

**Zhejiang NHU Co., Ltd.**

**2025 Annual Report**



**April 2026**

# 2025 Annual Report

## Section I Important Notes, Contents, and Definitions

The Board of Directors and its members, and senior management of the Company, hereby guarantee that the information presented in this 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 the accounting department, hereby declare that they guarantee the financial reports in this annual report are authentic, accurate, and complete.

Except for the directors listed below, all other directors attended the board meeting in person to review this annual report.

Name of the director who did not attend in person	Position of the director who did not attend in person	Reason for not attending the meeting in person	Name of Proxy
Wang Xuewen	Director	Official business	Shi Guanqun

**The future plan and other forward-looking information disclosed in this annual report shall not be regarded as a substantive commitment to investors.**

**We kindly remind investors of all possible risks in investments.**

**We draw your attention to item “XI. Outlook for the Future Development of the Company” under “Section III Management Discussion and Analysis”, which explicitly states the possible risks in business operation and countermeasures thereon.**

**Profit distribution plan deliberated and approved by the meeting of the Board of Directors is as follows: Based on total share capital of 3,070,283,398 shares which is derived from the existing total share capital after deducting the shares held in the repurchase-dedicated securities account [Note], the Company intends to distribute cash dividend of 8.00 yuan (tax included) and 0 bonus shares per 10 shares to all shareholders, and no conversion of capital reserve into share capital will be carried out.**

[Note] The Company’s total share capital is 3,073,421,680 shares, including 3,138,282 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 Annual Report is an English translation of the Chinese Annual Report. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

## **Contents**

<b>Section I Important Notes, Contents, and Definitions .....</b>	<b>1</b>
<b>Section II Company Profile and Key Financial Indices .....</b>	<b>6</b>
<b>Section III Management Discussion and Analysis .....</b>	<b>11</b>
<b>Section IV Corporate Governance, Environment and Society .....</b>	<b>63</b>
<b>Section V Significant Events .....</b>	<b>88</b>
<b>Section VI Movements in Shares and Conditions of Shareholders .....</b>	<b>101</b>
<b>Section VII Bonds .....</b>	<b>111</b>
<b>Section VIII Financial Report .....</b>	<b>112</b>

## **Documents Available for Reference**

- I. Financial statements signed and sealed by the Company's legal representative, officer in charge of accounting, and head of the accounting department;
- II. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountants;
- III. Originals of all the Company's documents and announcements published in newspapers designated by CSRC during the reporting period;
- IV. 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
CSRC, Zhejiang Office	Refers to	China Securities Regulatory Commission, Zhejiang Office
PPS	Refers to	Polyphenylene sulfide
PPA	Refers to	Polyphthalamide
HSE	Refers to	Health, safety, and environment
CNAS	Refers to	China National Accreditation Service for Conformity Assessment
DSC	Refers to	Differential scanning calorimetry
ARC	Refers to	Accelerating rate calorimetry
RC1e	Refers to	Reaction calorimeter
IPDA	Refers to	Isophorone diamine
HDI	Refers to	Hexamethylene diisocyanate
CFD	Refers to	Computational fluid dynamics
MKB	Refers to	Methyl butyl ketone
PI	Refers to	Polyimide
PSU	Refers to	Polysulfone
CAGR	Refers to	Compound annual growth rate

## Section II Company Profile and Key Financial Indices

### I. Company Profile

Stock abbreviation	NHU	Stock code	002001
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	Zhejiang NHU Co., Ltd.		
Company abbreviation in Chinese	NHU		
Company name in foreign languages (if any)	ZHEJIANG NHU COMPANY LTD.		
Company abbreviation in foreign language (if any)	NHU		
Legal representative	Hu Baifan		
Registered address	No.418 Xinchang Dadao West Road, Qixing Street, Xinchang County, Zhejiang ,P.R.China		
Postal code of the registered address	312500		
Historical changes of registered address	On May 28, 2020, the Company's registered address was changed from No.4 Jiangbei Road, Yulin Sub-district, Xinchang County, Zhejiang Province, China to No.418 Xinchang Dadao West Road, Qixing Street, Xinchang County, Zhejiang ,P.R.China		
Office address	No.418 Xinchang Dadao West Road, Qixing Street, Xinchang County, Zhejiang ,P.R.China		
Postal code of office address	312500		
Company website	<a href="http://www.cnhu.com">http://www.cnhu.com</a>		
E-mail	002001@cnhu.com		

### II. Contact Information

Items	Board secretary	Securities affairs representative
Name	Shi Guanqun	Zeng Shuying
Contact address	No.418 Xinchang Dadao West Road, Qixing Street, Xinchang County, Zhejiang ,P.R.China	No.418 Xinchang Dadao West Road, Qixing Street, Xinchang County, Zhejiang ,P.R.China
Tel.	(0575)86017157	(0575)86017157
Fax	(0575)86125377	(0575)86125377
E-mail	sgq@cnhu.com	002001@cnhu.com

### III. Information Disclosure and Location

The stock exchange website where the Company discloses the annual report	Shenzhen Stock Exchange: <a href="http://www.szse.cn">http://www.szse.cn</a>
Media and websites on which the Company discloses the annual report	Securities Times, Shanghai Securities News, China Securities Journal, and CNINFO Website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> )
The site where the annual report was prepared and completed	Securities Department of the Company

#### IV. Change of Registration

Unified social credit code	91330000712560575G
Changes of main business scope since listing (if any)	None
Changes of controlling shareholders (if any)	None

#### V. Other Relevant Information

Accounting firm engaged by the Company

Name	Grant Thornton Certified Public Accountants (Special General Partnership)
Office address	5th Floor, Set Plaza, No. 22 Jianguomenwai Avenue, Chaoyang District, Beijing, China
Signatory Certified Public Accountants	Xu Hongjin, Wang Yun

The sponsor institution engaged by the Company, which performed the duty of continuous guidance and supervision during the reporting period

