Zhejiang NHU Company Ltd.

2026 Semi-Annual Report

August 2026

Section I Important Notes, Contents, and Definitions

The Board of Directors and its members and senior executives of the Company hereby guarantee that the information presented in this semi-annual report is authentic, accurate, complete and free of false records, misleading statements or material omissions, and they will bear individual and joint liabilities for such information.

Hu Baifan, the Company's legal representative, Shi Guanqun, the officer in charge of accounting, and Wang Xiaobi, the head of accounting department hereby declare that they guarantee the financial statements in this semi-annual report are authentic, accurate and complete.

All members of the Board of Directors have attended the meeting of the Board of Directors for deliberation of this semi-annual report.

The future plan and other forward-looking information disclosed in this semi-annual report shall not be regarded as a substantive commitment to investors. Investors are hereby cautioned to be mindful of investment risks. For a detailed description of potential operational risks of the Company and relevant countermeasures, refer to Item X Risks and Countermeasures under Section III Management's Discussion and Analysis of this Report. Investors are hereby cautioned to be mindful of investment risks.

The profit distribution proposal reviewed and approved by the Board of Directors at this meeting is as follows: Based tentatively on 3,068,717,398 shares [Note], which is the total share capital of 3,073,421,680 shares as of July 31, 2026 after deducting 4,704,282 repurchased shares held in the special repurchase account, a cash dividend of RMB 2.00 (tax inclusive) per 10 shares will be distributed to all shareholders. No bonus shares (tax inclusive) will be issued, and no capitalization of capital reserves will be made.

[Note] The Company currently has a total share capital of 3,073,421,680 shares, of which 4,704,282 shares are held in the special repurchase account. In accordance with the Rules on Share Repurchases by Listed Companies, shares held in the special repurchase account are not entitled to profit distribution or capitalization of capital reserve.

If the total share capital of the Company changes prior to the implementation of the distribution plan due to factors such as conversion of convertible bonds, share repurchases, exercise of equity incentive options, or listing of new shares from refinancing, the total amount to be distributed will be adjusted accordingly while the distribution ratio per share remains unchanged.

This Semi-Annual Report is an English translation of the Chinese Semi-Annual Report. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Contents

Documents Available for Reference

I. Financial statements signed and sealed by the Company's legal representative, officer in charge of accounting, and head of accounting department;

II. Originals of all the Company's documents and announcements published in newspapers designated by CSRC during the reporting period;

III. Other documents for reference.

Definitions

Abbreviations	Refers to	Contents of definitions
The Company, NHU	Refers to	ZHEJIANG NHU CO., LTD.
CSRC	Refers to	China Securities Regulatory Commission
PPS	Refers to	Polyphenylene Sulfide

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	NHU	Stock code	002001
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	浙江新和成股份有限公司		
Company Abbreviation in Chinese	新和成		
Company name in foreign language (if any)	ZHEJIANG NHU COMPANY LTD.		
Company Abbreviation in foreign language (if any)	NHU		
Legal representative	Hu Baifan		

II. Contact information

Items	Board secretary	Securities affairs representative
Name	石观群（Shi Guanqun）	曾淑颖 (Zeng Shuying)
Contact address	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang, P.R.China	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang, P.R.China
Tel.	+86 575 86017157	+86 575 86017157
Fax	+86 575 86125377	+86 575 86125377
E-mail address	sgq@cnhu.com	002001@cnhu.com

III. Other Information

1. Company's Contact Information

Whether the Company's registered address, office address, zip code, website and e-mail address has changed during the reporting period

☐Applicable ☑Not applicable

The Company's registered address, office address, zip code, website and e-mail address have not changed during the reporting period, which can be found in the 2025 Annual Report.

2. Information Disclosure and Location of Documents for Public Inspection

Whether information disclosure and location of documents for public inspection has changed during the reporting period

☐Applicable☑Not applicable

The name of the Company's selected information disclosure newspaper, the URL of the website designated by the CSRC where the semi-annual report is posted, and the place where the Company's semi-annual report is available have not changed during the reporting period, which can be found in the 2025 Annual Report.

3. Other relevant Information

Whether other relevant information has changed during the reporting period

☐Applicable ☑Not applicable

IV. Key accounting data and financial indicators

Whether the Company needs to perform a retroactive adjustment or restatement on the financial data of prior years

☐ Yes ☑ No

Items	Current Reporting Period	Prior-Year Period	YoY Change(%)
Operating revenue (yuan)	13,129,300,260.89	11,100,632,836.78	18.28
Net profit attributable to shareholders of the listed company (yuan)	4,010,733,454.55	3,603,323,979.16	11.31
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (yuan)	3,918,936,563.72	3,678,562,540.56	6.53
Net cash flows from operating activities (yuan)	3,640,144,282.94	3,242,727,802.31	12.26
Basic earnings per share (yuan/share)	1.30	1.17	11.11
Diluted earnings per share (yuan/share)	1.30	1.17	11.11
Weighted average return on equity	11.39%	11.87%	-0.48pp
Items	June 30, 2026	December 31, 2025	Change(%)
Total assets (yuan)	46,685,231,500.76	45,606,449,805.48	2.37
Net assets attributable to shareholders of the listed company (yuan)	34,880,103,504.10	32,805,654,181.90	6.32

V. Differences in Accounting Data Under Chinese Accounting Standards and Overseas Accounting Standards

1. Difference in Net Profit and Net Assets in Financial Reports Disclosed Respectively Under IFRS Standards and Chinese Accounting Standards

☐ Applicable ☑ Not applicable

During the reporting period, the Company has no difference in net profit or net assets in financial reports disclosed respectively under IFRS Standards and Chinese accounting standards.

2. Difference in Net Profit and Net Assets in Financial Reports Disclosed Respectively Under Overseas Accounting Standards and Chinese Accounting Standards

☐ Applicable ☑ Not applicable

During the reporting period, the Company has no difference in net profit or net assets in financial reports disclosed respectively under overseas accounting standards and Chinese accounting standards.

VI. Non-Recurring Profit or Loss

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Amount	Remarks
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	-35,306,533.70	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and having a continuing impact on the Company's profit or loss)	37,824,754.25	
Gains or losses on changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses arising from disposal of financial assets and financial liabilities, excluding those arising from effective hedging business related to the Company's normal operating activities	101,306,033.08	
Gains or losses on assets consigned to the third party for investment or management	16,602,412.40	
Other non-operating revenue or expenditures	-8,309,061.39	
Less: Enterprise income tax affected	20,142,157.25	
Non-controlling interest affected (after tax)	178,556.56	
Total	91,796,890.83	

Remarks on other profit or loss satisfying the definition of non-recurring profit or loss:

☐ Applicable ☑ Not applicable

The Company has no other profit or loss satisfying the definition of non-recurring profit or loss.

Remarks on defining non-recurring profit or loss listed in the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss” as recurring profit or loss

☐ Applicable ☑ Not applicable

The Company has no situation of defining non-recurring profit or loss listed in the “Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss” as recurring profit or loss.

Section III Management Discussion and Analysis

I. Principal Business Activities During the Reporting Period

There were no material changes to the Company's core business operations during the reporting period. For details, please refer to the company's 2025 annual report.

II. Core Competitiveness analysis

There were no material changes to the Company’s core competitiveness during the reporting period. For details, please refer to the Company’s 2025 annual report.

III. Principal Business Activities Analysis

Overview

In the first half of the year, guided by the operating principle of “expanding markets and increasing sales, pursuing innovative development, empowering with smart manufacturing, and improving quality and efficiency,” the Company actively responded to the complex and changing domestic and international environment, seized development opportunities, and achieved steady growth in key operating indicators. During the reporting period, the Company achieved operating revenue of RMB 13.13 billion, representing a year-on-year increase of 18.28%; total profit of RMB 4.70 billion, an increase of 11.06% year-on-year; and net profit attributable to shareholders of the listed company of RMB 4.01 billion, an increase of 11.31% year-on-year.

1. Steady growth of operating indicators

During the reporting period, the Company coordinated production, sales, and procurement to continuously improve operating quality and efficiency. On the sales side, the Company actively seized product market opportunities, continued to expand high-value application fields, and achieved good results in developing “Four-New” markets. The market demand and price of methionine, a key product in the nutrition segment, rose significantly, and the methionine business achieved growth in both volume and price. Other segments also showed stable and improving sales. On the production side, the Company continued to promote cost reduction and efficiency improvement through measures such as shared-line production, centralized startup and shutdown, and high output with low consumption. On the procurement side, the Company accurately judged market conditions and effectively strengthened its supply chain risk defense.

2. Orderly advancement of project construction

During the reporting period, the Company upheld the philosophy of innovation-driven development and growth through market competition, and key projects progressed in an orderly manner. The civil construction of the Tianjin New Materials Nylon Industry Chain Project was basically completed and handed over for installation, with equipment arriving and installation commencing. The PPS Phase IV project began construction. The civil works for HA Phase II started smoothly. Other technical upgrading and management improvement projects advanced steadily, while reserve projects and new project planning were carried out in an orderly manner.

3. Innovation subjects enhance endogenous driving force

During the reporting period, the Company consistently adhered to innovation-driven development. On the one hand, it continued to deepen the research and development of new products, steadily advanced new product research subjects, and continuously expanded product categories. On the other hand, it reviewed special subjects on improving the competitiveness of existing products, continued to improve and innovate, and continuously enhanced product competitiveness. Through building a technology resource library and a unit technology database, the Company continued to strengthen technology platform capabilities, laying a solid foundation for technological innovation.

4. Continuous improvement of globalization capabilities

During the reporting period, the Company continued to advance its global layout. Sales, R&D, and other overseas operations are accelerating localization. The Japan Research Institute was completed and put into use. At the same time, the Company continued to improve its international management system, promoted the construction of overseas warehousing resources in key regions, improved its overseas talent introduction and development mechanisms, and deepened employer brand building, laying a solid foundation for the Company’s internationalization strategy.

5. Risk prevention improves management effectiveness

During the reporting period, the Company continued to deepen full-process risk management, promoted confidentiality system development, consolidated supply chain security, upgraded information protection capabilities, and enhanced systemic risk control capabilities. Meanwhile, the Company continued to improve internal control management, strengthened risk prevention and process management, and comprehensively ensured compliant and efficient operation, laying a solid foundation for long-term sustainable development.

6. Accelerating digital and intelligent transformation

During the reporting period, the Company relied on digital and intelligent transformation to achieve refined management, focusing on three major areas—smart factories, smart operations, and artificial intelligence-enabled management—and steadily advanced the digital and intelligent construction of each base. The smart operation system continued to iterate, and self-developed platforms were continuously optimized, pushing the digital and intelligent transformation from “point-based pilots” to “full-domain empowerment” and injecting digital momentum into the Company’s high-quality development.

Year-on-year Changes in Key Financial Data

Unit: RMB Yuan

Item	Current Reporting Period	Prior-Year Period	YoY Change(%)	Reasons for Changes
Operating Revenue	13,129,300,260.89	11,100,632,836.78	18.28	
Operating Cost	7,323,675,460.81	6,006,367,357.09	21.93	
Sales Expenses	88,987,069.94	88,602,406.65	0.43	
Administration Expenses	292,591,830.68	309,618,405.74	-5.50	
Financial Expenses	257,803,128.41	-178,098,697.47	244.75	It was mainly due to increased exchange loss caused by exchange rate fluctuations during the reporting period.
Income Tax Expenses	669,297,246.91	607,906,795.85	10.10	
R&D Expenses	605,728,077.64	522,723,563.18	15.88	
Net Cash Flows from Operating Activities	3,640,144,282.94	3,242,727,802.31	12.26	
Net Cash Flows from Investing Activities	-1,643,359,986.70	-1,108,314,695.05	-48.28	It was mainly due to an increase in land payments during the reporting period.
Net Cash Flows from Financing Activities	-2,427,781,067.80	-2,154,111,363.13	-12.70	
Net Increase in Cash and Cash Equivalents	-423,489,717.70	-12,707,478.21	-3,232.60	It was mainly due to an increase in land payments and dividend

Item	Current Reporting Period	Prior-Year Period	YoY Change(%)	Reasons for Changes
				distributions during the reporting period.
Taxes and surcharges	147,102,530.45	126,138,622.06	16.62	

Significant changes in the composition of the Company’s profit or sources of profit during the reporting period

☐ Applicable ☑ Not applicable

No significant changes in the composition of the Company’s profit or sources of profit during the reporting period.

Composition of Operating Revenue

Unit: RMB Yuan

Items	Current Reporting Period		Prior-Year Period		YoY Change(%）
	Amount	% to operating revenue	Amount	% to operating revenue	
Total operating revenue	13,129,300,260.89	100%	11,100,632,836.78	100%	18.28%
By industry					
Pharmaceutical chemicals	11,900,862,959.74	90.64%	10,015,550,568.46	90.23%	18.82%
Others	1,228,437,301.15	9.36%	1,085,082,268.32	9.77%	13.21%
By product					
Nutrition	8,805,591,681.68	67.07%	7,199,720,687.58	64.86%	22.30%
Aroma chemicals	2,022,263,282.57	15.40%	2,104,560,598.28	18.96%	-3.91%
New materials	1,165,989,510.74	8.88%	1,038,207,401.78	9.35%	12.31%
Others	1,135,455,785.90	8.65%	758,144,149.14	6.83%	49.77%
By region					
Domestic sales	5,457,466,507.97	41.57%	4,657,675,802.41	41.96%	17.17%
Overseas sales	7,671,833,752.92	58.43%	6,442,957,034.37	58.04%	19.07%
By sales model					
Direct selling	9,952,153,084.05	75.80%	8,176,473,106.34	73.66%	21.72%
Agent sales	3,177,147,176.84	24.20%	2,924,159,730.44	26.34%	8.65%

Industries, Products, and Regions That Account for More Than 10% of the Total Operating Revenue or Operating Profit

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
By industry						
Pharmaceutical chemicals	11,900,862,959.74	6,496,275,217.07	45.41%	18.82%	23.32%	-2.00pp
By product						
Nutrition	8,805,591,681.68	4,678,820,058.45	46.87%	22.30%	24.46%	-0.92pp
Aroma chemicals	2,022,263,282.57	1,032,127,702.98	48.96%	-3.91%	6.64%	-5.05pp
By region						

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
Domestic sales	5,457,466,507.97	3,430,671,277.53	37.14%	17.17%	25.63%	-4.23pp
Overseas sales	7,671,833,752.92	3,893,004,183.28	49.26%	19.07%	18.85%	0.10pp

In case the statistical caliber of the Company's main business data was adjusted during the reporting period, the Company's main business data of the preceding period adjusted according to the caliber at the end of the reporting period shall be indicated

☐ Applicable ☑ Not applicable

IV. Non-Main Business Analysis

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Amount	% to total profit before tax	Reason for balance	Whether has continuity
Investment income	204,498,489.13	4.35%	It was mainly due to an increase in investment income from associates and financial products during the reporting period.	No
Gains on changes in fair value (or less: losses)	65,993,991.83	1.40%	It was mainly due to changes in fair value of forward foreign exchange settlement and sales during the reporting period.	No
Assets impairment loss (or less: losses)	-29,423,561.32	-0.63%	It was mainly due to impairment losses arising from provisions for inventory write-downs and asset impairment made during the reporting period.	No
Non-operating revenue	2,189,167.24	0.05%	It was mainly due to compensation income.	No
Non-operating expenditures	47,056,112.99	1.00%	It was mainly due to losses on retirement of assets and donation expenditures during the reporting period.	No
Other income	120,757,490.82	2.57%	It was mainly due to government grants received during the reporting period.	No
Credit impairment loss (or less: losses)	-34,278,518.19	-0.73%	It was mainly due to an increase in accounts receivable during the reporting period, which led to an increase in the provision for bad debts.	No

V. Assets and Liabilities Analysis

1. Significant Changes in Asset Composition

Unit: RMB Yuan

Items	Current Reporting Period		Prior-Year Period		Percentage of change	Remarks on significant changes
	Amount	% to total assets	Amount	% to total assets		
Cash and bank balances	7,458,042,805.72	15.98%	7,966,270,131.17	17.47%	-1.49pp	
Accounts receivable	3,769,816,701.75	8.07%	3,331,434,677.27	7.30%	0.77pp	
Inventories	4,769,240,242.26	10.22%	4,648,749,467.43	10.19%	0.03pp	
Long-term equity investments	1,144,592,243.55	2.45%	965,350,549.43	2.12%	0.33pp	
Fixed assets	19,538,428,936.53	41.85%	20,298,898,673.14	44.51%	-2.66pp	
Construction in progress	1,006,512,957.55	2.16%	745,117,350.86	1.63%	0.53pp	
Right-of-use assets	8,544,176.48	0.02%	9,116,717.87	0.02%	Unchanged	
Short-term borrowings	962,032,277.99	2.06%	675,172,682.37	1.48%	0.58pp	
Contract liabilities	351,344,836.57	0.75%	294,819,090.20	0.65%	0.10pp	
Long-term borrowings	3,170,163,350.48	6.79%	4,187,178,569.02	9.18%	-2.39pp	
Lease liabilities	2,307,786.86	0.00%	2,500,183.66	0.01%	-0.01pp	
Trading financial assets	2,583,641,120.21	5.53%	2,168,275,092.55	4.75%	0.78pp	
Non current liabilities due within one year	2,745,428,550.04	5.88%	3,165,413,873.49	6.94%	-1.06pp	

2. Major overseas assets

☐Applicable ☑Not applicable

3. Assets and Liabilities at Fair Value

☑Applicable ☐Not applicable

Unit: RMB Yuan

Items	Opening balance	Gains on changes in fair value in the current period	Accumulated changes in fair value included in equity	Provision for impairment made in the current period	Amount purchased during the reporting period	Amount sold during the reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (derivative financial assets excluded)	2,155,061,842.34		-1,385,852.99		400,000,000.00			2,553,675,989.35
2. Derivative financial assets	13,213,250.21	16,751,880.65						29,965,130.86
Subtotal of financial assets	2,168,275,092.55	16,751,880.65	-1,385,852.99		400,000,000.00			2,583,641,120.21
Total	2,168,275,092.55	16,751,880.65	-1,385,852.99		400,000,000.00			2,583,641,120.21
Financial liabilities	0.00	1,663,300.90						1,663,300.90

Remarks on other changes: None

Whether the Company has significant changes in the measurement attributes of its main assets during the reporting period

☐Yes ☑ No

4.Restrictions on Assets as of the End of the Reporting Period

Unit: RMB Yuan

Items	Closing book balance	Closing carrying amount	Type of restriction	Reasons for restrictions
Cash and bank balances	12,939,755.86	12,939,755.86	Pledged	Deposit for bank acceptance
	3,498,310.00	3,498,310.00	Pledged	Deposit for letter of guarantee
	3,883,550.00	3,883,550.00	Pledged	Deposit for customs duty
	19,750,000.00	19,750,000.00	Pledged	Deposit for letters of credit
	1,064,122.78	1,064,122.78	Pledged	Security deposits for tap water fees
	852,203.92	852,203.92	Pledged	Deposit for project labor wage
	18,500.00	18,500.00	Pledged	Deposit for ETC
	1,885.57	1,885.57	Pledged	Deposit for emission rights
	595,346.15	595,346.15	Pledged	Deposit for futures
	19,221,359.13	19,221,359.13	Pledged	Deposit investment funds
	1.00	1.00	Pledged	Deposit for Yipaike platform
Receivables financing	114,794,927.96	114,794,927.96	Pledged	Establish bank acceptance bill pledge
Fixed assets	98,344,608.36	75,698,163.27	Mortgage	Mortgaged for bank borrowings
Intangible assets	108,525,632.40	85,879,187.31	Mortgage	Mortgaged for bank borrowings
Total	383,490,203.13	338,197,312.95		

VI. Investment Status Analysis

1. Overall Information

☑ Applicable ☐ Not applicable

Investments during the reporting period (yuan)	Investments of the preceding period (yuan)	Percentage of change
588,745,723.05	817,601,567.39	-27.99%

2. Significant equity investments made during the reporting period

☐ Applicable ☑ Not Applicable

3. Significant non-equity investments in progress during the reporting period

☐ Applicable ☑ Not Applicable

4. Investments in financial assets

(1) investments in securities

☐ Applicable ☑ Not Applicable

There is no investment in securities during the reporting period.

(2) Investments in Derivatives

☑ Applicable ☐ Not applicable

1) Derivative Investments for Hedge Purposes During the Reporting Period

☑ Applicable ☐ Not applicable

Unit:RMB'0,000

Categories of derivative investments	Initial investment amount	Opening balance	Gains on changes in fair value in the current period	Accumulated changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing balance	Proportion of investments to net assets at the end of the reporting period
Forward contracts	126,083.85	126,083.85	5,707.23	0	1,010,263.24	721,432.90	414,914.19	11.84%
Structured forward contracts	34,800.50	34,800.50	313.29	0	44,717.05	79,517.55	0	0.00%
Futures	0	0	-102.94	0	1,383.61	205.94	1,177.67	0.03%
Total	160,884.35	160,884.35	5,917.58	0	1,056,363.90	801,156.39	416,091.86	11.87%
Remarks on whether there were significant changes in the	The Company accounts for the hedge business conducted in accordance with the relevant provisions and guidelines of the Ministry of Finance's "CASBE 22 — Financial Instruments: Recognition and Measurement", "CASBE 23 — Transfer of Financial Assets", and "CASBE 37 — Presentation of Financial Instruments". There were no significant changes in accounting policies and specific principles of accounting compared with the previous reporting period.							

accounting policies and specific accounting principles for the Company’s hedging business during the reporting period compared to the previous reporting period	
Explanation of actual profit or loss for the reporting period	In order to reduce the impact of exchange rate fluctuations on the Company's operating results, the Company carried out foreign exchange hedging business in accordance with a certain percentage of its export business, with business varieties mainly including forward exchange settlement and other foreign exchange derivative products, all of which were within the expected scale of sales business, and the actual gain on derivatives at the end of the reporting period was 79.5826 million yuan. In order to reduce the impact of material prices fluctuations on the Company's operating results, the Company carried out material futures hedging business in accordance with a certain percentage of its procurement business,with business varieties mainly including the bulk raw materials required for the daily production of the company, all of which were within the expected scale of procurement business.The loss of futures instruments was 183,000 yuan,and the floating loss of positions was 1.0294 million yuan.
Explanation of hedge effectiveness	The Company conducts foreign exchange hedge business and material futures hedging business to reduce exchange rate risk arising from exchange rate fluctuations and material prices risks from material prices fluctuations, aiming to reduce foreign exchange losses and effectively control operating risks.
Fund source	Own funds.
Remarks on risk analysis and control measures for holding derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	In order to prevent exchange rate risks and material prices risks, the Company and its subsidiaries carried out derivative instrument businesses. The Company and its subsidiaries strictly implemented the Management Measures on Foreign Exchange Hedging Business and Material Futures Hedging Business.
In the case of changes in market prices or fair value of invested	Fair value gains on derivatives as at period-end amounted to 59.1758 million yuan.

derivatives during the reporting period, the analysis on fair value of derivatives shall disclose the specific methods for their uses, and the setting of relevant assumptions and parameters	
Conditions of involved lawsuits (if applicable)	None
Disclosure date of the Board of Directors announcement for the approval of derivatives investment (if any)	April 16, 2026; April 29, 2026

2) Derivative Investments for Speculative Purposes During the Reporting Period

☐Applicable ☑ Not applicable

The Company had no derivative investments for speculative purposes during the reporting period.

5. Use of Proceeds from Fundraising

☐Applicable ☑ Not applicable

The Company did not utilize any proceeds from fundraising activities during the reporting period.

VII. Sale of Major Assets and Equities

1. Sale of Major Assets

☐Applicable ☑ Not applicable

There is no sale of major assets during the reporting period.

2. Significant Sale of Equities

☐Applicable ☑ Not applicable

VIII. Major Entities Controlled or Invested by the Company

☑Applicable ☐ Not applicable

Major subsidiaries and associates accounting for more than 10% of the Company's net profit

Unit:RMB'0,000

Name of companies	Categories	Main businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shandong NHU Amino-acids Co., Ltd.	Subsidiary	Production and sales of methionine	110,000	1,600,737.62	1,481,128.89	482,580.09	233,858.20	201,264.80
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Subsidiary	Production and sales of feed additives	90,000	599,925.58	465,695.08	198,858.72	75,335.05	61,925.57
Shandong NHU Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of fragrances	59,000	666,425.60	596,578.94	213,404.44	81,788.04	70,559.90

Details of the acquisition and disposal of subsidiaries during the reporting period

☑Applicable ☐ Not applicable

Name of companies	Method for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation, and performance
NHU Life Science North America LLC	Investment and establishment	No significant effect at the initial stage.
Shandong Xinshuang'an Biotechnology Co., Ltd.	Deregistered	No significant effect at the initial stage.

Remarks on major holding investees

Not applicable

IX.Structured entities controlled by the Company

☐Applicable ☑ Not applicable

X. The risks faced by the Company and the countermeasures

（1）Macroeconomic Risk

The international environment remains complex and volatile, with intensifying geopolitical rivalry and unresolved regional conflicts contributing to uncertainties in the global macroeconomy. The Company will accelerate its internationalization process and expedite its global strategic layout. It will strengthen localized operations and service capabilities to ensure steady progress in its international expansion. The Company will continue to improve its global innovation, sales, and information centers, and build diversified innovation chains, supply chains, and customer bases to promote sound and sustainable development.

（2）Industry and Market Competition Risk

The Company faces competition from peers in both domestic and international markets. Competitors continue to enhance their overall competitiveness in terms of technology, capital, talent reserves, and sales channels. The transition between old and new production capacity has further intensified market competition, presenting greater challenges to the Company within the industry. In the future, the Company will continue to strengthen its R&D and innovation capabilities, focus on core strategic directions, deepen its industrial chain layout, upgrade product technology and service levels, improve management efficiency, enhance value creation capabilities, and increase its overall competitiveness.

（3）Raw Material Price Fluctuation Risk

Geopolitical conflicts have heightened uncertainties in global raw material supply and increased price volatility. As raw material costs account for a relatively high proportion of the Company’s total costs, fluctuations in raw material prices may affect the Company’s profitability. In the future, the Company will mitigate the adverse effects of raw material price fluctuations by strengthening market research and analysis, establishing strategic partnerships with suppliers, and improving raw material utilization efficiency.

(4) Risks of Product Market Price Fluctuation

Due to changes in market supply and demand and other factors, the market prices of the Company's products fluctuate, which has a certain impact on the Company's operating performance. The Company will continuously strengthen market expansion, deepen its industrial-chain layout, optimize its product architecture, improve quality and efficiency, fully tap potential, enhance product value and application, and service capabilities. It will also build technological and cost moats and reduce the risks posed by market price fluctuations.

(5) Exchange Rate and Trade Risks

The current international environment has grown increasingly complex, with rising uncertainty in global geopolitical risks and more variable trade and tariff policies, which may have a certain impact on the Company's sales revenue and profitability. Going forward, the Company will strengthen market assessment, closely monitor changes in the international situation, and mitigate risks through the use of hedge instruments and by advancing the Company’s international market expansion, striving to consolidate the Company’s international market position and actively explore new sources of economic growth.

(6) Risks of Changes in Environmental Protection Policies

With the increased social awareness of environmental protection, the promotion of the ecological civilization construction of the CPC Central Committee, and the strategic goal of "carbon emission peak and carbon neutrality", the requirements for energy conservation, emission reduction, safety, and environmental protection in the chemical and pharmaceutical manufacturing industry in which the Company operates are stricter than before. The Company will operate with higher standards, fully integrate ESG and carbon reduction requirements into the management framework, and explore more environmentally friendly ways of production to achieve sustainable development.

XI. Development and implementation of market value management system and valuation enhancement plan

Whether the Company has formulated a market value management system.

☑Yes ☐ No

Whether the Company has disclosed the valuation enhancement plan.

☐Yes ☑ No

The Company considered and passed the Market Value Management System at the Eleventh Meeting of the Ninth Session of the Board of Directors of the Company held on April 11, 2025, which specifies the institutions and responsibilities of market value management, the main methods of market value management, the monitoring and early warning mechanism and the contingency measures, etc., as detailed in the announcement of the Company published on the CNINFO (http://www.cninfo.com.cn) on April 15, 2025.

XII. Implementation of the “Quality-Return dual improvement” action plan

Whether the Company disclosed the “quality-return dual improvement” action plan.

☑Yes ☐ No

In line with the guiding principles set forth at the meeting of the Political Bureau of the CPC Central Committee to “revitalize the capital market and boost investor confidence,” and at the State Council executive meeting to “vigorously enhance the quality and investment value of listed companies, and adopt more effective measures to stabilize the market and bolster confidence,” and with a view to safeguarding the rights and interests of all shareholders, strengthening investor confidence, and promoting the Company’s long-term sustainable development, the Company disclosed the Announcement on the Action Plan for “Dual Enhancement of Quality and Return” (2024-002) on March 9, 2024. The Action Plan focuses on four key areas: “Innovation-Driven Development and Core Business Excellence,” “Contributor- Oriented Approach and Sharing the Fruits of Development,” “Deepening Corporate Governance and Enhancing Standardized Operations,” and “Compliant Information Disclosure and Sincere Two- Way Communication.”

During the reporting period, the Company actively advanced and implemented the “Quality and Return Dual Enhancement” Action Plan, continued to deepen the execution of various measures, consolidated and improved its operational quality and governance standards, and placed strong emphasis on shareholder returns and the communication of corporate value. Remarkable results have been achieved in multiple aspects. For details, please refer to the Announcement on the Implementation Progress of the “Quality and Return Dual Enhancement” Action Plan (2026-036) published by the Company on August 20, 2026 in designated information disclosure media and on the CNINFO（(http://www.cninfo.com.cn).

Section IV Corporate Governance, Environmental and Society

I.Changes of directors and senior executives

☐Applicable ☑ Not applicable

The Company's directors and senior executives remains unchanged during the current reporting period, please refer to the 2025 Annual Report for details.

II. Profit distribution and conversion of capital reserve into share capital

☑Applicable ☐ Not applicable

<table>
<tr><td>Bonus Shares per 10 shares (shares)</td><td>0</td></tr>
<tr><td>Dividends per 10 shares (yuan) (tax included)</td><td>2</td></tr>
<tr><td>Total Shares as Base for Distribution Plan (shares)</td><td>3,068,717,398</td></tr>
<tr><td>Cash Dividend Amount (yuan, pre-tax)</td><td>613,743,479.60</td></tr>
<tr><td>Cash Distributed via Other Methods (e.g., Share Repurchase) (yuan)</td><td>0</td></tr>
<tr><td>Total Cash Distribution (Including Other Methods) (yuan)</td><td>613,743,479.60</td></tr>
<tr><td>Distributable Profit (yuan)</td><td>5,826,201,879.72</td></tr>
<tr><td>Proportion of total cash dividends (including those by other methods) to total profit distribution</td><td>100%</td></tr>
<tr><td colspan="2">Cash Dividend Policy Requirement</td></tr>
<tr><td colspan="2">For companies in the growth phase with significant capital expenditure arrangements, the cash dividend ratio shall account for at least 20% of the total profit distribution.</td></tr>
<tr><td colspan="2">Details on proposals on profit distribution or conversion of capital reserve into share capital</td></tr>
<tr><td colspan="2">The profit distribution proposal reviewed and approved by the Board of Directors at this meeting is as follows: Based tentatively on 3,068,717,398 shares [Note], which is the total share capital of 3,073,421,680 shares as of July 31, 2026 after deducting 4,704,282 repurchased shares held in the special repurchase account, a cash dividend of RMB 2.00 (tax inclusive) per 10 shares will be distributed to all shareholders. No bonus shares (tax inclusive) will be issued, and no capitalization of capital reserves will be made.
Note: The Company currently has a total share capital of 3,073,421,680 shares, of which 4,704,282 shares are held in the special repurchase account. In accordance with the Rules on Share Repurchases by Listed Companies, shares held in the special repurchase account are not entitled to profit distribution or capitalization of capital reserve.
If the total share capital of the Company changes prior to the implementation of the distribution plan due to factors such as conversion of convertible bonds, share repurchases, exercise of equity incentive options, or listing of new shares from refinancing, the total amount to be distributed will be adjusted accordingly while the distribution ratio per share remains unchanged.</td></tr>
</table>

III. Implementation of equity incentive plans, employee stock ownership plans or other employee incentive programs

☑Applicable ☐ Not applicable

1. Equity incentive

Not applicable.

2. Implementation of employee stock ownership plans

☑Applicable ☐ Not applicable

All active employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total shares held	Changes	Proportion to total share capital of the Company	Sources of fund to implement the plan
The fifth phase of employee stock ownership plan：directors, senior executives, eligible regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	602	21,454,310	N/A	0.70%	Legal remuneration of the employees, self-raised funds and other methods permitted by laws and administrative regulations

Shareholdings of directors and senior executives in the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to total share capital of the Company
The fifth phase of employee stock ownership plan:Hu Baifan, Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Hongwei, Zhang Liying	Directors and senior executives	0	5,481,601	0.18%

Changes in asset management agency during the reporting period

☐Applicable ☑ Not applicable

Changes in equity during the reporting period due to disposal of shares by holders

☐Applicable ☑ Not applicable

Exercise of shareholders’ rights during the reporting period

Pursuant to the Fifth Phase of Employee Stock Ownership Plan , such plan voluntarily waives the voting rights of holding shares in the Board of Shareholders of the Company, while shares acquired through the employee stock ownership plan carry no voting rights in the Board of Shareholders. During the reporting period, the employee stock ownership plan did not exercise the voting rights of holding shares in the Board of Shareholders, but still enjoyed the right to profit distribution.

Other relevant situations and remarks of the employee stock ownership plan during the reporting period

☐Applicable ☑ Not applicable

Change in membership of the management committee of employee stock ownership plan

☑Applicable ☐ Not applicable

The second holders’ meeting of the Company’s Fifth Phase Employee Stock Ownership Plan was held on June 23, 2026 by means of communication voting. In view of the work adjustment of Ms. Liu Fanglu, one of the management committee members of the Fifth Phase Employee Stock Ownership Plan of Zhejiang NHU Co., Ltd., and in order to better safeguard the overall interests of the employee stock ownership plan, this holders' meeting elected Ms. Wang Xiaobi as a member of the management committee of the Fifth Phase Employee Stock Ownership Plan. Together with Ms. Xi Chun, Mr. Cao Ying, Mr. Yu Weiguo and Ms. Zeng Shuying elected at the first holders' meeting, they jointly form the management committee of the Company's Fifth Phase Employee Stock Ownership Plan, with a term of office equal to the duration of the Company's Fifth Phase Employee Stock Ownership Plan.

Financial impact of employee stock ownership plan on the Company in the reporting period and related accounting treatments

☐Applicable ☑ Not applicable

Termination of employee stock ownership plan during the reporting period

☐Applicable ☑ Not applicable

Other Notes:

The number of shares held by directors and senior management in the employee stock ownership plan is calculated based on the proportion of the holders' shares to the total shares of the employee stock ownership plan.

