difference was included in the profit and loss of the current period:

- When there was a change in the assessment results of the acquisition option, lease renewal option or termination option, or the actual exercise of the aforementioned options was inconsistent with the original assessment results, the Company calculated the present value based on the changed lease payment amount and the revised discount rate to remeasure the lease liabilities;
- When there was a change in the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, the Company calculated the present value based on the changed lease payment amount and the original discount rate to remeasure the lease liabilities. However, where changes in lease payments arising from changes in floating interest rates, a revised discount rate was used to calculate the present value.

(3) Short-term leases and low-value asset leases

The Company chose not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and included the relevant lease payments in the profit or loss of the current period or the cost of relevant assets on a straight-line basis during each period of the lease term. A short-term lease refers to the lease whose lease term does not exceed 12 months and that does not include the call option on the start date of the lease term. A low-value asset lease refers to a lease in which the value of a single leased asset is typically lower than other assets if it is a new asset. For the Company's leasehold property that was underleased or expected to be underleased, the original lease did not belong to low-value asset lease.

(4) Lease change

When the lease changed and the following conditions were met, the Company would regard the lease charge as a separate lease for accounting treatment:

The lease change expanded the scope of lease through the increase of one or several rights to use the lease assets;

The increased consideration and the separate price of the expanded part of the scope of lease were the same, upon adjustment, according to the contract.

If the lease change was not deemed as a separate lease for accounting treatment, the Company re-amortized the consideration of the changed contract, re-confirmed the lease term, and re-calculated the present value of the lease obligation using the changed lease payment and the revised rate of discount, on the date when the lease change took effect.

The Company correspondingly reduced the carrying value of the right-of-use assets and included

the profit or loss of the lease terminated in part or whole in the current profit or loss, if the lease change narrowed the scope of lease or shortens the lease term. If other lease changes led to re-measurement of lease liabilities, the Company adjusted the carrying value of right-of-use assets accordingly.

(5) Rent concessions related to the COVID-19

For the simplified method of rent concession related to the COVID-19 adopted, the Company did not assess whether there was a lease change, continued to calculate the interest expense of lease liabilities at the same discount rate as before the concession and included it in the profit and loss of the current period, and continued to use the same method as before the concession to depreciate right-of-use assets. In the event of rent relief, the Company took the reduced rent as the variable lease payments. When the original rent payment obligations were relieved by reaching a concession agreement, the discounted amount at the undiscounted or pre-discount discount rate was used to offset the relevant asset costs or expenses, and the lease liabilities were adjusted accordingly at the same time; if the rent payment was delayed, the Company offset the lease liabilities recognized in the previous period when the actual payment was made.

For short-term leases and low-value asset leases, the Company continued to include the original contract rent in the costs or expenses of the relevant assets by the same method as before the concession. In the event of rent relief, the Company took the reduced rent as the variable lease payments to offset the relevant asset costs or expenses during the relief period; if the rent payment was delayed, the Company recognized the rent payable as payables during the original payment period to offset the payables recognized in the previous period when the actual payment was made.

2. The Company was lessor:

The Company classified lease into finance and operating leases on the start date of the lease term. A finance lease refers to the lease where almost all the risks and remuneration, related to the ownership of the leasehold property, is transferred, no matter whether the ownership is finally transferred or not. An operating lease refers to all leases other than finance leases. The Company, as the underlease lessor, classified the sublease based on the right-of-use assets generated from the original lease.

(1) Accounting treatment of operating leases

The lease receivables from operating lease were recognized as rental income in line with the straight-line approach during the lease term. The Company capitalized the initial direct costs related to the operating finance, apportioned and included such costs in the profit or loss of the current period on the basis same as the recognition of rentals in the lease term. Variable lease payments that were not included in the lease receivable were included in the profit or loss of the current period when they were actually incurred. If an operating lease changed, the Company regarded it as a new lease for accounting treatment from the effective date of the change. The advance receipt or the lease receivable related to the lease prior to the change was recognized as the payment receivable of the new lease.

(2) Rent concessions related to the COVID-19

• For operating leases that adopted the simplified method of rent reduction related to the COVID-19, the Company continued to recognize the original contract rent as rental income though the same method as before the concession; for rent relief, the Company took the reduced rent as variable lease payments to offset the lease income during the relief period; if the rent payment was delayed, the Company recognized the receivable rent as receivables during the original collection period to offset the receivables recognized in the previous period when actually received.

43. Other important accounting policies and accounting estimation

□ Applicable √ Not applicable

44. Changes in important accounting policies and accounting estimation

(1). Changes in important accounting policy

√ Applicable □ Not applicable

Contents of and reasons for the changes to accounting policies	Approval procedure	Remarks (Name and amount of items in the statement suffering significant influence)
On 7 December 2018, the Ministry of	Reviewed and	The amount of balance influenced

Finance (MOF) issued the *Accounting Standard for Business Enterprises No. 21: Lease*, which required that those enterprises that are listed both at home and abroad and those enterprises that are listed overseas and adopt the *International Financial Reporting Standards* or the *Accounting Standards for Business Enterprises* for preparation of financial statements shall implement the New Lease Standards from 1 January 2019; the other enterprises that adopt the Accounting Standards for Business Enterprises shall implement the Standards from 1 January 2021. .	approved at the 22nd Meeting of the 2nd Board of Directors	by the combination of "Right-of-use assets" on 1 January 2021 was RMB230,114,096.34; the amount of balance influenced by "Long-term prepaid expense" on 1 January 2021 was RMB-5,154,829.70; the amount of balance influenced by "Lease liabilities" on 1 January 2021 was RMB132,357,476.14; the amount of balance influenced by "Current portion of non-current liabilities" on 1 January 2021 was RMB92,601,790.50.

Other notes:

(1) Implementing *Accounting Standards for Business Enterprises No. 21: Lease* (Revised in 2018)

In 2018, the Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 21: Lease* (hereinafter referred to as the "New Lease Standards"). The Company implemented the New Lease Standards from 1 January 2021. According to the revised Standards, for the contract already existing prior to the initial exercise date, the Company decided not to reassess whether it was a lease or includes any lease on the initial inception date.

• The Company was lessee:

According to the accumulated number of impacts based on the execution of the New Lease Standards, the Company adjusted the amount of relevant items in the financial statements at the beginning of the first year of execution, and did not adjust information for comparable periods.

For operating leases already existing prior to the initial exercise date, the Company measured lease liabilities at the present value of the remaining lease payments discounted at the Company's incremental borrowing rate at the initial exercise date, and chose one of the following two methods according to each lease to measure right-of-use assets:

- For an amount equal to lease liabilities, necessary adjustments were made based on prepaid rent.

For operating leases already existing prior to the initial exercise date, the Company applied one or more of the following simplified treatments for each lease while applying the above method:

a. Leases to be completed within 12 months after the date of initial exercise are treated as short-term leases;

2) Leases with similar characteristics when measuring lease liabilities are treated with the same discount rate;

3) The measurement of the right-of-use assets does not include the initial direct expenses;

4) If there is an option to renew or an option to terminate the lease, the lease term shall be determined based on the actual exercise of the option prior to the date of initial exercise and other latest circumstances.

5) As an alternative to impairment tests for right-of-use assets, the Company assesses whether the contract containing the lease is an onerous contract prior to the date of initial exercise and adjusts the right-of-use asset based on the amount of the loss provision recorded in the balance sheet prior to the date of initial exercise.

6) If there are changes in leases prior to the date of initial exercise, the Company conducts accounting treatment in accordance with the final arrangements for lease changes, without retroactive adjustment.

When measuring lease liabilities, the Company discounted lease payments using the lessee's incremental borrowing rate as at 1 January 2021.

Outstanding minimum lease payments for significant operating leases as at 31 December 2020	249,741,292.67
Lease liabilities under the New Lease Standards as at 1 January 2021	230,114,096.34

Outstanding minimum lease payments for significant operating leases as at 31 December 2020	249,741,292.67
The difference between the above-mentioned discounted present value and the lease liabilities	19,627,196.33

- The Company was lessor:

The Company did not need to adjust its leases as a lessor in accordance with the New Lease Standards. The Company conducted accounting treatment in accordance with the New Lease Standards from the date of initial exercise.

- The main influences of the Company's implementation of the New Lease Standards on the financial statements are as follows:

Contents of and reasons for the changes to accounting policies	Approval procedure	Affected item in financial statements	Amount of influenced balance on 1 January 2021	
			Consolidated	the Company as the parent
Adjustments made by the Company as a lessee to operating leases already existing prior to the initial exercise date	The Board of Directors	Right-of-use assets	230,114,096.34	-
		Long-term prepaid expense	-5,154,829.70	-
		Lease liabilities	132,357,476.14	-
		Non-current liabilities due one year	92,601,790.50	-

(2) Implementing the *Interpretation No. 14 of Accounting Standards for Business Enterprises*

On 2 February 2021, the Ministry of Finance issued the *Interpretation No. 14 of Accounting Standards for Business Enterprises* (C.K. [2021] No. 1, hereinafter referred to as the "Interpretation No. 14"), which came into force on the date of publication. The relevant business newly added from 1 January 2021 to the implementation date was adjusted according to the Interpretation No. 14.

The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(3) Implementing the *Notice on Adjusting the Application Scope of the Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic*

On 19 June 2020, the Ministry of Finance issued the *Regulations on the Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic* (C.K. [2020] No. 10). For rent concession meeting the conditions and directly caused by the COVID-19, such as rent relief and deferred rent payments, businesses can choose to use a simplified approach for accounting treatment.

On 26 May 2021, the Ministry of Finance issued the *Notice on Adjusting the Application Scope of the Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic* (C.K. [2021] No. 9), which was implemented on 26 May 2021, and adjusted the application scope of rent concessions related to the COVID-19 allowed by the *Provisions on Accounting Treatment of Rent Concessions Associated with the COVID-19 Pandemic* from "concessions only for lease payments payable before 30 June 2021" to "concessions only for the lease payments before 30 June 2022", with other applicable conditions unchanged.

The Company has decided to adopt the simplified method for the accounting treatment of all lease contracts that met the requirements before the adjustment of the application scope and simultaneously adopt the simplified method for the accounting treatment of all similar lease contracts that met the requirements after the adjustment of the application scope. Retroactive adjustments were made to the relevant lease contracts for which accounting treatment was changed, but the data in the comparative financial statements during the previous period was not adjusted; adjustments were made for the relevant

rent concessions occurred between 1 January 2021 and the implementation date of the Notice that had not been accounted for in accordance with the Notice based on the Notice.

(4) Implementing the *Interpretation No. 15 of Accounting Standards for Business Enterprises* on the presentation of the centralized management of funds

On 30 December 2021, the Ministry of Finance issued the *Interpretation No. 15 of Accounting Standards for Business Enterprises* (C.K. [2021] No. 35, hereinafter referred to as the "Interpretation No. 15"), in which the content of "the related presentation of the centralized management of funds" specified came into force on the date of publication, with corresponding adjustments made for the financial statement data of the comparable period. The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(2). Key changes in accounting estimates

□ Applicable √ Not applicable

(3) Adjustments to the opening financial statements due to the first adoption of the new lease standard in 2021

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2020	1 January 2021	Adjustment
Current assets:			
Monetary assets	1,635,296,519.60	1,635,296,519.60	
Settlement reserve	-		
Loans to other banks and financial institutions	-		
Held-for-trading financial assets	-		
Derivative financial assets	-		
Notes receivable	-		
Accounts receivable	2,694,451,437.58	2,694,451,437.58	
Receivables financing	-		
Prepayments	12,664,064.10	12,664,064.10	
Premiums receivable	-		
Reinsurance receivables	-		
Receivable reinsurance contract reserve	-		
Other receivables	54,863,727.94	54,863,727.94	
Of which: Interest receivable	-		
Dividends receivable	-		
Financial assets purchased under resale agreements	-		
Inventories	238,127,719.90	238,127,719.90	
Contract assets	76,825,711.28	76,825,711.28	
Assets held for sale	-		
Current portion of non-current assets	-		
Other current assets	49,435,460.47	49,435,460.47	
Total current assets	4,761,664,640.87	4,761,664,640.87	
Non-current assets:			
Loans and advances to customers	-		
Debt investments	-		
Other debt investments	-		
Long-term receivables	-		
Long-term equity investments	155,099,642.20	155,099,642.20	

Other equity investments	-		
Other non-current financial assets	80,087,533.21	80,087,533.21	
Investment property	31,748,130.90	31,748,130.90	
Fixed assets	1,207,189,016.53	1,207,189,016.53	
Construction in progress	17,726,879.55	17,726,879.55	
Productive living assets	-		
Oil and gas assets	-		
Right-of-use assets	-	230,114,096.34	230,114,096.34
Intangible assets	138,628,111.25	138,628,111.25	
Development costs	-		
Goodwill	13,350,135.62	13,350,135.62	
Long-term prepaid expense	176,871,885.78	171,717,056.08	-5,154,829.70
Deferred income tax assets	15,467,617.37	15,467,617.37	
Other non-current assets	41,479,374.12	41,479,374.12	
Total non-current assets	1,877,648,326.53	2,102,607,593.17	224,959,266.64
Total assets	6,639,312,967.40	6,864,272,234.04	224,959,266.64
Current liabilities:			
Short-term borrowings	37,170,908.88	37,170,908.88	
Borrowings from the central bank	-		
Loans from other banks and financial institutions	-		
Held-for-trading financial liabilities	-		
Derivative financial liabilities	-		
Notes payable	-		
Accounts payable	1,626,533,094.38	1,626,533,094.38	
Advances from customers	-		
Contract liabilities	93,056,481.17	93,056,481.17	
Financial assets sold under repurchase agreements	-		
Customer deposits and deposits from other banks and financial institutions	-		
Payables for acting trading of securities	-		
Payables for underwriting of securities	-		
Employee benefits payable	248,496,020.64	248,496,020.64	
Taxes and levies payable	111,187,969.72	111,187,969.72	
Other payables	149,520,635.58	149,520,635.58	
Of which: Interest payable	-		
Dividends payable	16,019,598.16	16,019,598.16	
Fees and commissions payable	-		
Reinsurance payables	-		
Liabilities directly associated with assets held for sale	-		
Current portion of non-current liabilities	45,145,520.51	137,747,311.01	92,601,790.50
Other current liabilities	326,208.62	326,208.62	
Total current liabilities	2,311,436,839.50	2,404,038,630.00	92,601,790.50
Non-current liabilities:			
Insurance contract reserve	-		
Long-term borrowings	379,189,945.37	379,189,945.37	

Bonds payable	-		
Of which: Preference shares	-		
Perpetual bonds	-		
Lease liabilities	-	132,357,476.14	132,357,476.14
Long-term payables	-		
Long-term employee benefits payable	-		
Provisions	-		
Deferred income	52,883,194.42	52,883,194.42	
Deferred income tax liabilities	19,220,972.96	19,220,972.96	
Other non-current liabilities	-		
Total non-current liabilities	451,294,112.75	583,651,588.89	132,357,476.14
Total liabilities	2,762,730,952.25	2,987,690,218.89	224,959,266.64
Owners' equity（or shareholders' equity）:			
Paid-in capital (or share capital)	459,487,577.00	459,487,577.00	
Other equity instruments	-		
Of which: Preference shares	-		
Perpetual bonds	-		
Capital reserves	923,888,243.00	923,888,243.00	
Less: Treasury shares	-		
Other comprehensive income	-1,761,721.21	-1,761,721.21	
Specific reserve	-		
Surplus reserves	107,094,311.85	107,094,311.85	
Specific reserve	-		
Retained earnings	2,298,505,027.25	2,298,505,027.25	
Total equity attributable to owners (or shareholders) of the Company as the parent	3,787,213,437.89	3,787,213,437.89	-
Non-controlling interests	89,368,577.26	89,368,577.26	
Total owners' equity（or shareholders' equity）	3,876,582,015.15	3,876,582,015.15	-
Total liabilities and owners' equity（or shareholders' equity）	6,639,312,967.40	6,864,272,234.04	224,959,266.64

Notes to the adjustments:
□ Applicable √ Not applicable

Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	1 January 2021	Adjustment
Current assets:			
Monetary assets	767,213,097.99	767,213,097.99	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Prepayments			
Other receivables	1,008,145,127.66	1,008,145,127.66	
Of which: Interest receivable			
Dividends receivable	118,451,238.59	118,451,238.59	
Inventories			

Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	991,810.08	991,810.08	
Total current assets	1,776,350,035.73	1,776,350,035.73	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	835,007,903.57	835,007,903.57	
Other equity investments			
Other non-current financial assets	79,987,533.21	79,987,533.21	
Investment property	256,231,191.02	256,231,191.02	
Fixed assets	36,137,549.90	36,137,549.90	
Construction in progress	2,900,192.02	2,900,192.02	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	60,409,403.23	60,409,403.23	
Development costs			
Goodwill			
Long-term prepaid expense	182,265.14	182,265.14	
Deferred income tax assets			
Other non-current assets	5,798,210.00	5,798,210.00	
Total non-current assets	1,276,654,248.09	1,276,654,248.09	
Total assets	3,053,004,283.82	3,053,004,283.82	
Current liabilities:			
Short-term borrowings	37,170,908.88	37,170,908.88	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	648,364.80	648,364.80	
Advances from customers			
Contract liabilities	17,500,000.00	17,500,000.00	
Employee benefits payable	7,475,402.53	7,475,402.53	
Taxes and levies payable	520,251.62	520,251.62	
Other payables	246,396,117.74	246,396,117.74	
Of which: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities	44,850,966.79	44,850,966.79	
Other current liabilities			
Total current liabilities	354,562,012.36	354,562,012.36	
Non-current liabilities:			
Long-term borrowings	372,541,099.79	372,541,099.79	
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities			

Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	6,387,687.94	6,387,687.94	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	378,928,787.73	378,928,787.73	
Total liabilities	733,490,800.09	733,490,800.09	
Owners' equity（or shareholders' equity）:			
Paid-in capital (or share capital)	459,487,577.00	459,487,577.00	
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves	947,708,030.19	947,708,030.19	
Less: Treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserves	107,094,311.85	107,094,311.85	
Retained earnings	805,223,564.69	805,223,564.69	
Total owners' equity（or shareholders' equity）	2,319,513,483.73	2,319,513,483.73	
Total liabilities and owners' equity（or shareholders' equity）	3,053,004,283.82	3,053,004,283.82	

Notes to the adjustments:
□ Applicable √ Not applicable

(4) Retrospective restatements of comparative data due to the first adoption of the new lease standard in 2021

□ Applicable √ Not applicable

45. Other information

□ Applicable √ Not applicable

VI Taxation

1. Main taxes and tax rates

Major types of taxes and tax rates
√ Applicable □ Not applicable

Tax	Tax Basis	Tax Rate
VAT	Revenue from commodity sales and taxable services calculated according to the tax law are the basic calculation of output tax. After deducting the amount of input tax which is allowed to be deducted in the current period, the difference is the VAT payable	13% (Note 1), 6% (Note 2), 5% (Note 3)
Consumption tax		
Business tax		
Urban maintenance and	Calculating and paying based on	7%

construction tax	the actual VAT and consumption tax paid	
Enterprise income tax	Calculated based on the taxable income	25%, 15%, 20%, 16.5%

Note 1: From 1 April 2019, the applicable VAT rate of normal taxpayer for the reagent sales business is 13%;
Note 2: From 1 May 2016, all business tax payers in the life service industry are included in the nationwide pilot program of replacing business tax with VAT, and the applicable VAT rate in the medical service industry is 6%;
The applicable VAT rate for technical service income is 6%;
The applicable VAT rate for logistics service income is 6%;
Note 3: From 1 May 2016, the Company, as a normal taxpayer, rents out its real estate acquired before 30 April 2016, chooses to apply the simplified tax calculation method, and calculates the VAT payable at a 5% levying rate.