Applicable  Not applicable

The financial advisor engaged by the Company, who performed the duty of continuous guidance and supervision during the reporting period

Applicable  Not applicable

#### VI. Key Accounting Data and Financial Indices

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

Yes  No

Items	Year 2025	Year 2024	YoY growth rate	Year 2023
Operating revenue (yuan)	22,251,361,880.58	21,609,592,228.45	2.97%	15,116,537,003.30
Net profit attributable to shareholders of the listed company (yuan)	6,764,199,225.29	5,868,545,988.62	15.26%	2,704,238,767.54
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss (yuan)	6,737,938,475.03	5,828,938,494.33	15.59%	2,614,210,640.58
Net cash flows from operating activities (yuan)	8,797,431,340.92	7,073,064,183.33	24.38%	5,119,370,863.32
Basic earnings per share (yuan/share)	2.21	1.91	15.71%	0.87
Diluted earnings per share (yuan/share)	2.21	1.91	15.71%	0.87
Weighted average return on equity	21.87%	21.78%	Increased by 0.09%	11.24%
Items	December 31, 2025	December 31, 2024	YoY growth rate	December 31, 2023
Total assets (yuan)	45,606,449,805.48	42,989,132,470.97	6.09%	39,156,246,864.67

Items	Year 2025	Year 2024	YoY growth rate	Year 2023
Net assets attributable to shareholders of the listed company (yuan)	32,805,654,181.90	29,324,997,728.95	11.87%	24,804,662,320.99

The lesser of the Company's net profit before and after deducting non-recurring profit or loss for each of the most recent three accounting years was negative, and the most recent year's audit report indicates uncertainty about the Company's ability to continue as a going concern.

Yes  No

During the reporting period, the lowest of audited profit before tax, net profit, and net profit after deducting non-recurring profit or loss was negative.

Yes  No

## VII. 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.

## VIII. Key Financial Indices by Quarter

Unit: RMB Yuan

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	5,439,577,817.97	5,661,055,018.81	5,541,468,928.14	5,609,260,115.66
Net profit attributable to shareholders of the listed company	1,879,910,462.58	1,723,413,516.58	1,717,397,711.55	1,443,477,534.58
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss	1,879,705,376.85	1,798,857,163.71	1,654,407,973.04	1,404,967,961.43
Net cash flows from operating activities	1,595,982,605.81	1,646,745,196.50	2,399,461,116.94	3,155,242,421.67

Whether there is a significant difference between the above financial indices or their totals and the corresponding financial indices disclosed in quarterly or semi-annual reports

Yes  No

**IX. Non-Recurring Profit or Loss**

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Year 2025	Year 2024	Year 2023	Remarks
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	-12,973,451.08	19,289,871.70	5,426,533.21	
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)	85,292,283.03	71,547,646.34	63,050,565.94	
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	-18,236,228.19	-36,923,997.96	34,458,488.77	
Fees for the use of funds charged to non-financial enterprises, included in profit or loss for the current period			465,887.82	
Gains or losses on assets consigned to the third party for investment or management		808,128.72	12,715,401.91	
Gains or losses from debt restructuring			-847,442.05	
Other non-operating revenue or expenditures	-6,124,604.34	654,343.78	4,406,027.43	

Items	Year 2025	Year 2024	Year 2023	Remarks
Less: Enterprise income tax affected	16,961,183.62	8,827,724.99	29,488,260.00	
Non-controlling interest affected (after tax)	4,736,065.54	6,940,773.30	159,076.07	
Total	26,260,750.26	39,607,494.29	90,028,126.96	--

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. The Main Business of the Company During the Reporting Period

The Company is a national high-tech company mainly engaged in the production and sales of nutrition, aroma chemicals, polymer materials, and active pharmaceutical ingredients (APIs). It focuses on fine chemicals, adheres to the concept of innovation-led development and competition-driven growth, and continuously develops various functional chemicals based on the two core platforms of "Chemical+" and "Biology+", providing products and solutions to customers in more than 100 countries and regions around the world. It continuously improves the quality of human life with high-quality, healthy, and green products, and continuously creates value for stakeholders. With leading technology, scientific management, and sincere service, the Company has become one of the major vitamin producers in the world, one of China's top 100 fine chemical companies, one of the top 10 companies in China's light industry fragrance and a well-known special engineering plastics manufacturer.

#### 1. Main Products and Applications

**Nutrition:** Currently, the Company's product portfolio mainly covers vitamins, amino acids, and pigments. The specific products include vitamin E, vitamin A, vitamin C, methionine, vitamin D3, biotin, coenzyme Q10, carotenoids, vitamin B5, vitamin B6, vitamin B12, serine, cystine, tryptophan, etc. They are mainly used in feed additives, food additives, nutrition, and health supplements. The Company continues to expand its nutrition business. By optimizing the processing line and tackling key issues, it continuously improves the competitiveness of existing products. New products are being developed through serialization, large-scale production, and high-value-added strategies, enabling rapid growth and steadily consolidating the company's industry position. In addition, under the guidance of the green development concept and through internal integration and external cooperation, it embraces the ideology of open cooperation. It actively deploys cutting-edge biotechnology and builds the Company's "Biology+" platform.

**Aroma chemicals:** At present, the Company currently mainly produces linalool, citral, cis-3-hexenol, methyl dihydrojasmonate, raspberry ketone, ligustral, menthol, etc., which are

widely used in personal care, household products, cosmetic, and food fields. The Company is a significant global supplier in the aroma chemicals industry, in terms of both competitiveness and market share. It continuously innovates and enriches the varieties of fragrance products, explores bio-based products, and consistently meets market demand.