3.Other employee incentive programs

☐Applicable ☑ Not applicable

IV. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law

☑Applicable ☐ Not applicable

Number of enterprises included in the list of enterprises required to disclose environmental information in accordance with the law (number of companies)		12
No.	Company name	Reference index for environmental information disclosure reports
1	Zhejiang NHU Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-list?input=%E6%B5%99%E6%B1%9F%E6%96%B0%E5%92%8C%E6%88%90%E8%82%A1%E4%BB%BD%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=
2	Shangyu NHU Bio-Chem Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-list?input=%E4%B8%8A%E8%99%9E%E6%96%B0%E5%92%8C%E6%88%90%E7%94%9F%E7%89%A9%E5%8C%96%E5%B7%A5%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=
3	Zhejiang NHU Pharmaceutical Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-list?input=%E6%B5%99%E6%B1%9F%E6%96%B0%E5%92%8C%E6%88%90%E8%8D%AF%E4%B8%9A%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=
4	Zhejiang NHU Specialty Materials Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-list?input=%E6%B5%99%E6%B1%9F%E6%96%B0%E5%92%8C%E6%88%90%E7%89%B9%E7%A7%8D%E6%9D%90%E6%96%99%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=

5	Shaoxing Yuchen New Materials Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-list?input=%E7%BB%8D%E5%85%B4%E8%A3%95%E8%BE%B0%E6%96%B0%E6%9D%90%E6%96%99%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&area=
6	Shandong NHU Pharmaceutical Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370700665726586C
7	Shandong NHU Amino-acids Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370700068724427K
8	Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370700MA3DJKFLX8
9	Shandong NHU Fine Chemical Science and Technology Co., Ltd. Vitamins Branch	Shandong Enterprise Environmental Information Disclosure System, website: http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370700MAE7CDAE8F
10	Weifang Haicheng Thermal Power Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370700MA3M9W2793
11	Heilongjiang Xinhao Thermal Power Co., Ltd.	Heilongjiang Enterprise Environmental Information Disclosure System, website: http://111.40.190.123:8082/eps/index/enterprise-list?input=%E9%BB%91%E9%BE%99%E6%B1%9F%E6%96%B0%E6%98%8A&area=
12	Heilongjiang NHU Biotechnology Co., Ltd.	Heilongjiang Enterprise Environmental Information Disclosure System, website: http://111.40.190.123:8082/eps/index/enterprise-list?input=%E9%BB%91%E9%BE%99%E6%B1%9F%E6%96%B0%E5%92%8C%E6%88%90&area=

V. Social responsibilities

Not applicable

Section V Significant Events

I. Commitment performance fulfilled during the reporting period and overdue commitments as of the end of the reporting period by parties related to commitments including the actual controller of the Company, shareholders, related parties, acquirers and the Company itself.

☑Applicable ☐ Not applicable

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
Commitments to shares reform	None	None	None		None	None
Commitments made in reports on acquisition and changes in equity	None	None	None		None	None
Commitments made in asset restructuring	None	None	None		None	None
Commitments made in IPO or refinancing	NHU Holding Group Co., Ltd. and Zhang Pingyi, Shi Cheng, Yuan Yizhong, Hu Baishan, Shi Guanqun, Wang Xuewen, Cui Xinrong, Wang Xulin	Commitments on horizontal competition, related party transactions and occupation of funds	The signing of "Commitment on No Engagement in Horizontal Competition" and commitments on no engagement in business activities result in horizontal competition with operations of the Company after listing	June 25, 2004	Long-term	Strictly performed
	Hu Baifan; Hu Baishan; Shi Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The Company’s directors, senior management committed to perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and shareholders, and make the following commitments	January 12, 2017	Long-term	Strictly performed

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
			in accordance with the relevant provisions of the CSRC for the full performance of measures on filling immediate returns: 1. not to transfer benefits to other entities or individuals without compensation or on unfair terms, and not to use other means to harm benefits of the Company; 2. to impose restrictions on duty consumption of member of the Board of Directors and senior management; 3. not to use assets of the Company to engage in investment or consumption activities not related to duty performance; 4. to link remuneration system formulated by the Board of Directors or remuneration committee to the implementation of measures on filling immediate returns; 5. to			

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
			link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to interfere in the Company's business and management activities in excess of authority; not to encroach on the benefits of the Company; to perform measures on filling immediate returns in a practical way.	January 12, 2017	Long-term	Strictly performed
Commitments to equity incentive	None	None	None		None	None
Other commitments to minority shareholders of the Company	None	None	None		None	None
Other commitments	None	None	None		None	None
Whether commitments are performed on time	Yes					
If commitment performance is not fulfilled on time, please explain detailed reasons for it and the next work plans.	Not applicable					

II. Non-operating occupation of funds over listed companies by controlling shareholders and other related parties

☐Applicable ☑ Not applicable

There is no non-operating occupation of funds over listed companies by controlling shareholders and other related parties during the reporting period.

III. Illegal external guarantees

☐Applicable ☑ Not applicable

There is no illegal external guarantee during the reporting period.

IV.Engagement and dismissal of accounting firms

Whether the semi-annual report has been audited or not

☐Yes ☑ No

The semi-annual report has not been audited.

V. Statements by the Board of Directors on the “Modified Auditor’s Report” issued by the accounting firm during the reporting period

☐Applicable ☑ Not applicable

VI. Explanations by the Board of Directors on the “Modified Auditor’s Report” issued by the accounting firm last year

☐Applicable ☑ Not applicable

VII. Matters related to bankruptcy and restructuring

☐Applicable ☑ Not applicable

There are no matters related to bankruptcy and restructuring during the reporting period.

VIII. Lawsuits

Significant lawsuits and arbitration

☐Applicable ☑ Not applicable

There is no significant lawsuit and arbitration during the reporting period.

Other lawsuits

☐Applicable ☑ Not applicable

IX. Penalties and rectification

☐Applicable ☑ Not applicable

There is no instance of penalty or rectification for the Company during the reporting period.

X. Integrity of the Company, its controlling shareholders and the actual controller

☐Applicable ☑ Not applicable

XI. Significant related party transactions

1. Related party transactions relevant to daily operations

☐Applicable ☑ Not applicable

There is no related party transaction relevant to daily operations during the reporting period.

2. Related party transactions in purchase or sale of assets or equities

☐Applicable ☑ Not applicable

There is no related party transaction in purchase or sale of assets or equities during the reporting period.

3. Related party transactions in joint external investments

☐Applicable ☑ Not applicable

There is no related party transaction in joint external investments during the reporting period.

4. Related party creditor's rights and debts

☐Applicable ☑ Not applicable

There is no related creditor's rights or debts during the reporting period.

5. Transactions with related financial companies

☐Applicable ☑ Not applicable

There is no business of deposits, loans, credit granting or other financial businesses between the Company and its related financial companies.

6. Transactions between financial companies controlled by the Company and the Company's related parties

☐Applicable ☑ Not applicable

There is no business of deposits, loans, credit granting or other financial businesses between financial companies controlled by the Company and the Company's related parties.

7. Other significant related party transactions

☐Applicable ☑ Not applicable

There is no other material connected transactions during the reporting period.

XII. Significant contracts and performance

1. Matters of trusteeship, contracting and leases

(1) Trusteeship

☐Applicable ☑ Not applicable

There is no trusteeship during the reporting period.

(2) Contracting

☐Applicable ☑ Not applicable

There is no contracting during the reporting period.

(3) Leases

☐Applicable ☑ Not applicable

There is no lease during the reporting period.

2. Significant Guarantees

☑Applicable ☐ Not applicable

Unit:RMB'0,000

External guarantees by the Company and its subsidiaries to third parties (guarantees to subsidiaries are excluded)										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
None										
Total amount of external guarantees approved during the reporting period (A1)			0	Total amount of actual external guarantees during the reporting period (A2)				0		
Total amount of external guarantees approved at the end of the reporting period (A3)			0	Total balance of actual external guarantees at the end of the reporting period (A4)				0		
The Company’s guarantees to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Xinchang NHU Vitamins Co., Ltd.	4/22/2021	40,000	12/16/2021	29,000	Joint and several liability guarantee	0	0	2021.12.16-2026.12.25	No	No
Zhejiang NHU Pharmaceutical Co., Ltd.	5/11/2022	60,000	6/24/2022	55,000	Joint and several liability guarantee	0	0	2022.06.24-2027.06.23	No	No
Xinchang NHU Vitamins Co., Ltd.	5/11/2022	20,000	10/14/2022	18,000	Joint and several liability guarantee	0	0	2022.10.14-2027.10.14	No	No
Shandong NHU Fine Chemical Science and Technology	5/20/2023	58,600	6/06/2023	58,600	Joint and several liability guarantee	0	0	2023.03.30-2028.03.29	No	No

Co., Ltd.										
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	11/20/2023	54,487.2	Joint and several liability guarantee	0	0	2023.11.08-2026.11.08	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	8/01/2024	34,054.5	Joint and several liability guarantee	0	0	2024.08.01-2027.08.01	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	5/19/2025	7,491.99	Joint and several liability guarantee	0	0	2025.05.19-2026.05.08	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	6/13/2025	11.38	Joint and several liability guarantee	0	0	2025.06.13-2026.02.26	Yes	No
Zhejiang NHU Import & Export Co., Ltd.	5/09/2025	15,000	7/08/2025	15,000	Joint and several liability guarantee	0	0	2025.07.08-2026.07.07	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	8/06/2025	6,810.9	Joint and several liability guarantee	0	0	2025.08.06-2026.05.15	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	10/28/2025	24.89	Joint and several liability guarantee	0	0	2025.10.28-2026.03.04	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	11/27/2025	4.22	Joint and several liability guarantee	0	0	2025.11.27-2026.04.08	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	01/22/2026	9.66	Joint and several liability guarantee	0	0	2026.01.22-2026.06.04	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/09/2025	50,000	03/03/2026	67.85	Joint and several liability guarantee	0	0	2026.03.03-2026.07.14	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/15/2026	50,000	06/10/2026	6,810.9	Joint and several liability guarantee	0	0	2026.06.10-2027.06.20	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/15/2026	50,000	06/15/2026	4.82	Joint and several liability guarantee	0	0	2026.06.15-2026.09.02	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		80,000		Total amount actually guaranteed for subsidiaries during the reporting period (B2)		6,893.23				
Total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		344,209.55		Total balance of actual external guarantees for subsidiaries at the end of the reporting period (B4)		271,025.27				

Guarantees by subsidiaries to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
None										

Total amount of guarantees approved for subsidiaries during the reporting period (C1)	0	Total amount actually guaranteed for subsidiaries during the reporting period (C2)	0
Total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)	0	Total balance of actual external guarantees for subsidiaries at the end of the reporting period (C4)	0
Total amount guaranteed by the Company (namely, the sum of the above three items)			
Total amount of guarantees approved during the reporting period (A1+B1+C1)	80,000	Total amount actually guaranteed during the reporting period (A2+B2+C2)	6,893.23
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)	344,209.55	Total balance of actual guarantees at the end of the reporting period (A4+B4+C4)	271,025.27
Proportion of the total guarantee balance (A4+B4+C4) to net assets of the Company		7.77%	
Including:			
Balance of guarantees for shareholders, the actual controller and its related parties (D)		0	
Balance of debt guarantee directly or indirectly for guaranteed parties with debt to asset ratio exceeding 70% (E)		157,425.27	
The amount of the total amount guaranteed exceeding 50% of net assets (F)		0	
Total amount guaranteed of three items above (D+E+F)		157,425.27	
Remarks on unexpired guarantee contracts with guarantee liabilities incurred or evidence indicating the possibility of undertaking joint liquidation liabilities during the reporting period (if applicable)		None	
Remarks on external guarantee in violation of provisions (if applicable)		None	

Specific description of the use of composite guarantees: None

3. Entrusted Cash Assets Management

☑ Applicable ☐ Not applicable

Unit:RMB'0,000

Product category	Risk characteristics	Balance of entrusted financing during the reporting period	Amount overdue and not recovered
Bank financial products	Low risk type with high security and good liquidity	255,000	0

Details of the Company's activities, as the sole entruster, in commissioning financial institutions to conduct asset management, or investments in high-risk entrusted wealth-management products that have lower safety and poorer liquidity

☐ Applicable ☑ Not applicable

4. Other Significant Contracts

☐ Applicable ☑ Not applicable

There is no other significant contract during the reporting period.

XIII. Research, Communications, and Interviews Received by the Company During the Reporting Period

☑ Applicable ☐ Not applicable

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of the conversation and information provided	Index for basic information of the investigation
January 22-23, 2026	Shanghai Pudong Shangri-La Hotel; Company Headquarters Meeting Room	Field research	Institution	Participating organizations: For details, please refer to the disclosures on CNINFO (http://www.cninfo.com.cn).	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on January 22-23, 2026, published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
March 18-19, 2026	China World Hotel, Beijing; Wanda Reign Wuhan	Field research	Institution	Participating organizations: For details, please refer to the disclosures on CNINFO (http://www.cninfo.com.cn).	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on March 18-19, 2026, published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of the conversation and information provided	Index for basic information of the investigation
April 29, 2026	Shenzhen Stock Exchange, "Interactive Easy" platform, "Cloud Interview": http://irm.cninfo.com.cn	Network platform online communication	Others	Participating organizations: For details, please refer to the disclosures on CNINFO (http://www.cninfo.com.cn).	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on April 29, 2026, published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
May 15, 2026	Company Headquarters 2nd Floor Lecture Hall.	Field research	Institution	Participating organizations: For details, please refer to the disclosures on CNINFO (http://www.cninfo.com.cn).	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on May 15, 2026, published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

XIV. Other significant matters

☑ Applicable ☐ Not applicable

1. Progress of the Fifth Phase Employee Stock Ownership Plan

The Company held the 16th meeting of the Ninth Board of Directors and the 11th meeting of the Ninth Supervisory Board on December 10, 2025, and the third extraordinary general meeting of 2025 on December 26, 2025, at which it reviewed and approved the employee stock ownership plan-related proposals, including the Draft of the Fifth Phase Employee Stock Ownership Plan of Zhejiang NHU Co., Ltd. and Its Summary, and agreed to implement the Fifth Phase Employee Stock Ownership Plan. The Fifth Phase Employee Stock Ownership Plan was actually subscribed by 602 participants, with actual subscription funds of RMB 259.49 million. The controlling shareholder, NHU Holding Group Co., Ltd., provided a matching loan of RMB 259.49 million, and the total funds of the Fifth Phase Employee Stock Ownership Plan amounted to RMB 518.98 million. As of January 26, 2026, the Company received the Securities Transfer Registration Confirmation issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The 21,454,310 shares of the Company held in the Company's special repurchase securities account were transferred by way of non-trading transfer to the dedicated securities account of "Zhejiang NHU Co., Ltd. – Fifth Phase Employee Stock Ownership Plan" on January 23, 2026, accounting for 0.6981% of the Company's total share capital, at a transfer price of RMB 24.19 per share. The lock-up period for the underlying shares acquired by the Fifth Phase Employee Stock Ownership Plan is 12 months, calculated from the date on which the Company announced the registration and transfer of the last batch of underlying shares to the name of the Plan, i.e., from January 27, 2026 to January 26, 2027. The duration of the underlying shares acquired under this Employee Stock Ownership Plan is 24 months, calculated from the date on which the Company announced the registration and transfer of the last batch of underlying shares to the name of the Plan. For details, please refer to the relevant announcements published by the Company on the designated information disclosure media and CNINFO (http://www.cninfo.com.cn).

The second holders' meeting of the Company's Fifth Phase Employee Stock Ownership Plan was held on June 23, 2026 by means of communication voting. In view of the work adjustment of Ms. Liu Fanglu, one of the management committee members of the Fifth Phase Employee Stock Ownership Plan of Zhejiang NHU Co., Ltd., and in order to better safeguard the overall interests of the employee stock ownership plan, this holders' meeting elected Ms. Wang Xiaobi as a member of the management committee of the Fifth Phase Employee Stock Ownership Plan. Together with Ms. Xi Chun, Mr. Cao Ying, Mr. Yu Weiguo and Ms. Zeng Shuying elected at the first holders' meeting, they jointly form the management committee of the Company's Fifth Phase Employee Stock Ownership Plan, with a term of office equal to the duration of the Company's Fifth Phase Employee Stock Ownership Plan.. For details, please see the Announcement on Adjustment of Members of the Management Committee for the Fifth Phase Employee Stock - ownership Plan disclosed on June 24, 2026 via designated information disclosure media and CNINFO (http://www.cninfo.com.cn).

2. Progress of Share Repurchase

At the 20th meeting of the Ninth Board of Directors held on June 23, 2026, the Company reviewed and approved the Proposal on the Share Repurchase Plan, agreeing to use its own funds to repurchase part of the Company's publicly issued shares through centralized bidding transactions, for the purpose of implementing equity incentive plans or employee stock ownership plans. The repurchase amount is in the range of RMB 300 million to RMB 600 million, and the repurchase price shall not exceed RMB 45.50 per share. The specific number of repurchased shares and its proportion to the total share capital shall be subject to the actual number of shares repurchased upon expiration of the repurchase period. For details, please refer to the Announcement on the Company's Share Repurchase Plan(2026-027) published by the Company on the designated information disclosure media and CNINFO (http://www.cninfo.com.cn).

As of June 30, 2026, the Company had not yet commenced the share repurchase. For details, please refer to the Announcement on the Progress of Share Repurchase and the First Share Repurchase of the Company (2026-031) published by the Company on the designated information disclosure media and CNINFO (http://www.cninfo.com.cn).

XV. Significant matters of the subsidiaries of the Company

☐ Applicable ☑ Not applicable

Section VI Movements in Share Capital and Shareholders

I. Movements in Share

1. Details

Unit: Share

Items	Before		Movements					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Conversion of capital reserve into shares	Others	Subtotal	Quantity	% to total
I. Restricted shares	36,559,752	1.19%				9,000	9,000	36,568,752	1.19%
1. State-owned shares									
2. Held by state-owned legal persons									
3. Held by other domestic parties	36,559,752	1.19%				9,000	9,000	36,568,752	1.19%
Including: Held by domestic legal persons									
Held by domestic natural persons	36,559,752	1.19%				9,000	9,000	36,568,752	1.19%
4. Held by overseas parties									
Including: Held by overseas legal persons									
Held by overseas natural persons									
II. Unrestricted shares	3,036,861,928	98.81%				-9,000	-9,000	3,036,852,928	98.81%
1. RMB	3,036,861,928	98.81%				-9,000	-9,000	3,036,852,928	98.81%

Items	Before		Movements					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Conversion of capital reserve into shares	Others	Subtotal	Quantity	% to total
ordinary shares									
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	3,073,421,680	100.00%						3,073,421,680	100.00%

Reason for movements

☐ Applicable ☑ Not applicable

During the reporting period, there is no change in the total share capital of the Company. As the supervisory board had been cancelled in the previous period, the lock-up shares attributable to the resigned supervisors (as part of the senior management lock-up shares) changed accordingly, resulting in corresponding changes in restricted shares.

Approval on movements in shares

☐ Applicable ☑ Not applicable

Transfer of shares

☐ Applicable ☑ Not applicable

Actual progress of share repurchase

☑ Applicable ☐ Not applicable

The 20th meeting of the Ninth Board of Directors of the Company held on June 23, 2026, deliberated and approved the Proposal on the Share Repurchase Scheme. It was approved that the Company would repurchase part of its publicly held shares using its own funds through centralized bidding transactions, for the purpose of implementing an equity incentive plan or an employee stock ownership plan, with the total repurchase amount ranging from RMB 300 million to RMB 600 million. As of June 30, 2026, the Company had not yet commenced the implementation of the share repurchase.

Implementation progress of shareholding reduction for shares repurchased through centralized bidding

☐ Applicable ☑ Not applicable

Effect of changes in shares on financial indicators of preceding year and preceding period such as basic EPS and diluted EPS, net assets per share attributable to shareholders of ordinary shares

☐ Applicable ☑ Not applicable

Other contents the Company considered as necessary or securities regulatory institutions required disclosure

☐ Applicable ☑ Not applicable

2.Movement in Restricted Stocks

☑ Applicable ☐ Not applicable

Unit: Share

Shareholders	Opening balance	Increase	Decrease due to unlocking	Closing balance	Reason for restriction	Date of unlocking
Others	0	0	9,000	9,000	Executive lock-in	Managed in accordance with the relevant provisions on locked-up shares of senior executives.
Total	0	0	9,000	9,000	--	--

Note: The shares listed under the “Others” column of shareholders in the table represent the shares held by the company’s former supervisors.

II. Issuance and listing of securities

☐ Applicable ☑ Not applicable

III. Number of shareholders of the Company and their shareholding conditions

Unit: Share

Total number of ordinary shareholders at the end of the reporting period			78,891	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period			0	
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions								
Shareholders	Nature of shareholders	Holding proportion	Quantity of ordinary shares at the end of the reporting period	Movements during the reporting period	Quantity of restricted shares	Quantity of unrestricted shares	Shares pledged, marked or frozen	
							Condition	Quantity
NHU Holding Group Co., Ltd.	Domestic non-state-owned legal person	50.08%	1,539,232,431	0	0	1,539,232,431	N/A	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	6.02%	184,907,234	5,973,646	0	184,907,234	N/A	0
National Social Security Fund No.503 Portfolio	Others	0.87%	26,600,007	-1,400,073	0	26,600,007	N/A	0
China Construction Bank Corporation - E Fund CSI 300 Healthcare ETF	Others	0.81%	24,983,011	4,460,629	0	24,983,011	N/A	0
Zhejiang NHU Co., Ltd. – Fifth Employee Stock	Others	0.70%	21,454,310	21,454,310	0	21,454,310	N/A	0

Ownership Plan								
Hu Baishan	Domestic natural person	0.47%	14,595,929	0	10,946,947	3,648,982	N/A	0
Hu Baifan	Domestic natural person	0.45%	13,922,998	0	10,442,248	3,480,750	N/A	0
China Universal Asset Management Co., Ltd. － Social Security Fund Portfolio 16032	Others	0.38%	11,765,192	11,765,192	0	11,765,192	N/A	0
Zhejiang Baofang Printing and Dyeing Co., Ltd.	Domestic non-state-owned legal person	0.36%	11,048,410	3,982,200	0	11,048,410	N/A	0
Yu Baomu	Domestic natural person	0.36%	10,934,700	385,800	0	10,934,700	N/A	0
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares	N/A							
Remarks on relationships or concerted action between the top 10 shareholders with largest holding proportions	The above shareholder, Hu Baifan is the chairman, general manager, and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is a director of NHU Holding Group Co., Ltd. Hu Baifan and Hu Baishan are brothers. Hu Baifan and Hu Baishan have an affiliated relationship with Zhejiang NHU Co., Ltd. － Fifth Employee Stock Ownership Plan due to their participation in the employee stock ownership plan. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in “Administration of the Takeover of Listed Companies Procedures”.							
Remarks on proxy voting and waiver of voting right of the above shareholders	N/A							
Special remarks on top 10 shareholders with special repurchase accounts	N/A							

Top 10 shareholders with unrestricted shares (excluding shares lent through transfer facility and shares locked up by executives)			
Shareholders	Quantity of unrestricted shares at the end of the reporting period	Category of shares	
		Category	Quantity
NHU Holding Group Co., Ltd.	1,539,232,431	RMB ordinary shares	1,539,232,431
Hong Kong Securities Clearing Company Limited	184,907,234	RMB ordinary shares	184,907,234
National Social Security Fund No.503 Portfolio	26,600,007	RMB ordinary shares	26,600,007
China Construction Bank Corporation - E Fund CSI 300 Healthcare ETF	24,983,011	RMB ordinary shares	24,983,011
Zhejiang NHU Co., Ltd. － Fifth Employee Stock Ownership Plan	21,454,310	RMB ordinary shares	21,454,310
China Universal Asset Management Co., Ltd. － Social Security Fund	11,765,192	RMB ordinary shares	11,765,192

Portfolio 16032			
Zhejiang Baofang Printing and Dyeing Co., Ltd.	11,048,410	RMB ordinary shares	11,048,410
Yu Baomu	10,934,700	RMB ordinary shares	10,934,700
Industrial and Commercial Bank of China Limited - China Universal Value Selected Mixed Securities Investment Fund	10,859,600	RMB ordinary shares	10,859,600
Wu Wenping	10,512,214	RMB ordinary shares	10,512,214
Remarks on relationships or concerted action between the top 10 shareholders with unrestricted shares, and between the top 10 shareholders with unrestricted shares and the top 10 shareholders with largest holding proportions.	Hu Baifan is the chairman, general manager, and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is a director of NHU Holding Group Co., Ltd. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in “Administration of the Takeover of Listed Companies Procedures”.		
Remarks on top 10 shareholders of ordinary shares participating in securities margin trading	Zhejiang Baofang Printing and Dyeing Co., Ltd. holds 7,066,210 shares through the customer credit transaction collateral securities account of Guotai Haitong Securities Co., Ltd.; Yu Baomu holds 10,718,900 shares through the customer credit transaction collateral securities account of Guotai Haitong Securities Co., Ltd.; Wu Wenping holds 10,512,214 shares through the customer credit transaction collateral securities account of Caitong Securities Co., Ltd.		

The participation of shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unlimited shares in circulation in lending of shares in the transfer and financing business

☐ Applicable ☑ Not applicable

Top 10 shareholders and top 10 shareholders with unlimited shares outstanding Change from the previous period due to lending/returning of convertible bonds

☐ Applicable ☑ Not applicable

Did the top 10 common shareholders and the top 10 unrestricted common shareholders of the company engage in any agreed repurchase transactions during the reporting period

☐ Yes ☑ No

The top 10 common shareholders and the top 10 unrestricted common shareholders of the company did not engage in any agreed repurchase transactions during the reporting period.

IV.Changes in shareholdings of directors and senior executives

☐ Applicable ☑ Not applicable

The shareholdings of the company’s directors and senior management personnel did not change during the reporting period. For details, please refer to the 2025 Annual Report.

V. Changes in controlling shareholders or actual controllers

If the Company has previously disclosed that its actual controller is planning a change of control but the change has not yet been completed, please describe the progress of the change of control.

☐ Applicable ☑ Not applicable

Changes of holding shareholders during the reporting period

☐ Applicable ☑ Not applicable

The Company has no changes of holding shareholders during the reporting period.

Changes of actual controller within the reporting period

☐ Applicable ☑ Not applicable

The Company has no changes in actual controller within the reporting period.

VI. Details of Preferred Stock

☐ Applicable ☑ Not applicable

The Company has no preferred shares during the reporting period.

Section VII Bonds

☑ Applicable ☐ Not applicable

I. Enterprise Bond

☐ Applicable ☑ Not applicable

During the reporting period, the Company had no outstanding enterprise bonds.

II. Corporate Bond

☐ Applicable ☑ Not applicable

During the reporting period, the Company had no outstanding corporate bonds.

III. Non-financial Enterprise Debt Financing Instruments

☑ Applicable ☐ Not applicable

1. Basic Information on Non-financial Enterprise Debt Financing Instruments

Unit: RMB Yuan

Bond Full Name	Bond Short Name	Bond Code	Issuance Date	Interest Commencement Date	Maturity Date	Outstanding Bond Balance	Coupon Rate	Repayment and Interest Payment Method	Trading Venue
Zhejiang NHU Company Ltd.technology innovation bond in the first phase of 2026	26 NHU Stock SCP001 (Sci-Tech Innovation Bond)	012680341.IB	February 1,2026	February 2,2026	October 30,2026	500,000,000	1.57%	Lump-sum repayment of principal and interest upon maturity	Inter- bank Bond Market
Investor Suitability Arrangements (if applicable)	Qualified institutional investors in the inter-bank bond market (excluding those prohibited from purchasing by national laws and regulations)								
Applicable Trading Mechanism	Trading Mechanisms of China's Inter-bank Bond Market								
Risk of delisting (if applicable) and Countermeasures	None								

Overdue Unpaid Bonds

☐ Applicable ☑ Not applicable

2. Triggering and Implementation of Issuer's or Investor's Option Clauses and Investor Protection Clauses

☐ Applicable ☑ Not applicable

3. Adjustments to Credit Rating Results during the Reporting Period

☐ Applicable ☑ Not applicable

4. Implementation and Changes of Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures during the Reporting Period and Their Impact on Bond Investors' Rights and Interests

☐ Applicable ☑ Not applicable

IV. Convertible Corporate Bonds

☐ Applicable ☑ Not applicable

During the reporting period, the Company had no outstanding convertible corporate bonds.

V. Loss in consolidated scope during the reporting period exceeding 10% of net assets at end of prior year

☐ Applicable ☑ Not applicable

VI. As of the end of the reporting period, the company's main accounting data and financial indicators for the past two years

Items	Closing balance	Opening balance	YoY growth rate
Current Ratio	2.69	2.63	2.28%
Debt- to- Assets Ratio	24.96%	27.73%	-2.77pp
Acid-test Ratio	2.01	1.97	2.03%
Items	Current period	Prior period	YoY growth rate
Net Profit Excluding Non-recurring Gains and Losses（Unit:RMB'0,000）	391,893.66	367,856.25	6.53%
EBITDA-to-Total Debt Ratio	270.00%	179.00%	91.00pp
Interest Coverage Ratio	61.55	38.39	60.33%
Cash- based Interest Coverage Ratio	67 .58	39.95	69.16%
EBITDA Interest Coverage Ratio	239.93	141.00	70.16%
Loan Repayment Ratio	100.00%	100.00%	Unchanged
Interest Payment Ratio	100.00%	100.00%	Unchanged

Section VIII Financial Report

I. Audit Reports

Has the semi-annual report been audited

☐Yes ☑ No

The Company's semi-annual report has not been audited.

II. Financial Statements

The monetary unit of the financial statements is Renminbi (RMB) Yuan.

1. Consolidated balance sheet

Prepared by Zhejiang NHU Co., Ltd.

June 30, 2026

Unit: RMB Yuan

Items	June 30, 2026	January 1, 2026
Current assets:		
Cash and bank balances	7,458,042,805.72	7,966,270,131.17
Deposit reservation for balance		
Lending to banks and other financial institutions		
Trading Financial Assets	2,583,641,120.21	2,168,275,092.55
Derivative financial assets		
Notes receivable		
Accounts receivable	3,769,816,701.75	3,331,434,677.27
Receivables financing	920,577,788.17	813,062,385.73
Prepayments	296,698,192.81	178,450,145.87
Insurance premium receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contract receivable		
Other receivables	261,081,058.41	274,052,669.41
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreement		
Inventories	4,769,240,242.26	4,648,749,467.43
Among them: data resources		
Contracted assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	86,282,299.41	55,037,719.63

Items	June 30, 2026	January 1, 2026
Total current assets	20,145,380,208.74	19,435,332,289.06
Non-current assets:		
Granting of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,144,592,243.55	965,350,549.43
Other equity instrument investment	22,446,147.55	60,126,147.55
Other non-current financial assets		
Investment property		
Fixed assets	19,538,428,936.53	20,298,898,673.14
Construction in progress	1,006,512,957.55	745,117,350.86
Productive biological assets		
Oil and gas assets		
Right-of-use assets	8,544,176.48	9,116,717.87
Intangible assets	3,626,997,348.57	2,590,073,891.40
Among them: data resources		
Development expenditure		
Among them: data resources		
Goodwill	3,622,704.97	3,622,704.97
Long-term deferred expenses	14,079,928.37	19,477,100.43
Deferred tax assets	5,030,160.91	2,692,450.99
Other non-current assets	1,169,596,687.54	1,476,641,929.78
Total non-current assets	26,539,851,292.02	26,171,117,516.42
Assets in total	46,685,231,500.76	45,606,449,805.48
Current liabilities:		
Short-term borrowings	962,032,277.99	675,172,682.37
Borrowings from the central bank		
Borrowing from banks and financial institutions		
Financial liabilities held for trading	1,663,300.90	
Derivative financial liabilities		
Notes payable	43,197,229.37	70,054,101.63
Accounts payable	1,889,531,581.58	1,780,307,765.08
Advance receipts		
Contract liabilities	351,344,836.57	294,819,090.20
Financial assets sold for repurchase		
Deposits and interbank deposits received		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		

Items	June 30, 2026	January 1, 2026
Employee compensation payable	307,941,186.16	511,515,144.15
Taxes and fees payable	530,467,264.25	669,468,878.66
Other payables	96,098,501.09	131,685,145.99
Including: Interests payable		
Dividends payable		
Charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,745,428,550.04	3,165,413,873.49
Other current liabilities	562,644,066.41	99,358,351.24
Total current liabilities	7,490,348,794.36	7,397,795,032.81
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	3,170,163,350.48	4,187,178,569.02
Bonds payable		
Including: Preferred stocks		
Perpetual bonds		
Lease liabilities	2,307,786.86	2,500,183.66
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	848,203,512.02	906,007,748.59
Deferred income tax liabilities	140,244,113.07	152,052,864.16
Other non-current liabilities		
Total non-current liabilities	4,160,918,762.43	5,247,739,365.43
Liabilities in total	11,651,267,556.79	12,645,534,398.24
Owner’s equity:		
Share capital	3,073,421,680.00	3,073,421,680.00
Other equity instruments		
Including: Preferred stocks		
Perpetual bonds		
Capital reserve	3,171,219,081.42	3,135,683,253.49
Less: Treasury stock	70,972,212.67	556,161,195.70
Other comprehensive income	52,359,128.04	67,743,496.72
Special reserves	176,658,517.35	162,056,373.58
Surplus reserves	1,545,453,678.00	1,545,453,678.00
General risk reserve		
Undistributed profits	26,931,963,631.96	25,377,456,895.81
Total owners’ equity attributed to parent company	34,880,103,504.10	32,805,654,181.90
Minority shareholders’ equity	153,860,439.87	155,261,225.34
Total owner's equity	35,033,963,943.97	32,960,915,407.24
Total liabilities and owners' equity	46,685,231,500.76	45,606,449,805.48

Legal Representative: Hu Baifan Chief Accountant in Charge: Shi Guanqun Chief of Accounting Institution: Wang Xiaobi

2. Balance Sheet of the Parent Company

Unit: RMB Yuan

Items	June 30, 2026	January 1, 2026
Current assets:		
Cash and bank balances	923,654,750.93	1,555,965,210.51
Trading Financial Assets	150,517,808.22	451,800,000.01
Derivative financial assets		
Notes receivable		
Accounts receivable	1,105,033,234.29	1,092,272,295.09
Receivables financing	148,138,925.57	270,401,584.88
Prepayments	19,799,719.62	3,263,824.89
Other receivables	227,803,286.35	476,588,831.47
Including: Interest receivable		
Dividends receivable		
Inventories	344,403,780.03	311,443,142.04
Among them: data resources		
Contracted assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	12,823,637.94	14,680,703.63
Total current assets	2,932,175,142.95	4,176,415,592.52
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	13,825,651,896.58	12,816,459,007.72
Other equity instrument investment	72,446,147.55	110,126,147.55
Other non-current financial assets		
Investment property		
Fixed assets	694,097,657.13	723,262,231.62
Construction in progress	81,115,219.68	60,024,286.84
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,228,119.48	2,308,653.88
Intangible assets	149,338,474.14	155,849,630.44
Among them: data resources		
Development expenditure		
Among them: data resources		
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets	523,308,060.09	524,620,404.55