Subsidiaries with different income tax rates:
√ Applicable □ Not applicable

Subsidiary	Income tax rate（%）
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.	15%
Jinan KingMed Center for Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Nanjing)	15%
Hefei KingMed Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Xi'an)	15%
KingMed Diagnostics (Kunming)	15%
KingMed Diagnostics (Jilin)	15%
Fuzhou KingMed Clinical Laboratory Co., Ltd.	15%
Guizhou KingMed Center for Clinical Laboratory Co., Ltd.	15%
Changsha KingMed Clinical Laboratory Co., Ltd.	15%
Sichuan KingMed Center for Clinical Laboratory Co., Ltd.	15%
Tianjin KingMed Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Hangzhou)	15%
KingMed Diagnostics (Shenyang)	15%
KingMed Diagnostics (Chongqing)	15%
Guangxi KingMed Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Shanghai)	15%
Guangzhou KingMed Forensic Science Co., Ltd.	20%
Shijiazhuang KingMed Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Taiyuan)	15%
Hainan KingMed Center for Clinical Laboratory Co., Ltd.	15%
Guangzhou KingTest Co., Ltd.	25%
Guangzhou KingMed Physical Examination Clinic Co., Ltd.	20%
Qingdao KingMed Clinical Laboratory Co., Ltd.	15%
Heilongjiang KingMed Clinical Laboratory Co., Ltd.	15%
KingMed Diagnostics (Jiangxi)	15%
KingMed Diagnostics (Wuhan)	15%

KingMed Diagnostics (Gansu)	15%
Shenzhen KingMed Clinical Laboratory	25%
KingMed Diagnostics (Hong Kong) Limited	16.50%
Guangzhou KingMed Cold Chain Logistics Co., Ltd.	15%
KingMed Diagnostics (Hohhot)	15%
Zhaoqing KingMed Center for Clinical Laboratory Co., Ltd.	25%
Ausmed Immuno Diagnostic Services (AIDS) Limited	16.50%
Hainan Bo'ao KingMed International Center for Clinical Laboratory Co., Ltd.	25%
Guangzhou KingMed Institute of Translational Medicine Co., Ltd.	20%
KingMed Diagnostics (Xinjiang)	15%
KingMed Diagnostics (Ningxia)	15%
Qinghai KingMed Center for Clinical Laboratory Co., Ltd.	15%
Beijing KingMed Clinical Laboratory Co., Ltd.	15%
Guangzhou Jin King Biological Materials Logistics Service Co., Ltd.	20%
Zhuzhou KingMed Diagnostics Biotechnology Co., Ltd.	20%
Zhengzhou KingMed Center for Clinical Laboratory Co., Ltd.	15%
Zhumadian KingMed Center for Clinical Laboratory Co., Ltd.	25%
Guangzhou Tuosiwei Property Management Co., Ltd.	20%
Guangzhou Jinbo Testing Technology Co., Ltd.	20%
KingMed Jianshi Innovation Research Institute (Guangzhou) Co., Ltd.	20%
Bijie KingMed Clinical Laboratory Co., Ltd.	25%
Guangzhou Jinmanli Pharmaceutical Technology Co., Ltd.	20%
Tibet KingMed Center for Clinical Laboratory Co., Ltd.	15%
Jiangmen KingMed Clinical Laboratory Co., Ltd.	25%
Ganzhou KingMed Clinical Laboratory Co., Ltd.	25%
Xiamen KingMed Clinical Laboratory Co., Ltd.	25%
Guangzhou Panyu KingMed Clinical Laboratory Co., Ltd.	25%
Chongqing Yongchuan KingMed Clinical Laboratory Co., Ltd.	25%
KingMed Diagnostics (Suzhou)	25%
Linyi KingMed Clinical Laboratory Co., Ltd.	25%
Tai'an KingMed Clinical Laboratory Co., Ltd.	25%
Guangzhou Huadu KingMed Clinical Laboratory Co., Ltd.	25%
Jinan Jinsheng Biotechnology Co., Ltd.	25%
Guangzhou KingMed Investment and Development Co., Ltd.	25%
Guangzhou KingMed Supply Chain Management Co., Ltd.	25%
KingMed Diagnostics (Xuzhou)	25%

Heze KingMed Clinical Laboratory Co., Ltd.	25%
Guangzhou KingMed Nabo Investment Consulting Co., Ltd.	25%

2. Tax concessions

√ Applicable □ Not applicable

Medical services provided by medical institutions, including subsidiaries, Guangzhou KingMed Center for Clinical Laboratory, Jinan KingMed, Nanjing KingMed, Hefei KingMed, Xi'an KingMed, Zhengzhou KingMed (Partnership), Kunming KingMed, Jilin KingMed, Fuzhou KingMed, Guizhou KingMed, Changsha KingMed, Sichuan KingMed, Tianjin KingMed, Hangzhou KingMed, Shenyang KingMed, Chongqing KingMed, Guangxi KingMed, Shanghai KingMed, Shijiazhuang KingMed, Taiyuan KingMed, Hainan KingMed, KingMed Physical Examination, Qingdao KingMed, Shenzhen KingMed, Gansu KingMed, Heilongjiang KingMed, Wuhan KingMed, Jiangxi KingMed, Hohhot KingMed, Bo'ao KingMed, Xinjiang KingMed, Ningxia KingMed, Qinghai KingMed, Beijing KingMed, Changzhou KingMed, Zhuzhou KingMed, Zhengzhou KingMed (Company Limited), Zhumadian KingMed, Bijie KingMed, Tibet KingMed, Jiangmen KingMed, Ganzhou KingMed, are exempt from VAT in accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on the Time of Comprehensively Implementing the Replacement of Business Tax with Value-Added Tax* (C. SH. (2016) No. 36).

International freight agency services, provided by subsidiary, Guangzhou Jin King Biological Materials Logistics Service Co., Ltd. (hereinafter referred to as the "Jin King Logistics"), are exempt from VAT in accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on the Time of Comprehensively Implementing the Replacement of Business Tax with Value-Added Tax* (C. SH. (2016) No. 36).

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Guangzhou KingMed Center for Clinical Laboratory, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration on 1 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Jinan KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Shandong Provincial Department of Science and Technology, the Department of Finance of Shandong Province, and the Shandong Provincial Tax Service of State Taxation Administration on 1 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Nanjing KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Jiangsu Provincial Department of Science and Technology, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of State Taxation Administration on 22 November 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Hefei KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Anhui Provincial Department of Science and Technology, the Department of Finance of Anhui Province, and the Anhui Provincial Tax Service of State Taxation Administration on 9 September 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Xi'an KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Shaanxi

Provincial Department of Science and Technology, the Department of Finance of Shaanxi Province, and the Shaanxi Provincial Tax Service of State Taxation Administration on 1 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Kunming KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Yunnan Provincial Department of Science and Technology, the Department of Finance of Yunnan Province, and the Yunnan Provincial Tax Service of State Taxation Administration on 23 November 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Jilin KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Jilin Provincial Department of Science and Technology, the Department of Finance of Jilin Province, and the Jilin Provincial Tax Service of State Taxation Administration on 28 September 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Fuzhou KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Fujian Provincial Department of Science and Technology, the Department of Finance of Fujian Province, and the Fujian Provincial Tax Service of State Taxation Administration on 2 December 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Guizhou KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Guizhou Provincial Department of Science and Technology, the Department of Finance of Guizhou Province, and the Guizhou Provincial Tax Service of State Taxation Administration on 15 November 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Changsha KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Hunan Provincial Department of Science and Technology, the Department of Finance of Hunan Province, and the Hunan Provincial Tax Service of State Taxation Administration on 5 September 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Sichuan KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Sichuan Provincial Department of Science and Technology, the Department of Finance of Sichuan Province, and the Sichuan Provincial Tax Service of State Taxation Administration on 14 October 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Tianjin KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Tianjin Municipal Science and Technology Commission, the Tianjin Finance Bureau, and the Tianjin Municipal Tax Service of State Taxation Administration on 28 November 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Hangzhou KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Zhejiang Provincial Department of Science and Technology, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of State Taxation Administration on 16 December 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Shenyang KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by

the Liaoning Provincial Department of Science and Technology, the Department of Finance of Liaoning Province, and the Liaoning Provincial Tax Service of State Taxation Administration on 15 September 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Chongqing KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Chongqing Municipal Science and Technology Bureau, the Chongqing Finance Bureau, and the Chongqing Municipal Tax Service of State Taxation Administration on 12 November 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Guangxi KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Guangxi Zhuang Autonomous Region Department of Science and Technology, the Department of Finance of Guangxi Zhuang Autonomous Region, and the Guangxi Zhuang Autonomous Region Tax Service of State Taxation Administration on 28 August 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Shanghai KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Shanghai Municipal Science and Technology Commission, the Shanghai Finance Bureau, and the Shanghai Municipal Tax Service of State Taxation Administration on 12 November 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Shijiazhuang KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Hebei Provincial Department of Science and Technology, the Department of Finance of Hebei Province, and the Hebei Provincial Tax Service of State Taxation Administration on 10 September 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Hainan KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Hainan Provincial Department of Science and Technology, the Department of Finance of Hainan Province, and the Hainan Provincial Tax Service of State Taxation Administration on 5 September 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Qingdao KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Qingdao Municipal Science and Technology Bureau, the Qingdao Finance Bureau, and the Qingdao Municipal Tax Service of State Taxation Administration on 1 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Heilongjiang KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Heilongjiang Provincial Department of Science and Technology, the Department of Finance of Heilongjiang Province, and the Heilongjiang Provincial Tax Service of State Taxation Administration on 7 August 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

The enterprise income tax of the subsidiary, Gansu KingMed, can be reduced by 15%, according to the *Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Deep Implementation of the Western Development Strategy* and the *Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax of the Deep Implementation of the Western Development Strategy*, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Taiyuan KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Shanxi Provincial Department of Science and Technology, the Department of Finance of Shanxi Province, and the Shanxi Provincial Tax Service of State Taxation Administration on 7 December 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Hohhot KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Inner Mongolia Autonomous Region Department of Science and Technology, the Department of Finance of Inner Mongolia Autonomous Region, and the Inner Mongolia Autonomous Region Tax Service of State Taxation Administration on 4 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

The enterprise income tax of the subsidiary, Xinjiang KingMed, can be reduced by 15%, according to the *Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Deep Implementation of the Western Development Strategy* and the *Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax of the Deep Implementation of the Western Development Strategy*, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

The enterprise income tax of the subsidiary, Ningxia KingMed, can be reduced by 15%, according to the *Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Deep Implementation of the Western Development Strategy* and the *Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax of the Deep Implementation of the Western Development Strategy*, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

The enterprise income tax of the subsidiary, Qinghai KingMed, can be reduced by 15%, according to the *Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Deep Implementation of the Western Development Strategy* and the *Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax of the Deep Implementation of the Western Development Strategy*, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Jiangxi KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Jiangxi Provincial Department of Science and Technology, the Department of Finance of Jiangxi Province, and the Jiangxi Provincial Tax Service of State Taxation Administration on 3 November 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2021 to 31 December 2023, the enterprise income tax of the subsidiary, Wuhan KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Hubei Provincial Department of Science and Technology, the Department of Finance of Hubei Province, and the Hubei Provincial Tax Service of State Taxation Administration on 15 November 2021, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2019 to 31 December 2021, the enterprise income tax of the subsidiary, Zhengzhou KingMed (Company Limited), can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Henan Provincial Department of Science and Technology, the Department of Finance of Henan Province, and the Henan Provincial Tax Service of State Taxation Administration on 31 October 2019, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, Beijing

KingMed, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Beijing Municipal Science and Technology Commission, the Beijing Finance Bureau, and the Beijing Municipal Tax Service of State Taxation Administration on 2 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

From 1 January 2020 to 31 December 2022, the enterprise income tax of the subsidiary, KingMed Cold Chain Logistics, can be reduced by 15%, according to the *High-Tech Enterprise Certificate* promulgated by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration on 9 December 2020, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

According to the *Notice of the People's Government of the Tibet Autonomous Region on Printing on Issuing the Implementation Measures for the Enterprise Income Tax Policy of the Tibet Autonomous Region"* (Z.ZH.F. [2014] No. 51), the subsidiary, Tibet KingMed, enjoys the preferential income tax policy for the Western Development, while the Company's applicable tax rate of enterprise income tax was 15% in 2021.

The enterprise income tax of the subsidiaries, KingMed Forensic Science, KingMed Institute of Translational Medicine, Jin King Logistics, Tuosiwei, Jinbo Testing, KingMed Jianshi, Jinmanli, KingMed Physical Examination and Zhuzhou KingMed shall be paid at a rate of 20% according to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises* (C.SH. [2019] No. 13).

Since 1 January 2018, for enterprises that have qualified as high-tech enterprises or small and medium-sized technology enterprises (hereinafter collectively referred to as the "Qualification"), the unrecovered losses incurred in the five years before the qualifying year are allowed to be carried forward and made up in subsequent years, with the maximum carry-forward period extending from 5 years to 10 years, according to the *Notice on Extending the Loss Carry-forward Period of High-tech Enterprises and Small and Medium-Sized Technology Enterprises* (C.SH. [2018] No. 76) issued by the Ministry of Finance and the State Administration of Taxation on 11 July 2018.