**Polymer materials:** The Company focuses on the development of high-performance polymers and key intermediates, and moderately develops downstream applications of materials. The main products include PPS, PPA, HDI, IPDA, etc. Major downstream applications mainly cover automotive, electronic appliance, environmental protection, and industrial sectors. The entire industry chain of PPS, from raw materials to high molecular polymers, then through modifying processing to special fibers, has enabled the Company as the only company in China that can stably produce fiber grade, injection molding grade, extrusion grade, and coating grade PPS. At the same time, the new nylon materials industry chain project is advancing approval for mass production. During the reporting period, the Company achieved major breakthroughs in the R&D of bio-based materials. Bio-based PPS was officially launched, and the IPDI product series produced through a green closed-loop process has entered the high-end market.

**APIs:** The main products are concentrated in a series of vitamins, antibiotics, and pharmaceutical intermediates. The specific products include moxifloxacin hydrochloride, vitamin A, vitamin D3, etc., which are mainly used as active pharmaceutical ingredients for processing and producing pharmaceutical preparations.

## **2. Main Business Models**

### **(1) Procurement Model**

The Company has always been adhering to the procurement principle of "fairness, transparency and optimal cost", and adopts a dual strategy of long-term strategic cooperation and open competitive procurement, and deepens analysis of market trends and market conditions, to ensure a stable supply of the strategic materials. The Company pays attention to source procurement, reducing intermediate links and lowering procurement costs. It implements transparent procurement, and continuously optimizes the procurement information management system to make the procurement process more transparent, standardized, and efficient. Suppliers with good

reputations and high-quality products are selected, and quality assurance agreements are signed to ensure the stable and reliable performance of procured items. We will give priority to products and services that support environmental protection, energy conservation, and sustainable development, encourage suppliers to adopt green production and operational practices, and gradually advance carbon reduction and carbon neutrality plans. The Company selects suppliers with a strong sense of social responsibility, monitors their social responsibility performance, and builds long-term partnerships to ensure the sustainability of procurement activities.

### (2) Production Model

The Company has always been adhering to the production strategy based on the principle of "production and sales coordination, efficient operation, excellent quality, and cost leadership". The Company maintained a balance between production and sales through analysis of changes in market demands, and reasonable production plans. In addition, the Company keeps innovating the production model, digging out internal potentials, and optimizing the production process. It continues to enhance lean operation levels, reduces the energy consumption per 10,000 RMB of output value, in order to promote safe, green, standardized and efficient production, and continuously improve the competitiveness of its products.

### (3) Sales Model

The Company has always been adhering to the "customer-centric, market-oriented" sales strategy. It divides business lines by product application fields, and establishes a sales model that suits market needs according to market characteristics and industry practices. Most of the Company's sales are achieved through direct selling. By doing so, it establishes long-term and stable strategic cooperative relationships with end customers to create greater value for them. Meanwhile, it also selects excellent agents or distributors for distribution. By doing so, it serves customers indirectly based on market and customer features. Furthermore, through initiatives such as hosting Customer Service Month programs, strengthening strategic collaborations with customers, establishing customer evaluation models, and optimizing customer hierarchical management, the Company continuously expands its market reach, acquires new large-scale customers, and enhances its brand influence.

### 3. Key Performance Drivers

The Company has built modern manufacturing bases in Zhejiang Xinchang, Zhejiang Shangyu, Shandong Weifang, Heilongjiang Suihua, Tianjin Binhai New Area, etc. It adheres to the development strategy of integration, serialization, and synergy, and insists on innovation-driven. Relying on the solid foundation of the fine chemical industry, it focuses on "Chemical+" and "Biology+", and has formed an industrial chains as well as an NHU featured R&D models supported by interdependent technology and industrial platforms. Not only can its products connect bulk basic chemical raw materials in the upstream, but also extend to functional chemicals such as special intermediates, nutrition, aroma chemicals, new polymer materials, and APIs in the downstream. It has formed a deeply layered product network structure to resist risks and respond to market emergencies.

In 2025, the Company, centered on the operating guiding ideology of "accelerating overseas layout and market expansion, enhancing innovation for development, upgrading capability and management, and preventing risks through prudent operation", forged ahead and tackled difficulties. For the full year, it achieved operating revenue of RMB 22,251,361,880.58, a year-on-year increase of 2.97%; net profit attributable to shareholders of the listed company was RMB 6,764,199,225.29, a year-on-year increase of 15.26%. The Company claimed the top position in both the China Top 100 Fine Chemical Companies and the China Top 10 Fine Chemical Innovation and Development Companies, and was also named among China's 50 Top Multinational Companies and Top 100 Chinese Multinational Private Enterprises.

#### (1) Drive Performance Breakthroughs with Sales as the Core Driver

During the reporting period, the Company seized market opportunities, achieving continued growth in the markets for vitamins, pigments, and fragrances. Both volume and price of methionine increased, new materials experienced strong production and sales, and APIs recorded notable growth. While consolidating the market advantages of existing products, the Company actively promoted the market expansion of new products, leading to steady performance improvement in new application scenarios and emerging markets. Through synergistic efforts in production, supply, and R&D, production efficiency continued to rise.

## (2) Build a New International Landscape Through Overseas Expansion

During the reporting period, sales subsidiaries in Vietnam and Turkey were officially put into operation, and the global localized operating model is maturing through exploration. Overseas warehouses, such as those in Singapore, were established and put into use, steadily enhancing the Company's overseas logistics and delivery capabilities. The site selection and team formation for the Japan research institute were completed, and the international R&D mechanism was gradually refined. The implementation of management systems for overseas subsidiaries and the successful launch of the overseas information system elevated the operational management level. A standardized process for overseas talent recruitment was established, marking a new step forward in the Company's international campus recruitment efforts.

## (3) Focus on Strategic Implementation with Projects as the Support

During the reporting period, the Company remained committed to its core business in fine chemicals, adhering to the concept of innovation-led development and competition-driven growth. It continued to advance the refined operation of existing products, continuously optimized production processes, and enhanced product quality and operational efficiency. At the same time, the Company steadily advanced the R&D and construction of new projects and products, consolidating the foundation for business development, injecting new momentum for sustainable high-quality growth, and further strengthening its core competitiveness in this sector.