Items	June 30, 2026	January 1, 2026
Total non-current assets	15,348,185,574.65	14,392,650,362.60
Assets in total	18,280,360,717.60	18,569,065,955.12
Current liabilities:		
Short-term borrowings	71,376,375.00	170,756,694.44
Financial liabilities held for trading	1,029,440.00	
Derivative financial liabilities		
Notes payable		
Accounts payable	608,082,792.55	449,516,671.19
Advance receipts		
Contract liabilities	8,867,748.92	6,104,710.14
Employee compensation payable	59,052,823.84	101,012,594.64
Taxes and fees payable	26,364,904.89	38,789,811.12
Other payables	23,022,867.07	24,009,833.99
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,316,998,077.29	2,110,742,905.69
Other current liabilities	498,434,598.56	4,863,857.53
Total current liabilities	2,613,229,628.12	2,905,797,078.74
Non-current liabilities:		
Long-term borrowings	2,296,471,907.76	2,560,775,206.87
Bonds payable		
Including: Preferred stocks		
Perpetual bonds		
Lease liabilities	2,307,786.86	2,486,246.32
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	15,732,662.72	15,536,053.20
Deferred income tax liabilities	16,063,817.31	18,965,367.73
Other non-current liabilities		
Total non-current liabilities	2,330,576,174.65	2,597,762,874.12
Liabilities in total	4,943,805,802.77	5,503,559,952.86
Owner’s equity:		
Share capital	3,073,421,680.00	3,073,421,680.00
Other equity instruments		
Including: Preferred stocks		
Perpetual bonds		
Capital reserve	2,906,255,131.36	2,871,264,474.99
Less: Treasury stock	70,972,212.67	556,161,195.70
Other comprehensive income	20,444,554.43	36,492,554.43
Special reserves	35,750,203.99	29,335,599.82
Surplus reserves	1,545,453,678.00	1,545,453,678.00
Undistributed profits	5,826,201,879.72	6,065,699,210.72

Items	June 30, 2026	January 1, 2026
Total owner's equity	13,336,554,914.83	13,065,506,002.26
Total liabilities and owners' equity	18,280,360,717.60	18,569,065,955.12

Legal Representative: Hu Baifan Chief Accountant in Charge: Shi Guanqun Chief of Accounting Institution: Wang Xiaobi

3. Consolidated income statement

Unit: RMB Yuan

Items	2026 Semi-Annual	2025 Semi-Annual
I. Total operating income	13,129,300,260.89	11,100,632,836.78
Including: Operating revenue	13,129,300,260.89	11,100,632,836.78
Interest income		
Earned premiums		
Service charge and commission income		
II. Total Operating Cost	8,715,888,097.93	6,875,351,657.25
Including: Operating cost	7,323,675,460.81	6,006,367,357.09
Interest expenses		
Handling charge and commission expenses		
Surrender value		
Net claims paid		
Net Amount of Withdrawn Reserve for Insurance Liability Contract		
Policyholder Dividend Expense		
Reinsurance cost		
Taxes and surcharges	147,102,530.45	126,138,622.06
Selling expenses	88,987,069.94	88,602,406.65
Administrative expenses	292,591,830.68	309,618,405.74
R&D expenses	605,728,077.64	522,723,563.18
Financial expenses	257,803,128.41	-178,098,697.47
Including: Interest expenses	77,290,550.93	112,615,701.07
Interest income	33,892,368.94	39,620,525.39
Add: Other income	120,757,490.82	121,765,131.08
Investment income (“-” for loss)	204,498,489.13	18,237,922.39
Including: Income from investment in associates and joint ventures	152,851,395.37	24,632,875.74
Income recognized at the termination of financial assets measured at amortized cost		
Exchange gains (“－” for loss)		
Net-exposure hedging income (“-” for loss)		

Items	2026 Semi-Annual	2025 Semi-Annual
Incomes from changes in fair value (“-” for loss)	65,993,991.83	-106,860,384.44
Credit impairment losses (“-” for loss)	-34,278,518.19	7,613,141.39
Assets impairment loss (“-” for loss)	-29,423,561.32	-33,272,405.82
Gains from asset disposal ("-" for loss)	1,251,350.66	-1,582,139.69
III. Operating Profit ("-" for loss)	4,742,211,405.89	4,231,182,444.44
Add: Non-operating income	2,189,167.24	1,218,592.90
Less: Non-operating expenses	47,056,112.99	2,998,696.24
IV. Total Profit Before Tax (“-” for total losses)	4,697,344,460.14	4,229,402,341.10
Less: Income tax expense	669,297,246.91	607,906,795.85
V. Net Profit (“-” for net loss)	4,028,047,213.23	3,621,495,545.25
(I) Classification by business continuity		
1. Net profit from continuing operations (“-” for net loss)	4,028,047,213.23	3,621,495,545.25
2. Net profit from discontinued operations (“-” for net loss)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	4,010,733,454.55	3,603,323,979.16
2. Profit or loss of minority shareholders	17,313,758.68	18,171,566.09
VI. Net Amount after Tax of Other Comprehensive Income	-34,098,912.83	-19,129,756.45
Net amount of other comprehensive income after tax attributed to the owners of parent company	-15,384,368.68	-18,585,337.91
(I) Other comprehensive income that cannot be reclassified into profit or loss	-16,048,000.00	
1. Amount of changes in the defined benefit plan due to re-measurement		
2. Other comprehensive income that can not be converted into profits and losses under the equity method		
3. Changes in the fair value of investment in other equity instruments	-16,048,000.00	
4. Changes in the fair value of the enterprise's own credit risk		
5. Other		
(II) Other comprehensive income that will be reclassified into profit or loss	663,631.32	-18,585,337.91
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Change in fair value for other investments on bonds		
3. Amount of financial assets reclassified into other comprehensive income		

Items	2026 Semi-Annual	2025 Semi-Annual
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation	663,631.32	-18,585,337.91
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders	-18,714,544.15	-544,418.54
VII. Total Comprehensive Income	3,993,948,300.40	3,602,365,788.80
Total comprehensive income attributable to owners of the parent company	3,995,349,085.87	3,584,738,641.25
Total comprehensive income attributable to minority shareholders	-1,400,785.47	17,627,147.55
VIII. Earnings per Share		
(I) Basic earnings per share	1.30	1.17
(II) Diluted earnings per share	1.30	1.17

Legal Representative: Hu Baifan　　Chief Accountant in Charge: Shi Guanqun　　Chief of Accounting Institution: Wang Xiaobi

The net profit realized by the merged entity before the combination in the current period where a same-control business combination occurred is: RMB 0.00, and the net profit realized in the prior period is: RMB 0.00.

4. Income Statement of the Parent Company

Unit: RMB Yuan

Items	2026 Semi-Annual	2025 Semi-Annual
I. Operating revenue	2,338,627,557.40	2,288,910,353.91
Less: Operating cost	1,789,112,272.04	1,621,351,248.43
Taxes and surcharges	13,699,998.31	17,236,515.74
Selling expenses	29,087,591.81	21,103,533.89
Administrative expenses	77,289,076.08	89,152,501.14
R&D expenses	124,508,073.92	124,532,788.27
Financial expenses	38,336,635.53	45,720,895.39
Including: Interest expenses	52,205,734.84	65,621,366.30
Interest income	15,399,257.26	19,823,918.91
Add: Other income	7,954,559.07	20,424,472.11
Investment income (“-” for loss)	1,973,669,970.26	1,793,286,828.79
Including: Income from investment in associates and joint ventures	167,993,008.36	17,307,279.63
Gains from derecognition of financial assets measured at amortized cost (“-” for loss)		
Net-exposure hedging income (“-” for loss)		
Incomes from changes in fair value (“-” for loss)	-480,460.93	
Credit impairment losses (“-” for loss)	10,196,246.05	10,852,149.30

Items	2026 Semi-Annual	2025 Semi-Annual
Assets impairment loss (“-” for loss)	-1,463,709.32	-15,460,631.24
Gains from asset disposal ("-" for loss)	-2,533,390.86	-643,654.25
II. Operating Profit (“-” for loss)	2,253,937,123.98	2,178,272,035.76
Add: Non-operating income	175,749.42	202,867.23
Less: Non-operating expenses	1,834,943.97	215,135.17
III. Total profit (“-” for total loss)	2,252,277,929.43	2,178,259,767.82
Less: Income tax expense	35,548,542.03	50,709,150.24
IV. Net Profit (“-” for net loss)	2,216,729,387.40	2,127,550,617.58
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)	2,216,729,387.40	2,127,550,617.58
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	-16,048,000.00	
(I) Other comprehensive income that cannot be reclassified into profit or loss	-16,048,000.00	
1. Amount of changes in the defined benefit plan due to re-measurement		
2. Other comprehensive income that can not be converted into profits and losses under the equity method		
3. Changes in the fair value of investment in other equity instruments	-16,048,000.00	
4. Changes in the fair value of the enterprise's own credit risk		
5. Other		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Change in fair value for other investments on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation		
7. Other		
VI. Total Comprehensive Income	2,200,681,387.40	2,127,550,617.58
VII. Earnings Per Share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: Hu Baifan Chief Accountant in Charge: Shi Guanqun Chief of Accounting Institution: Wang Xiaobi

5. Consolidated cash flow statement

Unit: RMB Yuan

Items	2026 Semi-Annual	2025 Semi-Annual
I. Cash flows generated from operating activities:		
Cash received from the sale of commodities and rendering of labor services	11,935,154,736.56	11,266,097,495.55
Net increase in deposit from customers and interbank		
Net increase in borrowing from central bank		
Net increase in borrowings from other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Cash Arising from Interests, Service Charges and Commissions		
Net Increase in Borrowings from Banks and Other Financial Institutions		
Net increase in repurchase business capital		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	456,665,226.07	460,059,989.38
Cash received relating to other operating activities	106,192,435.92	104,830,537.50
Subtotal of cash inflows from operating activities	12,498,012,398.55	11,830,988,022.43
Cash payments for goods acquired and services received	5,818,976,439.30	5,656,926,781.96
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank		
Cash payments for original insurance contract claims		
Net increase in lending funds from banks and other financial institutions		
Cash payments for interest, fee, and commission		
Cash payments for insurance policyholder dividends		
Cash paid to and on behalf of employees	1,349,611,411.25	1,260,472,740.56
Cash payments for taxes	1,502,033,083.17	1,144,724,413.30

Items	2026 Semi-Annual	2025 Semi-Annual
Other cash payments relating to operating activities	187,247,181.89	526,136,284.30
Subtotal of cash outflows from operating activities	8,857,868,115.61	8,588,260,220.12
Net cash flows from operating activities	3,640,144,282.94	3,242,727,802.31
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		1,708,000.00
Cash receipts from returns on investments	45,236,351.03	26,149,305.22
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		120,800.00
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	2,251,950,000.00	2,150,000,000.00
Subtotal of cash inflows from investing activities	2,297,186,351.03	2,177,978,105.22
Cash Paid for the Purchase and Construction of Fixed Assets, Intangible Assets, and Other Long-term Assets	1,370,546,337.73	634,342,800.27
Cash payments for investment		
Net increase in pledged loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	2,570,000,000.00	2,651,950,000.00
Subtotal of cash outflows from investing activities	3,940,546,337.73	3,286,292,800.27
Net cash flows from investing activities	-1,643,359,986.70	-1,108,314,695.05
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from investment of minority shareholder from subsidiary		
Cash received from borrowings	2,314,460,068.77	1,737,092,525.26
Other cash receipts relating to financing activities	518,979,758.90	
Subtotal of cash inflows from financing activities	2,833,439,827.67	1,737,092,525.26
Cash repayments of amounts borrowed	2,714,144,297.40	1,305,624,740.38
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	2,546,662,425.93	2,276,198,922.57
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid related to financing activities	414,172.14	309,380,225.44
Subtotal of cash outflows from financing activities	5,261,220,895.47	3,891,203,888.39
Net cash flows from financing activities	-2,427,781,067.80	-2,154,111,363.13

Items	2026 Semi-Annual	2025 Semi-Annual
IV. Effect of foreign exchange rate changes on cash and cash equivalents	7,507,053.86	6,990,777.66
V. Net Increase in Cash and Cash Equivalents	-423,489,717.70	-12,707,478.21
Add: Beginning balance of cash and cash equivalents	7,819,707,489.01	5,521,452,666.47
VI. Closing Balance of Cash and Cash Equivalents	7,396,217,771.31	5,508,745,188.26

Legal Representative: Hu Baifan　　Chief Accountant in Charge: Shi Guanqun　　Chief of Accounting Institution: Wang Xiaobi

6. Cash Flow Statement of the Parent Company

Unit: RMB Yuan

Items	2026 Semi-Annual	2025 Semi-Annual
I. Cash flows generated from operating activities:		
Cash received from the sale of commodities and rendering of labor services	2,400,001,550.91	2,612,605,837.48
Tax Refund	105,938,944.72	87,585,823.10
Cash received relating to other operating activities	33,165,784.53	52,796,332.31
Subtotal of cash inflows from operating activities	2,539,106,280.16	2,752,987,992.89
Cash payments for goods acquired and services received	1,600,121,729.63	1,822,628,821.22
Cash paid to and on behalf of employees	260,289,180.60	235,325,982.05
Cash payments for taxes	54,607,219.18	37,783,744.06
Other cash payments relating to operating activities	62,434,507.80	69,964,013.58
Subtotal of cash outflows from operating activities	1,977,452,637.21	2,165,702,560.91
Net cash flows from operating activities	561,653,642.95	587,285,431.98
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		1,708,000.00
Cash receipts from returns on investments	1,826,491,810.94	1,766,219,371.71
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		120,800.00
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	1,186,100,000.00	2,417,850,000.00
Subtotal of cash inflows from investing activities	3,012,591,810.94	4,185,898,171.71
Cash Paid for the Purchase and Construction of Fixed Assets, Intangible Assets, and Other Long-term Assets	47,123,229.09	67,230,055.13
Cash payments for investment	840,000,000.00	288,000,000.00

Items	2026 Semi-Annual	2025 Semi-Annual
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	561,000,000.00	1,794,550,000.00
Subtotal of cash outflows from investing activities	1,448,123,229.09	2,149,780,055.13
Net cash flows from investing activities	1,564,468,581.85	2,036,118,116.58
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	1,200,000,000.00	999,000,000.00
Other cash receipts relating to financing activities	518,979,758.90	
Subtotal of cash inflows from financing activities	1,718,979,758.90	999,000,000.00
Cash repayments of amounts borrowed	1,857,000,000.00	829,000,000.00
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	2,505,659,195.73	2,220,631,198.81
Other cash paid related to financing activities	159,248.33	309,231,676.57
Subtotal of cash outflows from financing activities	4,362,818,444.06	3,358,862,875.38
Net cash flows from financing activities	-2,643,838,685.16	-2,359,862,875.38
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-801,154.25	414,212.64
V. Net Increase in Cash and Cash Equivalents	-518,517,614.61	263,954,885.82
Add: Beginning balance of cash and cash equivalents	1,416,902,595.01	1,700,342,936.46
VI. Closing Balance of Cash and Cash Equivalents	898,384,980.40	1,964,297,822.28

Legal Representative: Hu Baifan Chief Accountant in Charge: Shi Guanqun Chief of Accounting Institution: Wang Xiaobi

7. Consolidated statement of changes in owners' equity

Amount of the current period

Unit: RMB Yuan

Items	2026 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
I. Balance at the end of the period of previous year	3,073,421,680.00				3,135,683,253.49	556,161,195.70	67,743,496.72	162,056,373.58	1,545,453,678.00		25,377,456,895.81		32,805,654,181.90	155,261,225.34	32,960,915,407.24
Add: Changes to accounting policies															
Correction of errors from previous periods															
Others															
II. Opening balance of this year	3,073,421,680.00				3,135,683,253.49	556,161,195.70	67,743,496.72	162,056,373.58	1,545,453,678.00		25,377,456,895.81		32,805,654,181.90	155,261,225.34	32,960,915,407.24
III. Increase or decrease in the current period ("-" for decrease)					35,535,827.93	-485,188,983.03	-15,384,368.68	14,602,143.77			1,554,506,736.15		2,074,449,322.20	-1,400,785.47	2,073,048,536.73
(I) Total comprehensive income							-15,384,368.68				4,010,733,454.55		3,995,349,085.87	-1,400,785.47	3,993,948,300.40
(II) Capital injection and reduction by owners					33,790,775.87	-485,188,983.03							518,979,758.90		518,979,758.90

Items	2026 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
1. Common stock invested by the owner															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payments recorded into the owners' equity															
4. Others					33,790,775.87	-485,188,983.03							518,979,758.90		518,979,758.90
(III) Profit distribution											-2,456,226,718.40		-2,456,226,718.40		-2,456,226,718.40
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)											-2,456,226,718.40		-2,456,226,718.40		-2,456,226,718.40
4. Others															
(iv) Internal transfers of owner's equity															

Items	2026 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
1. Conversion of capital reserves to increased capital (or capital stock)															
2. Conversion of surplus reserves to increased capital (or capital stock)															
3. Recovery of losses by surplus reserves															
4. Amount of changes in the defined benefit plan carried over to the retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(v) Special reserves								14,602,143.77					14,602,143.77		14,602,143.77
1. Withdrawal in current period								69,820,553.97					69,820,553.97		69,820,553.97

Items	2026 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
2． Use in the current period								-55,218,410.20					-55,218,410.20		-55,218,410.20
(VI) Others					1,745,052.06								1,745,052.06		1,745,052.06
IV. Balance at the End of This Period	3,073,421,680.00				3,171,219,081.42	70,972,212.67	52,359,128.04	176,658,517.35	1,545,453,678.00		26,931,963,631.96		34,880,103,504.10	153,860,439.87	35,033,963,943.97

Amount of the previous period

Unit: RMB Yuan

Items	2025 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
I. Balance at the end of the period of previous year	3,073,421,680.00				3,132,519,968.42		91,513,343.50	106,348,864.91	1,545,453,678.00		21,375,740,194.12		29,324,997,728.95	120,552,533.98	29,445,550,262.93
Add: Changes to accounting policies															
Correction of errors from previous periods															
Others															
II. Opening balance of this	3,073,421,680.00				3,132,519,968.42		91,513,343.50	106,348,864.91	1,545,453,678.00		21,375,740,194.12		29,324,997,728.95	120,552,533.98	29,445,550,262.93

Items	2025 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
year															
III. Increase or decrease in the current period ("-" for decrease)					11,681.07	309,134,899.57	-18,585,337.91	35,207,710.56			1,452,562,653.16		1,160,061,807.31	17,627,147.55	1,177,688,954.86
(I) Total comprehensive income							-18,585,337.91				3,603,323,979.16		3,584,738,641.25	33,066,557.55	3,617,805,198.80
(II) Capital injection and reduction by owners						309,134,899.57							-309,134,899.57		-309,134,899.57
1. Common stock invested by the owner															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payments recorded into the owners' equity															
4. Others						309,134,899.57							-309,134,899.57		-309,134,899.57

Items	2025 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
(III) Profit distribution											-2,150,761,326.00		-2,150,761,326.00	-15,439,410.00	-2,166,200,736.00
1． Appropriation of surplus reserve															
2． Appropriation of general risk reserve															
3． Distribution to owners (or shareholders)											-2,150,761,326.00		-2,150,761,326.00	-15,439,410.00	-2,166,200,736.00
4． Others															
(iv) Internal transfers of owner's equity															
1． Conversion of capital reserves to increased capital (or capital stock)															
2． Conversion of surplus reserves to increased capital (or capital stock)															

Items	2025 Semi-Annual														
	Equity attributable to owners of the parent company													Minority shareholders' equity	Total owner's equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred stocks	Perpetual bonds	Others											
3． Recovery of losses by surplus reserves															
4． Amount of changes in the defined benefit plan carried over to the retained earnings															
5． Other comprehensive income carried over to retained earnings															
6． Others															
(v) Special reserves								35,207,710.56					35,207,710.56		35,207,710.56
1． Withdrawal in current period								59,342,545.02					59,342,545.02		59,342,545.02
2． Use in the current period								-24,134,834.46					-24,134,834.46		-24,134,834.46
(VI) Others					11,681.07								11,681.07		11,681.07
IV. Balance at the End of This Period	3,073,421,680.00				3,132,531,649.49	309,134,899.57	72,928,005.59	141,556,575.47	1,545,453,678.00		22,828,302,847.28		30,485,059,536.26	138,179,681.53	30,623,239,217.79

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of the current period

Unit: RMB Yuan

Items	2026 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred stocks	Perpetual bonds	Others								
I. Balance at the end of the period of previous year	3,073,421,680.00				2,871,264,474.99	556,161,195.70	36,492,554.43	29,335,599.82	1,545,453,678.00	6,065,699,210.72		13,065,506,002.26
Add: Changes to accounting policies												
Correction of errors from previous periods												
Others												
II. Opening balance of this year	3,073,421,680.00				2,871,264,474.99	556,161,195.70	36,492,554.43	29,335,599.82	1,545,453,678.00	6,065,699,210.72		13,065,506,002.26
III. Increase or decrease in the current period (“-” for decrease)					34,990,656.37	-485,188,983.03	-16,048,000.00	6,414,604.17		-239,497,331.00		271,048,912.57
(I) Total comprehensive income							-16,048,000.00			2,216,729,387.40		2,200,681,387.40
(II) Capital injection and reduction by owners					33,790,775.87	-485,188,983.03						518,979,758.90

Items	2026 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred stocks	Perpetual bonds	Others								
1. Common stock invested by the owner												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payments recorded into the owners' equity												
4. Others					33,790,775.87	-485,188,983.03						518,979,758.90
(III) Profit distribution										-2,456,226,718.40		-2,456,226,718.40
1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										-2,456,226,718.40		-2,456,226,718.40
3. Others												
(iv) Internal transfers of owner's equity												
1. Conversion of capital reserves to												

Items	2026 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred stocks	Perpetual bonds	Others								
increased capital (or capital stock)												
2. Conversion of surplus reserves to increased capital (or capital stock)												
3. Recovery of losses by surplus reserves												
4. Amount of changes in the defined benefit plan carried over to the retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(v) Special reserves								6,414,604.17				6,414,604.17
1. Withdrawal in current period								7,598,974.74				7,598,974.74

Items	2026 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred stocks	Perpetual bonds	Others								
2． Use in the current period								-1,184,370.57				-1,184,370.57
(VI) Others					1,199,880.50							1,199,880.50
IV. Balance at the End of This Period	3,073,421,680.00				2,906,255,131.36	70,972,212.67	20,444,554.43	35,750,203.99	1,545,453,678.00	5,826,201,879.72		13,336,554,914.83

Amount of the previous period

Unit: RMB Yuan

Items	2025 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred stocks	Perpetual bonds	Others								
I. Balance at the end of the period of previous year	3,073,421,680.00				2,871,231,553.94		506,954.43	19,478,463.14	1,545,453,678.00	6,481,153,549.07		13,991,245,878.58
Add: Changes to accounting policies												
Correction of errors from previous periods												
Others												
II. Opening balance of this year	3,073,421,680.00				2,871,231,553.94		506,954.43	19,478,463.14	1,545,453,678.00	6,481,153,549.07		13,991,245,878.58
III. Increase or decrease in the current period (“-” for					11,681.07	309,134,899.57		5,785,520.09		-23,210,708.42		-326,548,406.83

Items	2025 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred stocks	Perpetual bonds	Others								
decrease)												
(I) Total comprehensive income										2,127,550,617.58		2,127,550,617.58
(II) Capital injection and reduction by owners						309,134,899.57						-309,134,899.57
1． Common stock invested by the owner												
2． Capital contributed by holders of other equity instruments												
3． Amount of share-based payments recorded into the owners' equity												
4． Others						309,134,899.57						-309,134,899.57
(III) Profit distribution										-2,150,761,326.00		-2,150,761,326.00
1． Appropriation of surplus reserve												
2． Distribution to owners (or shareholders)										-2,150,761,326.00		-2,150,761,326.00

Items	2025 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred stocks	Perpetual bonds	Others								
3． Others												
(iv) Internal transfers of owner's equity												
1． Conversion of capital reserves to increased capital (or capital stock)												
2． Conversion of surplus reserves to increased capital (or capital stock)												
3． Recovery of losses by surplus reserves												
4． Amount of changes in the defined benefit plan carried over to the retained earnings												
5． Other comprehensive income carried over to retained earnings												
6． Others												
(v) Special reserves								5,785,520.09				5,785,520.09

Items	2025 Semi-Annual											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owner's equity
		Preferred stocks	Perpetual bonds	Others								
1． Withdrawal in current period								7,156,485.65				7,156,485.65
2． Use in the current period								-1,370,965.56				-1,370,965.56
(VI) Others					11,681.07							11,681.07
IV. Balance at the End of This Period	3,073,421,680.00				2,871,243,235.01	309,134,899.57	506,954.43	25,263,983.23	1,545,453,678.00	6,457,942,840.65		13,664,697,471.75

III. Basic Information about the Company

Zhejiang NHU Co., Ltd. (hereinafter referred to as the Company or this Company) was established with the approval of the former Securities Committee of the People's Government of Zhejiang Province under document Zhe Zheng Wei [1999] No. 9. It was jointly established by Xinchang Synthetic Chemical Plant (renamed NHU Holding Group Co., Ltd. on November 17, 2009) together with nine individuals: Zhang Pingyi, Yuan Yizhong, Shi Cheng, Hu Baiyan, Shi Guanqun, Wang Xuewen, Shi Sanfu, Cui Xinrong, and Wang Xulin. The Company was registered with the Zhejiang Provincial Administration for Industry and Commerce on April 5, 1999, and is headquartered in Shaoxing City, Zhejiang Province. The Company currently holds a business license with unified social credit code 91330000712560575G, registered capital RMB 3,073,421,680.00, and a total of 3,073,421,680 shares (par value of RMB 1 per share). Among them, outstanding shares A subject to sale restrictions: 36,568,752 shares; outstanding shares A not subject to sale restrictions: 3,036,852,928 shares. The Company's shares were listed and began trading on the Shenzhen Stock Exchange on June 25, 2004.

The Company is in the pharmaceutical manufacturing industry. The main operating activities are research and development, production, and sales of nutritional products, aroma chemicals, and new polymer materials.

These financial statements have been approved for external disclosure by the Company at the 21st meeting of the ninth session of the Board of Directors on August 18, 2026.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The financial statements of the Company are prepared on the basis of a going concern.

2. Going concern

There are no events or circumstances that would give rise to major concerns as to the Company's capability to continue as a going concern for 12 months from the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The Company has established specific accounting policies and accounting estimates for transactions or matters such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, and revenue recognition based on the characteristics of its actual production and operations.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the accounting standards for business enterprises, and truly and completely reflect the relevant information of the Company, such as its financial status, operating results, and cash flow.

2. Accounting period

The fiscal year starts from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

Except for the real estate industry, the business cycle of the Company is short, and 12 months is taken as the liquidity division criteria for assets and liabilities. The operating cycle in the real estate industry, from property development to realization through sale, generally exceeds 12 months. The specific cycle is determined based on the circumstances of the development project, and the operating cycle is used as the criterion for classifying the liquidity of assets and liabilities.

4. Recording currency

The Company and its domestic subsidiaries use RMB as their currency for accounting purposes. Overseas subsidiaries such as NHU (Hong Kong) Trading Co., Ltd., NHU EUROPE GMBH, NHU Singapore Pte. Ltd., NHU/Chr.Olesen Latin America A/S, NHU LIFE SCIENCE GmbH, CONG TY TNHH NHU VIETNAM, NHU Japan Co., Ltd., NHU North America LLC, and NHU BESLENME GIDA SANAYi VE TiCARET LiMiTED SIRKETI conduct overseas operations and have chosen the currency of the primary economic environment in which they operate as their currency for accounting purposes.

5. Determination method and selection basis of importance standards

☑ Applicable □ Not applicable

Items	Importance standards
Significant write-offs of accounts receivable	The amount of a single item exceeds 0.5% of the total assets
Important prepayments with an aging of more than one year	The amount of a single item exceeds 0.5% of the total assets
Important construction in progress projects	The amount of a single item exceeds 0.5% of the total assets
Important accounts payable with an aging of more than one year	The amount of a single item exceeds 0.5% of the total assets
Other important accounts payable with an aging of more than one year	The amount of a single item exceeds 0.5% of the total assets
Important contract liabilities aged above 1 year	The amount of a single item exceeds 0.5% of the total assets
Significant changes in the carrying amount of contract liabilities	The amount of a single item exceeds 0.5% of the total assets
Significant cash flows from investing activities	The cash flow amount from a single investing activity exceeds 10% of the total assets

Important overseas businesses	Total assets/total revenue/total profit exceed the corresponding items in the consolidated financial statements by 15%.
Important subsidiary and non-wholly-owned subsidiary	Total assets/total revenue/total profit exceed the corresponding items in the consolidated financial statements by 15%.
Important associates and joint ventures	The carrying amount of a single long-term equity investment exceeds 15% of the Group's net assets / The investment income of a single investment accounted for under the equity method exceeds 15% of the Group's total profit

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) The accounting treatment of business combinations involving enterprises under common control

For a business combination under common control, the acquirer measures the assets and liabilities of the acquiree obtained in the combination at the carrying amounts of the acquiree in the consolidated financial statements of the ultimate controlling party as of the date of the combination. The difference between the carrying amount of the consideration transferred in a business combination and the carrying amount of the net assets acquired in the combination is adjusted to capital reserve; if the capital reserve is insufficient to offset it, retained earnings are adjusted.

Business combination under common control achieved in stages through multiple transactions

The assets and liabilities of the acquiree obtained in the consolidation are measured at their carrying amounts in the ultimate controlling party's consolidated financial statements on the acquisition date; the difference between the sum of the carrying amount of the investment held before the consolidation and the carrying amount of the consideration newly paid on the acquisition date and the carrying amount of the net assets acquired in the consolidation adjusts capital reserve; if the capital reserve is insufficient to offset the difference, retained earnings are adjusted. The long-term equity investment held by the merging party prior to the acquisition of the control right of the merged party, and the relevant profits and losses, other comprehensive income and other changes in owners' equity have been confirmed from the later date on which the original equity is acquired and the merging party and the merged party are under common control to the date of merger are offset against the beginning retained earnings or current profits and losses of the comparative statement period respectively.

(2) The accounting treatment of business combinations not involving enterprises under common control

Business combination involving entities not under common control: The cost of combination is the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued to acquire the control of the acquiree on the date of acquisition. On the acquisition date, the assets, liabilities, and contingent liabilities acquired from the acquiree are recognized at fair value.

Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be recognized as goodwill, subsequently measured at cost less accumulated impairment losses.; where the cost of combination is less than the fair value of the identifiable net assets acquired from the merging party in business combination, such difference shall be charged to the profit or loss for the period after review.

Business combination under non-common control achieved through multiple transactions in stages

The cost of a business combination is the sum of the consideration transferred on the purchase date and the fair value on the purchase date of the equity interests in the acquiree that were already held before the purchase date. For equity interests in the acquiree that were held before the acquisition date, remeasure those equity interests at their fair value at the acquisition date; the difference between fair value and their carrying amount is recognized in investment income for the current period. If the acquiree's pre-acquisition equity holdings relate to other comprehensive income or other changes in owners' equity that are reclassified to income on the acquisition date, those amounts are reclassified to income for the current period, except for other comprehensive income arising from remeasurement of the investee's defined benefit plan net liability or net asset and except for other comprehensive income related to non-trading equity instrument investments that were originally designated at fair value with changes recognized in other comprehensive income.

(3) Treatment of transaction costs in business combinations

Acquisition-related costs including auditing fees, legal services fees, valuation advice fees and other relevant management fees are generally recognized in profit or loss as incurred. The transaction costs of equity securities or debt securities issued as the consideration of combination are included in the initial recognition amount of equity securities or debt securities.

7. Criteria for Judging Control and Method for Preparing the Consolidated Financial Statement

(1) Assessment of control

The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control means that the investor has the power with respect to the Company to obtain variable returns by engaging in relevant activities of the invested entity, and has the ability to influence the amount of its returns by applying its power with respect to the invested entity. Once any changes in relevant facts and circumstances cause the changes in relevant elements concerned in the definition of control, a reassessment shall be made by the Company.

When determining whether to include a structured entity within the scope of consolidation, the Company assesses whether it controls that structured entity based on all facts and circumstances, including evaluating the structured entity’s purpose and design, identifying the types of variable returns, and whether it is exposed to some or all of the variability of those returns through its involvement in the relevant activities.

(2) Preparation method of consolidated financial statements

The Company prepares its consolidated financial statements based on the financial statements of the Company and its subsidiaries, as well as other relevant information prepared by the Company. When preparing the consolidated financial statements, the

Company and its subsidiaries are required to maintain consistent accounting policies and accounting periods, and significant intercompany transactions and balances are eliminated.

During the reporting period, subsidiaries and businesses added as a result of business combinations under common control are treated as having been included in the Company's consolidated scope from the date they came under the common control of the ultimate controlling party; their operating results and cash flows from that date are included, respectively, in the consolidated income statement and the consolidated cash flow statement.

During the reporting period, subsidiaries and businesses added through business combinations not under common control have their revenue, expenses, and profit from the acquisition date to the end of the reporting period included in the consolidated income statement, and their cash flows included in the consolidated cash flow statement.

The portion of a subsidiary's shareholders' equity that is not owned by the Company is presented separately as non-controlling interests under shareholders' equity on the consolidated balance sheet; the portion of the subsidiary's net profit or loss for the period attributable to minority shareholders is presented under the net profit item on the consolidated income statement as the "profit or loss of minority shareholders" item. Where losses of a subsidiary attributable to the minority shareholders exceed the minority shareholders' interest entitled in the owners' equity of the subsidiary at the beginning of the period, the remaining balance is allocated against the minority shareholders' interest.

(3) Purchase of minority equity of subsidiaries

If there is a difference between the cost of the newly acquired long-term equity investment as a result of the purchase of minority shares and the share of the subsidiary's net assets continuously calculated from the purchase date or the merger date based on the increased shareholding ratio, and without losing control, if there is a difference between the disposal price of partial disposal of the equity investment in the subsidiary and the corresponding share of the subsidiary's net assets continuously calculated from the acquisition date or the merger date of the long-term equity investment disposal, the capital reserves in the consolidated balance sheet shall be adjusted. Where the capital reserve is insufficient to offset, retained earnings are adjusted.

(4) Treatment of loss of control of a subsidiary

If control over a former subsidiary is lost due to disposal of part of an equity investment or for other reasons, the remaining equity interest shall be remeasured at its fair value on the date control is lost; the difference between the sum of the consideration received for the disposed equity and the fair value of the remaining equity, and the sum of the portion of the former subsidiary's net assets' carrying amount attributable based on the original shareholding proportion and measured from the acquisition date, together with goodwill, shall be recognized as investment income in the period in which control is lost.

Other comprehensive income related to equity investments in the former subsidiary shall, upon loss of control, be accounted for on the same basis as the direct disposal of the assets or liabilities related to the former subsidiary. Other changes in owners' equity related to the former subsidiary that arise under the equity method shall be transferred to profit or loss for the current period upon loss of control.

8. Classification of joint arrangement and accounting treatment methods for joint operation

A joint arrangement is an arrangement that is jointly controlled by two or more parties. Joint venture arrangements of the Company are classified into joint operations and joint ventures.

(1) Joint operation

Joint operation means the joint venture arrangement in which the Company has the assets and assumes the liabilities related to such arrangement.

The Company recognizes the following items related to its interest in the joint operation and carries out accounting treatment in accordance with relevant accounting standards for business enterprises:

① The assets separately held by the Company and assets jointly held as recognized by its share;

② The liabilities separately assumed by the Company and liabilities jointly assumed as recognized by its share;

③ Income from selling the share of the Company in the output of the joint operation;

④ Income from joint operation of the sold output as recognized by its share;

⑤ The expenses separately incurred and expenses jointly incurred as recognized by its share;

(2) Joint venture

A joint venture is a joint arrangement where the Company has rights only to the net assets of the arrangement.