3. Other information

□ Applicable √ Not applicable

VII Notes to Items in the Consolidated Financial Statements

1. Monetary assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	480,505.52	603,629.20
Bank deposits	2,636,817,889.64	1,623,346,081.61
Other monetary assets	16,148,164.71	11,346,808.79
Total	2,653,446,559.87	1,635,296,519.60
Of which: Total amount deposited overseas	627,243,875.07	57,915,000.33

Other notes:

The details of monetary assets that had restrictions in use by guaranteed, pledged or frozen, and which were placed overseas and restricted from repatriation are as follows:

Item	Closing balance	Closing balance of last year
Guaranty fund for L/C of performance	15,285,389.38	10,996,977.35

2. Held-for-trading financial assets

□Applicable √Not applicable

3. Derivative financial assets

□Applicable √Not applicable

4. Notes receivable

(1). Notes receivable listed by category

□Applicable √Not applicable

(2). Notes receivable pledged by the Company at the end of the period

□Applicable √Not applicable

(3). Notes receivable endorsed by the Company or discounted and not due on the balance sheet date at the end of the period

□Applicable √Not applicable

(4). Notes transferred to accounts receivable because the drawer failed to execute the contract or agreement at the end of the period

□Applicable √Not applicable

(5). Classified disclosure based on the bad debt provision method

□Applicable √Not applicable

Bad debt provision accrued by item:

□Applicable √Not applicable

Bad debt provision accrued by portfolio:

□Applicable √Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

□Applicable √Not applicable

(6). Status of bad debt provision

□Applicable √Not applicable

(7). Written-off notes receivable for the current period

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

5. Accounts receivable

(1). Disclosure by aging

√Applicable □Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
One to six months	3,985,066,960.02
Six months to one year	615,750,053.66
Subtotal within one year	4,600,817,013.68
One to two years	182,325,783.47

Two to three years	15,284,358.38
Over three years	10,078,729.44
Three to four years	
Four to five years	
Over five years	
Total	4,808,505,884.97

(2). Classified disclosure based on the bad debt provision method

√Applicable □Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying value	Carrying balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Accrued proportion (%)		Amount	Proportion (%)	Amount	Accrued proportion (%)	
Bad debt provision accrued by item										
Of which:										
Bad debt provision accrued by portfolio	4,808,505,884.97	100	143,056,816.04	2.98	4,665,449,068.93	2,773,005,099.36	100	78,553,661.78	2.83	2,694,451,437.58
Of which:										
Aging portfolio	4,808,505,884.97	100	143,056,816.04	2.98	4,665,449,068.93	2,773,005,099.36	100	78,553,661.78	2.83	2,694,451,437.58
Total	4,808,505,884.97	/	143,056,816.04	/	4,665,449,068.93	2,773,005,099.36	/	78,553,661.78	/	2,694,451,437.58

Bad debt provision accrued by item:
□Applicable √Not applicable

Bad debt provision accrued by portfolio:
√Applicable □Not applicable
Item accrued by portfolio: Aging portfolio

Unit: RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Accrued proportion (%)
Aging portfolio	4,808,505,884.97	143,056,816.04	2.98
Total	4,808,505,884.97	143,056,816.04	2.98

Criteria and explanation of bad debt provision accrued by portfolio:
□Applicable √Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:
□Applicable √Not applicable

(3). Status of bad debt provision

√Applicable □Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Accrued by portfolio	78,553,661.78	70,575,131.09		6,071,976.83		143,056,816.04
Total	78,553,661.78	70,575,131.09	0.00	6,071,976.83	0.00	143,056,816.04

Of which significant amount of recovered or transferred-back bad debt provision for the current period:
□Applicable √Not applicable

(4). Status of actual written-off accounts receivable for the current period

√Applicable □Not applicable

Unit: RMB

Item	Written-off amount
Actual written-off accounts receivable	6,071,976.83

Of which the writing-off of significant accounts receivable
□Applicable √Not applicable
Notes to written-off accounts receivable:
□Applicable √Not applicable

(5). Status of accounts receivable of the top five closing balances by the parties in arrears

√Applicable □Not applicable

Unit: RMB

Name of entity	Closing balance	Proportion in total closing balances of accounts receivable (%)	Closing balance of bad debt provision
No. 1	59,342,615.60	1.23	596,753.22
No. 2	28,858,118.32	0.60	4,124,772.92

No. 4	26,852,541.50	0.56	290,079.82
No. 4	24,616,161.20	0.51	246,161.61
No. 5	20,627,996.12	0.43	985,834.12
Total	160,297,432.74	3.33	6,243,601.69

Other notes:
None

(6). Accounts receivable derecognized due to transfers of financial assets

□Applicable √Not applicable

(7). Amount of assets and liabilities formed due to transfer of accounts receivable and continuous involvement

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

6. Receivables financing

□Applicable √Not applicable

7. Prepayments

(1). Prepayments listed by aging

√Applicable □Not applicable

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	7,241,642.76	84.00	12,546,595.86	99.07
One to two years	1,377,728.74	15.98	100,592.72	0.79
Two to three years	62.62	0.00	15,835.45	0.13
Over three years	1,940.07	0.02	1,040.07	0.01
Total	8,621,374.19	100.00	12,664,064.10	100.00

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time:
None

(2). Status of the top five advance payments in the closing balances by prepaid subject

√Applicable □Not applicable

Name of entity	Closing balance	Proportion in total closing balances of prepayments (%)
No. 1	1,114,254.71	12.92
No. 2	647,572.81	7.51
No. 4	441,280.00	5.12
No. 4	438,296.00	5.08

No. 5	300,000.00	3.48
Total	2,941,403.52	34.11

Other notes:
None

Other notes:
□Applicable √Not applicable

8. Other receivables

List of items

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	66,096,716.27	54,863,727.94
Total	66,096,716.27	54,863,727.94

Other notes:
□Applicable √Not applicable

Interest receivable

(1). Category of interest receivables

□Applicable √Not applicable

(2). Significant overdue interest

□Applicable √Not applicable

(3). Status of accrued bad debt provision

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

Dividends receivable

(4). Dividends receivable

□Applicable √Not applicable

(5). Significant dividends receivable aged over one year

□Applicable √Not applicable

(6). Status of accrued bad debt provision

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

Other receivables

(7). Disclosure by aging

√Applicable □Not applicable

Unit: RMB

Aging	Closing carrying amount

Within one year	
Of which: Sub-items within one year	
Within one year	45,217,442.09
Subtotal within one year	45,217,442.09
One to two years	8,508,751.05
Two to three years	5,599,752.25
Over three years	8,548,455.04
Three to four years	
Four to five years	
Over five years	
Total	67,874,400.43

(8). Classification by nature of payments

√Applicable □Not applicable

Unit: RMB

Nature	Closing carrying amount	Opening carrying amount
Margin	46,510,672.07	32,357,453.57
Intercourse funds and others	21,363,728.36	24,363,338.11
Total	67,874,400.43	56,720,791.68

(9). Status of accrued bad debt provision

√Applicable □Not applicable

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected loss for the entire duration (without credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance as at 1 January 2021		1,857,063.74		1,857,063.74
Balance on 1 January 2021 for the current period				
- Transferred to Stage 2				
- Transferred to Stage 3				
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period				
Amount transferred-back for the current period		75,079.58		75,079.58
Amount charged-off for the				

current period				
Amount written-off for the current period		4,300.00		4,300.00
Other changes				
Balance as at 31 December 2021		1,777,684.16		1,777,684.16

Notes to significant changes in the carrying amount of other receivables for which changes in the loss reserve for the current period occurred:
□Applicable √Not applicable

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:
□Applicable √Not applicable

(10). Status of bad debt provision

√Applicable □Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Bad debt provision accrued by portfolio	1,857,063.74		75,079.58	4,300.00		1,777,684.16
Total	1,857,063.74	0.00	75,079.58	4,300.00	0.00	1,777,684.16

Of which the bad debt provision recovered or transferred-back with significant amount during the current period:
□Applicable √Not applicable

(11). Status of written-off other receivable for the current period

√Applicable □Not applicable

Unit: RMB

Item	Written-off amount
Written-off other receivables	4,300.00

Status of written-off other significant receivables:
□Applicable √Not applicable
Notes of writing-off of other receivables:
□Applicable √Not applicable

(12). Status of other receivables of the top five closing balances by the parties in arrears

√Applicable □Not applicable

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion in total closing balances of other receivables (%)	Bad debt provision Closing balance
No. 1	Margin	3,500,000.00	Within one year	5.16	
No. 2	Margin	3,095,722.87	Over three years	4.56	

No. 4	Margin	2,733,780.00	Over three years	4.03	
No. 4	Margin	2,157,346.80	Over three years	3.18	
No. 5	Intercourse funds	2,026,440.00	Within one year	2.99	20,264.40
Total	/	13,513,289.67	/	19.92	20,264.40

(13). Accounts receivable involving government grants

□Applicable √Not applicable

(14). Other receivables derecognized due to transfers of financial assets

□Applicable √Not applicable

(15). Amount of assets and liabilities formed due to transfer of other receivables and continuous involvement

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

9. Inventories

(1). Classification of inventories

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Shrinkage reserves for inventories/depreciation reserves for contract performance costs	Carrying amount	Carrying balance	Shrinkage reserves for inventories/depreciation reserves for contract performance costs	Carrying amount
Raw materials	321,958,112.83		321,958,112.83	229,801,150.15		229,801,150.15
Goods in process						
Merchandise on hand	11,205,297.72		11,205,297.72	5,915,680.47		5,915,680.47
Turnover materials						
Expendable biological assets						
Contract performance costs	7,225,519.22		7,225,519.22			

Merchandise shipped	4,754,539.94		4,754,539.94	2,410,889.28		2,410,889.28
Total	345,143,469.71		345,143,469.71	238,127,719.90		238,127,719.90

(2). Shrinkage reserves for inventories/depreciation reserves for contract performance costs

□Applicable √Not applicable

(3). Notes of the amount of capitalized borrowing cost in the closing balance of inventories

□Applicable √Not applicable

(4). Notes of the amount of contract performance costs amortized for the current period

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

10. Contract assets

(1). Status of contract assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
Inspections completed with unsettled inspection payments	139,792,799.06	1,397,928.09	138,394,870.97	77,704,663.81	878,952.53	76,825,711.28
Total	139,792,799.06	1,397,928.09	138,394,870.97	77,704,663.81	878,952.53	76,825,711.28

(2). Significant changes in the amount of carrying value and the reason in the Reporting Period

□Applicable √Not applicable

(3). Status of depreciation reserves accrued for contract assets for the current period

√Applicable □Not applicable

Unit: RMB

Item	Amount accrued for the current period	Amount transferred-back for the current period	Write-off/verified for the current period	Reason
Aging portfolio	518,975.56			
Total	518,975.56			/

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

11. Assets held for sale

□Applicable √Not applicable

12. Current portion of non-current assets

□Applicable √Not applicable
Significant debt investments and other debt investments at the end of the period:
□Applicable √Not applicable
Other notes:
None

13. Other current assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract acquisition costs		
Refund costs receivable		
Maintenance costs	37,113,223.51	29,863,458.85
Rent and property fee	5,884,944.60	13,143,021.24
Deducted/uncertified input tax	8,268,813.89	3,687,405.24
Others	1,846,070.77	2,741,575.14
Total	53,113,052.77	49,435,460.47

Other notes:
None

14. Debt investments

(1). Status of debt investments

□Applicable √Not applicable

(2). Significant debt investments at the end of the period

□Applicable √Not applicable

(3). Status of accrued depreciation reserves

□Applicable √Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly
□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

15. Other debt investments

(1). Status of other debt investments

□Applicable √Not applicable

(2). Significant other debt investments at the end of the period

□Applicable √Not applicable

(3). Status of accrued depreciation reserves

□Applicable √Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

16. Long-term receivables

(1). Status of long-term receivables

□Applicable √Not applicable

(2). Status of accrued bad debt provision

□Applicable √Not applicable

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

□Applicable √Not applicable

(3). Long-term receivables derecognized due to transfers of financial assets

□Applicable √Not applicable

(4). Amount of assets and liabilities formed due to transfer of long-term receivables and continuous involvement

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

17. Long-term equity investments

√Applicable □Not applicable

Unit: RMB

Investee	Opening balance	Increase/decrease for the current period								Closing balance	Closing balance of depreciation reserve
		Additional investment	Investment reduced	Gains and losses recognized under the equity method	Adjustments of other comprehensive income	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Others		
I. Joint Ventures											
DRA COMPANY LIMITED	129,584,967.02			-6,252,177.41						123,332,789.61	
Subtotal	129,584,967.02	0.00	0.00	-6,252,177.41	0.00	0.00	0.00	0.00	0.00	123,332,789.61	
II. Associated Enterprises											
KunMed (Beijing) Health Management Co., Ltd.	1,763,592.09									1,763,592.09	1,763,592.09
Guangzhou Huayi Regeneration Technology Co., Ltd.	13,807,071.63	15,000,000.00		-2,499,960.95						26,307,110.68	
Tianjin Tianhai Xinyu Biotechnology Co., Ltd.	11,707,603.55	4,500,000.00		-44,691.84						16,162,911.71	
Guangzhou Kejin KingMed Venture Investment Fund Partnership (Limited Partnership)		48,500,000.00		-51,546.98						48,448,453.02	
Subtotal	27,278,267.27	68,000,000.00	0.00	-2,596,199.77	0.00	0.00	0.00	0.00	0.00	92,682,067.50	1,763,592.09
Total	156,863,234.29	68,000,000.00	0.00	-8,848,377.18	0.00	0.00	0.00	0.00	0.00	216,014,857.11	1,763,592.09

Other notes:
None

18. Other equity investments

(1). Status of other equity investments

□Applicable √Not applicable

(2). Status of an equity investment that is not held for trading

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

19. Other non-current financial assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	144,071,848.29	80,087,533.21
Total	144,071,848.29	80,087,533.21

Other notes:

□Applicable √Not applicable

20. Investment property

Measurement model of investment property

(1). Investment property measured at cost

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original Carrying Value				
1. Opening balance	35,834,344.53			35,834,344.53
2. Increased amount for the current period				
(1) Outsourcing				
(2) Transfer-in of inventories\fixed assets\construction in progress				
(3) Business combination increase				
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	35,834,344.53			35,834,344.53
II. Accumulative Depreciation and Accumulative Amortization				
1. Opening balance	4,086,213.63			4,086,213.63
2. Increased amount for the current period	1,134,449.84			1,134,449.84

(1) Withdrawal or amortization	1,134,449.84			1,134,449.84
3. Decreased amount for the current period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	5,220,663.47			5,220,663.47
III. Depreciation Reserves				
1. Opening balance				
2. Increased amount for the current period				
(1) Accrued amount				
3. Decreased amount of the current period				
(1) Disposal				
(2) Other transfer				
4. Closing balance				
IV. Carrying Value				
1. Closing carrying value	30,613,681.06			30,613,681.06
2. Opening carrying value	31,748,130.90			31,748,130.90

(2). Status of investment property without certificate of title

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

21. Fixed assets

List of items

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,576,195,727.16	1,207,189,016.53
Fixed assets liquidation		
Total	1,576,195,727.16	1,207,189,016.53

Other notes:

□Applicable √Not applicable

Fixed assets

(1). Status of fixed assets

√Applicable □Not applicable

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation vehicle	General equipment	Fixed assets	Total

					fixtures	
I. Original Carrying Value:						
1. Opening balance	570,988,744.69	1,383,836,725.26	48,116,452.27	150,216,681.22	181,166,907.21	2,334,325,510.65
2. Increased amount for the current period	0.00	639,445,275.84	13,528,064.09	35,371,992.45	1,269,360.89	689,614,693.27
(1) Purchase		638,573,200.84	13,528,064.09	35,371,992.45	1,269,360.89	688,742,618.27
(2) Transfer-in of construction in progress		872,075.00				872,075.00
(3) Business combination increase						0.00
3. Decreased amount for the current period	0.00	28,652,655.00	1,443,426.60	3,587,450.88	0.00	33,683,532.48
(1) Disposed or scrapped		28,652,655.00	1,443,426.60	3,587,450.88		33,683,532.48
4. Closing balance	570,988,744.69	1,994,629,346.10	60,201,089.76	182,001,222.79	182,436,268.10	2,990,256,671.44
II. Accumulated Depreciation						
1. Opening balance	81,026,522.43	749,340,286.13	27,779,886.51	105,032,790.12	163,957,008.93	1,127,136,494.12
2. Increased amount for the current period	18,052,140.04	253,062,961.18	8,081,027.20	20,669,454.30	9,746,768.43	309,612,351.15
(1) Accrued amount	18,052,140.04	253,062,961.18	8,081,027.20	20,669,454.30	9,746,768.43	309,612,351.15
3. Decreased amount for the current period	0.00	18,046,097.47	1,382,108.63	3,259,694.89	0.00	22,687,900.99
(1) Disposed or scrapped		18,046,097.47	1,382,108.63	3,259,694.89		22,687,900.99
4. Closing balance	99,078,662.47	984,357,149.84	34,478,805.08	122,442,549.53	173,703,777.36	1,414,060,944.28
III. Depreciation Reserves						
1. Opening balance						
2. Increased amount for the current period						
(1)						

Accrued amount						
3. Decreased amount for the current period						
(1) Disposed or scrapped						
4. Closing balance						
IV. Carrying Value						
1. Closing carrying value	471,910,082.22	1,010,272,196.26	25,722,284.68	59,558,673.26	8,732,490.74	1,576,195,727.16
2. Opening carrying value	489,962,222.26	634,496,439.13	20,336,565.76	45,183,891.10	17,209,898.28	1,207,189,016.53

(2). Status of temporarily idle fixed assets

□Applicable √Not applicable

(3). Status of fixed assets obtained by finance lease

□Applicable √Not applicable

(4). Fixed assets rented out by operating lease

□Applicable √Not applicable

(5). Status of fixed assets without certificate of title

√Applicable □Not applicable

Unit: RMB

Item	Carrying amount	Reason
Office building of Nanjing KingMed	44,572,139.70	Warrant under processing

Other notes:

□Applicable √Not applicable

Fixed assets liquidation

□Applicable √Not applicable

22. Construction in progress

List of items

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	143,152,458.06	17,726,879.55
Engineering materials		
Total	143,152,458.06	17,726,879.55

Other notes:

□Applicable √Not applicable

Construction in progress

(1). Status of construction in progress

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
Fixture project of Kunming KingMed	989,168.01		989,168.01	1,754,228.01		1,754,228.01
System engineering of Guangzhou KingMed	721,750.00		721,750.00	740,000.00		740,000.00
Information management system engineering of Jiangxi KingMed				72,000.00		72,000.00
Fixture project of Zhumadian KingMed	179,134.00		179,134.00	325,329.78		325,329.78
Fixture project of Zhengzhou KingMed	573,117.20		573,117.20	65,000.00		65,000.00
Laboratory expansion project of Guizhou KingMed	495,600.00		495,600.00	86,247.00		86,247.00
Civil engineering of Zhaoqing KingMed	84,433,041.27		84,433,041.27	5,891,855.93		5,891,855.93
Fixture project of Jin King Logistics	65,404.96		65,404.96	68,951.99		68,951.99
Construction of office building of Headquarters				2,900,192.02		2,900,192.02
Laboratory fixture project of Sichuan KingMed	958,878.04		958,878.04	125,000.00		125,000.00
Fixture project of Tianjin KingMed				264,440.70		264,440.70
Fixture project of Chongqing KingMed	311,500.00		311,500.00	879,000.00		879,000.00
Fixture project of Guangxi KingMed				821,206.92		821,206.92
Fixture project of Shanghai KingMed				117,500.00		117,500.00
Fixture project of Qingdao KingMed				192,000.00		192,000.00
Construction of office building of Hainan Bo'ao KingMed	41,003,036.75		41,003,036.75	3,423,927.20		3,423,927.20
Fixture project of Xiamen KingMed	3,601,570.25		3,601,570.25			
Fixture project of Linyi KingMed	3,061,651.08		3,061,651.08			
Fixture project of Chongqing Yongchaun KingMed	2,528,387.00		2,528,387.00			
Laboratory construction of KingTest	1,955,000.00		1,955,000.00			
Fixture project of Hefei KingMed	1,143,000.00		1,143,000.00			
Laboratory fixture project of Nanjing KingMed	601,608.70		601,608.70			
Fixture project of Jinmanli	440,610.80		440,610.80			
Fixture project of Ganzhou KingMed	90,000.00		90,000.00			
Total	143,152,458.06		143,152,458.06	17,726,879.55		17,726,879.55