**Nutrition:** During the reporting period, the Company's production capacity layout continued to be optimized, and project construction yielded remarkable results. The Company's 180,000 tons/year liquid methionine (pure equivalent) project, jointly built with China Petroleum & Chemical Corporation, successfully completed a one-time trial run and has now officially commenced production. This further enhances the nutrition products portfolio. The 70,000-ton methionine integration upgrade project has completed all construction work, passed acceptance checks, and commenced smooth production. As a result, the Company's solid methionine production capacity has increased to 370,000 tons/year, significantly enhancing both production scale and market competitiveness, supporting sustained operating revenue growth in this segment.

**Aroma chemicals:** The Company continued to advance product structure optimization and industrial upgrading. The aldehyde series project and the first phase of the fragrance industrial park were steadily implemented as planned, with all construction works being carried out in an orderly manner. These initiatives will further

enrich the Company's aroma chemicals product categories, increase product added value, meet diversified market demands, and solidify the Company's position as a key global supplier in the aroma chemicals industry. New materials: The Company accelerated project layout and construction progress. The nylon industrial chain project at the Tianjin base has obtained all necessary compliance approvals for resources such as energy and land, and construction officially commenced during the reporting period, with all construction works progressing steadily. This project will further refine the Company's new materials industrial chain layout. The fourth phase of the Company's PPS project is being implemented in an orderly manner as planned. Upon completion, it will significantly expand the Company's PPS production capacity and enhance its market competitiveness in the new materials sector. APIs: The Company continued to drive product R&D and capacity release, continuously enriching its API product system. This has laid a solid foundation for the Company's ongoing expansion in the pharmaceutical API sector, supporting high-quality growth in this segment. Other technological transformation, upgrading, and management improvement projects progressed steadily, and planning for reserved and new projects was carried out in an orderly manner.

#### (4) Accelerate the Cultivation of Development Momentum with Innovation as the Engine

The Company consistently adheres to innovation-driven development, maintaining robust R&D investment to enhance its internal growth momentum. By categorizing and prioritizing various R&D and technological transformation projects, the Company ensures precise allocation of resources to strategic projects. On one hand, it continues to deepen efforts in the R&D of new products, continuously expanding its product categories. On the other hand, it systematically reviews special projects aimed at enhancing the competitiveness of existing products, driving continuous improvements and innovation to strengthen product competitiveness. During the reporting period, multiple key projects reached milestone stages, technological transformation projects provided support for product cost reduction, and platform capabilities continued to strengthen. Several critical technological challenges were successfully addressed, strongly supporting project R&D and construction. The Company also collaborated with well-known scientific research institutes at home and abroad, establishing a technology resource repository and a unit technology database to lay a solid foundation for technological innovation.

### (5) Enhance Management Quality and Efficiency with Systemization as the Lever

The Company unveiled its intelligent manufacturing factory system, and the factory-level intelligent manufacturing system pilot was implemented at the Shandong NHU Amino-acids Co., Ltd. and Xinchang bases. The engineering construction standardization system was piloted in the Tianjin project, exploring standardized practices such as soil-free construction. Advanced process equipment was introduced, and more than 100 equipment-related challenges were addressed, continuously improving equipment capabilities. The job competency framework has been implemented and put into practice, with qualification standards for various functional lines continually refined. The integration of corporate culture into workshop standardization has yielded significant practical results.

### (6) Consolidate the Foundation for Steady Operations with Compliance as the Bottom Line

The HSE management system has been continuously upgraded, and quality-focused initiatives have been steadily advanced. The confidential system pilot proceeded smoothly, establishing a replicable management and technical control model. The internal control system has been comprehensively optimized. The Company has been rated "A" in information disclosure by the Shenzhen Stock Exchange for 17 consecutive years, and has repeatedly received honors such as the Tianma Award and recognition as one of the Top 30 Zhejiang Listed Companies for Best Internal Control.

During the reporting period, the Company's main business and its business model remained unchanged.

## II. The Industry in Which the Company Operates During the Reporting Period

The Company mainly operates in the fine chemical industry. Relying on the two core technology platforms of "Chemical+" and "Biology+", it produces various functional chemicals, including nutrition, aroma chemicals, new materials, and APIs.

### **Nutrition:**

The overall trend of global population growth remains unchanged, with the degree of aging continuously deepening. As people pursue a healthy life and quality living, the demand for products in the large health sector, such as health supplements, pharmaceuticals, and infant health, will always be maintained and continue to grow. According to a UN report, the global population

is projected to reach 10.3 billion in 2080. Mortality rates are expected to decline further, with the global average life expectancy reaching around 77.4 years by 2054, highlighting an increasingly evident trend of population aging<sup>1</sup>.

Vitamins and methionine are the representatives of the nutritional products market. As the largest producer of vitamins, China produced about 0.491 million tons of vitamins in 2025 (note: calculated as the sum of all vitamin products converted to a unified content standard, excluding choline chloride), accounting for 89% of global production, according to the statistics of Boyar. Exports were estimated at about 0.374 million tons, accounting for 76% of domestic production. In 2025, China's livestock and poultry capacity was undergoing high-level adjustments, with declining profitability in pig and poultry farming. Overall feed ingredient prices were fluctuating downward, while new industry projects continued to increase. The production capacity of some new manufacturers had come online, exerting pressure on vitamin market prices<sup>2</sup>. According to Boyar Research, the capacity of national livestock products remained at a high level in 2025, with feed consumption continuing to expand. Converted to the compound feed caliber, the full-year feed consumption in 2025 was estimated to increase by approximately 5% year-on-year<sup>3</sup>.