The Company accounts for its investment in associates in accordance with the equity method of accounting for long-term investments.

9. Criteria for determining cash and cash equivalents

Cash shown in the cash flow statement refers to the cash on hand and the deposits that can be used for payment at any time. Cash equivalents mean the investments held by the Company that are short-term, highly liquid, easy to convert into known amounts of cash, and have little risk of value change.

10. Conversion of transactions and financial statements denominated in foreign currencies

(1) Foreign currency transactions

The Company translates foreign-currency transactions into the currency in which the accounts are kept using exchange rates determined by the system through a reasonable method that approximate the spot exchange rates on the transaction date.

The monetary items of foreign currency on the balance sheet date shall be converted by adoption of the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and that at the time of initial recognition or the previous balance sheet date shall be included into the current profits and losses; The non-monetary items of foreign currency measured at historical cost shall still be converted at the approximate spot exchange rate on the transaction date; The non-monetary items of foreign currency measured at fair value shall be converted at the spot exchange rate of the fair value on the recognition date. The difference between the converted and original amount of recording currency shall be included into the current profits and losses, or other comprehensive income for the current period, depending on the nature of the non-monetary item.

(2) Translation of foreign currency financial statements

On the balance sheet date, when the foreign currency financial statement of overseas subsidiaries is converted, the items of assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date, while the item of shareholders' equity, excluding the item of "undistributed profit", shall be converted at the spot exchange rate on the date of occurrence.

Items of income and expenses in the income statement are converted at a rate similar to the spot rate on the date of occurrence of the transaction determined in a systematic and reasonable manner.

All items in the statement of cash flows are converted using exchange rates determined by a systematic and reasonable method that approximate the spot exchange rates on the dates the cash flows occur. The influence of changes in exchange rate on cash shall be taken as adjustment items, and it shall be separately presented and reflected in the item of "influence of changes in exchange rate on cash and cash equivalents" in the cash flow statement.

The difference arising from financial statement conversion shall be reflected in the item of "other comprehensive income" under the item of "shareholders' equity" in the balance sheet.

When the Group disposes of, and loses control over, an overseas operation, exchange differences from translation which are presented in "equity" of the balance sheet and related to the overseas operation are, all or based on the disposal proportion, transferred to the profit or loss of the period of disposal.

11. Financial instruments

Financial instruments mean the contracts that form the financial assets of one Party and the financial liabilities or equity instruments of the other Party.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability shall be recognized when the Company becomes a party to a financial instrument contract.

In case of meeting one of the following conditions, the financial assets shall be derecognized: ① The contractual right of collecting the cash flow of such financial assets is terminated; ② The financial assets have been transferred and comply with the following derecognition conditions for the transfer of financial assets.

If all or partial current obligations of financial liabilities have been cancelled, such financial liabilities or part of such financial liabilities shall be derecognized. If the Company (debtor) signs an agreement with the creditor, so as to replace the existing financial liabilities in the way of undertaking the new financial liabilities, and the contract clauses regarding the new financial liabilities are substantially different from those regarding the existing financial liabilities, the existing financial liabilities shall be derecognized, and meanwhile, the new financial liabilities shall be recognized.

If the financial assets are transacted in a conventional manner, accounting recognition and derecognition shall be conducted on the transaction date.

(2) Classification and measurement of financial assets

Pursuant to the business model of managing financial assets and the contractual cash flow characteristics of financial assets upon initial recognition, the financial assets are classified into three categories as below: Financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, and financial assets measured at fair value with changes included in the current profits and losses.

When financial assets are initially recognized, they shall be measured at their fair values. For the financial assets measured at fair value through profit and loss, the related transaction costs shall be included directly in the current profits and losses. For the financial assets or financial liabilities of other categories, the related transaction costs shall be included in the initially recognized amount. For receivables arising from the sale of products or the provision of labor services, which do not include or consider major financing components, the amount of consideration that the Company is expected to be entitled to be taken as the initial confirmation amount.

1) Financial assets measured at amortized cost

The financial assets which satisfy the following conditions, and are not designated as financial assets at fair value through profit or loss will be classified by the Company as financial assets at amortized cost:

① The Company's business model for managing the financial asset is aimed at collecting the contractual cash flows;

② The contractual terms of the financial assets specify that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

After initial recognition, the amortized cost is applied for measurement with the effective interest rate method with respect to these financial assets. The profits and losses, arising from a financial asset which is measured at the amortized cost and is not a part of any hedging relationship shall be included in the current profits and losses when it is terminated from recognition, or is amortized according to the actual interest rate method, or is recognized as impaired.

2) Financial assets measured at fair value with changes recorded in other comprehensive income

The financial assets which satisfy the following conditions, and are not designated as financial assets at fair value through profit or loss will be classified by the Company as the financial assets at fair value through other comprehensive income:

① The Company manages the financial asset under a business model that has both the objective of collecting contractual cash flows and the objective of selling the financial asset;

② The contractual terms of the financial assets specify that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

After initial recognition, the financial assets are subsequently measured at fair value. The interest, impairment loss or gain, and exchange gain or loss calculated by the effective interest rate method are included in current profits and losses, while other gains or losses are included in other comprehensive income. Upon the termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profits and losses.

3) Financial assets measured at fair value through profit and loss

Except for the financial assets at amortized cost, and financial assets at fair value through other comprehensive income, all the remaining financial assets are classified as the financial assets at fair value through profit or loss. At initial recognition, to eliminate or significantly reduce the accounting mismatch, the Company may irrevocably designate part of the financial assets measured at amortized cost, or the financial assets measured at fair value with changes included in other comprehensive income, as those measured at fair value with changes included in the current profits and losses.

After initial recognition, the financial assets are subsequently measured at fair value. The gains or losses generated (including interest and dividend income) shall be included in the current profits and losses, unless such financial assets are part of the hedging relationship.

The business model for managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the cash flows of the financial assets managed by the Company are derived from collecting contractual cash flows, from selling financial assets, or from both. The Company determines the business model for managing financial assets based on objective facts and on the specific business objectives for managing financial assets determined by key management personnel.

The Company assesses the contractual cash flow characteristics of financial assets to determine whether, on a specified date, the contractual cash flows of the relevant financial assets are solely payments of principal and interest on the outstanding principal amount. Among them, principal refers to the fair value of the financial asset at initial recognition; interest includes consideration for the time value of money, the credit risk associated with the amount of principal outstanding over a specific period, and other basic lending risks, costs, and profits. In addition, the Company assesses contractual terms that could result in changes to the timing or amount of the contractual cash flows of a financial asset to determine whether they meet the requirements of the contractual cash flow characteristics described above.

Reclassification shall occur only when the Company changes the business model for managing financial assets. In such cases, all affected financial assets shall be reclassified on the first day of the first reporting period after the change in business model; otherwise, financial assets shall not be reclassified after initial recognition.

(3) Classification and measurement of financial liabilities

The financial liabilities of the Company, when initially recognized, are classified as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. For the financial liabilities unclassified to be those measured at fair value and changes of which are included into the current profits and losses, the relevant transaction expenses shall be included into the initial recognition amount.

1) Financial liabilities measured at fair value through profit or loss

The financial liabilities measured at fair value with changes recorded in the current profits and losses when initially recognized shall include transaction financial liabilities and financial liabilities designated as those measured at fair value through profit or loss. For such financial liabilities subsequently measured at fair value, gains or losses generated from changes in fair value, and the dividends and interest expenses related to the financial liabilities are included in the current profits and losses.

2) Financial liabilities measured at amortized cost

For other financial liabilities, the subsequent measurement shall be conducted by adoption of the effective interest rate method at the amortized cost, and the gains or losses arising from derecognition or amortization shall be included into the current profits and losses.

3) Distinction between financial liabilities and equity instruments

Financial liabilities are liabilities that meet one or more of the following conditions:

① a contractual obligation to deliver cash or another financial asset to another.

② a contractual obligation to exchange financial assets or financial liabilities with another under conditions that are potentially unfavorable to the Company.

③ a contract that will or may be settled in the Company's own equity instruments, and a non-derivative instrument for which the enterprise will be obliged to deliver a variable number of its own equity instruments.

④ a contract that is a derivative instrument that will or may be settled in the enterprise's own equity instruments, other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the enterprise's own equity instruments.

Equity instruments refer to the contract which can prove that certain enterprise holds the residual equity of the assets after the deduction of all liabilities.

If the Company fails to avoid performing a contractual obligation with cash payment or other financial assets unconditionally, then the contractual obligation complies with the definition of financial liabilities.

Where a financial instrument will or may be settled in the Company's own equity instrument, considerations shall be given to whether the enterprise's own equity instrument as used to settle the financial instrument is a substitute of cash or another financial asset or for the purpose of entitling the holders of the financial instrument to the residual interests in the issuer's assets less all of its liabilities. If the former, this instrument is the financial liabilities of the Company; If the latter, this instrument is the equity instrument of the Company.

(4) Derivative financial instruments and embedded derivative instruments

The derivative financial instruments of the Company shall include forward foreign exchange contracts and foreign exchange option contracts, etc. It shall be initially measured at fair value on the date when the derivative transaction contract is signed and subsequently measured at its fair value. The derivative financial instrument with positive fair value shall be recognized as an asset, and that with negative fair value shall be recognized as a liability. The gains or losses which do not comply with the hedge accounting provisions arising from changes in fair value shall be directly included into the current profits and losses.

For hybrid instruments that contain embedded derivatives, where the host contract is a financial asset, the hybrid instrument as a whole shall be subject to the relevant provisions on the classification of financial assets. If the host contract is not a financial asset, and the hybrid instrument is not measured at fair value with changes recognized in profit or loss, and the embedded derivative is not closely related to the economic characteristics and risks of the host contract, and a standalone instrument with the same terms as the embedded derivative meets the definition of a derivative, the embedded derivative is separated from the hybrid instrument and accounted for as a standalone derivative financial instrument. If it is impossible to conduct separate measurement to the embedded derivative instrument when it is obtained or on the subsequent balance sheet date, the hybrid instrument shall be designated entirely as the financial assets or financial liabilities measured at fair value and changes of which are included into the current profits and losses.

(5) Fair value of financial instruments

The methods for determining the fair value of financial assets and financial liabilities are set out in Note 12 of Section V of the financial report.

(6) Impairment of financial assets

The Company measures impairment and recognizes loss allowances for the following items on the basis of expected credit losses:

① Financial assets measured at amortized cost;

② Receivables and investments in debt instruments measured at fair value with changes recorded in through other comprehensive income;

③ Contracted assets as defined in the Accounting Standards for Business Enterprises No. 14 - Revenue;

④ Lease receivables;

⑤ Financial guarantee contracts (except for those measured at fair value with changes recognized in profit or loss, or those arising from transfers of financial assets that do not meet the conditions for derecognition or from continuing involvement in transferred financial assets).

Measurement of expected credit loss

The “expected credit loss” refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. The “credit loss” means the difference between all contractual cash flows receivable by the Company under a contract and discounted at the original actual interest rate, and all cash flows expected to be received, i.e., the present value of all cash shortages. Taking into the reasonable and well-grounded information including past matters, current situation and prediction of future economic conditions, the Company calculates the possibly weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking the risk of default as the weight, and recognizes the expected credit loss.

The Company measures the expected credit losses for financial instruments at different stages separately. If the credit risk has not increased significantly since the initial recognition of the financial instruments and has been in the first stage, its loss provision is measured by the Company according to the amount equivalent to the expected credit loss in the next 12 months. In the second stage, if there is a significant increase in credit risk since initial recognition of the financial instruments but there is no credit impairment, its loss provision is measured by the Company according to the amount equivalent to the expected credit loss of the instruments throughout the duration. In the third stage, if there have been credit-impaired financial assets since initial recognition of the financial instruments, its loss provision is measured by the Company according to the amount equivalent to the expected credit loss of the instruments throughout the duration.

For financial instruments with relatively low credit risks on the balance sheet date, the Company assumes that their credit risks have not increased significantly since the initial recognition, and measures the provision for loss based on the expected credit loss within the next 12 months.

Lifetime expected credit losses refer to the expected credit losses resulting from all possible default events that may occur over the entire expected life of a financial instrument. Expected credit losses over the next 12 months refer to anticipated credit losses resulting from potential default events on financial instruments that may occur within 12 months after the balance sheet date (or the expected life of the financial instruments if it is less than 12 months). These losses form part of the expected credit losses over the entire duration.

When measuring expected credit losses, the Company shall consider the longest contractual period over which it is exposed to credit risk (including consideration of renewal options).

For financial instruments in the first stage and the second stage, as well as those with lower credit risk, the Company calculates interest income based on the gross carrying amount before impairment provisions and the effective interest rate. For financial instruments in the third stage, interest income is calculated based on the amortized cost after impairment provisions have been deducted and the effective interest rate.

For notes receivable, accounts receivable, receivables financing, other receivables, contract assets, and other receivable items, if a customer's credit risk characteristics are significantly different from those of other customers in the portfolio, or if that customer's credit risk characteristics change significantly, the Company individually recognizes an allowance for doubtful accounts for that receivable. Except for receivables for which allowance for doubtful accounts is recognized individually, the Company classifies receivables into portfolios based on credit risk characteristics and calculates the allowance for doubtful accounts on a portfolio basis.

Notes receivable, accounts receivable, and contract assets

For notes receivable, accounts receivable, and contracted assets, regardless of whether there exist significant financing components, the Company always measures the loss reserve according to the amount equivalent to the expected credit loss in the entire duration. When it is impossible to assess the expected credit losses of a single financial asset or contracted asset based on reasonable costs, the Company will, according to the feature of credit risks, classify notes receivable, accounts receivable, and contracted assets into different portfolios, measure the expected credit loss on a portfolio basis, and determine the basis of the portfolios as below:

①Notes receivable

Notes receivable portfolio 1 - bank acceptance bills

Notes receivable portfolio 2 - commercial acceptance bills

②Accounts receivable

Accounts receivable portfolio 1: Aging composition

For notes receivable classified as portfolio, the expected credit loss shall be calculated in light of the current conditions and forecasts of future economic condition, by referring to historical credit loss experience and through default risk exposure and expected credit loss rate throughout the life.

For account receivable portfolio, the expected credit loss shall be calculated in light of the current conditions and forecasts of future economic condition, by referring to historical credit loss experience and preparing the comparison table between aging of the accounts receivable and expected credit loss rate throughout the life. The aging of accounts receivable is calculated from the date of recognition.

Other receivables

The Company will, according to the feature of credit risks, classify accounts receivable into portfolios, measure the expected credit loss on portfolio basis and determine the portfolios as follows:

① Other receivables portfolio 1: Tax refund receivables

② Other receivables portfolio 2: Land deposit receivables portfolio

③ Other receivables portfolio 3: Guarantee deposits receivable from customs and tax authorities

④ Other receivables portfolio 4: Special capital injection funds group

⑤ Other receivables portfolio 5: Other receivables

For other receivables classified as portfolio, the expected credit loss shall be calculated by the Company using the default risk exposure and the expected credit loss rate in the next 12 months or throughout the life. For other receivables grouped by aging, the aging is calculated from the date of recognition.

Debt investments, and other debt investments

For debt investments and other debt investments, the Company calculates expected credit losses based on the nature of the investments and the various types of counterparties and risk exposures, by applying the default risk exposure and the expected credit loss rates within the next 12 months or over the entire remaining life.

(7) Transfer of financial assets

Transfer of financial assets refers to that the financial assets are transferred or delivered to the other party (transferee) other than the issuer of such financial assets.

If the Company has transferred nearly all of the risks and remunerations related to the ownership of financial assets to the transferee, such financial assets shall be derecognized; if nearly all the risks and remunerations related to the ownership of financial assets are retained, such financial assets shall not be derecognized.

If the Company does not transfer or retain nearly all of the risks and remunerations related to the ownership of financial assets, it shall deal with it according to the following situations respectively: If the Company gives up the control over such financial assets, such financial assets shall be derecognized, and the assets and liabilities generated shall be recognized; If the Company does not give up the control over such financial assets, the relevant financial assets shall be recognized according to the degree of its continuous involvement in the financial assets transferred, and the relevant liabilities shall be recognized accordingly.

(8) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, which is enforceable for the time being, and the Company plans to settle on a netting basis or capitalize financial assets and serve financial liabilities, any amount from netting of financial assets and financial liabilities is presented in the balance sheet. Apart from this, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not offset each other.

12. Measurement at fair value

Fair value refers to the price that market participants can receive by selling an asset or need to pay by transferring a liability in the orderly transactions on the measurement date.

The Company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; If there is no principal market, the Company assumes that the transaction will be conducted in the most favorable market of related assets or liabilities. The main market (or the most favorable market) is the trading market that the Company can enter on the measurement day. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the assets or liabilities.

The fair value of financial assets or financial liabilities in an active market (if any) is determined by the Company at the price quoted in the active market. If there is no financial instrument in an active market, its fair value is determined by the Company via valuation technique.

When measuring non-financial assets at fair value, the ability of market participants to apply the assets for the best purpose to generate economic benefits or the ability to sell the assets to other market participants for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology which is applicable in the current situation and supported by sufficient available data and other information, and gives priority to the relevant observable input values. The unobservable input values are used only when the relevant observable input values are unavailable or impracticable.

For assets and liabilities measured or disclosed at fair value in financial statements, the fair value level is determined according to the lowest level input value which is of great significance to fair value measurement as a whole: The first-level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in an active market; The second-level input value is directly or indirectly observable input value of related assets or liabilities except the first-level input value; The third-level input value is the unobservable input value of related assets or liabilities.

On each balance sheet date, the Company reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether there is a conversion between the fair value measurement levels.

13. Inventories

(1) Classification of inventory

The Company's inventories are classified as raw material, work in progress, finished goods, goods dispatched, materials entrusted for processing, low-value consumables, packaging materials, development costs, etc.

(2) Determination of cost

The Company's inventories are valued at actual cost on acquisition. The raw material and merchandise inventory are priced according to the weighted average method when it is delivered.

(3) Basis for determination and method of calculation for inventory falling price reserves

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). If the net realizable value is lower than its cost, the provision for inventory depreciation shall be made. The net realizable value is the amount obtained by deducting the estimated incurred cost till completion, estimated selling expenses and the relevant taxes and dues from the estimated selling price of inventory. In determining net realizable value of an inventory, based on obtained proof, the Group considers the purpose of the inventory and the impact of any matters occurring after the balance sheet date. The Company usually provides for inventory write-down on an individual inventory item basis. At the balance sheet date, if the factors that previously caused a write-down of inventory value have ceased to exist, the provision for inventory write-down shall be reversed to the extent of the amount previously recognized.

(4) Inventory system of inventory

The inventory system of the Company adopts a perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The Company expenses low-value consumables using the one-time write-off method upon issuance. Packaging materials for turnover are amortized using the one-time write-off method.

14. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, associates, and joint ventures. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

(1) Determination of initial investment cost

For the long-term equity investment formed by business merger: For the long-term equity investment obtained through the business combination under the common control, the share of book value in the consolidated financial statement of the owner's equity which the final control party has obtained from the merged party on the merger date shall be taken as the investment cost; For the long-term equity investment obtained through the business combination under the non-common control, the merger cost shall be taken as the investment cost of long-term equity investment.

For the long-term equity investment obtained by other means: For the long-term equity investment obtained through cash payment, the purchase price actually paid shall be taken as the initial investment cost; For the long-term equity investment obtained through issuance of equity securities, the fair value of the equity securities issued shall be taken as the initial investment cost.

(2) Method of subsequent measurement and recognition of profit and loss

The Company’s investment in subsidiaries shall be subject to accounting by using the cost method unless the investment meets the criteria for held for sale, and the investment in associates and joint ventures shall be subject to accounting by using the equity method.

For long-term equity investments measured according to the cost method, except for actual price paid when the investment is obtained or the cash dividends or profits that are included in the consideration that has been declared but not yet paid, the cash dividend or profit declared by the invested entity will be recognized as the investment income, and included into the current profits and losses.

When the equity method is adopted for calculation of the long-term equity investment, if the initial investment cost of long-term equity investment is more than the share of fair value of the identifiable net assets of the invested unit that shall be enjoyed at the time of investment, the investment cost of long-term equity investment shall not be adjusted; If the initial investment cost is less than the share of fair value of the identifiable net assets of the invested unit that shall be enjoyed at the time of investment, the book value of long-term equity investment shall be adjusted, and the difference shall be included into the current profits and losses.

When the equity method is adopted, according to the share of the net profit and loss and other comprehensive income realized by the invested entity, the investment income and other comprehensive income shall be recognized respectively, and adjusts the book value of the long-term equity investment; The book value of the long-term equity investment is reduced correspondingly in accordance with the portion of the profits or cash dividends declared and distributed by the invested entity; For changes in owner’s equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investment is adjusted and included in capital reserves (other capital reserves). When confirming the share of net profit and loss of the invested entity, based on the fair value of various identifiable assets of the invested entity when the investment is made, the net profit of the invested entity is recognized after adjustment in accordance with the accounting policies and accounting periods of the Company.

In the case of being able to exert a significant influence on the invested unit or implement joint control (but not constitute control) due to investment increase and other reasons, the sum of the fair value of the equity originally held and the new investment cost on the date of conversion shall be taken as the initial investment cost calculated according to the equity method. For equity investments that were originally classified as non-trading equity instruments measured at fair value with changes recognized in other comprehensive income, the cumulative fair value changes previously recognized in other comprehensive income relating to them are transferred to retained earnings when they are subsequently accounted for under the equity method.

If, due to the disposal of part of an equity investment or for other reasons, joint control of or significant influence over an investee is lost, the remaining equity interest after the disposal shall be accounted for, from the date on which joint control or significant influence is lost, in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the difference between its fair value and carrying amount shall be recognized in profit or loss for the current period. Other comprehensive income recognized by the original equity investment due to the adoption of the equity method is calculated on the same basis as the invested entity's direct disposal of related assets or liabilities when the equity method is terminated. Other changes in equity related to original equity investments are transferred to current profit or loss.

If the Company loses control over an investee due to the disposal of part of its equity investment and the remaining equity can be used upon disposal to exercise joint control or significant influence over the investee, the equity method shall be used for accounting instead and the remaining equity shall be deemed to be accounted and adjusted by using the equity method when it is acquired. If the remaining equity upon disposal cannot be used to exercise joint control or significant influence over the investee, the accounting treatment shall be carried out in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the book value when the control is deprived of shall be included in the current profits and losses.

If, due to additional capital injections by other investors, the Company’s shareholding percentage decreases and the Company thereby loses control but can still exercise joint control over or exert significant influence on the investee, the Company shall, based on the new shareholding percentage, recognize the portion of the investee’s net asset increase resulting from the capital increase that the Company is entitled to, and shall include in current profit or loss the difference between that amount and the original carrying amount of the long-term equity investment corresponding to the portion of the shareholding percentage to be transferred; thereafter, the Company shall, under the new shareholding percentage, make adjustments by treating the investment as having been accounted for using the equity method from the date of acquisition.

For the unrealized profits and losses from the internal transaction incurred between the Company and the associates or joint ventures, the part that belongs to the Company shall be calculated according to the shareholding proportion, and the investment profits and losses shall be recognized on the basis of offset. However, if the unrealized loss from the internal transaction between the Company and the invested unit belongs to the impairment loss of the assets transferred, the offset shall not be conducted.

(3) Criteria for judging joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when requiring the unanimous consent of the parties sharing control before making decisions about the relevant activities of the arrangement. When determining whether joint control exists, first determine whether the arrangement is collectively controlled by all the parties or by a combination of the parties, and then determine whether decisions about the arrangement's relevant activities require the unanimous consent of those parties that collectively control the arrangement. If all parties, or a group of parties, must act in concert to determine the relevant activities of an arrangement, those parties are considered to collectively control the arrangement; if there exists a combination of two or more parties that can collectively control an arrangement, joint control does not exist. When assessing whether there is joint control, protective rights are not taken into account.

Significant influence refers to the investor's right to participate in an invested entity's financial and business decision-making, but not to control or jointly control the formulation of these policies with other parties. In determining whether the investor can exert significant influence over the investee, the investor considers the voting rights held directly or indirectly in the investee, as well as the impact of exercisable potential voting rights held by the investor and other parties, assuming their conversion into equity interests in the investee. This includes the effects of warrants, share options, and convertible corporate bonds issued by the investee.

When the Company directly or indirectly via subsidiaries owns more than 20% (20% inclusive) but less than 50% of the voting shares of the invested unit, it will be generally regarded as having a significant influence on the invested unit, except there is a clear evidence proving that the Company cannot participate in the production and business decision-making thereby not having a significant influence on the invested unit under this situation; Generally, when the Company owns less than 20% (exclusive) of the voting shares of the invested unit, it will be regarded as having no significant influence on the invested unit, except there is a clear evidence proving that the Company can participate in production and business decision-making thereby having a significant influence on the invested unit under this situation.

(4) Impairment test method and impairment provision accrual method

For investments in subsidiaries, associates and joint ventures, the method of providing for asset impairment is set out in Note 20 of Section V of the financial report.

15. Fixed assets

(1) Recognition criteria

Fixed assets of the Company mean the tangible assets held for the production of goods, provision of labor services, leasing or management, and with a useful life exceeding one fiscal year.

Only when the economic benefits related to such fixed assets are likely to flow into the enterprise, and the cost of such fixed assets can be reliably measured, the fixed assets can be recognized.

The fixed assets of the Company shall be initially measured at the actual cost at the time of obtaining.

Subsequent expenditures related to fixed assets shall be included in the cost of the fixed assets when it is probable that the related economic benefits will flow to the Company and their costs can be measured reliably; routine repair expenses of fixed assets that do not meet the capitalization criteria for subsequent expenditures shall, when incurred, be charged to current profit or loss or to the cost of the related asset based on the beneficiary. For the replaced parts, derecognize their carrying amount.

(2) Depreciation method

Categories	Depreciation method	Depreciable life (years)	Ratio of remaining value (%)	Yearly depreciation (%)
Houses and buildings	Straight-line method	7 -70	5	13.57-1.36
General equipment	Straight-line method	5 -10	5	19.00-9.50
Dedicated equipment	Straight-line method	5 -15	5	19.00-6.33
Means of transport	Straight-line method	5 -7	5	19.00-13.57

16. Projects under construction

The cost of construction in progress of the Company is determined at the actual construction expense, including various necessary construction expenditures incurred during the period of construction, capitalizable borrowing costs and other related expenses before the project reaches the predetermined conditions for use.

Construction in progress shall be transferred to fixed assets when it has reached the working condition for its intended use.

The method for making impairment provisions for construction in progress is set out in Note 20 of Section V of the financial report.

17. Borrowing costs

(1) Criteria for recognition of capitalized borrowing costs

If the borrowing costs incurred by the Company can be directly attributed to the acquisition or production of assets that meet the capitalization requirements, they are capitalized and included in the relevant asset costs; Other borrowing costs, when incurred, are recognized as expenses according to the amount incurred, and included in the current profits and losses. Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

① expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalization) have been incurred;

② borrowing costs have been incurred;

③ acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

(2) Capitalization period of borrowing costs

When the assets eligible for capitalization for acquisition and construction or production of the Company reach the estimated serviceable or marketable condition, the capitalization of borrowing costs shall be stopped. The borrowing costs incurred after the assets eligible for capitalization reach the estimated serviceable or marketable condition shall be recognized as expense according to the incurred amount at the time of occurrence and included into the current profits and losses.

If the assets eligible for capitalization are interrupted abnormally in the acquisition and construction or production process, and the interruption time lasts for more than 3 months continuously, the capitalization of borrowing costs shall be suspended; The capitalization of borrowing costs during the normal interruption period shall be continued.

(3) Calculation of capitalization rate and amount of borrowing costs

The amount to be capitalized is the actual interest expense incurred on the designated borrowings less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. The amount to be capitalized on the general borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of the designated borrowings. Capitalization rate is calculated and determined based on the weighted average interest rate of general loans.

During the period of capitalization, exchange differences arising from special borrowings in a foreign currency shall be fully capitalized, and exchange differences arising from general borrowings in a foreign currency shall be recognized in profits and losses.

18. Intangible assets

(1) Measurement method, useful lives and impairment test

The intangible assets of the Company shall include land use right, software, patent right, non-patented technologies, etc.

The intangible assets shall be initially measured at cost and its service life shall be analyzed and judged at the time of obtaining the intangible assets. If the useful life is limited, from the date when the intangible assets are available, the amortization method which can reflect the expected realization method of the economic benefits related to such assets shall be adopted for amortization within the expected useful life; If the expected realization method is unable to be reliably recognized, the intangible assets shall be amortized according to the straight-line method; The intangible assets with uncertain service life shall not be amortized.

The amortization method of intangible assets with limited service life is as follows:

Category	Useful life	Basis for determining useful life	Amortization method	Notes
Land use right	50 years and 70 years	According to the period stated in the certificate.	Method of line	
Software	10 years	According to the estimated useful life	Method of line	
Patent right	10 years	According to the	Method of line	

Category	Useful life	Basis for determining useful life	Amortization method	Notes
		estimated useful life		
Non-patented technologies	15 years	According to the estimated useful life	Method of line	

The Company shall review the useful life and amortization method of intangible assets with the limited useful life at the end of each year. If the result is different from the previous estimate, the original estimate shall be adjusted, and it shall be disposed according to the changes in accounting estimates.

If it is expected that certain intangible asset is unable to bring the future economic benefits to the enterprise on the balance sheet date, the book value of such intangible asset shall be completely transferred into the current profits and losses.

The method used to provide for impairment of intangible assets is set out in Note 20 of Section V of the financial report.

(2) Scope of R&D expenditures and related accounting treatment

The R&D expenses of the Company are the expenses directly related to its R&D activities, including: salaries and wages of R&D personnel; directly incurred expenses; depreciation expenses and long-term deferred expenses; amortization of intangible assets; design expenses; equipment commissioning and testing expenses; commissioned R&D expenses; and other expenses. The salaries of R&D personnel are allocated to R&D expenses based on project hours.

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Expenses in the research phase are recorded into the profits and losses for the current period when they occur.

Expenditures during the development phase can only be capitalized when they satisfy the following conditions simultaneously: It is technically feasible to finish intangible assets for use or sale; there is an intention to complete and use or sell the intangible assets; the methods for the intangible assets to generate economic benefits, including those which can prove that there is a market for the products manufactured by applying the intangible assets or that there is a market for the intangible assets themselves and that the intangible assets will be used internally, can prove their usefulness; there are sufficient technologies, financial resources and other resources that can support the development of the intangible assets, and the enterprise is able to use or sell the intangible assets; and the development expenditures of the intangible assets can be reliably measured. Development expenditures that do not meet the above conditions are recognized in profit or loss for the current period.

The research and development projects of the Company will enter the development stage after the above conditions are met, the technical and economic feasibility studies are completed, and the project is approved.

Capitalized development-stage expenditures are presented on the balance sheet as development expenditures and are transferred to intangible assets on the date the project reaches its intended use.

19. Research and development expenses

The R&D expenses of the Company are the expenses directly related to its R&D activities, including: salaries and wages of R&D personnel; directly incurred expenses; depreciation expenses and long-term deferred expenses; amortization of intangible assets; design expenses; equipment commissioning and testing expenses; commissioned R&D expenses; and other expenses. The salaries of R&D personnel are allocated to R&D expenses based on project hours.

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Expenses in the research phase are recorded into the profits and losses for the current period when they occur.

Expenditures during the development phase can only be capitalized when they satisfy the following conditions simultaneously: It is technically feasible to finish intangible assets for use or sale; there is an intention to complete and use or sell the intangible assets; the methods for the intangible assets to generate economic benefits, including those which can prove that there is a market for the products manufactured by applying the intangible assets or that there is a market for the intangible assets themselves and that the intangible assets will be used internally, can prove their usefulness; there are sufficient technologies, financial resources and other resources that can support the development of the intangible assets, and the enterprise is able to use or sell the intangible assets; and the development expenditures of the intangible assets can be reliably measured. Development expenditures that do not meet the above conditions are recognized in profit or loss for the current period.

The research and development projects of the Company will enter the development stage after the above conditions are met, the technical and economic feasibility studies are completed, and the project is approved.

Capitalized development-stage expenditures are presented on the balance sheet as development expenditures and are transferred to intangible assets on the date the project reaches its intended use.

20. Partial impairment of long-term assets

The impairment of assets such as long-term equity investments in subsidiaries, associates and joint ventures, investment properties subsequently measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (excluding inventories, deferred tax assets and financial assets) shall be determined as follows:

To judge whether there is a sign of possible impairment in the assets on the balance sheet date, if there is a sign of impairment, the Company shall estimate its recoverable amount to conduct impairment test. An impairment test will be conducted every year for intangible assets whose goodwill and service life are uncertain due to a business combination, and intangible assets not yet available for their intended use, regardless of whether there are signs of impairment.

The recoverable amount is determined based on the higher of the net value of the fair value less cost of disposal and the present value of the estimated future cash flow of assets. The Company shall estimate its recoverable amount based on a single asset; for the recoverable amount of a single asset which is difficult to estimate, the recoverable amount of the assets group shall be recognized on the basis of the assets group to which such asset attributes. The identification of an asset group is based on whether the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of assets or assets group is less than its book value, the Company shall write down its book value to the recoverable amount, with the written-down amount included into the current profits and losses, and withdraw the corresponding assets impairment provision simultaneously.

For the impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the book value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. Relevant asset groups or the sets of asset groups mean those can benefit from the synergy of business combination and are not larger than the reportable segment determined by the Company.

When carrying out impairment testing, if an asset group or a combination of asset groups related to goodwill shows indications of impairment, first perform impairment testing on the asset group or combination of asset groups that do not include goodwill, calculate the recoverable amount, and recognize the corresponding impairment loss. Then an impairment test is performed on the asset group or combination of asset groups that includes goodwill, comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss on goodwill is recognized.

The assets impairment loss shall not be reversed in the following accounting periods once recognized.

21. Long-term deferred expenses

The long-term deferred expenses incurred by the Company are measured at actual cost and amortized on a straight-line basis over the estimated benefit period. For long-term deferred expense items that cannot benefit future accounting periods, their amortized value shall be fully charged to profit or loss for the current period.

22. Employee compensation

(1) Accounting treatment method of short-term compensation

During the accounting period when the employees provide services, the Company shall recognize the actual employee wage, bonus and housing accumulation fund, as well as such social insurance premium as medical insurance premium, industrial injury insurance premium and maternity insurance premium paid for the employee according to the specified benchmark and proportion, as liabilities and include them into the current profits and losses or relevant assets cost.

(2) Accounting treatment of post-employment benefits

The welfare after demission plans shall include defined contribution plans and defined benefit plans. Wherein, defined contribution plans refer to that the enterprise shall not undertake any further payment obligations on the welfare after demission plans after depositing a fixed expense to the independent fund; Defined benefit plans refer to the welfare after demission plans except the defined contribution plans.

Defined contribution plans shall include basic endowment insurance, unemployment insurance, etc.

During the accounting period when the employees provide services, the amount to be deposited according to the defined contribution plans is recognized as a liability and included in the current profits and losses or related asset costs.