(2). Significant changes in the construction in progress for the current period

√Applicable □Not applicable

Unit: RMB

Project name	Budget	Opening balance	Increased amount for the current period	Amount of fixed assets transferred-in for the current period	Other decreased amount for the current period	Closing balance	Proportion of project investment to budget (%)	Job schedule	Accumulated amount of capitalized interest	Of which: Amount of capitalized interests for the current period	Capitalization rate of interest for the current period (%)	Source of fund
Civil engineering of Zhaoqing KingMed	RMB369,280,000	5,891,855.93	78,541,185.34			84,433,041.27	22.86	Job not finished yet				Self-funded
Construction of office building of Hainan Bo'ao KingMed	RMB88,710,000	3,423,927.20	37,579,109.55			41,003,036.75	46.22	Job not finished yet				Self-funded
Total	RMB457,990,000	9,315,783.13	116,120,294.89			125,436,078.02	/	/			/	/

(3). Status of accrued depreciation reserves for construction in progress for the current period

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

Engineering materials

(4). Status of engineering materials

□Applicable √Not applicable

23. Productive living assets

(1). Productive living assets measured at cost

□Applicable √Not applicable

(2). Productive living assets measured at fair value

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

24. Oil and gas assets

□Applicable √Not applicable

25. Right-of-use assets

√Applicable □Not applicable

Unit: RMB

Item	Houses and buildings	Transportation equipment	Total
I. Original Carrying Value			
1. Opening balance	229,949,708.01	164,388.33	230,114,096.34
2. Increased amount for the current period	114,892,043.64	0.00	114,892,043.64
New leases	114,892,043.64		114,892,043.64
3. Decreased amount for the current period	5,544,225.27	0.00	5,544,225.27
Disposed amount	5,544,225.27		5,544,225.27
4. Closing balance	339,297,526.38	164,388.33	339,461,914.71
II. Accumulated Depreciation			
1. Opening balance			
2. Increased amount for the current period	94,318,500.56	98,633.04	94,417,133.60
(1) Accrued amount	94,318,500.56	98,633.04	94,417,133.60
3. Decreased amount for the current period	3,244,029.56	0.00	3,244,029.56
(1) Disposed amount	3,244,029.56		3,244,029.56

4. Closing balance	91,074,471.00	98,633.04	91,173,104.04
III. Depreciation Reserves			
1. Opening balance			
2. Increased amount for the current period			
(1) Accrued amount			
3. Decreased amount for the current period			
(1) Disposed amount			
4. Closing balance			
IV. Carrying Value			
1. Closing carrying value	248,223,055.38	65,755.29	248,288,810.67
2. Opening carrying value	229,949,708.01	164,388.33	230,114,096.34

Other notes:
None

26. Intangible assets

(1). Status of intangible assets

√Applicable □Not applicable

Unit: RMB

Item	Land use right	Patent right	Non-patent technologies	Software	Total
I. Original Carrying Value					
1. Opening balance	110,989,817.27			101,806,027.36	212,795,844.63
2. Increased amount for the current period	3,862,500.00			3,253,650.15	7,116,150.15
(1) Purchase	3,862,500.00			3,253,650.15	7,116,150.15
(2) Internal R&D					
(3) Increase of business integration					
3. Decreased amount for the current period	58,460,265.00			306,333.44	58,766,598.44
(1) Disposed amount	58,460,265.00			306,333.44	58,766,598.44
4. Closing balance	56,392,052.27			104,753,344.07	161,145,396.34
II. Accumulated Amortization					
1. Opening balance	4,184,838.05			69,982,895.33	74,167,733.38

2. Increased amount for the current period	2,274,014.12			18,541,073.21	20,815,087.33
(1) Accrued amount	2,274,014.12			18,541,073.21	20,815,087.33
3. Decreased amount for the current period	2,046,109.38			201,533.29	2,247,642.67
(1) Disposed amount	2,046,109.38			201,533.29	2,247,642.67
4. Closing balance	4,412,742.79			88,322,435.25	92,735,178.04
III. Depreciation Reserves					
1. Opening balance					
2. Increased amount for the current period					
(1) Accrued amount					
3. Decreased amount for the current period					
(1) Disposed amount					
4. Closing balance					
IV. Carrying Value					
1. Closing carrying value	51,979,309.48			16,430,908.82	68,410,218.30
2. Opening carrying value	106,804,979.22			31,823,132.03	138,628,111.25

At the end of the current period, the intangible assets formed through internal R&D of the Company accounted for 0.00% of the balance of intangible assets.

(2). Status of land use right without certificate of title

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

27. Development costs

□Applicable √Not applicable

28. Goodwill

(1). Original carrying value of goodwill

√Applicable □Not applicable

Unit: RMB

Name of the investees or events generating goodwill	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Formed by business combination		Disposed amount		
Hangzhou KingMed	5,817,293.85					5,817,293.85
Shijiazhuang KingMed	173,369.89					173,369.89
Taiyuan KingMed	2,082,266.75					2,082,266.75
Qingdao KingMed	5,277,205.13					5,277,205.13
Total	13,350,135.62					13,350,135.62

(2). Depreciation reserves for goodwill

□Applicable √Not applicable

(3). Information related to cash-generating units or groups of cash-generating units where goodwill is in

√Applicable □Not applicable

The Company treated each investee as an asset group and conducted impairment test for it.

(4). Describe the goodwill depreciation testing process, key parameters (e.g., expect growth rate during the forecast period when the present value of future cash flows, growth rate during the stabilization period, profit margin, discount rate, forecast period, etc., if applicable) and the method of recognizing impairment losses of goodwill.

√Applicable □Not applicable

The recoverable amount of the asset group was calculated based on the present value of the estimated cash flow in the future, and the estimated future cash flow was recognized based on the forecast five-year cash flows approved by the Company.

The Company recognized the discount rate of the forecast cash flows according to factors such as the time value of money in the market where the relevant asset group portfolio was located in the current period, and prepared the forecast cash flows for the next five years based on historical actual operating data, industry development trends, expected income growth rates and other indicators, with unchanged cash flows beyond the forecast period.

(5). Impact of the goodwill impairment test

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

29. Long-term prepaid expense

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increased amount for the current period	Amortization amount of the current period	Other decreased amount	Closing balance
Decoration fee	166,769,689.62	126,495,799.67	103,196,732.64	494,161.20	189,574,595.45
Long-term lease expenses	747,670.92		747,670.92		0.00

Others	4,199,695.54	7,952,723.11	4,041,242.90		8,111,175.75
Total	171,717,056.08	134,448,522.78	107,985,646.46	494,161.20	197,685,771.20

Other notes:
None

30. Deferred income tax assets/deferred income tax liabilities

(1). Deferred income tax assets not offset

√Applicable □Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Allowance for impairment losses on assets	130,879,027.34	19,924,203.91	73,461,838.89	11,029,888.04
Unrealized profit of intra-company transaction				
Deductible losses	7,376,395.33	1,106,459.30	39,292.28	9,823.07
Long-term asset depreciation and amortization	772,145.67	115,821.85	661,902.00	99,285.30
Share-based payment	101,234,065.63	14,952,444.66	28,124,558.26	4,328,620.96
Deferred income	59,000.00	8,850.00		
Total	240,320,633.97	36,107,779.72	102,287,591.43	15,467,617.37

(2). Deferred income tax liabilities not offset

√Applicable □Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax Liabilities	Taxable temporary difference	Deferred income tax Liabilities
Estimated added value of assets not under the same control				
Changes in the fair value of other debt investments				
Changes in the fair value of other equity investments				
Accelerated depreciation of fixed assets	270,665,902.32	41,627,828.24	127,432,777.01	19,220,972.96
Total	270,665,902.32	41,627,828.24	127,432,777.01	19,220,972.96

(3). Deferred income tax assets or liabilities listed by net debt after being offset

□Applicable √Not applicable

(4). Details of deferred income tax assets details were not confirmed

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	15,353,400.95	38,094,482.45
Deductible losses	293,293,943.26	382,036,709.41
Total	308,647,344.21	420,131,191.86

(5). Deductible losses from unrecognized deferred income tax assets will mature in the following years

√Applicable □Not applicable

Unit: RMB

Year	Closing amount	Opening amount	Notes
2021		30,710,594.45	
2022	71,804.88	39,292,065.85	
2023	2,964,867.39	82,775,050.83	
2024	52,310,223.40	155,443,046.55	
2025 and beyond	237,947,047.59	73,815,951.73	
Total	293,293,943.26	382,036,709.41	/

Other notes:
□Applicable √Not applicable

31. Other non-current assets

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
Contract acquisition costs						
Contract performance costs						
Refund costs receivable						
Contract assets						
Constructing advance payments for long-term assets	148,499,109.75		148,499,109.75	41,479,374.12		41,479,374.12
Total	148,499,109.75		148,499,109.75	41,479,374.12		41,479,374.12

Other notes:
None

32. Short-term borrowings

(1). Classification of short-term borrowings

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans		
Mortgage loans		
Guaranteed loans		
Unsecured loans		37,170,908.88
Total		37,170,908.88

Notes of classification of short-term borrowings:
None

(2). Status of short-term borrowings that have been overdue but not repaid

□Applicable √Not applicable

Of which, the status of significant overdue short-term borrowings that are not repaid is as follows:
□Applicable √Not applicable
Other notes:
□Applicable √Not applicable

33. Held-for-trading financial liabilities

□Applicable √Not applicable

34. Derivative financial liabilities

□Applicable √Not applicable

35. Notes payable

(1). List of notes payable

□Applicable √Not applicable

36. Accounts payable

(1). List of accounts payable

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Supplier settlement payments	2,282,755,453.61	1,626,533,094.38
Total	2,282,755,453.61	1,626,533,094.38

(2). Significant accounts payable aged over one year

□Applicable √Not applicable
Other notes:
□Applicable √Not applicable

37. Advances from customers

(1). List of advance receipts

□Applicable √Not applicable

(2). Significant advances from customers aged over one year

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

38. Contract liabilities

(1). Status of contract liabilities

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Advance unsettled payments from customers	131,796,202.25	93,056,481.17
Total	131,796,202.25	93,056,481.17

(2). Significant changes in the amount of carrying value and the reason in the Reporting Period

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

39. Employee benefits payable

(1). List of employee benefits payable

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term Employee Benefits	248,298,912.76	2,274,062,895.48	1,886,075,533.39	636,286,274.85
II. Post-employment Benefit - Defined Contribution Plan	197,107.88	111,518,576.49	110,894,044.12	821,640.25
III. Termination Benefits				
IV. Other Benefits That Expire within One Year				
Total	248,496,020.64	2,385,581,471.97	1,996,969,577.51	637,107,915.10

(2). List of short-term employee benefits

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Salary, Bonus, Allowance and Subsidy	245,971,395.90	2,112,787,035.64	1,726,591,086.19	632,167,345.35
II. Employee Benefits Cost	10,064.06	38,666,317.53	38,676,381.59	0.00
III. Social Insurance Premiums	336,267.86	61,637,284.39	61,186,721.33	786,830.92
Of which: Medical insurance premiums	304,367.66	56,344,928.82	56,046,914.71	602,381.77
Work-related injury	4,240.37	1,663,402.72	1,641,792.58	25,850.51

insurance premiums				
Maternity insurance premiums	27,659.83	3,628,952.85	3,498,014.04	158,598.64
IV. Housing Allowance	1,640,307.00	53,376,035.47	52,828,257.00	2,188,085.47
V. Labor Union Expense and Employee Education Budget	340,877.94	7,596,222.45	6,793,087.28	1,144,013.11
VI. Short-term Paid Absence				
VII. Short-term Profit Sharing Plan				
Total	248,298,912.76	2,274,062,895.48	1,886,075,533.39	636,286,274.85

(3). List of defined contribution plan

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
1. Basic pension insurance	188,826.21	107,901,074.91	107,311,303.40	778,597.72
2. Unemployment insurance premiums	8,281.67	3,617,501.58	3,582,740.72	43,042.53
3. Supplementary pension payment				
Total	197,107.88	111,518,576.49	110,894,044.12	821,640.25

Other notes:

□Applicable √Not applicable

40. Taxes and levies payable

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
VAT	5,344,654.06	2,160,050.55
Consumption tax		
Business tax		
Enterprise income tax	228,129,851.73	101,130,220.02
Personal income tax	16,113,777.05	6,942,605.64
Urban maintenance and construction tax	356,694.18	142,592.36
Real estate tax	661,858.62	457,844.49
Educational fee	254,853.14	101,979.72
Land use tax	22,521.99	28,898.13
Stamp duty	276,383.19	145,298.15
Others	316,853.63	78,480.66
Total	251,477,447.59	111,187,969.72

Other notes:
None

41. Other payables

List of items

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	2,407,044.96	16,019,598.16
Other payables	221,076,513.93	133,501,037.42
Total	223,483,558.89	149,520,635.58

Other notes:
□Applicable √Not applicable

Interest payable

(1). List by category

□Applicable √Not applicable

Dividends payable

(2). List by category

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Ordinary stock dividends	2,407,044.96	16,019,598.16
Preference shares\perpetual bonds dividends divided into equity instruments		
Preference shares\perpetual bonds dividends - XXX		
Preference shares\perpetual bonds dividends - XXX		
Dividends payable - XXX		
Dividends payable - XXX		
Total	2,407,044.96	16,019,598.16

Other notes: Including significant dividends payable unpaid for over one year, the unpaid reason shall be disclosed:
None

Other payables

(1). List of other payables by nature of payment

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Intercourse funds	30,997,565.52	21,537,611.00
Accrued unpaid expenses and others	190,078,948.41	111,963,426.42
Total	221,076,513.93	133,501,037.42

(2). Significant other payables aged over one year

□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

42. Liabilities directly associated with assets held for sale

□Applicable √Not applicable

43. Non-current liabilities due within one year

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	130,450,053.64	44,589,753.64
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within one year	70,035,858.67	92,601,790.50
Long-term borrowings interest payable	483,085.73	555,766.87
Total	200,968,998.04	137,747,311.01

Other notes:

None

44. Other current liabilities

Status of other current liabilities
√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Refunds payable		
Tax to be charged off	507,648.97	326,208.62
Total	507,648.97	326,208.62

Increase/decrease of short-term bonds payable:
□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

45. Long-term borrowings

(1). Classification of long-term borrowings

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Pledged loans		
Mortgage loans	48,702,000.00	64,936,000.00
Guaranteed loans		
Unsecured loans	200,037,891.73	314,253,945.37

Total	248,739,891.73	379,189,945.37

Notes of classification of long-term borrowings:

None

Other notes, including interest rate range:

□Applicable √Not applicable

46. Bonds payable

(1). Bonds payable

□Applicable √Not applicable

(2). Changes in bonds payable: (Excluding other financial instruments such as preference shares and perpetual bonds, which are classified as financial liabilities)

□Applicable √Not applicable

(3). Notes of the conditions for the conversion of convertible corporation bonds and the time of conversion

□Applicable √Not applicable

(4). Notes of other financial instruments classified as financial liabilities

Basic information about other financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

□Applicable √Not applicable

Changes in financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

□Applicable √Not applicable

Notes of basis for the classification of other financial instruments as financial liabilities:

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

47. Lease liabilities

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities	172,388,248.66	132,357,476.14
Total	172,388,248.66	132,357,476.14

Other notes:

None

48. Long-term payables

List of items

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

Long-term payables

(1). Long-term payables listed by nature of payment

□Applicable √Not applicable

Specific payables

(2). Special payables listed by nature of payments

□Applicable √Not applicable

49. Long-term employee benefits payable

□Applicable √Not applicable

50. Provisions

□Applicable √Not applicable

51. Deferred income

Status of deferred income

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance	Reason for formation
Government grants	52,883,194.42	12,099,383.73	27,537,244.82	37,445,333.33	Government grants
Total	52,883,194.42	12,099,383.73	27,537,244.82	37,445,333.33	/

Item involving government grants:

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Amount of newly subsidy for the current period	Amount recorded into non-operating income for the current period	Amount recorded into other income for the current period	Other changes	Closing balance	Related to assets/related income
R&D and industrialization of high-tech services	8,000,000.00					8,000,000.00	Related to revenue
Construction of a public service platform for the industrialization of accurate tumor detection	7,327,891.01			2,044,731.70		5,283,159.31	Related to assets
Guangzhou infant industry development fund project in 2016 - cloud computing-based pathology and inspection big data management and analysis system	5,000,000.00					5,000,000.00	Related to revenue
Key technology research and application of artificial intelligence-assisted tumor pathological diagnosis system	4,606,761.95			4,379,736.47		227,025.48	Related to revenue
Guangzhou innovation leading team project funding-industrial-scale	3,386,997.11			3,338,893.00		48,104.11	Related to revenue

application of genetic disease detection based on medical exome high-throughput sequencing technology							
Guangzhou infant industry development fund project in 2016 - national and local joint engineering laboratory for third-party medical assay services	2,000,000.00					2,000,000.00	Related to revenue
Provincial engineering technology research center construction project grants in 2019	2,000,000.00			1,500,000.00		500,000.00	Related to revenue
Construction and application demonstration of independent diagnostics service system	1,539,316.38					1,539,316.38	Related to revenue
The pilot project of regional cluster development for biological diagnosis and treatment preparations and services of national strategic emerging industries in Wuhan Donghu High-Tech Industry Development Zone	1,268,108.87			543,694.91		724,413.96	Related to assets
Subsidy for the operation of the international logistics public service platform for the exit and entry of biomaterials in South China--Huangpu District Science and Technology Bureau	1,146,663.46	1,500,000.00		1,357,166.20		1,289,497.26	Related to revenue
Special funds for service industry reform in 2019	1,120,000.00					1,120,000.00	Related to revenue
Third-party medical testing technology service engineering laboratory of Guangdong province	1,000,000.00			1,000,000.00			Related to revenue
Research and application of high-throughput genetic testing technology for major diseases	1,000,000.00			1,000,000.00			Related to revenue
Autonomous region service industry development special fund project in 2018	897,855.31			337,274.90		560,580.41	Related to assets
International logistics public service platform for the exit and entry of biomaterials in South China	887,447.64			323,717.28		563,730.36	Related to assets
Special funds for the general integration and general contracting project of Tongkang Testing Center	680,000.00	680,000.00		1,360,000.00			Related to revenue
Research and application of efficiency improvement for clinical diagnostic and pathological diagnosis based on artificial intelligence technology	527,529.15			523,217.95		4,311.20	Related to revenue
Subsidy for the second batch of technology support plans at the district level	500,000.00			500,000.00			Related to assets
Guangzhou academician and expert workstation in 2019	385,775.32	750,000.00		606,331.97		529,443.35	Related to revenue
Research on multi-source big data aggregation and knowledge map tool and its demonstration application in tumor diagnosis and treatment	148,916.58	2,340,000.00		1,264,681.44		1,224,235.14	Related to revenue
R&D and industrialization of small desktop high-throughput gene sequencer		2,000,000.00		500,000.00		1,500,000.00	Related to revenue
The first batch of provincial industrial development subsidies in 2020 from the New Economy and Science and Technology Bureau in Chenghua District, Chengdu		898,000.00		119,733.36		778,266.64	Related to assets
Guangdong-Hong Kong-Macao joint laboratory of respiratory infections		800,000.00		197,646.68		602,353.32	Related to revenue
Rapid detection and exploration of novel coronavirus based on Raman spectroscopy		1,200,000.00		956,518.40		243,481.60	Related to revenue
40 other grants	9,459,931.64	1,931,383.73		4,683,900.56	-1,000,000.00	5,707,414.81	

Total	52,883,194.42	12,099,383.73	-	26,537,244.82	-1,000,000.00	37,445,333.33	

Other notes:

□Applicable √Not applicable

52. Other non-current liabilities

□Applicable √Not applicable

53. Share capital

√Applicable □Not applicable

Unit: RMB

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuance New shares	Bonus shares	Provident fund Conversion of capital	Others	Subtotal	
Total shares	459,487,577.00	6,098,698.00				6,098,698.00	465,586,275.00

Other notes:

As at 31 December 2021, the accumulatively pledged shares by the actual controller Liang Yaoming and the partnership enterprises controlled by him were 17,400,000, accounting for 3.74% of the Company's total share capital.

54. Other equity instruments

(1). Basic information about other financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

□Applicable √Not applicable

(2). Changes in financial instruments outstanding such as preference shares and perpetual bonds at the end of the period

□Applicable √Not applicable

Increase and decrease of other equity instruments for the current period, the reason for the changes, and the basis of the relevant accounting treatment:

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

55. Capital reserves

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Capital premium (premium on stock)	871,174,387.92	419,698,326.37	6,314,462.52	1,284,558,251.77
Other capital reserves	52,713,855.08	133,137,859.35	93,464,471.41	92,387,243.02
Total	923,888,243.00	552,836,185.72	99,778,933.93	1,376,945,494.79

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:
1. In the current period, the Company offered 3,123,698.00 RMB ordinary shares (A shares), and raised a total amount of funds of RMB149,999,977.96, of which RMB142,916,279.96 was included in capital reserves (share capital premium);
2. In the current period, the recognized option share payments of RMB 133,137,859.35 were included in other capital reserves. Due to the share payments within the Group, the changes in the shares of owners' equity of the subsidiaries, Guangzhou KingMed Center for Clinical Laboratory and Xi'an KingMed, reduced the capital reserves (share premium) by RMB6,314,462.52; in the current period, options of RMB2,975,000.00 was exercised, and the incentive targets contributed RMB186,292,575.00 in currency, of which RMB183,317,575.00 was included in capital reserves (share premium), and RMB93,464,471.41 of other capital reserves that had been exercised and recognized cumulatively was included in capital reserves (share premium).

56. Treasury shares

□Applicable √Not applicable

57. Other comprehensive income

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount before deducting income tax for the current period	Minus: Profits and losses of other comprehensive income recorded for the previous period and transferred to the current period	Minus: Retained earnings of other comprehensive income recorded for the previous period and transferred to the current period	Minus: Income tax expense	Attributable to the Company as the parent after tax	Attributable to minority shareholders after tax	
I. Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss								
Of which: Changes caused by remeasurements on defined benefit schemes								
Other comprehensive income that will not be reclassified to								

profit or loss under the equity method								
Changes in the fair value of other equity investments								
Changes in the fair value arising from changes in own credit risk								
II. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-1,761,721.21	-10,001,236.21				-10,001,236.21		-11,762,957.42
Of which: Other comprehensive income that will be reclassified to profit or loss under the equity method								
Changes in the fair value of other debt investments								
Other comprehensive income arising from the reclassification of financial assets								
Credit impairment allowance for other debt investments								
Reserve for cash flow hedges								
Differences arising from the translation of foreign currency-denominated financial statements	-1,761,721.21	-10,001,236.21				-10,001,236.21		-11,762,957.42

Other comprehensive income in total	-1,761,721.21	-10,001,236.21				-10,001,236.21		-11,762,957.42

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

None

58. Specific reserve

□Applicable √Not applicable

59. Surplus reserves

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Statutory surplus reserves	107,094,311.85	125,698,825.65		232,793,137.50
Any surplus reserves				
General reserves				
Enterprise expansion fund				
Others				
Total	107,094,311.85	125,698,825.65	0.00	232,793,137.50

Notes of surplus reserves，including a description of the increase or decrease for the current period and the reasons for the change:

None

60. Retained earnings

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Last closing retained earnings before adjustment	2,298,505,027.25	887,657,793.08
Total adjustments of opening retained earnings (increase +, decrease -)		
Opening retained earnings after adjustments	2,298,505,027.25	887,657,793.08
Plus: Net profit attributable to the owners of the Company as the parent of the current period	2,219,640,445.22	1,509,701,887.90
Minus: Withdrawal of statutory surplus reserves	125,698,825.65	36,582,351.26
Withdrawal of any surplus reserves		
Withdrawal of specific reserve		
Dividends of common shares payable	152,199,109.48	62,272,302.47
Dividends on common stock transferred to equity		
Closing retained earnings	4,240,247,537.34	2,298,505,027.25

Details of the adjustments of opening retained earnings:

1. RMB0 of the opening retained earnings was affected by the retroactive adjustments according to the Accounting Standards for Business Enterprises and related new regulations.
2. RMB0 of the opening retained earnings was affected by the changes in accounting policies.
3. RMB0 of the opening retained earnings was affected by the correction of major accounting errors.
4. RMB0 of the opening retained earnings was affected by the change in the combination scope under the same control.
5. RMB0 of the opening retained earnings was affected by other adjustments.

61. Operating revenue and cost of sales

(1). Status of operating revenue and cost of sales

√Applicable □Not applicable

Unit: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	11,303,699,846.08	5,968,764,232.15	7,869,805,370.23	4,190,739,850.80
Others	639,523,783.98	326,253,662.59	373,958,146.60	204,396,518.07
Total	11,943,223,630.06	6,295,017,894.74	8,243,763,516.83	4,395,136,368.87

(2). Status of contract revenue

√Applicable □Not applicable

Unit: RMB

Category of contracts	Clinical diagnosis - segment	Sales of diagnostic products - segment	Others - segment	Total
Product categories				
Clinical diagnostic service	11,303,699,846.08			11,303,699,846.08
Sales of diagnostic products		291,299,046.87		291,299,046.87
Health examination service			54,739,494.70	54,739,494.70
Cold chain logistics service			42,955,762.48	42,955,762.48
Others			247,914,641.38	247,914,641.38
Classification by operating region				
Market or customer type				
Contract type				
Classification by time of commodity transfer				
Recognition at some time point	11,303,699,846.08	291,299,046.87	345,609,898.56	11,940,608,791.51
Classification by contract term				

Classification by sales channel				
Total	11,303,699,846.08	291,299,046.87	345,609,898.56	11,940,608,791.51

Details of contract revenue:
□Applicable √Not applicable

(3). Details of obligation for contract performance

□Applicable √Not applicable

(4). Notes of the allocation to the remaining obligations for contract performance

□Applicable √Not applicable

Other notes:

None

62. Taxes and levies

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Consumption tax		
Business tax		
Urban maintenance and construction tax	2,222,641.95	1,029,359.09
Educational fee	1,588,662.09	737,266.28
Tax on natural resources		
Real estate tax	3,409,785.99	2,736,182.84
Land use tax	958,816.18	640,038.10
Vehicle and vessel usage tax		
Stamp duty	2,677,726.92	1,400,920.35
Others	851,188.22	390,188.49
Total	11,708,821.35	6,933,955.15

Other notes:

None

63. Selling expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Wage and remuneration	653,634,899.26	407,526,926.07
Travel expense	309,428,808.25	231,710,430.34
Office cost	223,415,577.39	175,984,709.68
Hospitality	186,684,419.31	130,240,102.77
Conference fees	29,442,339.12	18,523,219.69
Lease rental	14,357,594.90	11,420,440.76
Others	18,455,485.02	14,512,466.59
Total	1,435,419,123.25	989,918,295.90

Other notes:
None

64. Administrative expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Wage and remuneration	434,514,246.29	294,909,773.42
Lease rental	16,891,883.01	58,014,586.41
Office cost	62,337,066.80	47,749,824.44
Conference fees	7,077,923.08	8,941,888.67
Amortization of long-term prepaid expense	22,670,902.37	34,834,517.35
Travel expense	27,500,770.56	20,028,039.51
Depreciation charge	69,348,941.44	22,637,643.44
Hospitality	24,781,706.20	17,084,387.12
Consulting expense	17,863,477.95	10,720,809.84
Utility bills	11,282,246.58	10,151,818.13
Advertising expense	3,156,725.00	2,712,985.94
Gasoline	2,546,996.21	2,486,725.06
Share-based payment	133,137,859.35	45,876,793.45
Others	54,843,199.67	46,514,185.00
Total	887,953,944.51	622,663,977.78

Other notes:
None

65. R&D expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Wage and remuneration	228,917,871.39	151,099,732.02
Material expense	227,693,920.64	188,547,862.83
Depreciation charge	34,230,275.69	25,825,396.81
Others	27,086,298.03	31,696,636.18
Total	517,928,365.75	397,169,627.84

Other notes:
None

66. Finance costs

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Interest expense	27,547,340.64	29,256,575.27
Interest income	-21,531,766.90	-13,758,953.55
Exchange gain or loss	1,456,765.47	198,445.76
Auxiliary expense	2,615,768.30	1,856,081.94
Total	10,088,107.51	17,552,149.42

Other notes:
None

67. Other income

√Applicable □Not applicable

Unit: RMB

Item	2021	2020

Government grants	79,713,823.45	66,140,068.09
Total	79,713,823.45	66,140,068.09

Other notes:
None

68. Return on investment

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Earnings of long-term equity investments accounted for by the equity method	-8,848,377.18	-18,693,035.99
Disposal of return on investment resulting from long-term equity investments		
Return on investment of held-for-trading financial assets for the holding period		
Dividend income of other equity investments gained for the holding period		
Interest income of debt investments gained for the holding period		
Interest income of other debt investments for the holding period		
Return on investment gained from disposal of held-for-trading financial assets		
Return on investment gained from disposal of other equity investments		
Return on investment gained from disposal of debt investments		
Return on investment gained from disposal of other debt investments		
Earnings of debt restructuring		
Return on investment of other non-current financial assets for the holding period	1,553,493.69	28,671.35
Total	-7,294,883.49	-18,664,364.64

Other notes:

None

69. Net gain on exposure hedges

□Applicable √Not applicable

70. Gain on changes in fair value

□Applicable √Not applicable

71. Credit impairment loss

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Bad debt provision for notes receivable		
Bad debt provision for accounts receivable	-70,575,131.09	-46,052,339.27
Bad debt provision for other receivables	75,079.58	-174,160.09
Depreciation reserves for debt investments		
Depreciation reserves for other debt investments		
Bad debt losses for long-term receivables		
Depreciation losses for contract assets		
Total	-70,500,051.51	-46,226,499.36

Other notes:
None

72. Asset impairment loss

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
I. Bad Debt Loss	-518,975.56	-878,952.53
II. Inventories Shrinkage Loss and Depreciation Loss of Contract Performance Cost		
III. Depreciation Loss of Long-term Equity Investments		
IV. Depreciation Loss of Investment Property		
V. Depreciation Loss of Fixed Assets		
VI. Depreciation Loss of Engineering Materials		
VII. Depreciation Loss of Construction in Progress		
VIII. Depreciation Loss of Productive Living Assets		
IX. Depreciation Loss of Oil and Gas Assets		
X. Depreciation Loss of Intangible Assets		
XI. Depreciation Loss of Goodwill		
XII. Miscellaneous		
Total	-518,975.56	-878,952.53

Other notes:

None

73. Asset disposal income

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Gains of disposal of non-current assets	-9,739,652.78	2,105,787.92
Total	-9,739,652.78	2,105,787.92

Other notes:
None

74. Non-operating income

Status of Non-operating income
√Applicable □Not applicable

Unit: RMB

Item	2021	2020	Amount recorded in the current non-recurring profit or loss
Total earnings from disposal of non-current assets	43,578.78	12,708.83	43,578.78
In which: Earnings from disposal of fixed assets	43,578.78	12,708.83	43,578.78
Earnings from disposal of intangible assets			
Gains on exchange of non-monetary assets			
Donation accepted		1.00	
Government grants	589,198.64	960,081.81	589,198.64
Liquidated damages and penalty income	217,431.33	176,552.63	217,431.33
Others	1,129,714.19	1,023,626.54	1,129,714.19
Total	1,979,922.94	2,172,970.81	1,979,922.94

Government grants recorded in profit or loss for the current period
√Applicable □Not applicable

Unit: RMB

Item	2021	2020	Related to assets/related income
Municipal service trade support funds in 2020	250,000.00		Related to revenue
Incentive funds for service enterprises above scale	190,000.00		Related to revenue
Incentive funds for technological transformation and expansion projects in 2021	80,000.00		Related to revenue
Enterprise subsidies for college graduates of Social Affairs Bureau in Jinan High-tech Industrial Development Zone Management Committee		376,283.52	Related to revenue
Policy support funding of Economic Development Bureau in Nanjing Jiangbei New Area Management Committee		200,000.00	Related to revenue
Municipal innovation and entrepreneurship team of "Jianghuai Silicon Valley" in the Personnel Bureau of the High-tech Zone		200,000.00	Related to revenue

36 other grants	69,198.64	183,798.29	Related to revenue
Total	589,198.64	960,081.81	

Other notes:

□Applicable √Not applicable

75. Non-operating expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020	Amount recorded in the current non-recurring profit or loss
Total loss caused by disposal of non-current assets	410,557.10	686,305.59	410,557.10
Of which: Loss caused by disposal of fixed assets	410,557.10	686,305.59	410,557.10
Loss caused by intangible assets			
Loss caused by exchange of non-monetary assets			
Donation	29,748,683.84	5,567,563.41	29,748,683.84
Compensation expense	638,740.72	551,006.40	638,740.72
Fine and overdue payment expenditure	161,863.18	67,961.54	161,863.18
Others	230,252.34	1,691,558.18	230,252.34
Total	31,190,097.18	8,564,395.12	31,190,097.18

Other notes:

None

76. Income tax expense

(1). Table of income tax expense

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Income tax expense for the current period	382,278,896.92	228,623,468.73
Deferred income tax expense	1,766,692.93	8,417,939.38
Total	384,045,589.85	237,041,408.11

(2). Process of adjusting accounted profit and income tax expense

√Applicable □Not applicable

Unit: RMB

Item	2021
Gross profit	2,747,557,458.82
Income tax expense by statutory/applicable rates of tax	686,889,364.71
Influence of applying different tax rates by	-201,983,707.71

subsidiaries	
Influence of income tax before adjustment	242,074.84
Influence of non-taxable income	
Influence of non-deductible costs, expenses and losses	9,126,836.98
Influence of using deductible losses from previously unconfirmed deferred income tax assets	-62,660,933.29
Influence of no deductible temporary differences or deductible losses in deferred income tax assets unconfirmed for the current period	31,298,930.62
Influence of the option exercise in the current period	-28,020,448.75
Influence of R&D and deductions in the current period	-50,846,527.55
Income tax expense	384,045,589.85

Other notes:

□Applicable √Not applicable

77. Other comprehensive income

√Applicable □Not applicable

Refer to Note VII/57 for details.