Methionine is the only sulfur-containing amino acid among essential amino acids, and is the first limiting amino acid in poultry, high-yield dairy cows, and fish. At present, the main production process of methionine is chemical synthesis, and its production process and engineering is complex, with high capital and technical barriers. According to the statistics of Boyar, the global methionine (calculated as 99% purity, liquid methionine  $\times$  0.8, the same below) capacity in 2025 was estimated at 2.485 million tons, a year-on-year increase of 13.0%, and China's methionine capacity was 1.084 million tons, a year-on-year increase of 47.3%. In 2025, global methionine production is estimated at 2.179 million tons, a year-on-year increase of 9.0%, while the total domestic supply is 0.582 million tons, a year-on-year increase of 23.7%. Both imports and exports of methionine in China maintained growth in 2025. China exported 0.458 million tons, a year-on-year increase of 20.5%, and imported 0.176 million tons, a year-on-year increase of 12.1%. Based on Boyar's 2025 forecast data, the global methionine market was expected to

<sup>1</sup> United Nations Department of Economic and Social Affairs, "World Population Prospects 2024"

<sup>2</sup> Boyar, "2025 Vitamin Market Annual Analysis Report"

<sup>3</sup> Boyar, "2025 China Vitamin Industry Development Report"

maintain a growth rate of about 6%, with an annual demand increase exceeding 0.1 million tons. In 2025, methionine prices showed a trend of being initially high and later lower. The global demand for methionine in 2025 was approximately 1.85 million tonnes, at a year-on-year increase of 8.8%. The domestic egg and poultry farming profitability improved temporarily, demand for methionine in feed increased year-on-year, and domestic demand was about 0.5 million tons<sup>4</sup>. According to Boyar data and forecasts, adding 0.1% to 0.25% methionine to broiler feed is the most effective stage for improving feed utilization. In China, the proportion of methionine added to broiler feed is currently about 0.1%, and there is considerable room for improvement.

### **Aroma chemicals:**

The aroma chemicals industry is a complementary industry of the national economy, and the independent high-level aroma chemicals industry is crucial to the independent high-level food, tobacco, and daily chemical industries. The sector encompasses aroma chemicals (synthetic and natural fragrances, daily chemical fragrances, food fragrances, tobacco fragrances, etc.), which are used in personal care, household products, food, beverage and other daily life scenarios. According to the "14th Five-Year Plan for the development of the aroma chemicals industry" published by the China Aroma Chemicals and Cosmetic Industry Association, since the beginning of the 21st century, China's synthetic fragrance industry has developed rapidly and has gradually grown into a core supplier for the global market. Chinese synthetic fragrance companies possess clear international competitiveness in the production and sale of traditional synthetic fragrances, notably reflected in scale advantages for bulk varieties, category advantages for certain specific varieties, and the emergence of leading enterprises of a certain scale. Downstream industries such as food, daily chemicals, and tobacco continue to upgrade; demand for natural, health-oriented, and functional aroma chemicals is growing rapidly; and the emerging field of fragrance, aromatherapy, and scented products is expanding market space. It is expected that by 2025, the main business income of China's aroma chemicals industry will reach 50 billion yuan<sup>5</sup>.

---

<sup>4</sup> Boyar, "2025 Amino Acid Market Annual Analysis Report"

<sup>5</sup> China Aroma Chemicals and Cosmetic Industry Association, "14th Five-Year Plan for the development of the aroma chemicals industry"

At present, China's aroma chemicals have become an important bridge to carry out cultural exchanges, trade and economic cooperation with countries along the "Belt and Road" and a major export earning industry. In 2024, China's aroma chemicals market size reached 46.5 billion yuan, a year-on-year increase of 5.9%, with the industry maintaining a steady development situation overall. The total annual output was 0.633 million tons, with clear performance across segments: fragrance output was 0.245 million tons with corresponding sales of 18.6 billion yuan, and flavor output was 0.388 million tons with sales of 27.9 billion yuan<sup>6</sup>. The global aroma chemicals market was estimated to be approximately USD 41.141 billion in 2025, a year-on-year increase of 6%, and is expected to grow to USD 53.4 billion by 2029, with an annual growth rate of nearly 6.8%<sup>7</sup>.

### **New Materials:**

As a strategic and fundamental industry, new materials has become an important symbol for measuring the economic and technological strength of a country or region. The "Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five Year Plan for National Economic and Social Development" proposes fostering emerging industries and industries of the future, and accelerating the development of industrial clusters in strategic emerging fields such as new energy, new materials, and the low altitude economy<sup>8</sup>, all of which have huge demand for new materials. Polymer materials include general-purpose plastics, engineering plastics, and special engineering plastics, and downstream processing forms include modified composite materials, films, fibers, foams, coatings, etc., which are widely used in traditional fields such as automobiles, electronic appliances, as well as new energy, 5G communication, and other emerging fields. With the upgrading of consumption and the high-quality development of the manufacturing industry, the polymer materials industry holds immense growth potential.

Special engineering plastics primarily include four high-demand categories: high-performance polyamide (PPA), polyphenylene sulfide (PPS), polyimide, and polysulfone (PI). At present,

---

<sup>6</sup> Industry Research Center, China Aroma Chemicals and Cosmetic Industry Association, <https://mp.weixin.qq.com/s/Mv7bZUVoAITZIxKIJbdaSA>

<sup>7</sup> iiMedia Research, Technavio & Infiniti Research: Global Aroma Chemicals Market 2025-2029 - Discovery Report

<sup>8</sup> "Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five Year Plan for National Economic and Social Development"

more than 10 kinds of PPA, PPS, PSU, and other varieties with application value and industrialization have been developed, which are widely used in electronics, automotive, precision instruments, and other high-tech industries. Due to the higher price, special engineering plastics accounted for about 1.8% of the plastics market by value. In 2025, driven strongly by emerging industries such as new energy vehicles, AI, and high-speed communications, demand for special engineering plastic materials remains robust. Chinese leading enterprises are rapidly achieving import substitution in the mid-to-high-end fields through technological breakthroughs and capacity expansion. China Chemical Information Center predicts that in the future, China's market demand for special engineering plastics will remain high growth, with a compound annual growth rate of about 7.2%, from 2023 to 2028, and consumption will reach 0.246 million tons by 2028<sup>9</sup>. The global PPS market is projected to grow from USD 1.620 billion in 2024 to approximately USD 3.094 billion by 2032, with a compound annual growth rate (CAGR) 8.42% from 2025 to 2032<sup>10</sup>.