For the defined benefit plans, the actuarial evaluation shall be conducted by the independent actuary on the annual balance sheet date, and the cost to provide welfare by the expected accumulated welfare unit method shall be recognized. The employee compensation costs arising from the Company's defined benefit plans include the following components:

① Service cost, including current service cost, previous service cost and settlement gains or losses. Wherein, current service cost refers to the increase amount of the present value of the obligations in the defined benefit plans due to employee services during the current period; Previous service cost refers to the increase or decrease of the present value of the obligations in the defined benefit plans related to the employee services during the previous period due to the changes in the defined benefit plans.

② The net interest of the net liability or net asset in the defined benefit plans shall include the interest income of the planed assets, the interest expenses of the obligations in the defined benefit plans and the interest affected by the upper limit of assets.

③ Changes in net liability or net asset from re-measurement of defined benefit plans.

Unless other accounting standards require or permit employee benefit costs to be included in the cost of assets, the Company will recognize the above items ① and ② in profit or loss for the current period; item ③ will be recognized in other comprehensive income and will not be reclassified to profit or loss in subsequent accounting periods, and upon termination of the originally established defined benefit plan, the portions previously recognized in other comprehensive income will be fully transferred to retained earnings within equity.

(3) Accounting treatment of dismissal welfare

If the dismissal welfare is provided by the Company to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: When the Company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; When the Company determines the costs or expenses associated with the restructuring involving the payment of dismissal welfare.

For the employee's internal retirement plan, the economic compensation before the official retirement date belongs to the dismissal welfare, and the intended payment of the wage and social insurance premium of the internal retirement employees, during the period when the employees stop providing services until the official retirement date, shall be included into the current profits and losses at one time.The economic compensation (such as normal pension) after the official retirement date shall be disposed according to the welfare after demission.

(4) Accounting treatment methods of other long-term employee benefits

Other long-term employee welfare provided by the Company for employees which complies with the conditions of defined contribution plans shall be disposed according to the above relevant provisions of defined contribution plans. For those complying with the defined benefit plans, they shall be disposed according to the above relevant provisions of defined benefit plans, but "Changes in net liability or net asset from re-measurement of defined benefit plans" of the relevant employee remuneration cost shall be included into the current profits and losses or relevant assets cost.

23. Provisions

The Company shall recognize the obligations related to contingencies as provisions, when all of the following conditions are satisfied:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, taking into account factors such as risks, uncertainties and the time value of money related to contingent matters. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow. The Company reviews the carrying amounts of provisions at the balance sheet date and adjusts the carrying amounts to reflect the best current estimates.

If all or part of the expenses required to pay off the provisions are expected to be compensated by a third party or other parties, the amount of compensation is recognized separately as an asset when it is basically recognized that it can be received. The amount recognized for the reimbursement shall not exceed the book value of the estimated liability.

24. Share-based payments and equity instruments

(1) Type of share-based payment

Share-based payment is classified into cash-settled share-based payment and equity-based share-based payment.

(2) Determination method of the fair value of equity instruments

The fair value of equity instruments, such as options, granted by the Company in an active market is determined by the price quoted in the active market. The fair value of granted equity instruments such as options without active market is determined by option pricing model. The selected option pricing model considers the following factors: A. The exercise price of options; B. The validity period of the option; C. The current price of the underlying shares; D. Estimated volatility of share price; E. Expected dividend of shares; F. Risk-free interest rate within the validity period of the option.

(3) Basis for determining the best estimation of feasible equity instruments

On each balance sheet date during the waiting period, the Company makes the best estimate based on the latest available follow-up information such as changes in the number of employees with feasible rights, and revises the estimated number of equity instruments with feasible rights. On the vesting date, the final estimated number of vesting rights and interests instruments shall be consistent with the actual number of vesting rights.

(4) Accounting treatment related to implementation, modification and termination of share-based payment plan

Equity-settled share-based payment is measured at the fair value of equity instruments granted to employees. If the right is exercised immediately after the grant, the relevant costs or expenses shall be included in the fair value of equity instruments on the grant date, and the capital reserve shall be increased accordingly. I If the rights can be exercised only after the services within the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, based on the best estimate of the number of equity instruments available, the services obtained in the current period shall be included in the relevant costs or expenses and capital reserve according to the fair value on the grant date of equity instruments. After the vesting date, the recognized related costs or expenses and the total owner's equity will not be adjusted.

Cash-settled share-based payment shall be measured according to the fair value of liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. If the right is exercised immediately after the grant, the fair value of the liabilities assumed by the Company shall be included in the relevant costs or expenses on the grant date, and the liabilities shall be increased accordingly. For cash-settled share-based payment that is feasible only after the service within the waiting period is completed or the specified performance conditions are met, on each balance sheet date within the waiting period, based on the best estimation of the feasibility and according to the fair value of the liabilities assumed by the Company, the services obtained in the current period are included in the costs or expenses and corresponding liabilities. On each balance sheet date and settlement date before the settlement of related liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

When the Company modifies the share-based payment plan, if the fair value of the granted equity instruments is increased by modification, the increase of the services obtained shall be recognized according to the increase of the fair value of the equity instruments; If the number of granted equity instruments is increased by modification, the fair value of the increased equity instruments will be recognized as the increase in services obtained accordingly. The increase of fair value of equity instruments refers to the difference between the fair values of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced by modification or the terms and conditions of the share-based payment plan are modified in other ways that are unfavorable to employees, the accounting treatment of the obtained services will continue, as if with no changes unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are cancelled (except those cancelled due to non-market conditions that do not meet the feasible rights conditions), the Company will treat the cancellation of the granted equity instruments as an accelerated exercise, and immediately record the amount to be recognized in the remaining waiting period into the current profits and losses, and recognize the capital reserve at the same time. If the employee or other party can choose to meet the non-feasible right condition but fails to meet it during the waiting period, the Company will treat it as a cancellation for granting equity instruments.

25. Revenue

Disclose the accounting policies adopted for revenue recognition and measurement according to the type of business

(1) General principles

The Company recognizes the revenue when it performs its obligations under the contract, that is, when the customer obtains the control right of related goods or services.

If the contract contains two or more performance obligations, the Company, at the beginning of the contract, allocates the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services committed by each individual performance obligation. The Company measures the income according to the transaction price allocated to each individual performance obligation.

If one of the following conditions is met, it belongs to the performance obligation within a certain period of time; otherwise, it belongs to the performance obligation at a certain time point:

① The customer acquires and consumes the economic benefits arising from the Company's performance while the Company performs the contract.

② Customers can control the goods under construction during the performance of the Company.

③ The commodities produced by the Company during the performance possess have irreplaceable usage, and the Company has the right to collect payment for the performance part accumulated so far during the entire contract period.

For the performance obligations performed within a certain period of time, the Company recognizes the revenue according to the performance schedule within that period of time,. If the performance schedule cannot be reasonably determined and the costs already incurred by the Company are expected to be compensated, the Company recognizes the revenue according to the amount of the incurred costs until the performance schedule can be reasonably determined.

For the performance obligations performed at a certain point of time, the Company will recognize the revenue when the customer acquires the right of control over relevant commodities or services. While determining whether the customer has acquired the control over the commodities or services, the Company will take the following into consideration:

① The Company has the current collection right for the such commodities or services, that is, the customer has the current payment obligation for such commodities.

② The Company has transferred the legal title of such commodities to the customer, that is, the customer already has the legal title of such commodities.

③ The Company has transferred the physical commodities to the customer, that is, the customer has possessed the physical commodities.

④ The Company has transferred the major risks and rewards of the commodity title to the customer, that is, the customer has acquired the major risks and rewards of the commodity title.

⑤ The customer has accepted the goods or services.

⑥ Other signals that the customer has acquired control over commodities.

(2) Specific methods

Sales revenue from commodities

The Company primarily sells nutrition products, aroma chemicals products, and new materials, which are performance obligations satisfied at a point in time. Domestic sales revenue is recognized when the Company delivers the product to the contractually agreed delivery location, the customer confirms acceptance, payment has been received or the right to receive payment has been obtained, and it is probable that related economic benefits will flow to the Company. For export sales settled on an FOB or CIF basis, revenue is recognized when the Company has declared the products to customs in accordance with the contract, obtained the bill of lading, and has received payment or obtained the right to receive payment, provided that it is probable that the related economic benefits will flow in; for export sales settled on a DDP basis, revenue is recognized when the Company has delivered the goods to the designated destination in the importing country and the customer has confirmed acceptance, and payment has been received or the right to receive payment has been obtained, provided that it is probable that the related economic benefits will flow in.

Different operating modes in the same kind of business lead to different revenue recognition methods and measurement methods

None

26. Contract costs

Contract costs include incremental costs incurred to obtain the contract and costs of contract performance.

Incremental cost incurred to obtain the contract refers to the cost that will not be incurred if the Company does not obtain the contract (such as sales commission, etc.). If such costs are expected to be recoverable, the Company recognizes them as costs to obtain a contract and records them as an asset. The Company recognizes other costs incurred in obtaining a contract in profit or loss when incurred, except for incremental costs that are expected to be recovered.

Costs incurred to fulfill a contract that do not fall within the scope of other enterprise accounting standards such as inventory, and simultaneously meet the following conditions, will be recognized by the company as a contract fulfillment cost and recognized as an asset:

① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by customers, and other costs only incurred due to the contract;

② The costs enrich the Company's resources for future contract performance;

③ The cost is expected to be recovered.

Assets recognized as costs of obtaining a contract and assets recognized as costs of fulfilling a contract (hereinafter referred to as "assets related to contract costs") are amortized on the same basis as the recognition of revenue from the goods or services related to the asset and are charged to profit or loss for the period; if the amortization period does not exceed one year, they are expensed as incurred.

In case the book value of assets related to contract costs is higher than the difference between the two items below, the Company will accrue the impairment provision for the extra part, and recognize that part as an impairment loss:

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

② The costs expected to be incurred for the transfer of the relevant goods or services.

27. Government subsidies

The government subsidies shall be recognized when the conditions attached thereto are satisfied and the subsidies can be received.

The governmental subsidy of monetary assets shall be measured according to the amount received or to be received. The governmental subsidy of non-monetary assets shall be measured at the fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount of RMB 1.

Governmental subsidy related to assets refers to the governmental subsidy obtained by the Company and used for acquisition and construction, or forming long-term assets by other means; otherwise, it shall be taken as the governmental subsidy related to income.

If government documents do not specify the object of subsidy, and long-term assets can be formed, the part of government subsidy corresponding to the value of assets shall be regarded as the government subsidy related to assets, and the rest as the government subsidy related to income. If it is difficult to distinguish them, the whole government subsidy shall be regarded as the government subsidy related to income.

If asset-related government subsidies are recognized as a deferred income, they shall be included in the profits and losses in stages according to a reasonable and systematic method within the use period of the relevant assets. Governmental subsidy related to income, which is used to compensate the relevant cost or loss already incurred, shall be included into the current profits and losses; Those used for compensation of the relevant cost or loss in the subsequent periods shall be included into the deferred income, and shall be included into the current profits and losses during the recognition period of the relevant cost or loss. The governmental subsidy measured at the nominal amount shall be directly included in the current profits and losses. The Company shall adopt the same method to dispose the same or similar governmental subsidy business.

Government subsidies related to daily activities shall be included in other income based on the economic substance of the transactions. Government subsidies unrelated to the daily activities are included in non-operating revenue.

When a recognized government grant must be returned: if at initial recognition it reduced the carrying amount of the related asset, adjust the asset's carrying amount; if there is a balance of related deferred income, offset that deferred income balance and recognize the excess in profit or loss; in other cases, recognize the refund directly in profit or loss.

For policy-based preferential loan interest subsidies received, when the finance department disburses the subsidy funds to the lending bank, the actual loan amount received will be recorded as the loan value. Borrowing costs will be calculated based on the loan principal and the applicable policy-based preferential interest rate. If the finance department directly disburses the interest subsidy to the Company, the interest subsidy shall be offset against borrowing costs.

28. Deferred income tax assets / deferred income tax liabilities

Income tax comprises current income tax and deferred income tax. Except for deferred tax arising from adjustments to goodwill resulting from a business combination, or deferred tax related to transactions or events recognized directly in owner's equity, all other deferred tax is recognized as income tax expense in profit or loss.

The Company recognizes deferred taxes using the balance sheet liability method based on temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and their taxable bases.

All taxable temporary differences shall be recognized as deferred income tax liabilities, except for the taxable temporary differences that arise from the following transactions:

(1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions that have the following characteristics: the transaction is not a business combination, and at the time of the transaction neither accounting profit nor taxable profit is affected (except for individual transactions in which the initial recognition of the assets and liabilities gives rise to equivalent taxable temporary differences and deductible temporary differences);

(2) For taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences, and deductible losses and tax credits that can be carried forward to later years, the Company recognizes the resulting deferred tax assets to the extent that it is probable that taxable profits will be available in the future, unless those deductible temporary differences arise in the following transactions:

(1) The transaction is not a business combination, and at the time of the transaction neither accounting profit nor taxable profit is affected (except for individual transactions in which the initial recognition of the assets and liabilities gives rise to equivalent taxable temporary differences and deductible temporary differences);

(2) The deferred income tax assets shall be recognized if the deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures simultaneously meet the following conditions: It is probable that the temporary difference will reverse in the foreseeable future and that taxable profits will be available in the future against which the temporary difference can be utilized.

On the balance sheet date, the Company measures deferred tax assets and deferred tax liabilities at the tax rates that are expected to apply to the periods when the asset is expected to be recovered or the liability is expected to be settled, and reflects on the balance sheet date the tax effects of the expected manner of recovery of the asset or settlement of the liability.

On the balance sheet date, the Company will review the carrying amount of the deferred income tax assets. If no sufficient taxable income is likely to be obtained to offset the benefits of deferred income tax assets in the future, the carrying amount of deferred income tax assets shall be written down. The amount written down shall be reversed when it is probable that sufficient taxable profit will be available.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities will be presented by the net amount after offsetting when the following conditions are fulfilled:

(1) The taxable entity within the Company is granted the legal rights of net settlement of current income tax assets and current income tax liabilities;

(2) Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity within the Company.

29. Lease

(1) Accounting treatment method for leasing by the lessee

At the commencement date of the lease term, the Company recognizes all right-of-use assets and lease liabilities, except for short-term leases and low-value asset leases according to applicable business standards.

The accounting policies for right-of-use assets are set out in Note 30 of Section V of this financial report.

Lease liabilities are initially measured at the present value of the lease payments not yet paid as of the lease commencement date, discounted using the interest rate implicit in the lease. The incremental borrowing rate will be adopted as the discount rate if the interest rate implicit in the lease is not determinable. The lease payment includes fixed amount (and the substantially fixed amount) less the relative amount of any lease incentives enjoyed if there are lease incentives; the index or rate-based variable amount; the exercise price of a purchase option, provided that the lessee reasonably determines that it will exercise the option; the payment for exercising the option to terminate the lease, provided that it is reflected in the lease period that the lessee will exercise the option to terminate the lease; and the estimated amount to be paid according to the residual value of guarantee provided by the lessee. The interest expense of the lease liabilities during each period of the lease term will be calculated at a fixed periodic interest rate later and include it in the current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses when they are actually incurred.

1) Short-term leases

The short-term lease refers to the lease that does not contain the purchase option and has a lease period of no more than 12 months from the lease commencement date.

The Company records the lease payments under short-term leases into the cost of the related assets or to current income or loss on a straight-line basis over the respective periods of the lease term.

For short-term leases, the Company, by category of leased asset, selects to apply the simplified approach described above to items within asset types that qualify as short-term leases.

2) Low-value asset leases

The Company records the lease payments under low-value asset leases into the cost of the related assets or to current income or loss on a straight-line basis over the respective periods of the lease term.

For leases of low-value assets, the Company selects, based on the specific circumstances of each lease, to apply the simplified approach described above.

3) Change of lease

The Company accounts for a lease change as a separate lease if the change occurs and both of the following conditions are met: ① the lease change increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount and the scope of the lease increased by an extent that is commensurate with the stand-alone price for the increase in consideration and scope as adjusted for the particular circumstances of the contract.

If the lease change is not subject to accounting treatment as a separate lease, on the effective date of the lease change, the Company will re-apportion the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value worked out according to the changed lease payment and the revised discount rate.

If the lease change results in narrower scope of lease or shorter lease term, the Company will reduce the carrying amount of the right-of-use assets accordingly, and will include relevant gain or loss from partial or full termination of the lease in the current profit or loss.

If other lease changes result in re-measurement of the lease liabilities, the Company will adjust the carrying amount of the right-of-use assets accordingly.

(2) Accounting treatment method for leasing by the lessor

When the Company acts as a lessor, leases that substantially transfer all the risks and rewards incidental to ownership of the asset are recognized as finance leases, while leases other than finance leases are recognized as operating leases.

1) Operating lease

For operating leases, rental payments are recognized by the Company on a straight-line basis in profit or loss for each period during the lease term. The initial direct expenses related to an operating lease incurred shall be capitalized, apportioned during the lease term on the same recognition basis as rental income, and included into the current profit and loss by installments. The variable lease amount received under an operating lease, which is not included in the lease receipt, is included in the profit or loss of the current period at the time of actual occurrence.

2) Change of lease

In the case of any change to the operating lease, the Company will conduct accounting treatment with respect to the changed operating lease as a new lease as of the effective date of the change, and the lease payments received in advance or receivable with respect to the lease before the change will be taken as the lease receipts for the new lease.

The Company accounts for a finance lease change as a separate lease if the change occurs and both of the following conditions are met ① the change increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount and the scope of the lease increased by an extent that is commensurate with the stand-alone price for the increase in consideration and scope as adjusted for the particular circumstances of the contract.

If changes to a finance lease are not subject to accounting treatment as a separate lease, the Company will treat the changed lease in the following circumstances: ① If assuming that the change takes effective at the lease commencement date, and the lease is classified into operating leases, the Company will, from the effective date of the lease change, consider the change as a new lease and the net lease investment prior to the effective date of the lease commencement as the carrying value of the leased asset; ② Assuming that the change takes effective at the lease commencement date, and the lease is classified into financing leases, the Company will apply the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments concerning the modification or re-negotiation of contract.

30. Right-of-use assets

(1) Conditions for recognition of right-of-use assets

Right-of-use asset refers to the Company's right, as lessee, to use the leased asset during the lease term.

On the lease commencement date, the right-of-use assets are initially measured at cost. Such cost includes: the initial measurement amount of the lease liability; lease payments made at or before the commencement date, less the portion relating to any lease incentives received; initial direct costs incurred by the Company as lessee; and an estimate of costs expected to be incurred by the Company as lessee for dismantling and removing the leased asset, restoring the site on which it is located, or restoring the leased asset to the condition required by the terms of the lease. The Company, as a lessee, recognizes and measures costs such as dismantling, restoration, and similar items in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies. Subsequent adjustments are made for any remeasurement of lease liabilities.

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

The Company shall withdraw the depreciation according to the straight-line method. If the Company, as a lessee, can reasonably determine that it will obtain ownership of the leased asset when the lease term expires, the right-of-use asset is depreciated over the remaining useful life of the leased asset. If the Company cannot reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use asset is depreciated over the shorter of the lease term and the remaining service life of the leased assets.

(3) The impairment test method for right-of-use assets and the impairment provision accrual method are set out in Note 20 of Section V of this financial report.

31. Work safety funds

The Company makes provisions for work safety funds in accordance with the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (C.Z. [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of

Emergency Management.

Work safety funds, when appropriated, are included in the cost of the related products or recognized in profit or loss for the current period, and are simultaneously recorded in the “special reserve” account.

When work safety funds are appropriated and utilized for expense-type expenditures, they directly reduce the special reserve. Expenditures that result in the formation of fixed assets are first accumulated in the "construction in progress" account; upon completion and attainment of the intended usable state, they are recognized as fixed assets. Concurrently, the special reserve is reduced by the cost of the fixed assets formed, and the same amount of accumulated depreciation will be recognized. These fixed assets will not be depreciated in subsequent periods.

32. Accounting treatment related to the repurchase of the Company's shares

The shares repurchased by the Company are held as treasury stock prior to cancellation or transfer, and all expenses incurred for the repurchase of shares shall be recorded as the cost of treasury stock. The consideration paid and transaction costs in a share repurchase reduce equity; gains or losses are not recognized on the repurchase, transfer, or cancellation of the Company's shares.

When treasury shares are transferred, the difference between the actual proceeds received and the carrying amount of the treasury shares shall be recorded in capital reserve; if the capital reserve is insufficient to absorb the difference, surplus reserve and retained earnings shall be reduced to cover the shortfall. When treasury shares are cancelled, share capital is reduced by the par value per share and the number of shares canceled, and the difference between the carrying amount of the cancelled treasury shares and their par value will write off the capital reserve; if the capital reserve is insufficient to absorb the difference, surplus reserve and retained earnings shall be reduced to cover the shortfall.

33. Significant accounting judgments and estimates

The Company continuously evaluates the significant accounting estimates and key assumptions it uses, based on historical experience and other factors, including reasonable expectations about future events. Below are the major accounting estimates and key assumptions that may pose a significant risk of material adjustments to the carrying values of assets and liabilities in the upcoming financial year:

1) Classification of financial assets

The Company’s significant judgments in determining the classification of financial assets include analysis of the business model and the characteristics of the contractual cash flows.

The Company establishes its business model for managing financial assets at the portfolio level by considering various factors. These include how the performance of financial assets is assessed and communicated to key management personnel, the risks influencing asset performance and their management, as well as the compensation structure for the relevant business managers.

When evaluating whether the contractual cash flows of a financial asset align with a basic lending arrangement, the Company primarily considers the following key judgments: whether the principal amount may vary in timing or amount throughout the instrument’s term due to prepayment or other factors; and whether the interest reflects only the time value of money, credit risk, other fundamental lending risks, and appropriate compensation for costs and profit. For instance, it is important to determine whether the early repayment amount includes only the outstanding principal, the interest accrued on that principal, and any reasonable compensation for the early termination of the contract.

2) Measurement of expected credit loss of accounts receivable

The Company calculates expected credit losses on accounts receivable using the accounts receivable exposure to default risk and the expected credit loss rate, and determines the expected credit loss rate based on the probability of default and the loss in the event of default. When determining the expected credit loss rate, the Company relies on its internal historical credit loss experience along with other data, and adjusts the historical data to reflect current conditions and forward-looking information. When considering forward-looking information, the Company takes into account various indicators such as the risk of an economic downturn, shifts in the external market environment, technological developments, and customer conditions, among others. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

3) Goodwill-impairment

The Company conducts an annual assessment to determine whether there has been any impairment of goodwill. This requires estimating the value in use of the asset group to which goodwill has been assigned. When estimating value in use, the Company needs to project the future cash flows generated by the asset group and apply a suitable discount rate to determine the present value of those cash flows.

4) Deferred income tax assets

If and to the extent that it is likely that there will be enough taxable profits to cover the losses, the Company recognizes deferred tax assets for all unused tax losses. In this case, the management has to use significant judgment to estimate the time and amount of future taxable profits and, in combination with its tax plan, to determine the amount of deferred tax assets that should be recognized.

34. Other significant accounting policies and accounting estimates

None

35. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

□ Applicable ☑ Not applicable

(2) Changes in significant accounting estimates

□ Applicable ☑ Not applicable

(3) Adjustments to related items of the financial statements at the beginning of the year of initial application of the new accounting standards (effective from 2025)

□ Applicable ☑ Not applicable

36. Others

VI. Taxation

1. Main tax categories and rates

Tax categories	Taxation basis	Tax rate
VAT	Taxable amount of added value (taxable amount is the balance calculated as the following formula: taxable sales amount multiplies the applicable tax rate, then deducts the input tax allowable for deduction of the current period)	The applicable tax rates are20%, 13%, 10%,9%, 8%, 6%, 5%, and 19%. Exported goods benefit from the "exemption, offset, and refund" tax policy, with rebate rates ranging from 0% to 13%. Additionally, our subsidiary, Zhejiang NHU Import & Export Company Ltd., exports goods under the "tax collection first, refund later" policy, also with rebate rates between 0% and 13%
Urban maintenance and construction tax	Actual paid turnover tax amount	5%, 7%
Corporate income tax	Taxable income	8.25%, 15%, 16.5%, 17%, 20%, 21%, 22%, 25%, 25.5%, 34%
House property tax	For property tax assessed on a value basis, payment is calculated as 1.2% of the residual value after a one-time 30% deduction from the original property value; for property tax assessed on a rental basis, payment is calculated as 12% of rental income.	1.2%, 12%
Education surcharge	Actual paid turnover tax amount	3%
Local education surcharges	Actual paid turnover tax amount	2%
Solidarity surcharge [Note]	Amount of income tax payable	5.5%
Trade tax [Note]	Taxable income	13.3%
Land appreciation tax	The incremental amount arising from the transfer of state-owned land use right and the buildings and structures that are constructed on the land	A four-grade progressive tax system is adopted. The rates are: 30% for appreciated value not over 50% of total deductible amount; 40% for appreciated value over 50% but not over 100% of total deductible amount; 50% for

Tax categories	Taxation basis	Tax rate
		appreciated value over 100% but not over 200% of total deductible amount; and 60% for appreciated value over 200% of total deductible amount.

[Note] This information is applicable to the subsidiaries NHU EUROPE GMBH, NHU Performance Materials GmbH, Bardoterminal GmbH and NHU Life Science GmbH.

If there are taxable entities with different tax rates of enterprise income tax, disclose the specific information

Name of taxable entity	Rate of income tax
The Company	15%
Shangyu NHU Bio-Chem Co., Ltd.	15%
Shandong NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Amino-acids Co., Ltd.	15%
Zhejiang NHU Specialty Materials Co., Ltd.	15%
Heilongjiang NHU Biotechnology Co., Ltd.	15%
Zhejiang NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	15%
NHU (Hong Kong) Trading Co., Ltd.	Taxation is based on the territorial source principle. For profits sourced from Hong Kong, the first HKD 2,000,000 are taxed at a profits tax rate of 8.25%; subsequent profits sourced from Hong Kong are taxed at 16.5%. Profits earned outside of Hong Kong are not subject to profits tax within the region.
NHU EUROPE GMBH	15%
NHU Performance Materials GMBH	15%
Bardoterminal GmbH	15%
NHU LIFE SCIENCE GmbH	15%
NHU Singapore Pte. Ltd.	17%
CONG TY TNHH NHU VIETNAM	20%
NHU North America LLC	21%
NHU Life Science North America LLC	21%
NHU/Chr. Olesen Latin America A/S	22%
NHU/CHR. OLESEN MEXICO SAPI DE CV	25.5%
NHU/CHR. OLESEN BRASIL LTDA	34%
NHU Japan Co., Ltd.	15%
Other taxable entities not previously specified	25%

2. Tax incentives

(1) Corporate income tax incentives

① High-tech enterprise tax incentives

The Company has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202333009429) issued by the Department of Science and Technology of Zhejiang Province, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Tax Service, State Taxation Administration. As a result, the Company will benefit from high-tech enterprise tax incentives from 2023 through 2025, with a corporate income tax rate of 15% applicable in 2026 temporarily.

The subsidiary, Shangyu NHU Bio-Chem Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202533006963) issued by the Department of Science and Technology of Zhejiang Province, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2025 through 2027, with a corporate income tax rate of 15% applicable in 2026.

The subsidiary, Shandong NHU Pharmaceutical Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202337003609) issued by the Department of Science & Technology of Shandong Province, the Shandong Provincial Department of Finance, and the Shandong Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2023 through 2025, with a corporate income tax rate of 15% applicable in 2026 temporarily.

The subsidiary, Shandong NHU Amino-acids Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202437003425) issued by the Department of Science & Technology of Shandong Province, the Shandong Provincial Department of Finance, and the Shandong Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2024 through 2026, with a corporate income tax rate of 15% applicable in 2026 temporarily.

The subsidiary, Zhejiang NHU Specialty Materials Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202433008150) issued by the Economy and Information Technology Department of Zhejiang, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2024 through 2026, with a corporate income tax rate of 15% applicable in 2026.

The subsidiary, Heilongjiang NHU Biotechnology Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202423000652) issued by the Department of Science and Technology of Heilongjiang Province, the Finance Bureau of Heilongjiang Province, and the Heilongjiang Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2024 through 2026, with a corporate income tax rate of 15% applicable in 2026.

The subsidiary, Zhejiang NHU Pharmaceutical Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202533005415) issued by the Department of Science and Technology of Zhejiang Province, the Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2025 through 2027, with a corporate income tax rate of 15% applicable in 2026.

The subsidiary, Shandong NHU Fine Chemical Science and Technology Co., Ltd., has been officially recognized as a high-tech enterprise, as confirmed by the High-tech Enterprise Certificate (GR202537002216) issued by the Department of Science & Technology of Shandong Province, the Shandong Provincial Department of Finance, and the Shandong Provincial Tax Service, State Taxation Administration. As a result, it will benefit from high-tech enterprise tax incentives from 2025 through 2027, with a corporate income tax rate of 15% applicable in 2026.

② Tax incentives for overseas enterprises

Pursuant to Chapter 112 of the Laws of Hong Kong, the Tax Ordinance, Section 14, Hong Kong adopts the territorial source principle for taxation: only profits arising in Hong Kong are subject to tax in Hong Kong, while profits arising elsewhere are not subject to Hong Kong profits tax. The subsidiary, NHU (Hong Kong) Trading Co., Ltd., calculates and pays corporate income tax at the applicable preferential tax rate.

(2) VAT preference

Pursuant to the Announcement on VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (No. 43 Announcement of Ministry of Finance and State Administration of Taxation in 2023), from January 1, 2023, to December 31, 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of the current deductible input VAT from their VAT payable. The Company and its subsidiaries Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Specialty Materials Co., Ltd., Shandong NHU Amino-acids Co., Ltd., Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Fine Chemical Science and Technology Co., Ltd., and Heilongjiang NHU Biotechnology Co., Ltd. enjoy a preferential policy of additional deduction/offset of input VAT.

VII. Notes to consolidated financial statements

1. Cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
Cash on hand	9,176.31	19,519.80
Bank deposits	7,366,196,213.60	7,919,727,704.51
Other monetary funds	91,837,415.81	46,522,906.86
Total	7,458,042,805.72	7,966,270,131.17
Including: Total amounts deposited abroad	352,187,586.16	231,285,799.32

Other notes: Monetary funds that are subject to usage restrictions and are not classified as cash or cash equivalents are detailed in the financial report, specifically in Note 19 of Section VII, and Note 57(3)(4) of Section VII.

2. Financial assets held for trading

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	2,583,641,120.21	2,168,275,092.55
Including:		
Derivative financial assets	29,965,130.86	13,213,250.21
Principal-protected floating-yield wealth management product	2,553,675,989.35	2,155,061,842.34
Total	2,583,641,120.21	2,168,275,092.55

3. Accounts receivable

(1) Disclosure by aging

Unit: RMB Yuan

Aging	Closing book balance	Opening balance
Within 1 year (including 1 year)	3,967,129,766.78	3,502,674,400.14
1 to 2 years	364,550.09	4,695,426.61
2 to 3 years	3,758,916.61	688,280.00
Over 3 years	2,770,460.98	2,120,460.98
3 to 4 years	650,000.00	14,180.18
4 to 5 years	14,180.18	
Over 5 years	2,106,280.80	2,106,280.80
Total	3,974,023,694.46	3,510,178,567.73

(2) Classification and disclosure by bad debt provision method

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Accounts receivable with provision for bad debts reserve based on portfolio	3,974,023,694.46	100.00%	204,206,992.71	5.14%	3,769,816,701.75	3,510,178,567.73	100.00%	178,743,890.46	5.09%	3,331,434,677.27
Total										

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Including:	3,974,023,694.46	100.00%	204,206,992.71	5.14%	3,769,816,701.75	3,510,178,567.73	100.00%	178,743,890.46	5.09%	3,331,434,677.27

Provision for bad debts is made on a portfolio basis: Accounts receivable grouped by aging for bad debt provision

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Within 1 year	3,967,129,766.78	198,356,488.43	5.00%
1-2 years	364,550.09	72,910.01	20.00%
2-3 years	3,758,916.61	3,007,133.29	80.00%
Over 3 years	2,770,460.98	2,770,460.98	100.00%
Total	3,974,023,694.46	204,206,992.71	

Explanation of the basis for determining the grouping: Provision for bad debts is made based on aging groups

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses:

□ Applicable ☑ Not applicable

(3) Provision, recovery or reversal of bad debt reserve in current period

Provision for bad debts of this period:

Unit: RMB Yuan

Categories	Opening balance	Changes in amount of the current period				Closing balance
		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts by portfolio	178,743,890.46	25,463,102.25				204,206,992.71
Total	178,743,890.46	25,463,102.25				204,206,992.71

(4) The status of accounts receivable and contract assets in the top five of the ending balance collected according to debtors

Unit: RMB Yuan

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion of total balance of accounts receivable and contract assets at the end of the period	Ending balance of allowance for bad debts on accounts receivable and impairment provision for contract assets
Customer I	386,381,331.37		386,381,331.37	9.72%	19,319,066.57
Customer II	158,170,660.67		158,170,660.67	3.98%	7,908,533.03
Customer III	150,208,538.46		150,208,538.46	3.78%	7,510,426.92
Customer IV	82,854,984.52		82,854,984.52	2.08%	4,142,749.23
Customer V	59,186,605.22		59,186,605.22	1.49%	2,959,330.26
Total	836,802,120.24		836,802,120.24	21.05%	41,840,106.01

4. Receivables financing

(1) Financing of accounts receivable by classification

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance bills	920,577,788.17	813,062,385.73
Total	920,577,788.17	813,062,385.73

(2) Classification and disclosure by bad debt provision method

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Provision for bad debts by portfolio	920,577,788.17	100.00%			920,577,788.17	813,062,385.73	100.00%			813,062,385.73
Including:										
Bank acceptance bills	920,577,788.17	100.00%			920,577,788.17	813,062,385.73	100.00%			813,062,385.73
Total	920,577,788.17	100.00%			920,577,788.17	813,062,385.73	100.00%			813,062,385.73

Provision for bad debts by portfolio: Bank acceptance bills

Unit: RMB Yuan

Name	Opening balance		Closing balance			
	Book balance	Bad-debt provision	Book balance	Bad-debt provision	Rate of provision	Reason for accrual
Portfolio of bank acceptance bills	813,062,385.73		920,577,788.17			
Total	813,062,385.73		920,577,788.17			

(3) Receivables financing pledged at the end of the period

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	114,794,927.96
Subtotal	114,794,927.96

(4) Receivables financing endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	1,346,436,608.90	
Total	1,346,436,608.90	

5. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	261,081,058.41	274,052,669.41
Total	261,081,058.41	274,052,669.41

(1) Other receivables

1) Classification of other receivables according to the nature of payment

Unit: RMB Yuan

Nature of payment	Closing book balance	Opening balance
Export tax rebates and other refundable taxes and fees	222,483,228.55	224,201,293.87
Deposits and guarantee deposits	24,669,635.84	35,191,248.50
Employee petty cash	16,480,508.83	21,857,847.92
Others	11,812,279.05	6,774,582.72
Total	275,445,652.27	288,024,973.01

2) Disclosure by aging

Unit: RMB Yuan

Aging	Closing book balance	Opening balance
Within 1 year (including 1 year)	242,989,686.74	252,007,141.35
1 to 2 years	3,812,781.62	9,833,193.36
2 to 3 years	5,556,548.83	3,151,650.55
Over 3 years	23,086,635.08	23,032,987.75
3 to 4 years	2,097,886.29	1,971,907.62
4 to 5 years	5,518,012.48	7,190,484.46
Over 5 years	15,470,736.31	13,870,595.67
Total	275,445,652.27	288,024,973.01

3) Classification and disclosure by bad debt provision method

☑ Applicable □ Not applicable

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Provision for bad debts by portfolio	275,445,652.27	100.00%	14,364,593.86	5.22%	261,081,058.41	288,024,973.01	100.00%	13,972,303.60	4.85%	274,052,669.41
Total	275,445,652.27	100.00%	14,364,593.86	5.22%	261,081,058.41	288,024,973.01	100.00%	13,972,303.60	4.85%	274,052,669.41

Category name for bad debt provisions calculated by combination: Other receivables for which bad debt provisions are calculated by combination

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Export Refund Receivable Portfolio	164,630,292.23	1,646,302.92	1.00%
Land deposit receivables portfolio	17,354,493.50	173,544.94	1.00%
VAT refund receivable portfolio	57,829,016.77	578,290.17	1.00%
Aging portfolio	35,631,849.77	11,966,455.83	33.58%
Including: Within one year	20,530,377.74	1,026,518.88	5.00%
1-2 years	3,812,781.62	762,556.33	20.00%
2-3 years	5,556,548.83	4,445,239.04	80.00%
Over 3 years	5,732,141.58	5,732,141.58	100.00%
Total	275,445,652.27	14,364,593.86	

Provision for bad debts under the general model of expected credit losses:

Unit: RMB Yuan

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as at January 1, 2026	3,805,850.23	1,966,638.68	8,199,814.69	13,972,303.60
The balance as of January 1, 2026 is in the current period				
-- Transferred to the second stage	-190,639.08	190,639.08		
-- Transferred to the third stage		-1,111,309.77	1,111,309.77	

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Accrual in the current period	-190,554.24	-283,411.66	866,256.16	392,290.26
Balance as at June 30, 2026	3,424,656.91	762,556.33	10,177,380.62	14,364,593.86

Criteria for dividing each stage and the bad-debt reserves calculation and withdrawal proportion

Classification criteria for stages are as follows: Accounts with an aging period of up to one year and those undergoing individual impairment assessment are categorized as Stage I; accounts aged between one and two years fall under Stage II; and accounts exceeding two years in age are designated as Stage III.