78. Cash flow statement

(1). Other cash received from business activities

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Intercourse funds and advance money	20,499,994.07	25,641,878.31
Special subsidies and grants	63,099,699.54	64,001,611.27
Interest income	21,531,766.90	13,758,953.55
Rental income	2,614,838.55	2,364,600.52
Non-operating income	1,333,329.77	1,200,179.17
Return of guarantees	60,429.20	1,051,111.18
Total	109,140,058.03	108,018,334.00

Notes:

None

(2). Cash payments related to other operating activities

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Inter-company contacts	35,763,376.13	24,138,831.04
period charge expenditure	1,207,736,681.16	972,296,185.39
Non-operating expense	30,668,677.80	7,685,754.61
Guaranty fund for L/C of payment	4,348,841.23	10,785,886.53
Others		
Total	1,278,517,576.32	1,014,906,657.57

Notes:

None

(3). Other cash received from investment activities

□Applicable √Not applicable

(4). Other cash paid for investment activities

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Acquisition of non-controlling interests of subsidiaries		19,960,000.00
Total	0.00	19,960,000.00

Notes:

None

(5). Other cash received from funding activities

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Receipt of exercise payment without registration	5,834,505.00	
Total	5,834,505.00	

Notes:

None

(6). Other cash paid for funding activities

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Non-public offering cost	3,160,000.00	800,000.00
Cash paid by lease liabilities	105,896,893.45	
Total	109,056,893.45	800,000.00

Notes:

None

79. Supplemental information for cash flow statement

(1). Supplemental information for cash flow statement

√Applicable □Not applicable

Unit: RMB

Supplemental information	2021	2020
1. Reconcile net profit to cash flow from operating activities:		
Net profit	2,363,511,868.97	1,573,432,348.93
Add: Provision for impairment of assets	518,975.56	878,952.53
Credit impairment loss	70,500,051.51	46,226,499.36
Depreciation of fixed assets, oil and gas assets, and productive living assets	310,746,800.99	259,815,756.48
Amortization of right-of-use assets	94,417,133.60	
Amortization of intangible assets	20,815,087.33	21,037,647.08
Amortization of long-term prepaid	107,985,646.46	67,787,975.26

expense		
Loss caused by disposal of fixed assets, intangible assets and other long-term assets (gains represented by "-")	9,739,652.78	-2,105,787.92
Losses caused by scrapping fixed assets (gains represented by "-")	366,978.32	673,596.76
Losses from changes in fair value (gains represented by "-")		
Finance costs (gains represented by "-")	29,004,106.11	29,455,021.03
Investment loss (gains represented by "-")	7,294,883.49	18,664,364.64
Decrease in deferred income tax assets (increase represented by "-")	-20,640,162.35	-3,205,976.22
Increase in deferred income tax liabilities (decrease represented by "-")	22,406,855.28	11,623,915.60
Decrease in inventories (increase represented by "-")	-107,015,749.81	-66,621,078.33
Decrease in accounts receivable generated from operating activities (gains represented by "-")	-2,116,426,719.71	-1,276,685,357.36
Increase in accounts payable used in operating activities (decrease represented by "-")	1,161,607,322.47	796,252,895.55
Others	133,137,859.35	45,876,793.45
Net cash generated from/used in operating activities	2,087,970,590.35	1,523,107,566.84
2. Significant investing and financing activities without involvement of cash receipts and payments		
Conversion of debt to capital		
Convertible corporate bonds matured within one year		
Fixed assets financing lease		
3. Net increase/decrease of cash and cash equivalent:		
Closing balance of cash	2,638,161,170.49	1,624,299,542.25
Less: Opening balance of cash	1,624,299,542.25	953,679,708.91
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,013,861,628.24	670,619,833.34

(2). Net cash paid for the current period to acquire subsidiaries

□Applicable √Not applicable

(3). Net cash received for the disposal of subsidiaries for the current period

□Applicable √Not applicable

(4). Composition of cash and cash equivalents

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	2,638,161,170.49	1,624,299,542.25
Including: Cash on hand	480,505.52	603,629.20
Bank deposits on demand	2,636,817,889.64	1,623,346,081.61
Other monetary assets on demand	862,775.33	349,831.44
Due from central banks that can be used for payment		
Due from banks and other financial institutions		
Interbank withdrawal		
II. Cash Equivalents		
Of which: Investment in bonds due within three months		
III. Cash and Cash Equivalents, End of the Period	2,638,161,170.49	1,624,299,542.25
Of which: Cash and cash equivalents with restricted use by the Company as the parent or subsidiaries within the Group	15,285,389.38	10,996,977.35

Other notes:

□Applicable √Not applicable

80. Notes to changes in owners' equity

Notes to the name of "Other" of closing balance of the same period of last year adjusted and the amount adjusted:

□Applicable √Not applicable

81. Assets with restricted ownership or right to use

√Applicable □Not applicable

Unit: RMB

Item	Closing carrying value	Reason for restriction
Monetary assets	15,285,389.38	Guaranty fund for L/C of performance
Notes receivable		
Inventories		
Fixed assets	279,410,934.24	Mortgaged for bank borrowings
Intangible assets		
Investment property	1,866,736.13	Mortgaged for bank borrowings
Total	296,563,059.75	/

Other notes:

None

82. Foreign currency monetary items

(1). Foreign currency monetary items

√Applicable □Not applicable

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance converted to RMB balance
Monetary assets	-	-	
Of which: USD			
EUR			
HKD	767,176,950.92	0.8176	627,243,875.07
Accounts receivable	-	-	
Of which: USD			
EUR			
HKD	63,774,061.89	0.8176	52,141,673.00
Accounts payable			
Of which: USD			
EUR			
HKD	58,052,436.36	0.8176	47,463,671.97
Other payables			
Of which: USD			
EUR			
HKD	4,176,414.41	0.8176	3,414,636.42
Long-term borrowings	-	-	
Of which: USD			
EUR			
HKD			

Other notes:

None

(2). Notes to overseas operating entities, including: For important overseas operating entities, their main overseas business location, bookkeeping base currency and basis for selection should be disclosed, and the reasons for changes in the bookkeeping base currency should also be disclosed

√Applicable □Not applicable

The overseas subsidiaries, Hong Kong KingMed and Ausmed Immuno, mainly operate in Hong Kong, of which the standard currency for accounting is HKD. There was no change in the standard currency for accounting during the Reporting Period.

83. Hedge

□Applicable √Not applicable

84. Government grants

(1). Basic Information on Government Subsidy

√Applicable □Not applicable

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Government grants related to assets	9,275,839.13	Deferred income	5,024,181.35

Government grants related to income	138,127,332.86	Other income/non-operating income	75,278,840.74

(2). Return of Government Subsidy

□Applicable √Not applicable
Other notes:
None

85. Others

□Applicable √Not applicable

VIII Changes in Consolidation Scope

1. Business combinations involving entities not under common control

□Applicable √Not applicable

2. Business combinations involving entities under common control

□Applicable √Not applicable

3. Counter purchase

□Applicable √Not applicable

4. Disposal of subsidiary

Whether there was a single disposal of an investment in a subsidiary that resulted in a loss of control
□Applicable √Not applicable
Other notes:
□Applicable √Not applicable

5. Changes in combination scope for other reasons

Notes of other changes in the combination scope (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and relevant situations:
√Applicable □Not applicable
In April 2021, the subsidiary, Zhengzhou KingMed Center for Clinical Laboratory (General Partnership), was liquidated and cancelled, so it will no longer be included in the combination scope from April 2021.
In May 2021, the subsidiary, Changzhou KingMed Clinical Laboratory Co., Ltd., was liquidated and cancelled, so it will no longer be included in the combination scope from May 2021.
In June 2021, the subsidiary, Guangzhou KingEne Biotechnology Co., Ltd., was liquidated and cancelled, so it will no longer be included in the combination scope from June 2021.
In March 2021, the Company invested in the establishment of Jiangmen KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from March 2021.
In May 2021, the subsidiary, Jiangxi KingMed, invested in the establishment of Ganzhou KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from May 2021.
In June 2021, the subsidiary, Fuzhou KingMed, invested in the establishment of Xiamen KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from June 2021.
In June 2021, the Company invested in the establishment of KingMed Diagnostics (Suzhou), so it will be included in the combination scope from June 2021.
In July 2021, the Company invested in the establishment of Guangzhou KingMed Investment and Development Co., Ltd., so it will be included in the combination scope from July 2021.
In September 2021, the Company invested in the establishment of Guangzhou Huadu KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from September 2021.
In September 2021, the Company invested in the establishment of Guangzhou KingMed Supply Chain Management Co., Ltd., so it will be included in the combination scope from September 2021.

In August 2021, the Company invested in the establishment of Guangzhou Panyu KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from August 2021.
In September 2021, the subsidiary, Jinan KingMed, invested in the establishment of Linyi KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from September 2021.
In September 2021, the subsidiary, Jinan KingMed, invested in the establishment of Jinan Jinsheng Biotechnology Co., Ltd., so it will be included in the combination scope from September 2021.
In September 2021, the subsidiary, Chongqing KingMed, invested in the establishment of Chongqing Yongchuan KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from September 2021.
In October 2021, the subsidiary, Jinan KingMed, invested in the establishment of Tai'an KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from October 2021.
In November 2021, the subsidiary, Nanjing KingMed, invested in the establishment of KingMed Diagnostics (Xuzhou), so it will be included in the combination scope from November 2021.
In December 2021, the subsidiary, Jinan KingMed, invested in the establishment of Heze KingMed Clinical Laboratory Co., Ltd., so it will be included in the combination scope from December 2021.
In December 2021, the subsidiary, Guangzhou KingMed Investment and Development Co., Ltd., invested in the establishment of Guangzhou KingMed Nabo Investment Consulting Co., Ltd., so it will be included in the combination scope from December 2021.

6. Others

□Applicable √Not applicable

IX Interests in Other Entities

1. Interests in subsidiaries

(1). Subsidiaries

√Applicable □Not applicable

Subsidiary Name	Main operating place	Registration place	Nature of business	Shareholding ratio (%)		Acquisition Method
				Directly	Indirectly	
Guangzhou KingMed Center for Clinical Laboratory Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	85		Acquisition
Jinan KingMed Center for Clinical Laboratory Co., Ltd.	Jinan City, Shandong Province	Jinan City, Shandong Province	Service Industry	100		Set-up
KingMed Diagnostics (Nanjing)	Nanjing City, Jiangsu Province	Nanjing City, Jiangsu Province	Service Industry	100		Acquisition
Hefei KingMed Clinical Laboratory Co., Ltd.	Hefei City, Anhui Province	Hefei City, Anhui Province	Service Industry	100		Set-up
KingMed Diagnostics (Xi’an)	Xi'an City, Shaanxi Province	Xi'an City, Shaanxi Province	Service Industry	62		Set-up
KingMed Diagnostics (Kunming)	Kunming City, Yunnan Province	Kunming City, Yunnan Province	Service Industry	100		Set-up
KingMed Diagnostics (Jilin)	Changchun City, Jilin Province	Changchun City, Jilin Province	Service Industry	100		Set-up
Fuzhou KingMed Clinical Laboratory Co., Ltd.	Fuzhou City, Fujian Province	Fuzhou City, Fujian Province	Service Industry	100		Set-up
Guizhou KingMed Center for Clinical Laboratory Co., Ltd.	Guiyang City, Guizhou Province	Guiyang City, Guizhou Province	Service Industry	100		Set-up
Changsha KingMed Clinical Laboratory Co., Ltd.	Changsha City, Hunan Province	Changsha City, Hunan Province	Service Industry	100		Set-up
Sichuan KingMed Center for Clinical Laboratory Co., Ltd.	Chengdu City, Sichuan Province	Chengdu City, Sichuan Province	Service Industry	100		Set-up
Tianjin KingMed Clinical Laboratory Co., Ltd.	Tianjin City	Tianjin City	Service Industry	100		Acquisition
KingMed Diagnostics (Hangzhou)	Hangzhou City, Zhejiang Province	Hangzhou City, Zhejiang Province	Service Industry	100		Acquisition
KingMed Diagnostics (Shenyang)	Shenyang City, Liaoning Province	Shenyang City, Liaoning Province	Service Industry	100		Set-up
KingMed Diagnostics (Chongqing)	Chongqing City	Chongqing City	Service Industry	100		Set-up

Guangxi KingMed Clinical Laboratory Co., Ltd.	Nanning City, Guangxi Province	Nanning City, Guangxi Province	Service Industry	100		Set-up
KingMed Diagnostics (Shanghai)	Shanghai City	Shanghai City	Service Industry	100		Set-up
Guangzhou KingMed Forensic Science Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
Shijiazhuang KingMed Clinical Laboratory Co., Ltd.	Shijiazhuang City, Hebei Province	Shijiazhuang City, Hebei Province	Service Industry	100		Acquisition
KingMed Diagnostics (Taiyuan)	Taiyuan City, Shanxi Province	Taiyuan City, Shanxi Province	Service Industry	100		Acquisition
Hainan KingMed Center for Clinical Laboratory Co., Ltd.	Haikou City, Hainan Province	Haikou City, Hainan Province	Service Industry	100		Set-up
Guangzhou KingTest Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry		65	Set-up
Guangzhou KingMed Physical Examination Clinic Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry		85	Set-up
Qingdao KingMed Clinical Laboratory Co., Ltd.	Qingdao City, Shandong Province	Qingdao City, Shandong Province	Service Industry		100	Acquisition
Heilongjiang KingMed Clinical Laboratory Co., Ltd.	Harbin City, Heilongjiang Province	Harbin City, Heilongjiang Province	Service Industry	100		Set-up
KingMed Diagnostics (Jiangxi)	Nanchang City, Jiangxi Province	Nanchang City, Jiangxi Province	Service Industry	100		Set-up
KingMed Diagnostics (Wuhan)	Wuhan City, Hubei Province	Wuhan City, Hubei Province	Service Industry	100		Set-up
KingMed Diagnostics (Gansu)	Lanzhou City, Gansu Province	Lanzhou City, Gansu Province	Service Industry	100		Set-up
Shenzhen KingMed Clinical Laboratory	Shenzhen City, Guangdong Province	Shenzhen City, Guangdong Province	Service Industry	100		Set-up
KingMed Diagnostics (Hong Kong) Limited	Hong Kong, China	Hong Kong, China	Service Industry	100		Set-up
Guangzhou KingMed Cold Chain Logistics Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Road transportation	100		Set-up
KingMed Diagnostics (Hohhot)	Hohhot City, Inner Mongolia	Hohhot City, Inner Mongolia	Service Industry	100		Set-up
Zhaoqing KingMed Center for Clinical Laboratory Co., Ltd.	Zhaoqing City, Guangdong Province	Zhaoqing City, Guangdong Province	Service Industry	100		Set-up
Ausmed Immuno Diagnostic Services (AIDS)	Hong Kong, China	Hong Kong, China	Service Industry	100		Acquisition

Limited						
Hainan Bo'ao KingMed International Center for Clinical Laboratory Co., Ltd.	Qionghai City, Hainan Province	Qionghai City, Hainan Province	Service Industry	100		Set-up
Guangzhou KingMed Institute of Translational Medicine Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
KingMed Diagnostics (Xinjiang)	Urumqi City, Xinjiang Province	Urumqi City, Xinjiang Province	Service Industry	100		Set-up
KingMed Diagnostics (Ningxia)	Yinchuan City, Ningxia Hui Autonomous Region	Yinchuan City, Ningxia Hui Autonomous Region	Service Industry	100		Set-up
Qinghai KingMed Center for Clinical Laboratory Co., Ltd.	Xining City, Qinghai Province	Xining City, Qinghai Province	Service Industry	100		Set-up
Beijing KingMed Clinical Laboratory Co., Ltd.	Beijing City	Beijing City	Service Industry	100		Set-up
Guangzhou Jin King Biological Materials Logistics Service Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Road transportation	70		Set-up
Zhuzhou KingMed Diagnostics Biotechnology Co., Ltd.	Zhuzhou City, Hunan Province	Zhuzhou City, Hunan Province	Service Industry		100	Set-up
Zhengzhou KingMed Center for Clinical Laboratory Co., Ltd.	Zhengzhou City, Henan Province	Zhengzhou City, Henan Province	Service Industry	100		Set-up
Zhumadian KingMed Center for Clinical Laboratory Co., Ltd.	Zhumadian City, Henan Province	Zhumadian City, Henan Province	Service Industry		63	Set-up
Guangzhou Tuosiwei Property Management Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry		85	Set-up
Guangzhou Jinbo Testing Technology Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
KingMed Jianshi Innovation Research Institute (Guangzhou) Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry		80	Set-up
Bijie KingMed Clinical Laboratory Co., Ltd.	Bijie City, Guizhou Province	Bijie City, Guizhou Province	Service Industry		65	Set-up
Guangzhou Jinmanli Pharmaceutical Technology Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
Tibet KingMed Center for Clinical Laboratory Co., Ltd.	Lhasa City, Tibet Autonomous Region	Lhasa City, Tibet Autonomous Region	Service Industry	100		Set-up
Jiangmen KingMed Clinical Laboratory Co., Ltd.	Jiangmen City, Guangdong Province	Jiangmen City, Guangdong Province	Service Industry	100		Set-up