#### **APIs:**

API is the pillar industry of the domestic pharmaceutical industry and one of the key industries supported by the state. China and India are the main source countries of API production. The advantages of API production are concentrated in emerging countries such as China, and China has become a major producer and exporter of bulk APIs, and its production technology has reached an international advanced level. In 2025, the total import and export value of China's APIs reached USD 55.25 billion, a year-on-year increase of 2.7%. Of this, export value was USD 42.87 billion, a slight year-on-year decrease of 0.3%; import value was USD 12.38 billion, a year-on-year increase of 14.5%. In 2025, China's export value of vitamin APIs reached USD 3.75 billion, a year-on-year increase of 8.7%. In the first half of the year, affected by the supply disruption of vitamin A and E production at BASF, China's exports of relevant products embraced phased opportunities, with export prices increasing significantly compared to 2024<sup>11</sup>.

<sup>9</sup>China Chemical Information Center, "China Chemical News"

<sup>10</sup> <https://www.credenceresearch.com/zh/report/polyphenylene-sulfide-pps-market-zh>, "Polyphenylene Sulfide (PPS) Market By Type (Linear PPS, Cured PPS, Branched PPS); By Application (Automotive, Electrical & Electronics, Industrial, Coatings, Others); By Form (Granules, Powder, Sheets) - Growth, Share, Opportunities & Competitive Analysis, 2024 - 2032"

<sup>11</sup> China Chamber of Commerce for Import and Export of Medicines and Health Products, "Analysis and Outlook on China's API and Intermediates Import and Export Situation in 2025", <https://www.cccmhpie.org.cn/qwfb>

### **III. Core Competitiveness Analysis**

Since its establishment, the Company has focused on fine chemicals and adhered to innovation-driven development. Through decades of development, it has gradually formed an industrial system with nutrition, aroma chemicals, new polymer materials, and APIs as its main business. The market share of its main products is among the top tier in the world market. The Company's core competitiveness lies in its corporate culture, R&D, management, talent, and brand.

#### **1. Corporate Culture**

Adhering to the corporate purpose of "Creating Wealth, Elevating Employees, and Benefit the Society", core values of "New, Harmony, Union", business philosophy of "create wealth, balanced and sustainable", and enterprise spirit of "realism, innovation, high-quality and efficiency", the Company innovates its operation, and continuously improves management, to ensure the steady development.

The "teacher culture" of "the wise are teachers, the capable are teachers, humbly behave, carefully educate people" is the culture of learning, self-discipline, take-charge culture, and also the culture of carefully educating people. The Company's culture of keeping pace with the times leads the development and penetrates into the hearts of the people, like spring rain nourishing every corner of the enterprise. Under the guidance of the "teacher culture", the Company pursues high-quality and sustainable development, creates spiritual wealth and material wealth, provides a platform and opportunity for employees to develop and realize life value, and contributes to social innovation development, green development, and shared development.

## 2. R&D

Adhering to the R&D philosophy of "demand-oriented, internal integration and external cooperation", the Company invested greatly in R&D activities. It has built an innovative R&D system spanning from basic research, engineering development, process optimization, to product application development. With its focus on the development of common, critical, and forward-looking technologies in the chemicals industry, the Company has developed and mastered a number of key technologies that have a strategic impact on economic development and has promoted the transformation and upgrading of the industry. The Company cooperates closely with famous research institutes and universities at home and abroad, such as Zhejiang University, Chinese Academy of Sciences, Jiangnan University, China Agricultural University, Zhejiang University of Technology, CysBio biotechnology company of Denmark, and organizes and utilizes global basic scientific research resources to jointly develop forward-looking studies and application field research on chemicals. As the core of the Company's technology innovation, the Company's research institute has biomedical laboratories, supercritical reaction laboratories, engineering equipment research centers, and other laboratories, equipped with 600M NMR with cryoprobes and other world-leading scientific research instruments and equipment. Its achievements of domestic and international leading technologies such as supercritical reaction, high vacuum distillation, continuous high-pressure hydrogenation, peroxidation and continuous crystallization have made it a nationally recognized enterprise technology center, national post-doctoral scientific research workstation, and national model academician and expert workstation.

During the reporting period, the Company completed over 100 patent applications both domestically and internationally, continuously strengthening the patent protection network for its core products. It also successfully passed the new national standard certification for the intellectual property management system. The Company's project, "Development and Industrialization of Integrated Manufacturing Technologies for High-Quality Solid Methionine" was awarded the First Prize of the Science and Technology Progress Award by China Petroleum and Chemical Industry Federation (CPCIF) in 2025.

### **3. Production Management**

Aiming for world-class manufacturing, the company supports sustainable development through the implementation of systems for quality assurance, green and low-carbon practices, and safety and environmental protection. The Company has always been adhering to the production strategy based on the principle of "production and sales coordination, efficient operation, excellent quality, and cost leadership" and the HSE guideline of "safety first, green development, full participation, and continuous improvement". The Company takes planning as the goal, cost management as the main line, and maximizing company benefits as the principle for the allocation of resources. Through lean management and the cyclic operation of planning, organization, implementation, and control of the operation process, the Company continuously strengthens the level of cost control. Meanwhile, it also steadily advances digital transformation and intelligent factory construction, and improves the overall level of digitalization and intelligence. Through process reform, efficient management, and intelligent operation, it promotes the continuous improvement of management efficiency. In addition, the Company is committed to the development of green chemicals, vigorously promotes clean production, recyclable economy, and 7S on-site management, and adopts an environmental governance model that focuses on source control and final disposal. It is determined to take the road of sustainable development.