Significant changes in the carrying amounts of items with material changes in the allowance for losses during the period

□ Applicable ☑ Not applicable

4) Provision, recovery or reversal of bad debt reserve in current period

Provision for bad debts of this period:

Unit: RMB Yuan

Categories	Opening balance	Changes in amount of the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Others	
Provision for bad debts by portfolio	13,972,303.60	392,290.26				14,364,593.86
Total	13,972,303.60	392,290.26				14,364,593.86

5) Top five other receivables by period-end balance, aggregated by debtor

Unit: RMB Yuan

Company name	Nature of the amounts	Closing balance	Aging	Ratio in the total ending balance of other receivables	Ending balance of bad debt provision
State Administration of Taxation (Export tax rebates receivable)	Export tax rebates and other refundable taxes and fees	164,630,292.23	Within one year	59.77%	1,646,302.92
Servicio de Administración Tributaria	Export tax rebates and other refundable taxes and fees	41,336,245.67	Within one year	15.01%	413,362.46
Shandong Weifang Binhai Economic Development Zone Fiscal Treasury Centralized Payment Center	Deposits and guarantee deposits	17,354,493.50	Over three years	6.30%	173,544.94

Company name	Nature of the amounts	Closing balance	Aging	Ratio in the total ending balance of other receivables	Ending balance of bad debt provision
Secretaria da Fazenda do Estado	Export tax rebates and other refundable taxes and fees	7,996,410.60	Within one year	2.90%	79,964.11
Hauptzollamt Hamburg Zollamt	Export tax rebates and other refundable taxes and fees	6,563,205.56	Within one year	2.38%	65,632.06
Total		237,880,647.56		86.36%	2,378,806.49

6. Advance payments

(1) Presentation of advance payments by age of account

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	295,510,045.01	99.60%	177,889,226.14	99.68%
1 to 2 years	478,453.30	0.16%	64,652.72	0.04%
2 to 3 years	393,211.53	0.13%	200,115.95	0.11%
Over 3 years	316,482.97	0.11%	296,151.06	0.17%
Total	296,698,192.81		178,450,145.87	

Explanation of reasons why prepayments with more than 1 year's age and significant amount are not settled in time: None

(2) Top five ending balances of prepayments, grouped by payee

Company name	Book balance	Ratio of total balance of prepayment
Supplier A	28,601,323.42	9.64%
Supplier B	25,000,000.00	8.43%
Supplier C	22,989,023.22	7.75%
Supplier D	17,437,277.20	5.88%
Supplier E	11,515,112.60	3.88%
Subtotal	105,542,736.44	35.58%

7. Inventories

Whether the Company needs to comply with disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down or provision for impairment of contract fulfillment costs	Carrying amount	Book balance	Provision for inventory write-down or provision for impairment of contract fulfillment costs	Carrying amount
Raw material	459,814,614.91	995,589.29	458,819,025.62	335,723,544.36	930,697.19	334,792,847.17
Work in process	1,039,813,134.36	21,460,430.43	1,018,352,703.93	1,074,700,853.53	37,815,736.83	1,036,885,116.70
Merchandise inventory	2,944,347,658.26	118,188,866.79	2,826,158,791.47	3,142,414,991.50	199,598,446.21	2,942,816,545.29
Goods dispatched	271,932,445.61	2,383,203.87	269,549,241.74	202,341,534.78	2,337,354.64	200,004,180.14
Work in process - outsourced	1,504,782.46	893,791.28	610,991.18	11,563,462.74	1,068,326.66	10,495,136.08
Packaging	23,318,817.56		23,318,817.56	19,714,407.90		19,714,407.90
Low value consumables	172,430,670.76		172,430,670.76	104,041,234.15		104,041,234.15
Total	4,913,162,123.92	143,921,881.66	4,769,240,242.26	4,890,500,028.96	241,750,561.53	4,648,749,467.43

(2) Provision for inventory write-downs and impairment provision for contract performance costs

Unit: RMB Yuan

Items	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Provision	Others	Reversed or charged-off	Others	
Raw material	930,697.19	64,892.10				995,589.29
Work in process	37,815,736.83	3,841,703.30		20,197,009.70		21,460,430.43
Merchandise inventory	199,598,446.21	23,202,408.55		104,611,987.97		118,188,866.79
Goods dispatched	2,337,354.64	2,997,710.58		2,951,861.35		2,383,203.87
Work in process - outsourced	1,068,326.66			174,535.38		893,791.28
Total	241,750,561.53	30,106,714.53		127,935,394.40		143,921,881.66

The specific criteria used to determine the net realizable value, along with the explanations for any reversals or write-offs of inventory impairment provisions during the current period

Items	The specific criteria used to determine the net realizable value	The explanations for any reversals or write-offs of inventory impairment provisions during the current period
Raw material	The net realizable value is calculated by taking the estimated selling price of the finished goods and subtracting the estimated costs to complete, selling expenses, and applicable taxes	Reversal of inventory write-down provision: The net realizable value of inventory for which inventory write-down provisions were made in previous periods has increased; write-off of inventory write-down provision: During the current period, inventory for which write-down provisions were made at the beginning of the period has been consumed/sold/scrapped
Work in process		
Merchandise inventory	The net realizable value is determined by subtracting the estimated selling expenses and related taxes from the estimated selling price of the finished products.	
Goods dispatched		
Work in process - outsourced	The net realizable value is calculated by taking the estimated selling price of the finished goods and subtracting the estimated costs to complete, selling expenses, and applicable taxes	

Accrual standard of provision for inventory obsolescence by portfolio: None

8. Other current assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Prepaid VAT or input VAT pending deduction	66,014,773.54	34,481,204.44
Deferred service fees	11,863,665.02	14,539,548.75
Deferred insurance expense	7,436,052.58	4,306,345.86
Advance payment of enterprise income tax		534,863.03
Prepaid rent fees	967,808.27	1,175,757.55
Total	86,282,299.41	55,037,719.63

9. Other equity instrument investments

Unit: RMB Yuan

Project name	Closing balance	Opening balance	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Gains included in other comprehensive income at the end of the current period	Losses included accumulated in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reasons for designation as financial assets measured at fair value through other comprehensive income
Zhejiang Second	7,790,147.55						7,790,147.55	

Project name	Closing balance	Opening balance	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Gains included in other comprehensive income at the end of the current period	Losses included accumulated in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reasons for designation as financial assets measured at fair value through other comprehensive income
Pharma Co., Ltd.								
Shanghai NewMargin Yongjin Equity Enterprise (Limited Partnership)	52,336,000.00		-37,680,000.00		2,948,000.00		14,656,000.00	
Total	60,126,147.55		-37,680,000.00		2,948,000.00		22,446,147.55	

Derecognition in the current period: None

Other notes: The above investments are investments that the Company plans to hold long-term for strategic purposes, and the Company has designated them as financial assets measured at fair value with changes recognized in other comprehensive income.

10. Long-term equity investments

Unit: RMB Yuan

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period								Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Declared payment of cash dividends or profits	Provision for impairment reserve	Others		
I. Joint ventures												
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	418,125,357.72				116,968,195.93					29,858,295.39	564,951,849.04	
Subtotal	418,125,357.72				116,968,195.93					29,858,295.39	564,951,849.04	
II. Associates												
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	45,409,060.43				8,930,489.80					-2,894,464.62	51,445,085.61	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	338,826,562.59				22,409,394.80					40,660.57	361,276,617.96	
Zhejiang Saiya Chemical	128,424,631.98				5,297,279.26					215,392.31	133,937,303.55	

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period								Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Declared payment of cash dividends or profits	Provision for impairment reserve	Others		
Materials Co., Ltd.												
CysBio ApS	26,800,937.20				-106,505.66	-830,856.51				1,271.61	25,864,846.64	
Shandong Bin'an Vocational Training School Co., Ltd.	3,166,062.22				-563,800.93						2,602,261.29	
Anhui Yingna Weixun Technology Co., Ltd.	4,597,937.29				-83,657.83						4,514,279.46	
Subtotal	547,225,191.71				35,883,199.44	-830,856.51				-2,637,140.13	579,640,394.51	
Total	965,350,549.43				152,851,395.37	-830,856.51				27,221,155.26	1,144,592,243.55	

The recoverable amount is determined based on the net of fair value less disposal costs.

□ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Not applicable

11. Fixed assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	19,538,428,936.53	20,298,898,673.14
Total	19,538,428,936.53	20,298,898,673.14

(1) Status of fixed assets

Unit: RMB Yuan

Items	Houses and buildings	General equipment	Dedicated equipment	Means of transport	Total
I. Original carrying amount:					
1. Opening balance	8,517,300,588.34	296,134,157.46	23,713,366,626.36	30,649,382.48	32,557,450,754.64
2. Amount increased in the current period	13,082,760.98	23,940,570.00	358,439,560.99	762,870.21	396,225,762.18
(1) Purchase	1,839,140.68	21,656,187.65	45,822,598.40	762,870.21	70,080,796.94
(2) Transfer from construction in progress	11,243,620.30	2,284,382.35	312,616,962.59		326,144,965.24
3. Decreased amount in the	16,904,812.26	6,210,010.96	45,196,594.62	2,019,982.94	70,331,400.78

Items	Houses and buildings	General equipment	Dedicated equipment	Means of transport	Total
current period					
(1) Disposal or scrapping	16,904,812.26	6,210,010.96	45,196,594.62	2,019,982.94	70,331,400.78
4. Ending balance	8,513,478,537.06	313,864,716.50	24,026,609,592.73	29,392,269.75	32,883,345,116.04
II. Accumulated depreciation					
1. Opening balance	1,544,055,823.99	208,942,747.91	10,429,581,602.74	14,905,696.36	12,197,485,871.00
2. Amount increased in the current period	109,593,470.54	14,758,354.99	994,435,863.55	2,415,350.92	1,121,203,040.00
(1) Provision	109,593,470.54	14,758,354.99	994,435,863.55	2,415,350.92	1,121,203,040.00
3. Decreased amount in the current period	372,495.07	5,913,326.36	27,811,596.99	679,593.56	34,777,011.98
(1) Disposal or scrapping	372,495.07	5,913,326.36	27,811,596.99	679,593.56	34,777,011.98
4. Ending balance	1,653,276,799.46	217,787,776.54	11,396,205,869.30	16,641,453.72	13,283,911,899.02
III. Impairment Provision					
1. Opening balance	20,975,435.81	7,078.55	40,083,696.14		61,066,210.50
2. Amount increased in the current period					
(1) Provision					
3. Decreased amount in the current period			61,930.01		61,930.01
(1) Disposal or scrapping			61,930.01		61,930.01
4. Ending balance	20,975,435.81	7,078.55	40,021,766.13		61,004,280.49
IV. Carrying amount					
1. Carrying amount at the end of the period	6,839,226,301.79	96,069,861.41	12,590,381,957.30	12,750,816.03	19,538,428,936.53
2. Carrying amount at the beginning of period	6,952,269,328.54	87,184,331.00	13,243,701,327.48	15,743,686.12	20,298,898,673.14

(2) Fixed assets temporarily idle

Unit: RMB Yuan

Items	Original carrying amount	Accumulated depreciation	Depreciation reserves	Carrying amount	Notes
Houses and buildings	171,222,489.21	61,625,562.52	18,591,263.96	91,005,662.73	
General equipment	16,581.19	13,835.89	1,916.23	829.07	
Dedicated equipment	465,330,770.49	365,543,618.69	943,670.69	98,843,481.11	
Other devices	43,071.25	33,683.29		9,387.96	
Total	636,612,912.14	427,216,700.39	19,536,850.88	189,859,360.87	

(3) Fixed assets leased out through operating leases

Unit: RMB Yuan

Items	Closing carrying amount
Houses and buildings	27,794,593.54

(4) Fixed assets for which title certificates have not been obtained

Unit: RMB Yuan

Items	Carrying amount	Reasons for not completing the title certificate
Houses and buildings	554,681,952.52	The relevant procedures have not yet been completed
Total	554,681,952.52	

(5) Impairment testing of fixed assets

□ Applicable ☑ Not applicable

12. Construction in progress

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	1,006,512,957.55	745,117,350.86
Total	1,006,512,957.55	745,117,350.86

(1) Conditions of construction in progress

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Carrying amount	Book balance	Depreciation reserves	Carrying amount
New materials industry chain project	468,842,005.69		468,842,005.69	183,041,766.17		183,041,766.17
Methionine integrated	943,887.42		943,887.42	80,059,496.68		80,059,496.68

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Carrying amount	Book balance	Depreciation reserves	Carrying amount
upgrade project						
Workshop 615 1,500-ton aldehyde-series production switching project				79,928,124.42		79,928,124.42
20,000-ton-per-year glufosinate-ammonium process and legalization project	43,217,681.54		43,217,681.54	52,444,438.35		52,444,438.35
Workshop 663 technological transformation project	30,909,141.70		30,909,141.70	28,245,872.53		28,245,872.53
CH phase II major production engineering project	43,202,621.11		43,202,621.11	24,294,749.08		24,294,749.08
Integration project for fluoroalkanes and plant alcohols	20,473,131.25		20,473,131.25	21,521,655.66		21,521,655.66
Linalool series products capacity expansion project	252,511.54		252,511.54	17,291,367.93		17,291,367.93
Other sporadic projects	404,966,011.00	6,294,033.70	398,671,977.30	264,583,913.74	6,294,033.70	258,289,880.04
Total	1,012,806,991.25	6,294,033.70	1,006,512,957.55	751,411,384.56	6,294,033.70	745,117,350.86

(2) Increase or decrease of significant construction in progress in current period

Unit: RMB Yuan

Project name	Budget (RMB'0,000)	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other decreased amount in the current period	Closing balance	The proportion of total project input to the budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate for the current period	Capital source
New materials industry chain project	403,624.00	183,041,766.17	285,800,239.53			468,842,005.70		26.91%	16,022,465.50	7,567,338.87	2.67%	Others

Project name	Budget (RMB'0,000)	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other decreased amount in the current period	Closing balance	The proportion of total project input to the budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate for the current period	Capital source
Methionine integrated upgrade project	25,138.70	80,059,496.68	5,235,437.39	84,351,046.65		943,887.42		100.00%				Others
Workshop 615 1,500-ton aldehyde-series production switching project	11,687.27	79,928,124.42	5,496,278.41	85,424,402.83				100.00%				Others
Total	440,449.97	343,029,387.27	296,531,955.33	169,775,449.48		469,785,893.12			16,022,465.50	7,567,338.87		

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

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons for provision
Other sporadic projects	6,294,033.70			6,294,033.70	
Total	6,294,033.70			6,294,033.70	--

(4) Impairment testing of construction in progress

☐ Applicable ☑ Not applicable

13. Right-of-use assets

(1) Status of right-of-use assets

Unit: RMB Yuan

Items	Houses and buildings	Total
I. Original carrying amount		
1. Opening balance	16,966,176.34	16,966,176.34
2. Amount increased in the current period	1,600,260.16	1,600,260.16
3. Decreased amount in the current period		
4. Ending balance	18,566,436.50	18,566,436.50
II. Accumulated depreciation		
1. Opening balance	7,849,458.47	7,849,458.47

Items	Houses and buildings	Total
2. Amount increased in the current period	2,172,801.55	2,172,801.55
(1) Provision	2,172,801.55	2,172,801.55
3. Ending balance	10,022,260.02	10,022,260.02
III. Carrying amount		
1. Carrying amount at the end of the period	8,544,176.48	8,544,176.48
2. Carrying amount at the beginning of period	9,116,717.87	9,116,717.87

(2) Impairment testing of the right-of-use assets

□ Applicable ☑ Not applicable

14. Intangible assets

(1) Status of intangible assets

Unit: RMB Yuan

Items	Land use rights	Patent right	Non-patented technologies	Software	Total
I. Original carrying amount					
1. Opening balance	2,776,434,384.64	42,772,999.92	106,804,273.83	110,460,904.09	3,036,472,562.48
2. Amount increased in the current period	1,072,677,433.57			11,534,389.34	1,084,211,822.91
(1) Purchase	1,072,677,433.57			6,400,802.96	1,079,078,236.53
(2) Transfer from construction in progress					
(3) Transfer to inventories				5,133,586.38	5,133,586.38
3. Decreased amount in the current period		6,215,754.79			6,215,754.79
(1) Disposal		6,215,754.79			6,215,754.79
4. Ending balance	3,849,111,818.21	36,557,245.13	106,804,273.83	121,995,293.43	4,114,468,630.60
II. Accumulated amortization					
1. Opening balance	368,751,262.88	14,537,023.90	23,020,636.25	40,089,748.05	446,398,671.08
2. Amount increased in the current period	29,782,782.06	129,292.89	5,286,879.61	5,873,656.39	41,072,610.95
(1) Provision	29,782,782.06	129,292.89	5,286,879.61	5,873,656.39	41,072,610.95
3. Ending balance	398,534,044.94	14,666,316.79	28,307,515.86	45,963,404.44	487,471,282.03
III. Carrying amount					
1. Carrying amount at the end of the period	3,450,577,773.27	21,890,928.34	78,496,757.97	76,031,888.99	3,626,997,348.57

Items	Land use rights	Patent right	Non-patented technologies	Software	Total
2. Carrying amount at the beginning of period	2,407,683,121.76	28,235,976.02	83,783,637.58	70,371,156.04	2,590,073,891.40

At the end of this period, the proportion of intangible assets formed through internal research and development of the Company to the balance of intangible assets is 0.00%.

(2) Impairment testing of intangible assets

☐ Applicable ☑ Not applicable

15. Goodwill

(1) Original carrying amount of goodwill

Unit: RMB Yuan

The name of the invested unit or items forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business combination	Foreign currency translation reserves	Disposal	Other decreases	
Bardoterminal GmbH	2,367,819.24		-134,671.43			2,233,147.81
NHU/Chr.Olesen Latin America A/S	3,622,704.97					3,622,704.97
Total	5,990,524.21		-134,671.43			5,855,852.78

(2) Impairment provision for goodwill

Unit: RMB Yuan

The name of the invested unit or items forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Foreign currency translation reserves	Disposal	Other decreases	
Bardoterminal GmbH	2,367,819.24		-134,671.43			2,233,147.81
Total	2,367,819.24		-134,671.43			2,233,147.81

(3) Information about the asset group or combination of asset groups of goodwill

Name	Composition and Basis of the Asset Group or Portfolio to Which It Belongs	Operating Division and Basis	Consistency with Previous Years
Bardoterminal GmbH	For an independently accounted overseas warehousing and logistics company, the management will recognize it as a single asset group from the date of acquisition	Independent warehousing and logistics company	Yes
NHU/Chr. Olesen	For sales entities with independent	Independent sales entity	Yes

Name	Composition and Basis of the Asset Group or Portfolio to Which It Belongs	Operating Division and Basis	Consistency with Previous Years
Latin America A/S	accounting overseas, the management identifies them as a single asset group from the time of acquisition		

Changes in an asset group or a combination of asset groups: None

(4) Specific methods for determining the recoverable amount

The recoverable amount is determined based on the net of fair value less disposal costs.

☐ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

☐ Applicable ☑ Not applicable

16. Long-term deferred expenses

Unit: RMB Yuan

Items	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
Renovation costs	1,242,479.65	-33,191.99	778,111.54		431,176.12
Catalyst expenses	18,234,620.78		4,585,868.53		13,648,752.25
Total	19,477,100.43	-33,191.99	5,363,980.07		14,079,928.37

17. Deferred income tax assets / deferred income tax liabilities

(1) Non-offset deferred income tax assets

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	99,902,023.24	16,086,033.08	109,470,361.07	17,528,759.54
Unrealized profit from internal transaction	112,089,294.51	19,090,170.17	93,256,153.83	13,988,423.06
Deferred income	143,438,204.97	21,515,730.75	166,211,235.01	24,931,685.24
Sales rebates	20,616,580.75	3,092,487.11	45,143,439.52	6,771,515.93
Lease liabilities	2,428,007.47	364,201.12	2,603,650.85	390,547.63
Changes in fair value of trading financial instruments and derivative financial instruments	6,243.72	1,560.93		
Total	378,480,354.66	60,150,183.16	416,684,840.28	63,610,931.40

(2) Non-offset deferred income tax liabilities

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Full pre-tax deduction for fixed assets	1,261,441,756.90	189,233,990.74	1,368,856,067.79	205,351,881.78
Fair value of other equity instruments investment at the end of the period	34,416,000.00	5,162,400.00	42,336,000.00	6,350,400.00
Right-of-use assets	6,451,630.53	967,744.58	7,940,001.94	1,191,000.29
Changes in fair value of trading financial instruments and derivative financial instruments			312,250.00	78,062.50
Total	1,302,309,387.43	195,364,135.32	1,419,444,319.73	212,971,344.57

(3) Deferred income tax assets or liabilities presented by netting after offset

Unit: RMB Yuan

Items	Amount of deferred income tax assets and liabilities mutually-offset end of the period	Ending balance of deferred income tax assets or liabilities after offset	Amount of deferred income tax assets and liabilities mutually-offset beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	55,120,022.25	5,030,160.91	60,918,480.41	2,692,450.99
Deferred income tax liabilities	55,120,022.25	140,244,113.07	60,918,480.41	152,052,864.16

(4) Details of unrecognized deferred income tax assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary differences	15,906,871.54	1,194,450,604.18
Deductible loss	3,508,448,767.45	3,640,655,005.58
Total	3,524,355,638.99	4,835,105,609.76

(5) The deductible loss of unrecognized deferred income tax assets will expire in the following years

Unit: RMB Yuan

Year	Closing balance	Opening balance	Notes
2026	12,470,639.45	12,470,639.45	
2027	36,168,974.24	36,109,953.27	
2028	92,988,113.65	92,988,113.65	
2029	110,355,923.56	157,453,878.38	

Year	Closing balance	Opening balance	Notes
2030	282,808,253.54	287,710,194.39	
2031	127,844,426.90	171,759,808.89	
2032	673,528,324.10	686,611,544.78	
2033	555,758,039.41	550,583,877.97	
2034	427,465,559.54	500,973,611.00	
2035	456,486,651.56	479,287,801.45	
Non-offsettable losses of overseas companies	732,573,861.50	664,705,582.35	
Total	3,508,448,767.45	3,640,655,005.58	

18. Other non-current assets

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Carrying amount	Book balance	Depreciation reserves	Carrying amount
Emission trading rights fee	12,474,645.36		12,474,645.36	10,488,933.12		10,488,933.12
Coal quota payment	67,546,800.00		67,546,800.00	65,263,600.00		65,263,600.00
Certificate of deposit of large amount	415,629,000.00		415,629,000.00	411,144,444.44		411,144,444.44
Prepaid land transfer payment				518,405,000.00		518,405,000.00
Prepaid for long-term asset funds	673,946,242.18		673,946,242.18	471,339,952.22		471,339,952.22
Total	1,169,596,687.54		1,169,596,687.54	1,476,641,929.78		1,476,641,929.78

19. Assets with restricted ownership or use rights

Unit: RMB Yuan

Items	End of the period				Beginning of the period			
	Book balance	Carrying amount	Type of restriction	Restriction situations	Book balance	Carrying amount	Type of restriction	Restriction situations
Cash and bank balances	61,825,034.41	61,825,034.41	Pledged	Guarantee deposit of bank acceptance bills, etc.	46,418,753.27	46,418,753.27	Pledged	Guarantee deposit of bank acceptance bills, etc.
Fixed assets	98,344,608.36	75,698,163.27	Mortgage	Mortgaged for bank borrowings	102,070,345.08	79,042,144.12	Mortgage	Mortgaged for bank borrowings
Intangible assets	108,525,632.40	85,879,187.31	Mortgage	Mortgaged for bank borrowings	10,794,997.29	10,794,997.29	Mortgage	Mortgaged for bank borrowings
Receivables financing	114,794,927.96	114,794,927.96	Pledged	Establish bank	135,353,157.67	135,353,157.67	Pledged	Establish bank

Items	End of the period				Beginning of the period			
	Book balance	Carrying amount	Type of restriction	Restriction situations	Book balance	Carrying amount	Type of restriction	Restriction situations
				acceptance bill pledge				acceptance bill pledge
Total	383,490,203.13	338,197,312.95			294,637,253.31	271,609,052.35		

20. Short-term borrowings

(1) Classification of short-term loans

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowing	26,470,505.77	6,604,793.50
Credit loans	935,561,772.22	668,567,888.87
Total	962,032,277.99	675,172,682.37

21. Financial liabilities held for trading

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial liabilities held for trading	1,663,300.90	
Including:		
Financial liabilities classified as measured at fair value, with changes recognized in profit or loss	1,663,300.90	
Including: Derivative financial liabilities	1,663,300.90	
Total	1,663,300.90	

22. Notes payable

Unit: RMB Yuan

Type	Closing balance	Opening balance
Bank acceptance bills	43,197,229.37	70,054,101.63
Total	43,197,229.37	70,054,101.63

23. Accounts Payable

(1) Presentation of accounts payable

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor payments	1,374,755,480.43	1,040,052,507.44
Payment for engineering and equipment	514,776,101.15	740,255,257.64
Total	1,889,531,581.58	1,780,307,765.08

24. Other payables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	96,098,501.09	131,685,145.99
Total	96,098,501.09	131,685,145.99

(1) Other payables

1) Presentation of other payables by nature of the payment

Unit: RMB Yuan

Items	Closing balance	Opening balance
Accrued and unpaid expenses	35,633,532.02	77,784,423.40
Deposits and guarantee deposits	36,405,806.40	30,090,146.97
Temporary receipts payable	4,952,835.29	13,548,987.92
Others	19,106,327.38	10,261,587.70
Total	96,098,501.09	131,685,145.99

25. Contract liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Advances from customers	351,344,836.57	294,819,090.20
Total	351,344,836.57	294,819,090.20

26. Employee benefits payable

(1) Presentation of employee benefits payable

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term employee benefits	511,515,144.15	1,186,429,425.24	1,390,003,383.23	307,941,186.16
II. Post-employment benefits - defined contribution plans		96,793,564.13	96,793,564.13	
III. Dismissal welfare		2,835,729.03	2,835,729.03	
Total	511,515,144.15	1,286,058,718.40	1,489,632,676.39	307,941,186.16

(2) Presentation of short-term compensation

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	494,168,073.67	1,031,124,478.39	1,233,891,886.36	291,400,665.70

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
2. Employee welfare fee		57,726,545.59	57,726,545.59	
3. Social insurance premium		56,357,367.92	56,357,367.92	
Incl.: Medical insurance premium		47,612,461.20	47,612,461.20	
Industrial injury insurance premium		5,023,315.72	5,023,315.72	
Maternity insurance premium		99.96	99.96	
4. Housing provident fund		37,411,234.93	37,411,234.93	
5. Labor union expenditure and employee education expenses	17,347,070.48	3,809,798.41	4,616,348.43	16,540,520.46
Total	511,515,144.15	1,186,429,425.24	1,390,003,383.23	307,941,186.16

(3) Presentation of defined contribution plans

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance		92,896,267.63	92,896,267.63	
2. Unemployment insurance expense		3,897,296.50	3,897,296.50	
Total		96,793,564.13	96,793,564.13	

27. Taxes and fees payable

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	84,310,856.32	116,722,251.38
Corporate income tax	410,973,109.91	476,673,438.77
Individual income tax	3,385,769.32	16,171,313.03
Urban maintenance and construction tax	6,164,102.74	10,415,102.16
House property tax	9,976,702.40	20,982,936.57
Land use tax	10,596,636.04	20,379,197.51
Educational surcharge (local education surcharge)	4,627,498.89	7,944,401.51
Stamp duty	432,588.63	180,237.73
Total	530,467,264.25	669,468,878.66

28. Non-current liabilities due within one year

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term loans due within one year	2,744,932,425.31	3,164,135,175.76
Lease liabilities due within one year	496,124.73	1,278,697.73
Total	2,745,428,550.04	3,165,413,873.49

29. Other current liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Short-term bonds payable	503,204,520.55	
Output VAT to be transferred	33,838,891.89	32,397,758.57
Sales rebates	25,600,653.97	66,960,592.67
Total	562,644,066.41	99,358,351.24

Changes in short-term bonds payable:

Unit: RMB Yuan

Name	Denomination	Coupon rate	Release date	Bond term	Amount	Opening balance	Issued	Interest accrued at face value	Excess discount amortization	Repayment	Closing balance	Default
Zhejiang NHU Company Ltd.technology innovation bond in the first phase of 2026	500,000,000.00	1.57%	February 1st,2026	270 天	500,000,000.00	500,000,000.00	500,000,000.00	3,204,520.55			503,204,520.55	No
Total					500,000,000.00	500,000,000.00	500,000,000.00	3,204,520.55			503,204,520.55	

30. Long-term loans

(1) Classification of long-term borrowings

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgage loan	6,913,122.89	19,737,123.37
Credit loans	3,163,250,227.59	4,167,441,445.65
Total	3,170,163,350.48	4,187,178,569.02

31. Lease liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Outstanding lease payment	3,128,476.17	3,380,508.75
Unamortized financing costs	-820,689.31	-880,325.09
Total	2,307,786.86	2,500,183.66

32. Deferred income

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government subsidies	899,431,748.59	25,128,500.00	81,533,952.31	843,026,296.28	Government grants related to assets received by the Company are amortized according to the depreciation schedule of the corresponding assets
Government subsidies	6,576,000.00		1,398,784.26	5,177,215.74	Revenue-related government grants received by the Company are amortized to match the actual expenses incurred
Total	906,007,748.59	25,128,500.00	82,932,736.57	848,203,512.02	

33. Share capital

Unit: RMB Yuan

Items	Opening balance	Increase or decrease in the change (+, -)					Closing balance
		Issue of new shares	Bonus shares	Conversion of capital reserve into shares	Others	Subtotal	
Total shares	3,073,421,680.00						3,073,421,680.00

34. Capital surplus

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Share premium)	2,854,024,919.08	33,790,775.87		2,887,815,694.95
Other capital reserve	281,658,334.41	1,745,052.06		283,403,386.47
Total	3,135,683,253.49	35,535,827.93		3,171,219,081.42

Other explanations, including the increase and decrease in the current period and the explanation of the reasons for the changes:Other capital reserve increased by RMB 1,745,052.06 in the period, due to increases in the special reserves of the Company's associates Zhejiang Chunhui Environmental Protection Energy Co., Ltd., Zhejiang Saiya Chemical Materials Co., Ltd. And Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.,resulting in a change in the Company's share of net assets. On January 23,2026, the 21,454.310 shares of company stock held in the company's repurchase special securities account were transferred to the "Zhejiang NHU Co., Ltd. - Fifth Phase Employee Stock Ownership Plan" special securities account through non trading transfer, reducing treasury stocks by RMB 485,188,983.03 and increasing capital reserves by RMB 33,790,775.87.

35. Treasury stocks

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Treasury stock	556,161,195.70		485,188,983.03	70,972,212.67
Total	556,161,195.70		485,188,983.03	70,972,212.67

Other notes, including changes during the period and explanations of the reasons for the changes: The increase in treasury shares during the period was due to the Company repurchasing part of the publicly held shares, intended to be used to implement the equity incentive plan or the employee stock ownership plan.

36. Other comprehensive income

Unit: RMB Yuan

Items	Opening balance	Amount incurred in the current period						Closing balance
		Amount incurred before income tax in the current period	Less: Included in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Included in other comprehensive income for the previous period and transferred in retained earnings for the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	35,985,600.00							35,985,600.00
Changes in the fair value of investments in other equity instruments	35,985,600.00							35,985,600.00
II. Other comprehensive income that will be reclassified into profit or loss	31,757,896.72	-34,098,912.83				-15,384,368.68	-18,714,544.15	16,373,528.04
Including: other comprehensive income under the equity method that can be reclassified to profit or loss	506,954.43							506,954.43
Translation differences of financial	31,250,942.29	-34,098,912.83				-15,384,368.68	-18,714,544.15	15,866,573.61

Items	Opening balance	Amount incurred in the current period						Closing balance
		Amount incurred before income tax in the current period	Less: Included in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Included in other comprehensive income for the previous period and transferred in retained earnings for the current period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
statements denominated in foreign currency								
Total other comprehensive incomes	67,743,496.72	-34,098,912.83				-15,384,368.68	-18,714,544.15	52,359,128.04

37. Special reserves

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production expense	162,056,373.58	69,820,553.97	55,218,410.20	176,658,517.35
Total	162,056,373.58	69,820,553.97	55,218,410.20	176,658,517.35

Other explanations, including the increase and decrease in the current period and the explanation of the reasons for the changes:

In accordance with the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds*, hazardous goods production and storage enterprises shall base the extraction on the actual operating revenue of the previous year, using a progressive decreasing rate method to extract monthly on average according to the following standards: 1) For operating revenue not exceeding RMB 10 million, extract at 4.5%; 2) For the portion of operating revenue exceeding RMB 10 million up to RMB 100 million, extract at 2.25%; 3) For the portion of operating revenue exceeding RMB 100 million up to RMB 1 billion, extract at 0.55%; 4) For the portion of operating revenue exceeding RMB 1 billion, extract at 0.2%.