Ganzhou KingMed Clinical Laboratory Co., Ltd.	Ganzhou City, Jiangxi Province	Ganzhou City, Jiangxi Province	Service Industry		83	Set-up
Xiamen KingMed Clinical Laboratory Co., Ltd.	Xiamen City, Fujian Province	Xiamen City, Fujian Province	Service Industry		100	Set-up
Guangzhou Panyu KingMed Clinical Laboratory Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
Chongqing Yongchuan KingMed Clinical Laboratory Co., Ltd.	Chongqing City	Chongqing City	Service Industry		100	Set-up
KingMed Diagnostics (Suzhou)	Suzhou City, Jiangsu Province	Suzhou City, Jiangsu Province	Service Industry	100		Set-up
Linyi KingMed Clinical Laboratory Co., Ltd.	Linyi City, Shandong Province	Linyi City, Shandong Province	Service Industry		66	Set-up
Tai’an KingMed Clinical Laboratory Co., Ltd.	Tai'an City, Shandong Province	Tai'an City, Shandong Province	Service Industry		100	Set-up
Guangzhou Huadu KingMed Clinical Laboratory Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
Jinan Jinsheng Biotechnology Co., Ltd.	Jinan City, Shandong Province	Jinan City, Shandong Province	Service Industry		65	Set-up
Guangzhou KingMed Investment and Development Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
Guangzhou KingMed Supply Chain Management Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry	100		Set-up
KingMed Diagnostics (Xuzhou)	Xuzhou City, Jiangsu Province	Xuzhou City, Jiangsu Province	Service Industry		100	Set-up
Heze KingMed Clinical Laboratory Co., Ltd.	Heze City, Shandong Province	Heze City, Shandong Province	Service Industry		100	Set-up
Guangzhou KingMed Nabo Investment Consulting Co., Ltd.	Guangzhou City, Guangdong Province	Guangzhou City, Guangdong Province	Service Industry		60	Set-up

Notes to holding proportion in subsidiary different from voting proportion:
None

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:
None

Significant structural entities and controlling basis in the scope of combination:
None

Basis of determining whether the Company is the agent or the principal:
None
Other notes:
None

(2). Significant non-wholly-owned subsidiary

√Applicable □Not applicable

Unit: RMB

Name	Shareholding of minority shareholder Proportion	The profit or loss attributable to the non-controlling interests for the current period	Declaring dividends distributed to non-controlling interests for the current period	Closing non-controlling interests balance
Guangzhou KingMed Center for Clinical Laboratory	15.00%	86,220,491.96	30,070,559.59	120,662,618.62
Xi'an KingMed	38.00%	54,699,484.14		78,447,387.30

Holding proportion of non-controlling interests in subsidiary different from voting proportion:
□Applicable √Not applicable

Other notes:
□Applicable √Not applicable

(3). The main financial information of significant not wholly-owned subsidiary

√Applicable □Not applicable

Unit: RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guangzhou KingMed Center for Clinical Laboratory	1,796,369,277.64	472,408,193.21	2,268,777,470.85	1,361,254,798.31	103,105,215.07	1,464,360,013.38	1,235,937,049.60	246,142,438.07	1,482,079,487.67	1,034,867,656.31	56,296,780.46	1,091,164,436.77
Xi'an KingMed	323,236,749.69	44,237,133.58	367,473,883.27	155,355,965.99	5,677,424.39	161,033,390.38	107,535,502.97	30,279,974.77	137,815,477.74	75,209,869.18	1,266,478.93	76,476,348.11

Name	2021				2020			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Guangzhou KingMed Center for Clinical Laboratory	3,130,393,807.43	574,803,279.76	574,803,279.76	488,963,704.23	2,170,332,441.57	286,386,281.84	286,386,281.84	356,341,051.69
Xi'an KingMed	465,089,329.33	143,946,010.90	143,946,010.90	-1,163,981.32	228,026,511.83	53,493,845.90	53,493,845.90	57,523,265.42

Other notes:
None

(4). Significant restrictions on the use of assets and the settlement of debts of the Group

□Applicable √Not applicable

(5). Financial or other support to structured entities included in the scope of consolidated financial statements

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

2. Changes occur in the owner's equity of the subsidiary, but the subsidiary's transactions are still controlled by the Company

□Applicable √Not applicable

3. Equity in joint ventures or associated enterprises

√Applicable □Not applicable

(1). Significant joint ventures or associated enterprises

√Applicable □Not applicable

Unit: RMB

Name	Main operating place	Registration place	Nature of business	Shareholding ratio (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	
DRA COMPANY LIMITED	Hong Kong	Hong Kong	R&D	50		Equity method

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:
None

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:
None

(2). Main financial information for significant joint ventures

√Applicable □Not applicable

Unit: RMB

	Closing balance/amount of the current period		Opening balance/amount of the previous period	
	DRA COMPANY LIMITED	DRA COMPANY LIMITED	DRA COMPANY LIMITED	DRA COMPANY LIMITED
Current assets	6,355,521.21		101,427,957.86	
Of which: Cash and cash equivalents				
Non-current assets	91,516,178.79		8,698,715.51	
Total assets	97,871,700.00		110,126,673.37	
Current liabilities	3,691,894.88		854,999.35	
Non-current liabilities				

Total liabilities	3,691,894.88		854,999.35	
Non-controlling interests				
Equity attributable to shareholders of the Company as the parent	94,179,805.12		109,271,674.02	
Net assets shares calculated at the shareholding proportion				
Adjusted items				
--Goodwill				
--Unrealized profit of intra-company transaction				
--Other				
Carrying value of equity investment to joint ventures				
Fair values of equity investments of joint ventures with quoted prices				
Operating revenue				
Finance costs				
Income tax expense				
Net profit		-12,504,354.82		-33,294,222.22
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income				
Dividends received from the joint venture in the current period				

Other notes:
None

(3). Main financial information for significant associated enterprises

□Applicable √Not applicable

(4). Summary of financial information of insignificant joint ventures or associated enterprises

√Applicable □Not applicable

Unit: RMB

	Closing balance/2021	Opening balance/2020
Joint venture:		
Total investment book value		
Sum calculated by shareholding ratio of each item		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associated enterprises:		
Total investment book value	90,918,475.41	25,514,675.18
Sum calculated by shareholding ratio of each item		

--Net profit	-2,596,199.77	-1,485,324.82
--Other comprehensive income		
--Total comprehensive income		

Other notes:
None

(5). Notes to significant limitations on the ability of joint ventures or associated enterprises to transfer funds to the Company

□Applicable √Not applicable

(6). Excess losses incurred by joint ventures or associated enterprises

□Applicable √Not applicable

(7). Unconfirmed commitments related to investments of joint ventures

□Applicable √Not applicable

(8). Contingent liabilities related to investments of joint ventures or associated enterprises

□Applicable √Not applicable

4. Significant joint operation

□Applicable √Not applicable

5. Rights and interests in structured entities where not included in the consolidated financial statements

Notes to the structured entity excluded in the scope of consolidated financial statements:
□Applicable √Not applicable

6. Others

□Applicable √Not applicable

X. Risks related to financial instruments

□Applicable √Not applicable

XI The disclosure of fair value

1. Closing fair value of assets and liabilities measured at fair value

√Applicable □Not applicable

Unit: RMB

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent Fair Value Measurement				
(I) Held-for-trading financial assets			144,071,848.29	144,071,848.29
1. Financial assets measured at fair value through profit or loss for the current period				
(1) Debt instrument				

investments				
(2) Equity instruments investments				
(3) Derivative financial assets				
2. Financial assets assigned to be measured at fair value through profit or loss for the current period			144,071,848.29	144,071,848.29
(1) Debt instrument investments				
(2) Equity instruments investments			144,071,848.29	144,071,848.29
(II) Other debt investments				
(III) Other equity investments				
(IV) Investment property				
1. Land use right for rent				
2. Buildings for rent				
3. Land use right held and to be transferred after appreciation				
(V) Biological assets				
1. Consumptive biological assets				
2. Productive living assets				
The total amount of assets consistently measured at fair value			144,071,848.29	144,071,848.29
(VI) Held-for-trading financial liabilities				
1. Financial liabilities measured at fair value through profit or loss for the current period				
Of which: Issued trading bonds				
Derivative financial liabilities				
Others				
2. Designated as a financial liabilities measured at fair value through profit or loss for the current period				
Total amount of liabilities at fair value				
II. Inconsistent Fair Value Measurement				

(I) Assets held for sale				
Total assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement				

2. Basis for determining the market prices of consistent and inconsistent fair value measurement items at Level 1

√Applicable □Not applicable

Input value at Level 1 is the unadjusted quotation in the active market of the same assets or liabilities that can be obtained on the measurement date.

3. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 2

√Applicable □Not applicable

Input value at Level 2 is the input value observable directly or indirectly of relevant assets or liabilities exclusive of input value at Level 1.

4. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 3

√Applicable □Not applicable

Input value at Level 3 is the input value unobservable of relevant assets or liabilities.

5. Reconciliation information between opening and closing carrying value, and sensitivity analysis of unobservable parameters of third-level items measured consistently at fair value

□Applicable √Not applicable

6. The reason for the conversion and the policy for determining the timing of the conversion, where there is a conversion between the various levels for the current period in items consistently measured at fair value

□Applicable √Not applicable

7. Technical changes in valuation techniques that occurred for the current period and the reasons for the changes

□Applicable √Not applicable

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

□Applicable √Not applicable

9. Others

√Applicable □Not applicable

The level to which the fair value measurement result belongs is determined by the lowest level of the input value that is significant to the fair value measurement as a whole.

XII Related party and related-party transaction

1. The Company as the parent of the Company

√Applicable □Not applicable

Unit: RMB'0,000

Name of the Company as the parent	Registration place	Nature of business	Registered capital	Shareholding percentage held by the Company as the parent to the Company	Proportion of voting rights owned by the Company as the parent to the Company (%)
Liang Yaoming				15.94	37.46

Notes of the information on the Company as the parent

Liang Yaoming directly holds 15.94% of the Company's equity interest; at the same time, as the managing partner of Xinmanyu, Shengboyu, Shengyufang and Ruizhi, Liang Yaoming can actually control these partnership enterprises, and then control 21.52% of the Company's equity interest according to the partnership agreements. Therefore, total voting rights of Liang Yaoming in the Company are 37.46%.

The ultimate controller of the Company is Liang Yaoming

Other notes:

None

2. Subsidiaries of the Company

√Applicable □Not applicable

The Company's subsidiaries are detailed in "IX. Interests in Other Entities" in this Note.

3. Joint ventures and associated enterprises of the Company

√Applicable □Not applicable

The Company's important joint ventures and associated enterprises of the Company are detailed in "IX. Interests in Other Entities" in this Note.

The following are the circumstances of other joint ventures or associated enterprises that have a balance with the Company for the current period or that have formed balances from related-party transactions with the Company for the previous period

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

4. Other related party

√Applicable □Not applicable

Name of other related party	Relationship with the Company
Guangzhou Jiajian Biotechnology Co., Ltd. (hereinafter referred to as "Jiajian")	Others
Guangzhou KingCreate Biotechnology Co., Ltd. (hereinafter referred to as "KingCreate")	Others
Guangdong KingMed Future Biotechnology Co., Ltd. (hereinafter referred to as "KingMed Future")	Others
Guangzhou KingMed Foundation (hereinafter referred to as "KingMed Foundation")	Others

Other notes:

None

5. Related transactions

(1). Related-party transactions of purchase and sale of goods, provision and acceptance of services

Information on acquisition of goods and reception of labor service
√Applicable □Not applicable

Unit: RMB

Related party	Content	2021	2020
KingCreate	Purchasing goods	60,740,565.50	18,073,718.94
Tianjin Tianhai Xinyu Biotechnology Co., Ltd.	Purchasing goods	7,113,213.25	
KingMed Future	Purchasing goods	3,968,000.00	

Information of sales of goods and provision of labor service
√Applicable □Not applicable

Unit: RMB

Related party	Content	2021	2020
KingCreate	Logistics services	308,899.13	89,456.67
KingCreate	Other services	2,066.00	15,800.30
KingMed Future	Rent management fee	191,803.25	230,067.63
KingMed Future	Logistics services	4,790.37	
KingMed Foundation	Inspection services	2,686,619.99	

Notes to acquisition of goods and reception of labor service
□Applicable √Not applicable

(2). Related entrusted management/contracting and entrusted management/outsourcing

Lists of trusteeship/contract of the Company:
□Applicable √Not applicable
Notes:
□Applicable √Not applicable

Entrusted management/contracting of the Company
□Applicable √Not applicable
Notes:
□Applicable √Not applicable

(3). Information on related-party lease

The Company was lessor:
√Applicable □Not applicable

Unit: RMB

Name of lessee	Category of leased assets	The lease income recognized in 2021	The lease income recognized in 2020
KingMed Future	Rent management fee	191,803.25	230,067.63

The Company was lessee:
□Applicable √Not applicable
Notes:
□Applicable √Not applicable

(4). Information on Related-party Guarantee

The Company was guarantor:

□Applicable √Not applicable
The Company was secured party
□Applicable √Not applicable
Notes:
□Applicable √Not applicable

(5). Borrowings of funds

□Applicable √Not applicable

(6). Information on assets transfer and debt restructuring by related party

□Applicable √Not applicable

(7). Remuneration for key management personnel

√Applicable □Not applicable

Unit: RMB'0,000

Item	2021	2020
Remuneration for key management personnel	2,110.08	1,929.24

(8). Other related transaction

□Applicable √Not applicable

6. Accounts receivable and payable of related party

(1). Accounts receivable

√Applicable □Not applicable

Unit: RMB

Project name	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debt provision	Carrying balance	Bad debt provision
Accounts receivable	KingCreate			13,236.30	132.36
Accounts receivable	KingMed Charitable Foundation	1,519,040.50	15,190.41		

(2). Accounts payable

√Applicable □Not applicable

Unit: RMB

Project name	Related party	Closing carrying amount	Opening carrying amount
Accounts payable	KingMed Future	84,800.00	
Accounts payable	KingCreate	24,030,535.00	6,558,876.00
Other payables	KingMed Future	122,931.00	122,931.00

7. Commitments of related party

□Applicable √Not applicable

8. Others

□Applicable √Not applicable

XIII Share-based payment

1. Overall status of share payments

√Applicable □Not applicable

Unit: Share Currency: RMB

The total amount of equity instruments granted by the Company for the current period	188,533,898.23
The total amount of the Company's equity instruments exercised for the current period	43,494,572.39
The total amount of equity instruments of the Company losing efficacy for the current period	5,236,649.88
The range of exercise prices of stock options issued and outstanding at the end of the period of the Company and the remaining term of the contract	1. The exercise price of the Company's stock option incentive scheme is RMB28.461 per share (adjusted due to the influence of Company's dividends), and the incentive scheme is valid from 26 April 2019 to 26 April 2024; 2. The exercise price of the Company's stock option incentive scheme is RMB90.901 per share (adjusted due to the influence of Company's dividends), and the incentive scheme is valid from 8 September 2020 to 8 September 2025; 3. The exercise price of the Company's stock option incentive scheme is RMB133.731 per share (adjusted due to the influence of Company's dividends), and the incentive scheme is valid from 18 May 2021 to 18 May 2026;
The scope of exercise prices of other equity instruments issued by the Company at the end of the reporting period and the remaining term of contracts	

Other notes:

1. According to the Proposal on the Stock Option Incentive Scheme (Draft) and its Abstract in 2019 deliberated and approved by the Company's 1st Extraordinary General Meeting in 2019 held on 8 April 2019, the Company was agreed to grant 6.57 million stock options to 45 incentive targets, with an exercise price of RMB29.04 per share. The stock options granted to the incentive targets shall not be transferred, used for guarantees or debt repayments. The vesting period for the stock options granted under the scheme is 12 months, 24 months, 36 months and 48 months from the completion date of the grant record. The granted stock options can be exercised after 12 months from the completion date of the grant record. During the exercise date, if the exercise conditions stipulated in this incentive scheme are met, the incentive targets shall exercise the rights according to the following exercise arrangements:

Exercise arrangements	Exercise time	Exercise proportion
The first exercise period of the stock options granted	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	25%
The second exercise period of the stock options granted	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	25%
The third exercise period of the stock options granted	From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date	25%
The fourth exercise period of the stock options granted	From the first trading day after 48 months from the grant date to the last trading day within 60 months from the grant date	25%

2. According to the Proposal on the Stock Option Incentive Scheme (Draft) and its Abstract in 2020 deliberated and approved by the Company's 3rd Extraordinary General Meeting in 2020 held on 2 September 2020, the Company was agreed to grant 7 million stock options to 157 incentive targets, with an exercise price of RMB91.23 per share. The stock options granted to the incentive targets shall not be transferred, used for guarantees or debt repayments. The vesting period for the stock options granted under the scheme is 12 months, 24 months, 36 months and 48 months from the completion date of the grant record. The granted stock options can be exercised after 12 months from the completion date of the grant record. During the exercise date, if the exercise conditions stipulated in this incentive scheme are met, the incentive targets shall exercise the rights according to the following exercise arrangements:

Exercise arrangements	Exercise time	Exercise proportion
The first exercise period of the stock options granted	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	25%
The second exercise period of the stock options granted	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	25%
The third exercise period of the stock options granted	From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date	25%
The fourth exercise period of the stock options granted	From the first trading day after 48 months from the grant date to the last trading day within 60 months from the grant date	25%

3. According to the Proposal on the Stock Option Incentive Scheme (Draft) and its Abstract in 2021 deliberated and approved by the Company's 2020 Annual General Meeting held on 10 May 2021, the Company was agreed to grant 7 million stock options to 233 incentive targets, with an exercise price of RMB134.06 per share. The stock options granted to the incentive targets shall not be transferred, used for guarantees or debt repayments. The vesting period for the stock options granted under the scheme is 12 months, 24 months, 36 months and 48 months from the completion date of the grant record. The granted stock options can be exercised after 12 months from the completion date of the grant record. During the exercise date, if the exercise conditions stipulated in this incentive scheme are met, the incentive targets shall exercise the rights according to the following exercise arrangements:

Exercise arrangements	Exercise time	Exercise proportion
The first exercise period of the stock options granted	From the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date	25%
The second exercise period of the stock options granted	From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date	25%
The third exercise period of the stock options granted	From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date	25%
The fourth exercise period of the stock options granted	From the first trading day after 48 months from the grant date to the last trading day within 60 months from the grant date	25%

2. Equity-settled share payments

√Applicable □Not applicable

Unit: RMB

Methods for determining the fair value of equity instruments on the grant date	Stock options: The BS model was adopted to recognize the fair value of stock options.
Basis for determining the number of feasible right	On each balance sheet date within the vesting

equity instruments	period, the Company made the best estimate based on the latest obtained follow-up information such as the changes in the number of employees who can exercise the right, so as to revise the estimated number of exercisable equity instruments. On the exercise date, the ultimate estimated number of exercisable equity instruments was consistent with the actual exercisable number.
Reasons for the significant discrepancy between the current period estimates and the previous estimates	
Equity-settled share-based payments were included in the cumulative amount of capital reserves	195,245,852.80
The total amount of the expense recognized for the current period paid on equity-settled shares	133,137,859.35

Other notes:
None

3. Cash-settled share payments

□Applicable √Not applicable

4. Modification or termination of share payments

□Applicable √Not applicable

5. Others

□Applicable √Not applicable

XIV Commitment and contingency

1. Significant commitment

√Applicable □Not applicable

The external significant commitments, nature and amounts that exist on the balance sheet date

1. As at 31 December 2021, the Company acquired long-term borrowings of RMB64,936,000.00 by mortgaging the Bio-island office building, of which the original carrying value of the mortgaged Bio-island office building was RMB348,109,758.59.