### **4. Process and Equipment**

The Company values highly the effective combination of process and equipment. It has a process and equipment research institute, and cooperates with famous engineering companies and scientific research institutes at home and abroad. Through the introduction, digestion, absorption and re-innovation of advanced technologies, the Company improves the overall level of its process and equipment. The Company is dedicated to the R&D of process and equipment towards larger scale, better airtightness, greater continuity, and higher level of automation, aiming to save energy and reduce emissions, to improve productivity and product quality, to increase the intrinsic safety of the production process, to lower production costs, and to improve the level of automation. Currently, the Company has developed various efficient reaction and separation platforms including continuous reaction, high vacuum distillation, continuous extraction, continuous crystallization, efficient filtration, simulated moving bed separation, microchannel and

micro-interface reaction with respect to specific processes, and remarkable results have been achieved in continuous transformation of reaction, vapor-liquid-solid heterogeneous reaction, and separation of air sensitive and heat sensitive materials through continuous improvement of large-size equipment.

## **5. Talent**

The Company has always been adhering to the management concept of "standardization and efficiency", the employment concept of "valuing both integrity and talent, and matching people with right positions", and the guiding ideology of "building a highland of talents, stimulating organizational vitality, and enhancing organizational performance", and has created a pioneering, innovative, pragmatic and efficient talent team and a long-term, stable and excellent management team with a high sense of responsibility, which promotes the Company's sustained, healthy and rapid development. The Company continues to strengthen the construction of the talent supply chain. It continuously improves the talent training system, strengthens the training of "management talents, skilled talents, international talents, core technical talents, and leadership talents", systematically cultivates and reserves university graduates, introduces various professionals, and continues to promote the cultivation of reserve cadres through programs such as "Yuanhang" and "Qicheng". It also promotes the rotation training in zigzag and cross-sequence patterns, in order to promote the integration of management and profession, and to build a team with a balanced talent structure. During the reporting period, the Company added 2 national-level talents, and was named "The Most Popular Global Employer" in the GUCDC 2025 ranking. Its subsidiary, Heilongjiang NHU Biotechnology Co., Ltd., was honored as a "National Advanced Private Enterprise in Employment and Social Security" by the Ministry of Human Resources and Social Security.

## **6. Brand**

The Company follows the "integrity first" guideline, and has always regarded serving customers and creating industry value with customers as the goal of the Company. Through technological innovation, the Company continuously provides customers with safe and high-quality products, as well as efficient and satisfactory services. After years of development and accumulation, the Company has been awarded many honorary titles in the global fine chemical industry, such as one

of top ten feed additive brands in China, one of the largest vitamin feed additive companies in China, and ranked among China's top 500 petroleum and chemical enterprises ( comprehensive ) and China's top 100 basic chemical raw material manufacturing enterprises. A good reputation in the market has laid a solid foundation for the Company's healthy and long-term development. Furthermore, the Company has repeatedly received awards such as Zhejiang Province's Top 30 Listed Companies for Best Internal Control, the "Best Investor Relations Award", and the "Best Board Award" from mainstream media for listed companies. It has also been rated A in the MSCI ESG rating, gaining widespread favor from the market and investors.

## **7. Globalization**

Globally oriented, the Company has set up overseas subsidiaries in Hong Kong, Singapore, Germany, Mexico, Brazil, Japan, Vietnam, Turkey, the United States, and other regions or countries, and built overseas research institutes in Singapore and Japan, to connect global innovation resources, providing comprehensive solutions in the fields of nutrition and health, daily care, transportation, environmental protection, energy, and other fields for customers in more than 100 countries and regions around the world. We will strive to optimize the allocation of resources at home and abroad, help expand overseas markets and provide localized services, and continue to move toward "Global NHU".

## **8. Intelligent Manufacturing**

The Company establishes the "one headquarters and multiple bases" management mode, builds a large-scale middle platform technical route with NHU characteristics. By building middle platforms for business, data, and technology, it strengthens data management awareness and the supporting management platform system. This ensures smooth management processes between the headquarters and manufacturing bases, consistent operational data sources, and supports efficient business decision-making of enterprises. The Company constantly promotes automation, informatization, and digitalization, striving to create an intelligent manufacturing system with NHU characteristics. It has built intelligent factories and promotes intelligent operation management to achieve efficient, flexible, punctual, lean production of high-quality products. This better meets and serves customer needs, shaping new advantages for the industrial competition.

## IV. Main Business Analysis

### 1. Introduction

Please refer to item “I. The Main Business of the Company During the Reporting Period” for details.

### 2. Revenue and Cost

#### (1) Composition of Operating Revenue

Unit: RMB Yuan

Items	Year 2025		Year 2024		YoY growth rate
	Amount	% to operating revenue	Amount	% to operating revenue	
Total operating revenue	22,251,361,880.58	100%	21,609,592,228.45	100%	2.97%
By industry					
Pharmaceutical chemicals	20,037,146,404.03	90.05%	19,841,914,590.63	91.82%	0.98%
Others	2,214,215,476.55	9.95%	1,767,677,637.82	8.18%	25.26%
By product					
Nutrition	14,784,368,525.95	66.45%	15,054,507,596.05	69.67%	-1.79%
Aroma chemicals	3,865,554,569.03	17.37%	3,916,222,222.32	18.12%	-1.29%
New materials	2,114,793,685.42	9.50%	1,676,206,286.32	7.76%	26.17%
Others	1,486,645,100.18	6.68%	962,656,123.76	4.45%	54.43%
By region					
Domestic sales	9,320,482,853.62	41.89%	9,556,369,337.03	44.22%	-2.47%
Overseas sales	12,930,879,026.96	58.11%	12,053,222,891.42	55.78%	7.28%
By sales model					
Direct selling	16,971,082,948.15	76.27%	16,478,446,865.46	76.26%	2.99%
Agent sales	5,280,278,932.43	23.73%	5,131,145,362.99	23.74%	2.91%