In accordance with the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds*, the power production and supply enterprises shall base the extraction on the actual operating revenue of the previous year, adopting a progressive decreasing rate method to extract monthly on average according to the following standards: 1) For operating revenue not exceeding RMB 10 million, extract at 3%; 2) For the portion of operating revenue exceeding RMB 10 million up to RMB 100 million, extract at 1.5%; 3) For the portion of operating revenue exceeding RMB 100 million up to RMB 1 billion, extract at 1%; 4) For the portion of operating revenue exceeding RMB 1 billion up to RMB 5 billion, extract at 0.8%; 5) For the portion of operating revenue exceeding RMB 5 billion up to RMB 10 billion, extract at 0.6%; 6) For the portion of operating revenue exceeding RMB 10 billion, extract at 0.2%.

38. Surplus reserves

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	1,545,453,678.00			1,545,453,678.00
Total	1,545,453,678.00			1,545,453,678.00

Explanation of surplus reserves, including the increase and decrease in the current period and the explanation of the reasons for the change:

In accordance with the *Company Law of the People's Republic of China* and the Articles of Association, the Company shall set aside 10% of the parent company's net profit as a statutory surplus capital reserve; when the accumulated statutory surplus capital reserve reaches 50% of the registered capital, no further statutory surplus capital reserve need be set aside.

39. Undistributed profits

Unit: RMB Yuan

Items	Current period	Prior period
Undistributed profits at the end of the last period before adjustment	25,377,456,895.81	21,375,740,194.12
Undistributed profits at the beginning of the period after adjustment	25,377,456,895.81	21,375,740,194.12
Plus: net profit attributable to owners of the parent company in the current period	4,010,733,454.55	6,764,199,225.29
Less: Dividends payable on common stock	2,456,226,718.40	2,762,482,523.60
Undistributed profits at the end of the period	26,931,963,631.96	25,377,456,895.81

40. Operating revenue and operating cost

Unit: RMB Yuan

Items	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	13,077,825,612.26	7,308,975,788.97	11,072,628,572.89	5,996,026,761.47
Other business	51,474,648.63	14,699,671.84	28,004,263.89	10,340,595.62
Total	13,129,300,260.89	7,323,675,460.81	11,100,632,836.78	6,006,367,357.09
Including: with customers Revenue from contracts	13,126,313,081.89	7,323,301,008.77	11,097,016,365.52	6,006,031,204.71

Breakdown of the operating revenue and operating cost:

Unit: RMB Yuan

Classification of contracts	Operating revenue	Operating cost
Business Type		
Including:		
Nutrition	8,805,591,681.68	4,678,820,058.46
Aroma chemicals	2,022,263,282.57	1,032,127,702.98
New materials	1,165,989,510.74	784,932,943.49
Others	1,132,468,606.90	827,420,303.84
Subtotal	13,126,313,081.89	7,323,301,008.77
Classified according to operation regions		
Including:		
Domestic	5,454,479,328.97	3,430,296,825.49
Overseas	7,671,833,752.92	3,893,004,183.28
Subtotal	13,126,313,081.89	7,323,301,008.77
Classification by timing of goods transfer		
Including:		
Revenue recognized at a point in time	13,126,313,081.89	7,323,301,008.77
Subtotal	13,126,313,081.89	7,323,301,008.77
By sales channel		
Including:		
Direct selling	9,949,165,905.05	5,550,738,905.46
Agent sales	3,177,147,176.84	1,772,562,103.31
Subtotal	13,126,313,081.89	7,323,301,008.77

Information related to the transaction price allocated to remaining performance obligations:

At the end of the reporting period, the amount of income corresponding to the obligations under the contract that have been signed but have not been performed or have not been completely performed is RMB 3,625,468,392.22. Of this amount, RMB 3,625,468,392.22 is expected to be recognized as revenue in 2026.

41. Taxes and surcharges

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	50,368,259.68	39,551,225.95
Education surcharge	38,752,322.82	31,641,245.23
House property tax	22,261,080.14	22,065,671.62
Land use tax	24,408,489.99	23,618,662.08
Vehicle and vessel use tax	30,281.63	18,249.52
Stamp duty	9,742,543.54	7,240,307.89
Environmental protection tax	1,506,080.65	1,965,289.57
Water resource tax	33,472.00	37,970.20
Total	147,102,530.45	126,138,622.06

42. Administrative expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	159,066,799.27	169,842,730.77
Depreciation expense and amortization of intangible assets	56,755,272.16	57,537,198.65
Office expenses and travel expenses	25,793,927.39	24,292,173.92
Business entertainment expenses	10,553,178.69	8,226,105.71
Consulting fee	9,889,172.71	12,834,499.47
Insurance expenses	11,706,197.12	9,121,780.69
Others	18,827,283.34	27,763,916.53
Total	292,591,830.68	309,618,405.74

43. Sales expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	47,169,548.77	37,142,722.42
Sales commission	19,177,714.24	28,787,391.62
Office expenses and travel expenses	13,369,693.37	12,935,899.47
Advertising and promotion expenses, and business entertainment expenses	8,022,007.56	7,271,760.73
Others	1,248,106.00	2,464,632.41
Total	88,987,069.94	88,602,406.65

44. R & D expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	254,986,435.45	243,369,740.34
Direct input	273,425,309.24	194,855,941.97
Depreciation expense and amortization of intangible assets	43,724,074.06	45,699,299.17
Outsourcing expenses	8,883,018.87	7,801,144.90
Office expenses and travel expenses	224,352.55	4,910,364.40
Others	24,484,887.47	26,087,072.40
Total	605,728,077.64	522,723,563.18

45. Financial expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	77,290,550.93	112,615,701.07
Less: interest income	33,892,368.94	39,620,525.39
Exchange gains and losses (“-” for gains)	201,340,238.14	-261,991,904.62
Others	13,064,708.28	10,898,031.47
Total	257,803,128.41	-178,098,697.47

46. Other income

Unit: RMB Yuan

Sources of other incomes	Amount incurred in the current period	Amount incurred in the previous period
Government grants related to assets	82,932,736.57	68,463,990.57
Government grants related to income	36,014,059.37	51,815,263.87
Refund of service charges for withholding and paying personal income tax	1,810,694.88	1,485,876.64
Total	120,757,490.82	121,765,131.08

47. Gain from changes in fair value

Unit: RMB Yuan

Sources of income from changes in fair values	Amount incurred in the current period	Amount incurred in the previous period
Trading Financial Assets	7,437,903.65	16,328,109.27
Including: fair value change income from derivative financial instruments	7,437,903.65	16,328,109.27
Financial liabilities held for trading	58,556,088.18	-123,188,493.71
Including: Gains from changes in the fair value of financial liabilities classified as measured at fair value through profit or loss	58,556,088.18	-123,188,493.71
Total	65,993,991.83	-106,860,384.44

48. Investment income

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Return on long-term equity investments measured by the equity method	152,851,395.37	24,632,875.74
Investment income from disposal of trading (held-for-trading) financial assets	35,312,041.25	-19,871,951.63
Including: Financial assets classified as at fair value through profit or loss	4,076,535.85	-581,571.44
Including: Financial liabilities classified as at fair value through profit or loss	31,235,505.40	-19,290,380.19
Income of bank financial products and	16,602,412.40	8,184,998.28

Items	Amount incurred in the current period	Amount incurred in the previous period
structural deposits		
Interest on discounted bills	-267,359.89	
Dividend income from investment in other equity instruments during the holding period		5,292,000.00
Total	204,498,489.13	18,237,922.39

49. Credit impairment losses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Accounts receivables bad debt losses (“-” for losses)	-32,588,767.26	10,931,120.90
Other receivables bad debt losses (“-” for losses)	-1,689,750.93	-3,317,979.51
Total	-34,278,518.19	7,613,141.39

50. Asset impairment losses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Losses from inventory write-downs and impairment losses on contract fulfillment costs (“-” for losses)	-29,423,561.32	-33,272,405.82
Total	-29,423,561.32	-33,272,405.82

51. Income from disposal of assets

Unit: RMB Yuan

Source of income from asset disposal	Amount incurred in the current period	Amount incurred in the previous period
Gains from disposal of non-current assets (“-” for losses)	1,251,350.66	-1,582,139.69
Total	1,251,350.66	-1,582,139.69

52. Non-operating income

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Compensation income	1,423,403.03	689,062.82	1,423,403.03
Others	765,764.21	529,530.08	765,764.21
Total	2,189,167.24	1,218,592.90	2,189,167.24

53. Non-operating expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
External donation	1,897,281.80	157,421.42	1,897,281.80
Loss of damage and scrapping of non-current assets	36,557,884.36	392,406.59	36,557,884.36
Others	8,600,946.83	2,448,868.23	8,600,946.83
Total	47,056,112.99	2,998,696.24	47,056,112.99

54. Income tax expense

(1) Income tax expense statement

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	680,189,197.19	618,501,260.17
Deferred income tax expense	-10,891,950.28	-10,594,464.32
Total	669,297,246.91	607,906,795.85

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB Yuan

Items	Amount incurred in the current period
Total profits	4,697,344,460.14
Income tax expense calculated at statutory/applicable tax rate	704,601,669.02
Influence of different tax rates applied to subsidiaries	9,424,779.57
Influence of adjusting income tax in previous periods	24,840,698.12
Influence of non-taxable income	-26,666,163.74
Influence of non-deductible costs, expenses and losses	6,390,991.19
Influence of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in this period	40,432,189.88
Tax impact of additional deduction for research and development expenses (indicated with "-")	-89,726,917.13
Income tax expenses	669,297,246.91

55. Other comprehensive income

See Note 36 of Section VII of the financial report for details.

56. Cash flow statement items

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest income from bank deposits	34,303,334.57	46,489,138.86
Government grants received	39,922,197.95	46,323,276.36
Recovery of temporary loans, deposits, and guarantee deposits	65,245.00	86,687.91
Net amount received from other items and transactions	31,901,658.40	11,931,434.37
Total	106,192,435.92	104,830,537.50

Other cash paid related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Cash payments for research and development	18,756,282.66	23,435,352.94
Office expenses and travel expenses	19,979,929.10	17,645,221.94
Advertising and promotion expenses, and business entertainment expenses	16,508,783.88	14,296,751.97
Sales commission	30,487,691.74	36,152,773.52
Insurance expenses	11,684,890.84	7,687,775.66
Payment of land deposit		207,370,000.00
Other expenses and net amount of transactions	89,829,603.67	219,548,408.27
Total	187,247,181.89	526,136,284.30

(2) Cash flows relating to investing activities

Other cash received from investing activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Redemption of wealth management products and certificates of deposit	2,251,950,000.00	2,150,000,000.00
Total	2,251,950,000.00	2,150,000,000.00

Other cash paid related to investment activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Purchase of wealth management products, large-denomination certificates of deposit, and structured deposits	2,550,000,000.00	2,651,950,000.00
Deposit futures investment funds	20,000,000.00	
Total	2,570,000,000.00	2,651,950,000.00

(3) Cash relating to financing activities

Other cash received from financing activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Transfer of treasury stock	518,979,758.90	
Total	518,979,758.90	

Other cash payments related to financing activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Payment of bank financing fees	414,172.14	245,325.87
Share repurchase		309,134,899.57
Total	414,172.14	309,380,225.44

Changes in various liabilities generated from financing activities

☑ Applicable □ Not applicable

Unit: RMB Yuan

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowings	675,172,682.37	901,087,666.65	2,248,799.99	616,476,871.02		962,032,277.99
Long-term borrowings	7,351,313,744.78	891,300,000.00	578,547.48	2,328,096,516.47		5,915,095,775.79
Lease liabilities	3,778,881.39		80,936.15	1,055,905.95		2,803,911.59
Dividends payable			2,456,226,718.40	2,456,226,718.40		
Total	8,030,265,308.54	1,792,387,666.65	2,459,135,002.02	5,401,856,011.84		6,879,931,965.37

(4) Notes to cash flows reported on a net basis

Items	Relevant facts and circumstances	Basis for net presentation	Financial impact
Other cash receipts relating to investing activities	Redemption of wealth management products and structured deposits	The cash flows related to the Company's investment business involve projects with quick turnover, large amounts, and short terms, covering both cash inflows and outflows. Reporting these cash flows on a net basis better illustrates their impact on the Company's payment and debt repayment capabilities, and is more helpful for evaluating the Company's payment and debt repayment abilities as well as analyzing its future cash flows. Therefore, the Company reports the related cash flows generated from the above business on a net basis.	4,350,000,000.00
Other Paid Cashes Related to Investment Activities	Purchase of wealth management products and structured deposits	The cash flows related to the Company's investment business involve projects with quick turnover, large amounts, and short terms, covering both cash inflows and outflows. Reporting these cash flows on a net basis better illustrates their impact on the Company's payment and debt repayment capabilities, and is more helpful for evaluating the Company's payment and debt repayment abilities as well as analyzing its future cash flows. Therefore, the Company reports the related cash flows generated from the above business on a net basis.	4,350,000,000.00

(5) Significant activities that do not involve cash receipts or payments in the current period but affect the enterprise’s financial position or may affect its future cash flows, together with their financial impacts

57. Supplementary information on the cash flow statement

(1) Supplementary Information for Cash Flow Statement

Unit: RMB Yuan

Supplementary information	Amount of the current period	Amount of the previous period
1．Reconciliation of net profit to cash flows from operating activities		
Net profit	4,028,047,213.23	3,621,495,545.25
Add: provision for impairment of assets	63,702,079.51	25,659,264.43
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	1,121,203,040.00	1,115,106,727.67
Depreciation of right-of-use assets	2,172,801.55	1,833,329.36
Amortization of intangible assets	41,072,610.95	37,129,744.10
Amortization of long-term deferred expenses	3,555,411.78	6,793,386.10
Losses on disposal of fixed assets, intangible assets, and other long-term assets ("-" for income)	-1,251,350.66	1,582,139.69
Loss on retirement of fixed assets ("-" for income)	33,578,711.96	
Losses on changes in fair value ("-" for income)	-65,993,991.83	106,860,384.44
Financial expenses ("-" for income)	176,262,679.95	-145,534,087.33
Investment loss ("-" for income)	-204,498,489.13	-18,237,922.39
Decrease in deferred income tax assets ("-" for increase)	-3,460,748.24	-19,028,941.15
Increase in deferred income tax liabilities (“-” for decrease)	17,607,209.25	8,434,476.83
Decrease in inventory ("-" for increase)	-22,662,094.96	-468,703,390.51
Decrease of operating receivable items ("-" for increase)	-708,273,835.15	-313,836,326.44
Increase in operational payables ("-" for decrease)	-840,916,965.27	-716,826,527.74
Others		
Net cash flows from operating activities	3,640,144,282.94	3,242,727,802.31
2． Material investing and financing activities not involving cash receipt and payment		

Supplementary information	Amount of the current period	Amount of the previous period
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	7,396,217,771.31	5,508,745,188.26
Less: Opening balance of cash	7,819,707,489.01	5,521,452,666.47
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	-423,489,717.70	-12,707,478.21

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	7,396,217,771.31	7,819,707,489.01
Including: cash on hand	9,176.31	19,519.80
Bank deposits that can be used for payment at any time	7,366,196,213.60	7,819,579,040.64
Other monetary funds that can be used for payment at any time	30,012,381.40	108,928.57
II. Cash and cash equivalents at the end of the period	7,396,217,771.31	7,819,707,489.01
Including: Cash and cash equivalents with restricted use by the parent company or a subsidiary of the group	352,187,586.16	231,285,799.32

(3) Situations where the scope of use is restricted but still listed as cash and cash equivalents

Unit: RMB Yuan

Items	Amount of the current period	Amount of the previous period	Reasons for still being classified as cash and cash equivalents
Cash and bank balances	352,187,586.16	231,285,799.32	Monetary funds deposited overseas
Total	352,187,586.16	231,285,799.32	

(4) Monetary funds that do not belong to cash and cash equivalents

Unit: RMB Yuan

Items	Amount of the current period	Amount of the previous period	Reasons for not being classified as cash and cash equivalents
Cash and bank balances	0.00	100,143,888.89	Large-denomination certificates of deposit and interest
	12,939,755.86	38,900,815.38	Deposit for bank acceptance
	3,883,550.00	4,117,750.00	Deposit for customs duty
	3,498,310.00	1,714,764.00	Deposit for letter of guarantee
	1,064,122.78	1,063,853.85	Deposit for water charges
	19,750,000.00	370,073.49	Deposit for letters of credit
	1,885.57	221,221.57	Deposit for emission rights
	18,500.00	25,500.00	Deposit for ETC
	0.00	4,774.98	Long-suspended account balance
	852,203.92	0.00	Wage guarantee deposit for project engineering labor
	595,346.15	0.00	futures margin
	19,221,359.13	0.00	Deposit investment funds
	1.00	0.00	Deposit on the Yipaike platform
Total	61,825,034.41	146,562,642.16	

58. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB Yuan

Items	Ending foreign currency balance	Converted exchange rate	Converted RMB balance at the end of the period
Cash and bank balances			676,341,424.49
Including: USD	65,896,817.96	6.810900	448,816,637.44
EUR	23,283,525.32	7.767100	180,845,469.51
HKD	713,076.73	0.868550	619,342.79
JPY	61,046,238.00	0.042045	2,566,689.08
GBP	131,637.27	9.014500	1,186,644.17
BRL	18,637,057.01	1.316400	24,533,821.85
MXN	11,609,747.40	0.389681	4,524,097.98
SGD	579,851.25	5.260500	3,050,307.50
PLN	59,601.43	1.812119	108,004.88
VND	15,617,996,522.00	0.000259	4,045,061.10
TRY	41,461,018.55	0.145808	6,045,348.19
Accounts receivable			2,808,639,410.46
Including: USD	310,989,994.06	6.810900	2,118,121,750.54
EUR	60,214,104.15	7.767100	467,688,968.34
GBP	2,334,216.66	9.014500	21,041,796.08
BRL	152,585,309.56	1.316400	200,863,301.50
VND	3,566,000,000.00	0.000259	923,594.00
Other receivables			68,211,100.95
Including: USD	61,391.05	6.810900	418,128.30

Items	Ending foreign currency balance	Converted exchange rate	Converted RMB balance at the end of the period
EUR	2,150,120.44	7.767100	16,700,200.47
HKD	31,700.00	0.868550	27,533.04
JPY	16,946,280.00	0.042045	712,506.34
BRL	6,506,107.03	1.316400	8,564,639.29
MXN	106,216,788.06	0.389681	41,390,664.19
SGD	54,721.20	5.260500	287,860.87
PLN	3,174.11	1.812119	5,751.87
VND	27,000,000.00	0.000259	6,993.00
TRY	664,048.47	0.145808	96,823.58
Short-term borrowings			26,456,085.80
Including: USD	2,433,496.64	6.810900	16,574,302.27
EUR	1,119,654.57	7.767100	8,696,469.01
DKK	1,140,628.13	1.039177	1,185,314.52
Accounts payable			445,671,030.02
Including: USD	6,908,520.90	6.810900	47,053,245.00
EUR	27,454,483.52	7.767100	213,241,718.95
JPY	754,795.00	0.042045	31,735.36
BRL	137,267,171.72	1.316400	180,698,504.85
MXN	8,065,337.45	0.389681	3,142,908.76
DKK	29.40	1.039177	30.55
CHF	50,880.60	8.422799	428,557.07
VND	3,014,215,124.00	0.000259	780,681.72
TRY	2,013,934.52	0.145808	293,647.76
Other payables			46,646,134.31
Including: USD	3,712,670.89	6.810900	25,286,630.16
EUR	2,632,198.90	7.767100	20,444,552.08
HKD	41,079.00	0.868550	35,679.17
BRL	546,000.00	1.316400	718,754.40
SGD	18,682.68	5.260500	98,280.24
PLN	9,631.13	1.812119	17,452.75
CHF	2,969.00	8.422799	25,007.29
VND	6,281,136.00	0.000259	1,626.81
TRY	124,488.43	0.145808	18,151.41
Long-term borrowings			7,366,283.15
Including: USD			
EUR	948,395.56	7.767100	7,366,283.15
HKD			
Non-current liabilities that mature within one year			7,844,476.39
Including: USD	12,799.73	6.810900	87,177.68
EUR	961,662.00	7.767100	7,469,324.92
HKD	106,563.99	0.868550	92,556.15
BRL	148,448.53	1.316400	195,417.64

(2) Explanation of overseas operating entities, including for important overseas operating entities, the main overseas operating places, bookkeeping base currency and selection basis shall be disclosed, and the reasons for changes in bookkeeping base currency shall also be disclosed.

☐Applicable ☑ Not applicable

59. Lease

(1) The Company acts as the lessee

☑ Applicable □ Not applicable

Variable lease payments not included in the measurement of lease liabilities

□ Applicable ☑ Not applicable

Lease expenses for simplified treatment of short-term leases or low-value asset leases

☑ Applicable □ Not applicable

1) For related information on right-of-use assets, see Note 13 of Section VII of the financial report.

2) The details on accounting policies for short-term leases and low-value asset leases of the Company are set out in Note 29 of Section V of this financial report. The amounts of short-term lease expenses and low-value asset lease expenses recognized in the current profit or loss are as follows:

Unit: RMB Yuan

Items	Amount of the current period	Amount at the same period last year
Short-term lease expenses	2,502,954.96	865,262.56
Total	2,502,954.96	865,262.56

3) Profit or loss of the current period, and cash flows related to the lease

Unit: RMB Yuan

Items	Amount of the current period	Amount at the same period last year
Interest charges on lease liabilities	70,338.10	65,137.59
Total cash outflows related to the leases	3,265,314.23	1,795,192.45

4) For the analysis of the maturity profile of lease liabilities and the related liquidity risk management, see Note 1 of item XII of the financial report.

(2) The Company acts as the lessor

Operating lease as a lessor

☑ Applicable □ Not applicable

Unit: RMB Yuan

Items	Lease income	Including: Income related to variable lease payments not included in rental receipts
Lease income	2,981,065.53	
Total	2,981,065.53	

Financial lease as a lessor

□ Applicable ☑ Not applicable

Undiscounted lease receipts for each of the next five years

☑ Applicable □ Not applicable

Unit: RMB Yuan

Items	Undiscounted lease receipts for each year	
	Closing balance	Opening balance
First Year	1,880,218.11	1,371,619.12
Second Year		623,853.21
Third Year		293,577.98
Total undiscounted lease receipts after five years	1,880,218.11	2,289,050.31

(3) Profit or loss on sales of finance leases recognized as a producer or distributor

☐ Applicable ☑ Not applicable

VIII. Research and development expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	254,986,435.45	243,369,740.34
Direct input	273,425,309.24	194,855,941.97
Depreciation expense and amortization of intangible assets	43,724,074.06	45,699,299.17
Outsourcing expenses	8,883,018.87	7,801,144.90
Office expenses and travel expenses	224,352.55	4,910,364.40
Others	24,484,887.47	26,087,072.40
Total	605,728,077.64	522,723,563.18
Including: expensed R&D expenditures	605,728,077.64	522,723,563.18

IX. Changes in the scope of consolidation

1. Changes in the scope of consolidation due to other reasons

Explain changes in the scope of consolidation caused by other reasons (for example, newly established subsidiaries, liquidated subsidiaries, etc.) and the related details:

(1) Increase in the scope of consolidation

Name of companies	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
NHU Life Science North America LLC	Establishment	January 28, 2026	USD 150,000	100.00%

(2) Decrease of consolidation scope

Name of companies	Equity disposal method	Equity acquisition date	Disposal of daily net assets	Disposal of daily net profit
Shandong Xinshuang'an Biotechnology Co., Ltd.	Deregistration	January 30, 2026	RMB 98,918.40	RMB -67.99

X. Interests in other entities

1. Interests in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Registered capital	Main place of business	Registration place	Business nature	Holding proportion		Acquisition method
					Direct	Indirect	
NHU (Hong Kong) Trading Co., Ltd.	USD2,400,000.00	Hong Kong, China	Hong Kong, China	Business	100.00%		Establishment
Shandong NHU Amino-acids Co., Ltd.	RMB1,100,000,000.00	Weifang, Shandong	Weifang, Shandong	Manufacturing industry	100.00%		Establishment

List significant subsidiaries; the materiality criteria are set out in Note 5 of Section V of the financial report.

2. Rights and interests in joint ventures or associates

(1) Summary financial information of insignificant (immaterial) joint ventures or associates

Unit: RMB Yuan

Items	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
Joint ventures:		
Total carrying amount of investment	564,951,849.04	418,125,357.72
The total of the following items calculated according to the shareholding ratio		
--Net profit	145,667,271.39	-15,076,323.59
--Total comprehensive income	145,667,271.39	-15,076,323.59
Associates:		
Total carrying amount of investment	568,684,576.58	547,225,191.71
The total of the following items calculated according to the shareholding		

Items	Ending balance/amount incurred in current period	Beginning balance/amount incurred in previous period
ratio		
--Net profit	40,676,371.27	38,312,710.19
--Total comprehensive income	40,676,371.27	38,312,710.19

XI. Government subsidies

1. Government subsidies recognized based on receivable amounts at the end of the reporting period

□ Applicable ☑ Not applicable

Reasons for not receiving the expected amount of government subsidies at the anticipated time

□ Applicable ☑ Not applicable

2. Liability items involving government subsidies

☑ Applicable □ Not applicable

Unit: RMB Yuan

Accounting items	Opening balance	Amount of new subsidies in the current period	Amount included in non-operating revenue of the current period	Amount transferred in other income in the current period	Other variations in the current period	Closing balance	Asset-related/income-related
Deferred income	899,431,748.59	25,128,500.00		81,533,952.31		843,026,296.28	Asset-related
	6,576,000.00			1,398,784.26		5,177,215.74	Related to income
Total	906,007,748.59	25,128,500.00		82,932,736.57		848,203,512.02	

3. Government subsidies included in current profit and loss

☑ Applicable □ Not applicable

Unit: RMB Yuan

Accounting items	Amount incurred in the current period	Amount incurred in the previous period
Government grants included in other income	118,946,795.94	120,279,254.44

XII. Risks related to financial instruments

1. Various types of risks arising from financial instruments

The Company's major financial instruments include cash and cash equivalents, notes receivable, accounts receivable, receivables financing, other receivables, other current assets, financial assets held for trading, investments in other equity instruments, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings, and lease liabilities. Detailed information on the various financial instruments has been disclosed in the related notes. Risks related to the financial instruments and the Company's risk management policy used for reducing these risks are described as follows. The Company's management governs and monitors these exposures to ensure that these risks are controlled within the limited scope.

(1) Risk management goals and policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and commodity price risk).

The Company's risk management aims to reach proper balance between risks and benefits, to minimize the negative impact of risks on the Company's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Company's basic strategy for risk management is to determine and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

The Company has formulated risk management policies to identify and analyze the risks it faces. These risk management policies clearly specify particular risks and cover a wide range of areas, including market risk, credit risk, and liquidity risk management. The Company regularly assesses changes in the market environment and in its operating activities to determine whether to update its risk management policies and systems. The Company's Internal Audit Department conducts periodic reviews of risk management controls and procedures, and reports the review results to the Audit Committee of the Company.

The Company manages financial instrument risks by appropriately diversifying its investments and business portfolio. It also mitigates risks concentrated in a single industry, specific region, or particular counterparty by implementing targeted risk management policies.

1) Credit risk

Credit risk refers to the risk that a counterparty's failure to perform its contractual obligations will cause the Company to incur financial loss.

The Company oversees credit risk through the classification of its portfolio. Credit risk mainly arises from bank deposits, notes receivable, accounts receivable, and other receivables.

The Company's bank deposits are primarily held with reputable financial institutions that have high credit ratings. The Company expects that there are no significant credit risks associated with these bank deposits.

For notes receivable, accounts receivable, and other receivables, the Company has established policies to control credit risk exposure. The Company assesses customers' creditworthiness based on their financial condition, credit records, and other factors, such as current market conditions, and sets the corresponding credit terms accordingly. The Company will regularly monitor customers' credit records. For those with less favorable credit records, the Company will implement measures such as sending written collection notices, reducing credit terms, or discontinuing credit arrangements to maintain overall credit risk within manageable limits.

The debtors of the Company's accounts receivable are customers distributed across different industries and regions. The Company continuously assesses the creditworthiness of accounts receivable and, when appropriate, purchases credit guarantee insurance.

The maximum credit risk exposure of the Company is the carrying amount of the financial assets in the balance sheet. The Company has not provided any other guarantees that could potentially expose it to credit risk.

Accounts receivable from the top five customers represented 19.54% of the Company’s total accounts receivable (compared to 18.51% in 2025). Additionally, other receivables from the top five companies accounted for 86.32% of the Company’s total other receivables (compared to 83.54% in 2025).

2) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligation to settle by delivering cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents the management deem sufficient to meet the Company's operating needs and to reduce the impact of cash flow fluctuations. To control such risk, the Company applies various financing methods, such as bill settlement and bank loans, in appropriate combination of long-term and short-term financing ways to optimize the financing structure and keep the balancing between financing sustainability and flexibility. The Company has obtained lines of credit from several commercial banks to satisfy its working capital demand and capital expenditure.

As of the end of the period, the Company’s financial liabilities are categorized based on the maturities of the undiscounted remaining contractual cash flows as follows (Unit: RMB Yuan):

Items	Closing balance			
	Within one year	One to three years	Three years or more	Total
Financial liabilities:				
Bank loans	3,334,376,783.83	3,082,434,213.49	676,313,419.45	7,093,124,416.77
Notes payable	43,197,229.37			43,197,229.37
Accounts payable	1,889,531,581.58			1,889,531,581.58
Other payables	96,098,501.09			96,098,501.09
Lease liabilities	496,124.73	714,285.69	2,652,285.72	3,862,696.14
Total financial liabilities	5,363,700,220.60	3,083,148,499.18	678,965,705.17	9,125,814,424.95

At the end of the previous year, the Company’s financial liabilities are categorized based on the maturities of the undiscounted remaining contractual cash flows as follows (Unit: RMB Yuan):

Items	Balance at the end of the previous year			
	Within one year	One to three years	Three years or more	Total
Financial liabilities:				

Items	Balance at the end of the previous year			
	Within one year	One to three years	Three years or more	Total
Bank loans	3,980,899,147.47	3,784,283,730.64	536,333,678.12	8,301,516,556.23
Notes payable	70,054,101.63			70,054,101.63
Accounts payable	1,780,307,765.08			1,780,307,765.08
Other payables	131,685,145.99			131,685,145.99
Lease liabilities	1,421,784.44	714,285.72	2,652,285.72	4,788,355.88
Total financial liabilities	5,964,367,944.61	3,784,998,016.36	538,985,963.84	10,288,351,924.81

The financial liabilities presented in the table above represent undiscounted contractual cash flows and may therefore differ from the carrying amounts reported on the balance sheet.

3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including interest rate risk, exchange rate risk and other price risks.

① Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates. Interest rate risk can arise from both recognized interest-bearing financial instruments and unrecognized instruments, such as certain loan commitments.

The Company's interest rate risk arises primarily from long-term bank loans and other long-term interest-bearing debts. Floating-rate financial liabilities expose the Company to cash flow interest rate risk, while fixed-rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions at the time, and maintains an appropriate portfolio of fixed and floating rate instruments through regular reviews and monitoring.

The Company closely monitors the effects of interest rate fluctuations on its overall interest rate risk. The Company has not yet implemented a formal interest rate hedging policy. However, management is responsible for monitoring interest rate risk and will consider hedging significant interest rate risks as necessary. An increase in interest rates will raise the cost of newly incurred interest-bearing debts and the Company's outstanding interest expenses on floating-rate interest-bearing debts, significantly adversely affecting the Company's financial performance. Management will make timely adjustments based on the latest market conditions, which may include arrangements for interest rate swaps to reduce interest rate risk.

As of June 30, 2026, the Company's bank borrowings bearing interest at floating rates amounted to RMB 5,011,708,469.43 (December 31, 2025: RMB 5,685,241,467.24). Assuming other variables remain constant, an interest rate change of 50 basis points would not have a material impact on the Company's total profit and shareholders' equity.

For financial instruments held at the balance sheet date that expose the Company to fair value interest rate risk, the effects on net profit and shareholders' equity in the above sensitivity analysis assume a change in interest rates at the balance sheet date and reflect the impact of remeasuring those financial instruments using the new rates. For floating-rate non-derivative instruments held as of the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net profit and shareholders' equity shown in the sensitivity analysis reflects the estimated annual effect of the specified interest rate changes on interest expense or income. The analysis for the previous year was based on the same assumptions and methods.

② Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to the change of foreign exchange rate. Exchange rate risk can occur with financial instruments that are denominated in currencies different from the functional currency.

The Company's principal operations are located in China, and its primary business is settled in RMB. However, the foreign-currency assets and liabilities already recognized by the Company and future foreign-currency transactions (the currencies in which such foreign-currency assets, liabilities and transactions are denominated are primarily the U.S. dollar, the euro and the Japanese yen) continue to be exposed to foreign exchange risk.

For details of the Company's foreign-currency monetary assets and liabilities at the end of the reporting period, see Note 58 of Section VII of the financial report.

The Company closely monitors the impact of exchange rate fluctuations on its exchange rate risk. The Company consistently monitors the volume of the Group's foreign currency transactions, as well as its foreign currency assets and liabilities, to effectively manage and minimize foreign exchange risk. To mitigate this risk, the Company may engage in forward foreign exchange contracts or currency swap agreements as hedging strategies.

③ Other price risks

Other price risk refers to the risk of volatility resulting from market price fluctuations beyond exchange rate and interest rate risks. These fluctuations may stem from factors specific to individual financial instruments or their issuers, as well as from factors affecting all comparable financial instruments traded in the market. Other price risks may arise from changes in commodity prices, stock market indices, equity instrument prices, and other risk variables.

The Company closely monitors the impact of price fluctuations on the price risk of its investments in equity securities. Management is responsible for monitoring other price risks and will, if necessary, consider maintaining a diversified portfolio of equity securities to mitigate the price risk associated with equity investments.

2. Hedging

(1) The Company conducts hedging activities for risk management.

☑ Applicable □ Not applicable

1) During this period, the Company carried out foreign exchange hedge activities, using forward foreign exchange contracts and other derivative contracts as hedge instruments; some of the expected foreign-currency cash flows related to anticipated purchase and sale transactions were designated as the hedged items, in order to mitigate the risk that fluctuations in foreign exchange market prices would cause variability in the Company's expected future cash flows from those anticipated purchases and sales.

2) During this period, the Company conducted foreign exchange hedge transactions, using derivative contracts such as forward foreign exchange contracts as hedging instruments, and designated certain foreign currency deposits as hedged items, thereby mitigating the risk the Company bears of fluctuations in its existing foreign currency deposits due to movements in foreign exchange market prices.

3) During this period, the Company carried out raw material futures hedging business, using raw material futures contracts as hedging tools to cope with fluctuations in bulk raw material prices and ensure business stability.

(2) The Company conducts qualified hedging activities and applies hedge accounting.

☐ Applicable ☑ Not applicable

(3) The Company engages in hedging activities for risk management purposes and expects to achieve its risk management objectives, but has not applied hedge accounting.

☑ Applicable ☐ Not applicable

Items	Reasons for not applying hedge accounting	Impact on financial statements
Foreign exchange swap contract	The Company widely uses foreign exchange forward contracts and other instruments globally to manage foreign exchange risk related to the conversion between currencies such as the USD, EUR, RMB, and JPY. Because there is a certain offsetting relationship in exchange rate fluctuations between different currencies, this can to some extent achieve the same effect as hedge accounting; therefore, hedge accounting has not been applied.	Derivative financial assets: RMB 29,965,130.86 Derivative financial liabilities: RMB 633,860.90 Investment income: RMB 35,495,335.97 Income from changes in fair value: RMB 60,205,247.49
Raw material futures contracts	The Company continuously purchase or sell, dynamically adjust futures positions, and manage the overall net risk exposure, rather than individual, identifiable hedged items. The standard requires a formal written designation of the corresponding relationship between the hedging instrument and the specific hedged item at the beginning of the hedging process. Rolling, batch, and combination exposures are difficult to match on a transaction by transaction basis, making it impossible to complete the	Investment income: RMB -182,990.00 Income from changes in fair value: RMB -1,029,440.00

Items	Reasons for not applying hedge accounting	Impact on financial statements
	designation of the hedging relationship.	