2. According to the estate lease agreement of operating site signed by the Company, the rent payables by the Company after the balance sheet date are as follows:

Residual lease term	Undiscounted lease payments
Within one year	71,757,108.70
One to two years	45,846,945.31
Two to three years	36,835,526.17
Over three years	56,658,422.38
Total	211,098,002.56

3. As at 31 December 2021, RMB15,285,389.38 was pledged by the Company for L/C of banks:

Pledgee	Pledged amount	Amount of L/C issued
Bank of China Guangzhou Haizhu Sub-branch	1,710,912.09	8,509,500.00
Bank of China Guangzhou Xingangzhonglu Sub-branch	24,084.12	48,000.00
Bank of Tianjin Wanhua Sub-branch	211,840.88	210,000.00
Agricultural Bank of China Qionghai	10,701,877.29	10,649,023.03

Sub-branch		
China Construction Bank Suzhou Xiangcheng Sub-branch	1,407,800.00	1,407,800.00
Bank of China Limited, Henan Branch	1,228,875.00	1,228,875.00
Total	15,285,389.38	22,053,198.03

2. Contingency

(1). Significant contingencies existing on the balance sheet date

□Applicable √Not applicable

(2). If the Company does not have significant contingencies to be disclosed, it should also be stated:

□Applicable √Not applicable

3. Others

□Applicable √Not applicable

XV Subsequent events after the balance sheet date

1. Significant non-adjusting event

□Applicable √Not applicable

2. Profit distribution

√Applicable □Not applicable

Unit: RMB

Profit or dividend to be distributed	595,950,432.00
Profit or dividend announced to issue after review and approval	595,950,432.00

3. Sales Returns

□Applicable √Not applicable

4. Notes to other events after balance sheet date

□Applicable √Not applicable

XVI Other significant events

1. Correction of prior-period accounting errors

(1). Retrospective restatement

□Applicable √Not applicable

(2). Prospective application

□Applicable √Not applicable

2. Debt reorganization

□Applicable √Not applicable

3. Asset replacement

(1). Exchange of non-monetary assets

□Applicable √Not applicable

(2). Replacement of other assets

□Applicable √Not applicable

4. Annuity plan

□Applicable √Not applicable

5. Termination of business

□Applicable √Not applicable

6. Segment information

(1). Basis for the determination of the reporting segment and accounting policies

□Applicable √Not applicable

(2). Financial information of reporting segment

□Applicable √Not applicable

(3). If the Company does not report the segment, or cannot disclose the total assets and liabilities of each reporting segment, the reasons should be explained

□Applicable √Not applicable

(4). Other notes:

□Applicable √Not applicable

7. Other significant transactions and events that have an influence on investors' decisions

□Applicable √Not applicable

8. Others

□Applicable √Not applicable

XVII Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts receivable

(1). Disclosure by aging

□Applicable √Not applicable

(2). Classified disclosure based on the bad debt provision method

□Applicable √Not applicable

Bad debt provision accrued by item:

□Applicable √Not applicable

Bad debt provision accrued by portfolio:

□Applicable √Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

□Applicable √Not applicable

(3). Status of bad debt provision

□Applicable √Not applicable

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

□Applicable √Not applicable

(4). Status of actual written-off accounts receivable for the current period

□Applicable √Not applicable

Of which the writing-off of significant accounts receivable

□Applicable √Not applicable

(5). Status of accounts receivable of the top five closing balances by the parties in arrears

□Applicable √Not applicable

(6). Accounts receivable derecognized due to transfers of financial assets

□Applicable √Not applicable

(7). Amount of assets and liabilities formed due to transfer of accounts receivable and continuous involvement

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

2. Other receivables

List of items

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		118,451,238.59
Other receivables	1,754,164,653.20	889,693,889.07
Total	1,754,164,653.20	1,008,145,127.66

Other notes:

□Applicable √Not applicable

Interest receivable

(1). Category of interest receivables

□Applicable √Not applicable

(2). Significant overdue interest

□Applicable √Not applicable

(3). Status of accrued bad debt provision

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

Dividends receivable

(4). Dividends receivable

√Applicable □Not applicable

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Guangzhou KingMed Center for Clinical Laboratory		118,451,238.59
Total		118,451,238.59

(5). Significant dividends receivable aged over one year

□Applicable √Not applicable

(6). Status of accrued bad debt provision

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

Other receivables

(1). Disclosure by aging

√Applicable □Not applicable

Unit: RMB

Aging	Closing carrying amount
Within one year	
Of which: Sub-items within one year	
Within one year	1,026,630,823.25
Subtotal within one year	1,026,630,823.25
One to two years	518,446,505.97
Two to three years	84,393,677.72
Over three years	125,141,902.43
Three to four years	
Four to five years	
Over five years	
Total	1,754,612,909.37

(2). Classification by nature of payments

√Applicable □Not applicable

Unit: RMB

Nature	Closing carrying amount	Opening carrying amount
Related party and margin	1,751,347,785.97	884,804,102.45
Intercourse funds	3,265,123.40	5,447,143.81
Total	1,754,612,909.37	890,251,246.26

(3). Status of accrued bad debt provision

√Applicable □Not applicable

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit	Expected loss for the	Expected credit	

	loss in the next 12 months	entire duration (without credit impairment)	losses for the entire duration (with credit impairment)	
Balance as at 1 January 2021		557,357.19		557,357.19
Balance on 1 January 2021 for the current period				
- Transferred to Stage 2				
- Transferred to Stage 3				
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period				
Amount transferred-back for the current period		109,101.02		109,101.02
Amount charged-off for the current period				
Amount written-off for the current period				
Other changes				
Balance as at 31 December 2021		448,256.17		448,256.17

Notes to significant changes in the carrying amount of other receivables for which changes in the loss reserve for the current period occurred:
□Applicable √Not applicable

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:
□Applicable √Not applicable

(4). Status of bad debt provision

√Applicable □Not applicable

Unit: RMB

Category	Opening balance	Changes for the current period				Closing balance
		Accrued amount	Reversed or recovered	Charged-off or written-off	Other changes	
Accrued by portfolio	557,357.19		109,101.02			448,256.17
Total	557,357.19	0.00	109,101.02	0.00	0.00	448,256.17

Of which the bad debt provision recovered or transferred-back with significant amount during the current period:

□Applicable √Not applicable

(5). Status of written-off other receivable for the current period

□Applicable √Not applicable

(6). Status of other receivables of the top five closing balances by the parties in arrears

√Applicable □Not applicable

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion in total closing balances of other receivables (%)	Bad debt provision Closing balance
No. 1	Intercourse funds with related parties	299,443,711.07	Within one year	17.07	
No. 2	Intercourse funds with related parties	298,456,400.00	Within one year	17.01	
No. 4	Intercourse funds with related parties	188,965,999.80	Within one year	10.77	
No. 4	Intercourse funds with related parties	164,629,317.29	Within one year	9.38	
No. 5	Intercourse funds with related parties	108,237,750.76	Within one year	6.17	
Total		1,059,733,178.92		60.40	

(7). Accounts receivable involving government grants

□Applicable √Not applicable

(8). Other receivables derecognized due to transfers of financial assets

□Applicable √Not applicable

(9). Amount of assets and liabilities formed due to transfer of other receivables and continuous involvement

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

3. Long-term equity investments

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Depreciation reserves	Carrying amount	Carrying balance	Depreciation reserves	Carrying amount
Investment to subsidiaries	913,548,709.81		913,548,709.81	705,422,936.55		705,422,936.55
Investment to joint ventures and associated enterprises	173,045,366.13	1,763,592.09	171,281,774.04	131,348,559.11	1,763,592.09	129,584,967.02
Total	1,086,594,075.94	1,763,592.09	1,084,830,483.85	836,771,495.66	1,763,592.09	835,007,903.57

(1). Investment to subsidiaries

√Applicable □Not applicable

Unit: RMB

Investee	Opening balance	Increase for the current period	Decrease for the current period	Closing balance	Depreciation reserves accrued for the current period	Closing balance of depreciation reserve
Guangzhou KingMed Center for Clinical Laboratory	50,186,930.08	39,169,524.10		89,356,454.18		
Jinan KingMed	17,455,093.48	3,141,760.62		20,596,854.10		
Nanjing KingMed	31,804,560.82	3,798,777.26		35,603,338.08		
Hefei KingMed	30,841,853.88	3,447,895.27		34,289,749.15		
Xi'an KingMed	3,100,000.00	1,155,352.36		4,255,352.36		
Kunming KingMed	6,114,218.38	4,043,549.63		10,157,768.01		
Jilin KingMed	6,006,923.27	2,733,913.04		8,740,836.31		
Fuzhou KingMed	22,500,000.00			22,500,000.00		
Guizhou KingMed	5,000,000.00	1,805,716.24		6,805,716.24		
Changsha KingMed	22,079,874.30	4,615,172.63		26,695,046.93		
Sichuan KingMed	21,551,652.26	6,021,105.27		27,572,757.53		
Tianjin KingMed	8,000,000.00	1,300,727.84		9,300,727.84		
Hangzhou KingMed	19,133,121.23	4,658,188.74		23,791,309.97		
Shenyang KingMed	20,000,000.00	879,904.12		20,879,904.12		
Chongqing KingMed	20,841,853.88	3,759,072.41		24,600,926.29		
Guangxi KingMed	20,000,000.00			20,000,000.00		
Shanghai KingMed	20,825,346.94	5,167,635.78		25,992,982.72		
KingMed Forensic Science	10,000,000.00			10,000,000.00		
Shijiazhuang KingMed	8,392,065.00			8,392,065.00		
Taiyuan KingMed	8,535,848.36	925,812.16		9,461,660.52		
Hainan KingMed	18,000,000.00	1,140,049.68		19,140,049.68		
Hong Kong KingMed	89,612,015.09			89,612,015.09		
Heilongjiang KingMed	25,000,000.00	1,897,532.36		26,897,532.36		
Jiangxi KingMed	20,000,000.00	964,068.86		20,964,068.86		
Wuhan KingMed	20,000,000.00	1,163,003.70		21,163,003.70		
Gansu KingMed	20,000,000.00			20,000,000.00		
Ausmed Immuno	6,554,996.71			6,554,996.71		
Hohhot KingMed	20,000,000.00			20,000,000.00		

Xinjiang KingMed	20,000,000.00			20,000,000.00		
Guangzhou KingMed Cold Chain Logistics	5,000,000.00			5,000,000.00		
Ningxia KingMed	20,000,000.00			20,000,000.00		
Qinghai KingMed	20,000,000.00			20,000,000.00		
Beijing KingMed	20,000,000.00	1,331,333.20		21,331,333.20		
Jin King Logistics	17,500,000.00			17,500,000.00		
Zhengzhou KingMed (Company Limited)	21,386,582.87	5,005,677.99		26,392,260.86		
KingMed Institute of Translational Medicine	10,000,000.00			10,000,000.00		
Zhaoqing KingMed		50,000,000.00		50,000,000.00		
Suzhou KingMed		30,000,000.00		30,000,000.00		
Jinbo Testing		20,000,000.00		20,000,000.00		
Jinmanli		10,000,000.00		10,000,000.00		
Guangzhou KingEne Biotechnology Co., Ltd.		1,000,000.00	1,000,000.00			
Total	705,422,936.55	209,125,773.26	1,000,000.00	913,548,709.81		

(2). Investment to joint ventures and associated enterprises

√Applicable □Not applicable

Unit: RMB

Investment Unit	Opening balance	Increase/decrease for the current period								Closing balance	Closing balance of depreciation reserve
		Additional investment	Investment reduced	Gains and losses recognized under the equity method	Adjustments of other comprehensive income	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Others		
I. Joint Ventures											
DRA Company Limited	129,584,967.02			-6,252,177.41						123,332,789.61	
Subtotal	129,584,967.02	0.00	0.00	-6,252,177.41	0.00	0.00	0.00	0.00	0.00	123,332,789.61	
II. Associated Enterprises											
KunMed (Beijing) Health Management Co., Ltd.	1,763,592.09									1,763,592.09	1,763,592.09
Guangzhou Kejin KingMed Venture Investment Fund Partnership (Limited Partnership)		48,000,000.00		-51,015.57						47,948,984.43	
Subtotal	1,763,592.09	48,000,000.00	0.00	-51,015.57	0.00	0.00	0.00	0.00	0.00	49,712,576.52	1,763,592.09
Total	131,348,559.11	48,000,000.00	0.00	-6,303,192.98	0.00	0.00	0.00	0.00	0.00	173,045,366.13	1,763,592.09

Other notes:
None

4. Operating revenue and cost of sales

(1). Status of operating revenue and cost of sales

√Applicable □Not applicable

Unit: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business				
Others	332,624,177.01	9,638,881.40	33,856,095.23	9,638,731.96
Total	332,624,177.01	9,638,881.40	33,856,095.23	9,638,731.96

(2). Status of contract revenue

√Applicable □Not applicable

Unit: RMB

Category of contracts	Others - segment	Total
Product categories		
Technical services	319,506,400.00	319,506,400.00
Classification by operating region		
Market or customer type		
Contract type		
Classification by time of commodity transfer		
Recognition at some time point	319,506,400.00	319,506,400.00
Classification by contract term		
Classification by sales channel		
Total	319,506,400.00	319,506,400.00

Details of contract revenue:
□Applicable √Not applicable

(3). Details of obligation for contract performance

□Applicable √Not applicable

(4). Notes of the allocation to the remaining obligations for contract performance

□Applicable √Not applicable

Other notes:
None

5. Return on investment

√Applicable □Not applicable

Unit: RMB

Item	2021	2020
Long-term equity investments returns calculated by cost accounting	1,173,466,765.40	438,791,170.07
Earnings of long-term equity investments accounted for by the equity method	-6,303,192.98	-16,647,111.11
Disposal of return on investment resulting from long-term equity investments	-554,904.10	-364,188.55
Return on investment of held-for-trading financial assets for the holding period		
Dividend income of other equity investments gained for the holding period		
Interest income of debt investments gained for the holding period		
Interest income of other debt investments for the holding period		
Return on investment gained from disposal of held-for-trading financial assets		
Return on investment gained from disposal of other equity investments		
Return on investment gained from disposal of debt investments		
Return on investment gained from disposal of other debt investments		
Earnings of debt restructuring		
Return on investment of other non-current financial assets for the holding period	1,553,493.69	28,671.35
Total	1,168,162,162.01	421,808,541.76

Other notes:
None

6. Other information

□Applicable √Not applicable

XVIII Supplementary Information

1. Schedule of exceptional gains and losses in the current period

√Applicable □Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	-10,106,631.10	
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons		
Government grants through profit or loss (exclusive of government grants consistently	80,303,022.09	

given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)		
Capital occupation charges on non-financial enterprises that are recognized in profit or loss		
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments		
Gain or loss on non-monetary asset swaps		
Gain or loss on assets entrusted to other entities for investment or management		
Allowance for asset impairments due to acts of God such as natural disasters		
Gain or loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices		
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to combination dates, net		
Gain or loss on contingencies that do not arise in the Company's ordinary course of business		
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)		
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment		
Gain or loss on loan entrustments		
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method		
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss		
Income from charges on entrusted management		
Non-operating income and expense other than the above	-29,432,394.56	
Other gains and losses that meet the definition of exceptional gain/loss	1,553,493.69	
Less: Income tax effects	7,983,123.48	

Non-controlling interests effects (net of tax)	3,542,205.38	
Total	30,792,161.26	

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:
□Applicable √Not applicable

2. Return on equity (ROE) and earnings per share (EPS)

√Applicable □Not applicable

Profit of the Reporting Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	44.20	4.80	4.76
Net profit attributable to ordinary shareholders before exceptional gains and losses	43.58	4.73	4.69

3. Accounting data differences under China's and foreign accounting standards

□Applicable √Not applicable

4. Other information

□Applicable √Not applicable

Chairman of the Board: Liang Yaoming

Date when this Report was authorized for issue: 26 April 2022

Revised information:

□Applicable √Not applicable