3. Financial assets

(1) Classification of transfer method

☑ Applicable □ Not applicable

Unit: RMB Yuan

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition situation	Basis for determining derecognition
Notes endorsed, discount	Receivables financing	1,346,436,608.90	Recognition terminated	It has transferred almost all of its risks and rewards
Total		1,346,436,608.90		

(2) Financial assets with termination of recognition due to transfer

☑ Applicable □ Not applicable

Unit: RMB Yuan

Items	Transfer method of financial assets	Amount of financial assets with termination of recognition	Gains or losses related to termination recognition
Receivables financing	Endorsement and discount	1,346,436,608.90	-267,359.89
Total		1,346,436,608.90	-267,359.89

(3) Transferred financial assets with continuing involvement

☐Applicable ☑ Not applicable

XIII. Disclosure of fair value

1. The ending fair value of assets and liabilities measured at fair value

Unit: RMB Yuan

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial assets		2,583,641,120.21		2,583,641,120.21
1. Financial assets measured at fair value through profit and loss		2,583,641,120.21		2,583,641,120.21
(1) Derivative financial assets		29,965,130.86		29,965,130.86
(2) Structured deposits		2,553,675,989.35		2,553,675,989.35
(II) Receivables financing			920,577,788.17	920,577,788.17

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
(III) Other equity instrument investments			22,446,147.55	22,446,147.55
Total amount of assets measured at fair value on a continuous basis		2,583,641,120.21	943,023,935.72	3,526,665,055.93
(IV) Trading financial liabilities		1,663,300.90		1,663,300.90
Including:derivative financial liabilities		1,663,300.90		1,663,300.90
Total amount of liabilities measured at fair value on a continuous basis		1,663,300.90		1,663,300.90
II. Non-recurring Fair Value Measurements	--	--	--	--

2. Qualitative and quantitative information on the valuation techniques and important parameters used in recurring and non-recurring second-level fair value measurement items

The derivative financial assets measured at second-level fair value held by the Company are forward foreign exchange contracts. The Company determines their fair value by discounting to present value the difference between the contractual settlement exchange rate specified in the forward foreign exchange contracts and the market forward exchange quotation at the balance sheet date, using the expected yield.

3. Qualitative and quantitative information on the valuation techniques and important parameters used in recurring and non-recurring third-level fair value measurement items

(1) The Company's receivables financing measured at fair value using third-level inputs consists of bank acceptance bills, which have low credit risk and short remaining maturities, and the Company determines their fair value based on their face value.

(2) The other equity instrument investments measured at fair value through third-level held by the Company are equity interests in non-listed companies. For investments in unlisted equity instruments, the Company comprehensively considers the use of the market approach, the discounted cash flow method and other methods to estimate fair value. If the operating environment, operating conditions, and financial condition of the investee Zhejiang Second Pharma Co., Ltd. and Shanghai NewMargin Yongjin Equity Enterprise (Limited Partnership) have not undergone significant changes, the Company measures the investments at cost as a reasonable estimate of fair value. The investee, Shanghai NewMargin Yongjin Equity Enterprise (Limited Partnership), is measured at a reasonable estimate of fair value based on the audited fund report.

XIV. Related parties and related transactions

1. Information about the parent company of the Company

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of parent company to the Company	Proportion of parent company's voting rights to the Company
NHU Holding Group Co., Ltd.	Xinchang, Zhejiang	Manufacturing industry	RMB 120,000,000	50.08%	50.08%

Explanation of the parent company of the Company: The ultimate controller of the enterprise is Hu Baifan.

2. Information on subsidiaries of the Company

Details of the Company's subsidiaries are set out in Note 3(1) of Section XVIII of the financial report.

3. Information on joint ventures and associates of the Company

Details of the Company's joint ventures and associates are set out in Note 10 of Section VII of the financial report.

Information about other joint ventures or associates that have related transactions with the Company in the current period, or have a balance resulting from related transactions with the Company in the previous period is as follows:

Name of joint ventures and associates	Relationship with the Company
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	Joint ventures of the Company
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Associates of the Company
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Associates of the Company
Zhejiang Saiya Chemical Materials Co., Ltd.	Associates of the Company
CysBio ApS	Associates of the Company
Shandong Bin'an Vocational Training School Co., Ltd.	Associates of the Company
Anhui Yingna Weixun Technology Co., Ltd.	Associates of the Company

4. Information of other related parties

Name of other related parties	Relationship between other related parties and the Company
Beijing Front Pharma CO., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Zhejiang Asen Pharmaceutical Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Fuyuan Pharmaceutical Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Weifang Hecheng Real Estate Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Qionghai Heyue Property Service Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Qionghai Boao Heyue Hotel Management Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Shaoxing Heyue Property Services Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Zhejiang Jingshi Real Estate Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Shaoxing Yuexiu Education Development Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Shaoxing Jinghe Hotel Management Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Shaoxing Shangyu Hecheng Real Estate Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Zhejiang Yuexiu University	Under the common control of NHU Holding Group Co., Ltd.
Changbai Mountain Protection and Development Zone Heyue Real Estate Development Co., Ltd.	Under the common control of NHU Holding Group Co., Ltd.
Heilongjiang Haotian Corn Development Co., Ltd.	Minority shareholders of subsidiaries
Beijing Front Pharma CO., Ltd. Cangzhou Branch	Branch of Beijing Front Pharma CO., Ltd.
Shaoxing Heyue Property Services Co., Ltd. Shangyu Branch	Branch of Shaoxing Heyue Property Services Co., Ltd.

Other remarks:

Customer II holds 25% equity in NHU EUROPE GMBH, a subsidiary controlled by the Company's subsidiary NHU Singapore Pte. Ltd. As a precaution, the Company discloses the transactions and outstanding balances between Customer II and the subsidiary NHU EUROPE GMBH in the related party transaction section.

5. Related party transactions

(1) Related transactions for the purchase and sale of goods and the provision and receipt of services

Statement of purchases of goods and acceptance of services(I)

Unit: RMB Yuan

Related parties	Related transaction content	Amount incurred in the current period	Approved transaction limit	Exceed the transaction limit or not	Amount incurred in the previous period
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchasing goods	125,930,371.86	230,000,000.00	No	111,801,148.68
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	Purchasing goods	337,883,700.13	793,000,000.00	No	
Zhejiang Deli Equipment Co., Ltd.	Purchasing goods	74,531,732.72	177,000,000.00	No	8,320,553.16
Shaoxing Jinghe Hotel Management Co., Ltd.	Catering and accommodation services	680,858.69	3,450,000.00	No	764,004.04
Shaoxing Heyue Property Services Co., Ltd. Shangyu Branch	Property management services	285,498.80			188,264.15
Qionghai Boao Heyue Hotel Management Co., Ltd.	Catering and accommodation services	16,193.00			2,288.00
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchasing goods	115,126.59			54,785.84
Fuyuan Pharmaceutical Co., Ltd.	Purchasing goods	4,500.00			
Total		539,447,981.79	1,203,450,000.00		121,131,043.87

Statement of purchases of goods and acceptance of services(II)

Unit: RMB Yuan

Related parties	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Purchase of steam	57,863,728.41	48,597,383.90
	Acceptance of services	2,036,000.79	437,189.89

Related parties	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Heilongjiang Haotian Corn Development Co., Ltd.	Purchasing goods	56,008,761.63	20,125,109.65
CysBio ApS	Consulting service fee	427,405.68	
Shandong Bin'an Vocational Training School Co., Ltd.	Training fees	366,801.88	56,940.57
Total		116,702,698.39	69,216,624.01

Statement of sales of goods/provision of services

Unit: RMB Yuan

Related parties	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Sales of goods	55,352,733.90	74,760,442.59
	Hazardous waste disposal fee	5,676.60	4,961.85
	Water and electricity charges	801,907.38	857,110.29
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	Sales of goods		2,484,792.93
	Provision of services		465,000.00
Fuyuan Pharmaceutical Co., Ltd.	Sales of goods	1,409,292.04	398,230.09
Zhejiang Deli Equipment Co., Ltd.	Sales of goods		589,492.03
Heilongjiang Haotian Corn Development Co., Ltd.	Steam sales	4,425,024.13	
Zhejiang Second Pharma Co., Ltd.	Sales of goods	2,814.16	
Beijing Front Pharma CO., Ltd.	Testing fee	1,654,867.23	391,509.43
Beijing Front Pharma CO., Ltd. Cangzhou Branch	Provision of services	75,471.70	
	Testing fee	171,698.11	
Subtotal		63,899,485.25	79,951,539.21

(2) Related-party lease information

The Company acts as the lessor:

Unit: RMB Yuan

Name of lessee	Types of leased assets	Lease income recognized in current period	Lease income recognized in last period
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use right and buildings	549,803.22	316,724.37
Zhejiang Jingshi Real Estate Co., Ltd.	Land use right and buildings	112,171.26	69,357.80
NHU Holding Group Co., Ltd.	Land use right and buildings	13,400.92	13,400.92
Weifang Hecheng Real Estate Co., Ltd.	Land use right and buildings	5,142.86	5,142.86

The Company acts as the lessee:

Unit: RMB Yuan

Name of lessor	Types of leased assets	Lease expenses for short- term leases and leases of low- value assets accounted for using the simplified approach (if applicable)	
		Amount incurred in the current period	Amount incurred in the previous period
NHU Holding Group Co., Ltd.	Land use right and buildings		342,290.74

(3) Remuneration of key management personnel

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	7,637,102.36	7,181,369.40

(4) Other related-party transactions

During this period, the subsidiary NHU EUROPE GMBH sold goods to Customer II in the amount of RMB 112,830,549.16; the accounts receivable balance at the end of the period was RMB 56,155,303.71.

6. Receivables and payables of related parties

(1) Accounts receivable

Unit: RMB Yuan

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	42,708,999.02	2,135,449.95	47,131,641.33	2,356,582.07
	Heilongjiang Haotian Corn Development Co., Ltd.	978,120.00	48,906.00		
Subtotal		43,687,119.02	2,184,355.95	47,131,641.33	2,356,582.07
Other receivables	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.			2,514,698.55	125,734.93
Other receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	4,000.00	20,000.00	4,000.00
Subtotal		20,000.00	4,000.00	2,534,698.55	129,734.93

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Other non-current assets	Zhejiang Deli Equipment Co., Ltd.	1,377,500.00		67,685,510.00	
Subtotal		1,377,500.00		67,685,510.00	

(2) Payable items

Unit: RMB Yuan

Project name	Related parties	Closing book balance	Opening balance
Accounts payable	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	369,696,529.64	237,385,884.16
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	11,649,326.70	12,472,492.16
	Zhejiang Deli Equipment Co., Ltd.	15,219,814.90	10,680,005.30
	CysBio ApS		1,023,018.50
	Heilongjiang Haotian Corn Development Co., Ltd.	863,384.97	575,475.87
	Zhejiang Saiya Chemical Materials Co., Ltd.	82,985,135.06	258,119.47
	Zhejiang Second Pharma Co., Ltd.	6,408.00	6,408.00
Subtotal		480,420,599.27	262,401,403.46
Contract liabilities (tax-inclusive)	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	125,660,377.36	223,396,226.42
	Zhejiang Deli Equipment Co., Ltd.	14,700.89	
Subtotal		125,675,078.25	223,396,226.42
Other payables	Zhejiang Deli Equipment Co., Ltd.		3,740.00
	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.		1,650.00
	Shaoxing Jinghe Hotel Management Co., Ltd.Wanyi Branch	110,500.96	
Subtotal		110,500.96	5,390.00
Total		606,206,178.48	485,803,019.88

XV. Commitments and Contingencies

1. Important commitments

Significant commitments existing at the balance sheet date

(1) Forward foreign exchange contracts

According to the *ISDA 2002 MASTER AGREEMENT* signed with Bank of China (Hong Kong) Limited, the *ISDA 2002 MASTER AGREEMENT* signed with DBS Bank (China) Limited, the *Global Capital Markets Transactions* and related transaction application forms signed with HSBC Bank (China) Company Limited, Hangzhou Branch, the *Zheshang Bank Customer Foreign Exchange Trading Master Agreement* signed with China Zheshang Bank Co., Ltd., Shanghai Branch, and the *NAFMII Master Agreement* and supplementary agreement (No. Y161136) signed with Bank of China Limited, Zhejiang Branch, as of June 30, 2026, the Company's outstanding forward foreign exchange contracts that have not been settled are as follows:

Currency	Forms of foreign exchange settlement and sale	Notional amount	Agreed exchange rate range	Weighted average agreed exchange rate	Settlement month
USD	Foreign exchange settlement	156,393,697.10	6.7375 - 6.7956	6.7740	July 2026
	Foreign exchange settlement	111,729,039.61	6.7252 - 6.7880	6.7632	August 2026
	Foreign exchange settlement	76,087,494.70	6.7130 - 6.7710	6.7298	September 2026
	Foreign exchange settlement	56,535,590.06	6.6980 - 6.7510	6.7325	October 2026
	Foreign exchange settlement	30,973,552.25	6.6830 - 6.7415	6.7237	November 2026
	Foreign exchange settlement	15,528,220.24	6.6786 - 6.7226	6.6991	December 2026
	Foreign exchange settlement	18,480,000.00	6.7035 - 6.7045	6.7038	January 2027
EUR	Foreign exchange settlement	26,526,000.00	7.8790 - 8.0110	8.0004	July 2026
	Foreign exchange settlement	46,838,600.00	7.8360 - 8.0243	7.9934	August 2026
	Foreign exchange settlement	3,005,200.00	7.7240 - 7.8696	7.8389	September 2026
	Foreign exchange settlement	6,580,900.00	7.7150 - 7.9100	7.8008	October 2026
	Foreign exchange settlement	11,607,600.00	7.7862 - 7.8531	7.8345	November 2026
	Foreign exchange settlement	23,022,600.00	7.7005 - 7.8940	7.8471	December 2026
	Foreign exchange settlement	18,022,700.00	7.6855 - 7.8375	7.7639	January 2027

(2) Issued letters of guarantee not yet expired

As of June 30, 2026, the various unexpired letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing bank	Applicant unit	Letter of guarantee type	Letter of guarantee amount	Opening conditions
Bank of China Limited Xinchang Sub-Branch	Zhejiang NHU Co., Ltd.	Performance guarantee	USD 99,614.00	Use of bank credit facilities
		Performance guarantee	USD 7,075.00	Use of bank credit facilities
China Merchants Bank Limited Weifang Sub-	Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Payment guarantee	CNY 1,119,300.00	Margin deposit CNY 111,930.00

Issuing bank	Applicant unit	Letter of guarantee type	Letter of guarantee amount	Opening conditions
Branch				
China Merchants Bank Limited Weifang Sub-Branch	Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Payment guarantee	CNY 2,379,010.00	Margin deposit CNY 237,901.00

(3) Issued letters of credit that have not yet expired

As of June 30, 2026, the letters of credit issued by the Company and its subsidiaries that have not yet matured are as follows:

Issuing bank	Applicant unit	Letter of credit balance	Opening conditions
Industrial and Commercial Bank of China Limited TEDA Sub-Branch	Tianjin NHU Materials Technology Co., Ltd.	EUR 2,057,000.00	Use of bank credit facilities
		USD 2,252,000.00	Use of bank credit facilities
Bank of China Limited Xinchang Sub-Branch	The Company	JPY 180,000,000.00	Use of bank credit facilities
		USD 354,320.00	Use of bank credit facilities
		CNY 100,000,000.00	Use of bank credit facilities
		CNY 50,000,000.00	Use of bank credit facilities
Bank of China Limited Shangyu Sub-Branch	Zhejiang NHU Specialty Materials Co., Ltd.	JPY 425,000,000.00	Margin deposit CNY 19,750,000.00
Industrial and Commercial Bank of China Limited Xinchang Sub-Branch	The Company	CNY 50,000,000.00	Use of bank credit facilities
China Construction Bank Corporation Xinchang Sub-branch		CNY 450,000,000.00	Use of bank credit facilities
		CNY 50,000,000.00	Use of bank credit facilities

(4) "Bill Pool" business

The Company and its subsidiaries, including Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Specialty Materials Co., Ltd., Shaoxing Yuchen New Materials Co., Ltd., Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Amino-acids Co., Ltd., Heilongjiang NHU Biotechnology Co., Ltd., Shandong NHU Fine Chemical Science and Technology Co., Ltd., Heilongjiang Xinhao Thermal Power Co., Ltd., Xinchang NHU Vitamins Co., Ltd., Zhejiang VYS Animal Nutrition and Health Co., Ltd., and NHU Import & Export Company Ltd., have signed and entered into the *Bill Pool Business Cooperation Agreement* with China Zheshang Bank Co., Ltd. The Company uses asset pool pledges or bill pool pledges as collateral and opens a bill pool margin account, paying margin at a certain proportion. The specific amount of the margin has not been agreed upon. As of June 30, 2026, the balance of the Company's pledged bank acceptance bills was RMB 114,794,927.96, and RMB 12,939,755.86 was deposited as margin in the bill pool at China Zheshang Bank Co., Ltd.

(5) As of June 30, 2026, there are no other commitments that should be disclosed by the Company.

2. Contingencies

(1) Even if the Company does not have important contingencies to be disclosed, it shall also state so

There are no important contingencies that the Company needs to disclose.

3. Others

As of June 30, 2026, there are no other contingencies that should be disclosed by the Company.

XVI. Events after Balance Sheet Day

1. Profit distribution

The Board of Directors of the Company proposes: As of July 31, 2026,using the existing total share capital, after deducting the shares in the repurchase special account, as the base of 3,073,421,680 shares [Note], distribute to all shareholders a cash dividend of RMB 2.00 for every 10 shares (tax-inclusive), issue 0 bonus shares (tax-inclusive), and not convert capital reserve into share capital.

[Note] As of July 31, 2026, the Company's total share capital is 3,073,421,680 shares, including 4,704,282 shares in the repurchase-dedicated securities account. According to the "Rules on Share Repurchase of Listed Companies", shares in the special account for repurchase of listed companies carry no right of profit distribution and conversion of capital reserve into share capital. If the Company's total share capital changes due to the conversion of convertible bonds, share repurchase, exercise of equity incentives, refinancing, and listing of new shares, etc., before the implementation of the profit distribution proposal, the total distribution will be adjusted accordingly based on the same distribution ratio.

This proposal is subject to review and approval by the General Meeting of Shareholders.

2. Progress of implementation of the employee stock ownership plan

Pursuant to proposals related to employee stock ownership plan including the *Fifth Phase of Employee Stock Ownership Plan (Draft) of Zhejiang NHU Co., Ltd. and Summary* deliberated and approved by the 16th Meeting of the Ninth Session of the Board of Directors and the 11th Meeting of the Ninth Session of the Board of Supervisors dated December 10, 2025 and the Third Extraordinary General Meeting of 2025 dated December 26, 2025, the Company agreed to implement the fifth phase of employee stock ownership plan.

On January 26, 2026, the Company received the *Securities Transfer Registration Confirmation* issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, and the 21,454,310 shares held in the Company's repurchase-dedicated securities account were transferred on January 23, 2026 via non-trading transfer to the "Zhejiang NHU Co., Ltd. - Fifth Employee Stock Ownership Plan" dedicated securities account, representing 0.6981% of the Company's share capital, at a transfer price of RMB 24.19 per share.

As of now, the Company's fifth employee stock ownership plan has completed its purchases. The lock-up period for the shares obtained under the fifth employee stock ownership plan is 12 months, calculated from the date the Company announces that the last tranche of the target shares has been registered and transferred to this plan’s name, i.e., January 27, 2026 - January 26, 2027. The term of the target shares obtained under this shareholding plan is 24 months, calculated from the date the Company announces that the registration and transfer of the last target share into the name of this plan.

3. Explanation of other events after the balance sheet date

Except for the matters described above, as of the date these financial statements were authorized for issue, the Company had no other material events after the balance sheet date.

XVII. Other Important Matters

1. Segment information

(1) Basis for determining reportable segments and accounting policies

1) Segment reporting

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's operating business is divided into two reportable segments. These reporting segments are determined based on the financial information required for the Company's day-to-day internal management. The Group's management regularly reviews the operating results of these reportable segments to determine the allocation of resources to them and to assess their performance.

The Company's reportable segments include:

① Pharmaceutical and chemical segment, producing and selling nutritional products and aroma chemicals;

② Other segment, production and sale of new materials, others;

Segment reporting information is disclosed based on the accounting policies and measurement bases adopted by each segment when reporting to management; these accounting policies and measurement bases are consistent with those used in the preparation of the financial statements.

(2) Financial information of the reportable segments

Unit: RMB Yuan

Items	Pharmaceutical chemicals	Others	Inter-segment eliminations	Total
Operating revenue	12,333,751,691.26	1,179,235,190.63	383,686,621.00	13,129,300,260.89
Including: Revenue arising from contracts with customers	12,333,751,691.26	1,176,248,011.63	383,686,621.00	13,126,313,081.89

Items	Pharmaceutical chemicals	Others	Inter-segment eliminations	Total
Operating cost	6,903,638,200.70	803,723,881.11	383,686,621.00	7,323,675,460.81
Total assets	41,956,582,912.40	5,180,695,555.07	452,046,966.71	46,685,231,500.76
Total Liabilities	10,072,385,555.56	2,030,928,967.94	452,046,966.71	11,651,267,556.79

2. Other

Details of the Company's subsidiaries are set out in Note 14&15 of Section V of the financial report.

XVIII. Notes on Main Items in Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB Yuan

Aging	Closing book balance	Opening balance
Within 1 year (including 1 year)	1,163,192,878.20	1,149,760,310.62
Total	1,163,192,878.20	1,149,760,310.62

(2) Classification and disclosure by bad debt provision method

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Accounts receivable with provision for bad debts reserve based on portfolio	1,163,192,878.20	100.00%	58,159,643.91	5.00%	1,105,033,234.29	1,149,760,310.62	100.00%	57,488,015.53	5.00%	1,092,272,295.09
Total	1,163,192,878.20	100.00%	58,159,643.91	5.00%	1,105,033,234.29	1,149,760,310.62	100.00%	57,488,015.53	5.00%	1,092,272,295.09

Provision made on a collective basis using age analysis method:

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Within 1 year	1,163,192,878.20	58,159,643.91	5.00%
Total	1,163,192,878.20	58,159,643.91	

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses:

□ Applicable ☑ Not applicable

(3) Provision, recovery or reversal of bad debt reserve in current period

Provision for bad debts of this period:

Unit: RMB Yuan

Categories	Opening balance	Changes in amount of the current period				Closing balance
		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts by portfolio	57,488,015.53	671,628.38				58,159,643.91
Total	57,488,015.53	671,628.38				58,159,643.91

(4) Details of the accounts receivable and contract assets in the top five of the ending balance, grouped by debtor

Unit: RMB Yuan

Company name	Ending balance of accounts receivable	Ending balance of accounts receivable and contract assets	Proportion of total balance of accounts receivable and contract assets at the end of the period	Ending balance of allowance for bad debts on accounts receivable and impairment provision for contract assets
Customer 1	847,522,350.34	847,522,350.34	72.86%	42,376,117.52
Customer 2	156,123,444.65	156,123,444.65	13.42%	7,806,172.23
Customer 3	31,924,166.84	31,924,166.84	2.74%	1,596,208.34
Customer 4	13,809,000.00	13,809,000.00	1.19%	690,450.00
Customer 5	10,978,000.00	10,978,000.00	0.94%	548,900.00
Total	1,060,356,961.83	1,060,356,961.83	91.15%	53,017,848.09

2. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	227,803,286.35	476,588,831.47
Total	227,803,286.35	476,588,831.47

(1) Other receivables

1) Classification of other receivables according to the nature of payment

Unit: RMB Yuan

Nature of payment	Closing book balance	Opening balance
Interbank borrowings	203,605,250.01	448,209,083.34
Deposits and guarantee deposits	13,282,510.50	13,272,472.50
Refund of tax for export	18,171,029.29	30,199,388.70
Employee petty cash	4,923,784.23	5,958,784.23
Others	2,570,916.08	4,567,180.89

Nature of payment	Closing book balance	Opening balance
Total	242,553,490.11	502,206,909.66

2) Disclosure by aging

Unit: RMB Yuan

Aging	Closing book balance	Opening balance
Within 1 year (including 1 year)	223,913,952.67	483,399,289.58
1 to 2 years	1,727,201.59	4,555,904.23
2 to 3 years	2,914,270.00	566,162.85
Over 3 years	13,998,065.85	13,685,553.00
3 to 4 years	590,073.32	325,560.47
4 to 5 years	48,000.00	
Over 5 years	13,359,992.53	13,359,992.53
Total	242,553,490.11	502,206,909.66

3) Classification and disclosure by bad debt provision method

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Carrying amount	Book balance		Bad-debt provision		Carrying amount
	Amount	% to total	Amount	Rate of provision		Amount	% to total	Amount	Rate of provision	
Including:										
Provision for bad debts by portfolio	242,553,490.11	100.00%	14,750,203.76	6.08%	227,803,286.35	502,206,909.66	100.00%	25,618,078.19	5.10%	476,588,831.47
Including:										
Total	242,553,490.11	100.00%	14,750,203.76	6.08%	227,803,286.35	502,206,909.66	100.00%	25,618,078.19	5.10%	476,588,831.47

Category name for bad debt provisions calculated by combination: Other receivables for which bad debt provisions are calculated by combination

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Land deposit receivable portfolio	12,518,762.50	125,187.63	1.00%
Export Refund Receivable Portfolio	18,171,029.29	181,710.29	1.00%
Ages	211,863,698.32	14,443,305.84	6.82%
Within 1 year (inclusive)	205,742,923.38	10,287,146.17	5.00%
1-2 years	1,727,201.59	345,440.32	20.00%

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
2-3 years	2,914,270.00	2,331,416.00	80.00%
Over 3 years	1,479,303.35	1,479,303.35	100.00%
Total	242,553,490.11	14,750,203.76	

Description for basis of determining the combination:

Provision for bad debts under the general model of expected credit losses:

Unit: RMB Yuan

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as at January 1, 2026	23,087,176.56	911,180.85	1,619,720.78	25,618,078.19
The balance as of January 1, 2026 is in the current period				
-- Transferred to the second stage	-86,360.08	86,360.08		
-- Transferred to the third stage		-582,854.00	582,854.00	
Accrual in the current period	-12,406,772.39	-69,246.61	1,608,144.57	-10,867,874.43
Balance as at June 30, 2026	10,594,044.09	345,440.32	3,810,719.35	14,750,203.76

Criteria for dividing each stage and the bad-debt reserves calculation and withdrawal proportion

Accounts with an aging period of up to one year are categorized as Stage I; accounts aged between one and two years fall under Stage II; and accounts exceeding two years in age are designated as Stage III.

Significant changes in the carrying amounts of items with material changes in the allowance for losses during the period

□ Applicable ☑ Not applicable

4) Details of the top five other receivables by period-end balance, aggregated (grouped) by debtor

Unit: RMB Yuan

Company name	Nature of the amounts	Closing balance	Aging	Ratio in the total ending balance of other receivables	Ending balance of bad debt provision
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Interbank borrowings	150,099,166.69	Within 1 year	61.88%	7,504,958.33
Shaoxing Nayan Material Technology Co., Ltd.	Interbank borrowings	40,310,000.00	Within 1 year	16.62%	2,015,500.00
State Administration of Taxation (Export tax rebates	Refund of tax for export	18,171,029.29	Within 1 year	7.49%	908,551.46

Company name	Nature of the amounts	Closing balance	Aging	Ratio in the total ending balance of other receivables	Ending balance of bad debt provision
receivable)					
Zhejiang NHU Pharmaceutical Co., Ltd.	Interbank borrowings	13,196,083.32	Within 1 year	5.44%	659,804.17
Shandong Weifang Binhai Economic and Technological Development Zone Treasury Centralized Payment Center	Land bond	12,518,762.50	Over 5 year	5.16%	125,187.63
Total		234,295,041.80		96.59%	11,214,001.59

3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Carrying amount	Book balance	Depreciation reserves	Carrying amount
Investments in subsidiaries	12,894,909,150.12		12,894,909,150.12	12,054,909,150.12		12,054,909,150.12
Investments in associates and joint ventures	930,742,746.46		930,742,746.46	761,549,857.60		761,549,857.60
Total	13,825,651,896.58		13,825,651,896.58	12,816,459,007.72		12,816,459,007.72

(1) Investment in subsidiaries

Unit: RMB Yuan

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Provision for impairment reserve	Others		
Xinchang NHU Vitamins Co., Ltd.	229,407,990.15		70,000,000.00				299,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00						13,500,000.00	
Zhejiang VYS Animal Nutrition and Health	5,000,000.00						5,000,000.00	

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Provision for impairment reserve	Others		
Co., Ltd.								
Shangyu NHU Bio-Chem Co., Ltd.	414,100,091.44						414,100,091.44	
NHU (Hong Kong) Trading Co., Ltd.	16,406,160.00						16,406,160.00	
Zhejiang NHU Pharmaceutical Co., Ltd.	480,000,000.00						480,000,000.00	
Zhejiang NHU Specialty Materials Co., Ltd.	554,844,108.53						554,844,108.53	
Shandong NHU Amino-acids Co., Ltd.	5,800,000,000.00						5,800,000,000.00	
Shandong NHU Holdings Co., Ltd.	200,000,000.00						200,000,000.00	
Heilongjiang NHU Biotechnology Co., Ltd.	2,300,000,000.00						2,300,000,000.00	
Shandong NHU Pharmaceutical Co., Ltd.	586,000,000.00						586,000,000.00	
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	590,000,000.00						590,000,000.00	
NHU Singapore Pte. Ltd.	55,650,800.00						55,650,800.00	
Tianjin NHU Materials Technology Co., Ltd.	310,000,000.00		170,000,000.00				480,000,000.00	
Zhejiang NHU Holdings Co., Ltd.	500,000,000.00		600,000,000.00				1,100,000,000.00	

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Provision for impairment reserve	Others		
Total	12,054,909,150.12		840,000,000.00				12,894,909,150.12	

(2) Investment in associates and joint ventures

Unit: RMB Yuan

Invested entity	Opening balance (Carrying amount)	Opening balance of impairment provision	Increase or decrease in the current period								Closing balance (Carrying amount)	Closing balance of impairment provision
			Additional investment	Investment decrease	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Declared payment of cash dividends or profits	Provision for impairment reserve	Others		
I. Joint ventures												
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	418,125,357.72				145,667,271.39					1,159,219.93	564,951,849.04	
Subtotal	418,125,357.72				145,667,271.39					1,159,219.93	564,951,849.04	
II. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	338,826,562.59				22,409,394.80					40,660.57	361,276,617.96	
Anhui Yingna Weixun Technology Co., Ltd.	4,597,937.29				-83,657.83						4,514,279.46	
Subtotal	343,424,499.88				22,325,736.97					40,660.57	365,790,897.42	
Total	761,549,857.60				167,993,008.36					1,199,880.50	930,742,746.46	

The recoverable amount is determined based on the net of fair value less disposal costs.

□ Applicable ☑ Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Not applicable

4. Operating revenue and operating cost

Unit: RMB Yuan

Items	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	2,309,266,771.97	1,770,559,469.33	2,272,445,803.50	1,608,253,690.17
Other business	29,360,785.43	18,552,802.71	16,464,550.41	13,097,558.26
Total	2,338,627,557.40	1,789,112,272.04	2,288,910,353.91	1,621,351,248.43
Including: with customers Revenue from contracts	2,337,108,362.48	1,788,618,094.60	2,287,433,972.45	1,620,857,070.99

Breakdown of the operating revenue and operating cost:

Unit: RMB Yuan

Classification of contracts	Operating revenue	Operating cost
Business Type		
Including:		
Nutrition	2,196,329,810.86	1,697,717,504.42
Others	140,778,551.62	90,900,590.18
Classified according to operation regions		
Including:		
Domestic	1,061,291,875.76	812,515,442.25
Overseas	1,275,816,486.72	976,102,652.35
Classification by timing of goods transfer		
Including:		
Revenue recognized at a point in time	2,337,108,362.48	1,788,618,094.60
Total	2,337,108,362.48	1,788,618,094.60

Information related to the transaction price allocated to remaining performance obligations:

At the end of the reporting period, the amount of revenue related to contracts that have been signed but whose performance obligations have not yet been performed or have not yet been fully performed amounted to RMB 456,267,255.54, of which RMB 456,267,255.54 is expected to be recognized as revenue in 2026.

5.R&D expenses

Unit: RMB Yuan

Items	Amount of the current period	Amount of the corresponding period of the previous year
Employee compensation	84,080,356.43	82,725,549.50
Depreciation expense and amortization of intangible assets	10,388,784.02	10,733,137.45
Outsourcing expenses	8,883,018.87	6,077,358.50
Direct input	15,441,856.00	13,547,258.16
Office expenses and travel expenses	1,049,804.06	1,285,946.17
Others	4,664,254.54	10,163,538.49
Total	124,508,073.92	124,532,788.27

6. Investment incomes

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by cost method	1,800,000,000.00	1,750,000,000.00
Return on long-term equity investments measured by the equity method	167,993,008.36	17,307,279.63
Interest income from interbank lending	3,230,192.89	16,565,281.42
Dividend income from investment in other equity instruments during the holding period		5,292,000.00
Income of financial products and structural deposits	2,630,063.73	4,122,267.74
Investment income from disposal of trading (held-for-trading) financial liabilities	-183,294.72	
Total	1,973,669,970.26	1,793,286,828.79

XIX. Supplementary Information

1. Statement of non-recurring gains and losses for the current period

☑ Applicable □ Not applicable

Unit: RMB Yuan

Items	Amount	Remarks
Loss or gain from disposal of non-current assets	-35,306,533.70	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and having a continuing impact on the Company's profit or loss)	37,824,754.25	
Gains or losses on changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses arising from disposal of financial assets and financial liabilities, excluding those arising from effective hedging business related to the Company's normal operating activities	101,306,033.08	
Gains or losses on assets consigned to the third party for investment or management	16,602,412.40	
Other non-operating revenue or expenditures	-8,309,061.39	
Less: Enterprise income tax affected	20,142,157.25	
Non-controlling interest affected	178,556.56	

Items	Amount	Remarks
(after tax)		
Total	91,796,890.83	--

Remarks on other profit or loss satisfying the definition of non-recurring profit or loss:

□ Applicable ☑ Not applicable

The Company has no other profit or loss satisfying the definition of non-recurring profit or loss.

Remarks on defining non-recurring profit or loss listed in the "Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss" as recurring profit or loss

□ Applicable ☑ Not applicable

2. Return on net assets and earnings per share

Profit during the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	11.39%	1.30	1.30
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	11.12%	1.27	1.27

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

☐ Applicable ☑ Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

☐ Applicable ☑ Not applicable

(3) Explanation of reasons for differences in accounting data under domestic and foreign accounting standards; if the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

☐ Applicable ☑ Not applicable