#### (2) Industries, Products, Regions, and Sales Models 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	20,037,146,404.03	10,739,406,497.56	46.40%	0.98%	-3.98%	Increased by 2.77%
By product						
Nutrition	14,784,368,525.95	7,722,060,912.21	47.77%	-1.79%	-9.73%	Increased by 4.59%

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
Aroma chemicals	3,865,554,569.03	1,811,221,331.14	53.14%	-1.29%	-3.97%	Increased by 1.30%
By region						
Domestic sales	9,320,482,853.62	6,056,412,152.55	35.02%	-2.47%	-0.95%	Decreased by 1.00%
Overseas sales	12,930,879,026.96	6,254,395,837.34	51.63%	7.28%	-3.30%	Increased by 5.29%

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

### (3) Whether The Company's Goods Sales Revenue Is Greater Than Service Income

Yes  No

By industry	Items	Unit	Year 2025	Year 2024	YoY growth rate
Pharmaceutical chemicals	Sales	Tons	1,057,395.99	1,001,253.71	5.61%
	Production	Tons	1,135,481.37	1,020,130.42	11.31%
	Stock	Tons	165,953.79	87,868.42	88.87%
Others	Sales	Tons	58,490.66	42,921.25	36.27%
	Production	Tons	56,545.21	43,432.63	30.19%
	Stock	Tons	4,831.46	6,776.91	-28.71%

Remarks on reason for relevant data with absolute growth rate over 30%

Applicable  Not applicable

The YoY growth rates of stock of chemical industry rose, mainly due to inventory buildup of products such as amino acids and citral.

The YoY growth rates of sales and production of other categories rose, mainly due to increased market demand for new-materials products.

### (4) The Performance of Major Sales Contracts and Major Purchase Contracts Signed by the Company During the Reporting Period

Applicable  Not applicable

### (5) Composition of Operating Cost

By industry and product

Unit: RMB Yuan

By industry	Items	Year 2025		Year 2024		YoY growth rate
		Amount	% to operating cost	Amount	% to operating cost	
Pharmaceutical chemicals	Cost of main business	10,714,781,114.15	87.28%	11,126,559,379.63	88.43%	-3.70%
Others	Cost of main business	1,562,114,935.03	12.72%	1,393,190,181.24	11.08%	12.13%

Unit: RMB Yuan

By product	Items	Year 2025		Year 2024		YoY growth rate
		Amount	% to operating cost	Amount	% to operating cost	
Nutrition	Cost of main business	7,697,435,528.80	62.70%	8,496,620,424.57	67.53%	-9.41%
Aroma chemicals	Cost of main business	1,803,127,876.92	14.69%	1,882,262,867.29	14.96%	-4.20%
New materials	Cost of main business	1,489,466,307.31	12.13%	1,308,611,295.41	10.40%	13.82%
Others	Cost of main business	1,286,866,336.15	10.48%	832,254,973.60	6.62%	54.62%

**(6) Whether the Consolidation Scope Has Changed During the Reporting Period** Yes  No

Name of companies	Methods of equity changes	Timing of equity changes
Shandong NHU Vitamins Co., Ltd.	Deregistered after the absorption merger	January 1, 2025
Zhejiang NHU Holdings Co., Ltd.	Investment and establishment	April 15, 2025
NHU BESLENME GIDA SANAYİ VE TİCARET LİMİTED SİRKETİ	Investment and establishment	January 17, 2025
NHU North America LLC	Investment and establishment	January 2, 2025

**(7) Significant Changes or Adjustments to the Company's Business, Products, or Services During the Reporting Period** Applicable  Not applicable**(8) Major Customers and Major Suppliers**

Major customers

Total sales amount (yuan) of the top 5 customers	1,800,707,280.05
Proportion of the total sales amount of the top 5 customers to the annual total sales	8.10%
Proportion of related-party sales within the sales amount of the top 5 customers to the annual total sales	0.00%

Top 5 customers

No.	Customers	Sales amount (yuan)	Proportion to the annual total sales
1	Client A	625,316,681.59	2.81%
2	Client B	361,789,583.27	1.63%
3	Client C	303,853,217.27	1.37%

No.	Customers	Sales amount (yuan)	Proportion to the annual total sales
4	Client D	261,749,213.51	1.18%
5	Client E	247,998,584.41	1.11%
Total	--	1,800,707,280.05	8.10%

Remarks on other information of major customers

Applicable  Not applicable

Major suppliers

Total purchase amount (yuan) of the top 5 suppliers	1,482,672,481.33
Proportion of the total purchase amount of the top 5 customers to the annual total purchases	18.72%
Proportion of related-party purchases within the purchase amount of the top 5 customers to the annual total purchases	0.00%

Top 5 suppliers

No.	Suppliers	Purchase amount (yuan)	Proportion to the annual total purchases
1	Supplier A	425,429,339.66	5.37%
2	Supplier B	321,602,789.55	4.06%
3	Supplier C	267,711,185.30	3.38%
4	Supplier D	257,249,642.99	3.25%
5	Supplier E	210,679,523.83	2.66%
Total	--	1,482,672,481.33	18.72%

Remarks on other information of major suppliers

Applicable  Not applicable

During the reporting period, the Company's trading business revenue accounted for more than 10% of operating revenue

Applicable  Not applicable

### 3. Expenses

Unit: RMB Yuan

Items	Year 2025	Year 2024	YoY growth rate	Remarks on significant changes
Selling expenses	186,625,106.77	190,298,278.24	-1.93%	
Administrative expenses	656,845,768.83	595,894,541.26	10.23%	
Financial expenses	-14,746,421.76	178,047,841.65	-108.28%	This was mainly caused by exchange rate fluctuations during the reporting period, which led to an increase in foreign exchange gains.
R&D expenses	1,099,437,900.40	1,036,161,740.50	6.11%	

#### 4. R&D Input

Applicable  Not applicable

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Research on the development and application of modular technology for continuous-process equipment	To conduct research on certain unit reaction operations and equipment involved in the Company's existing and to-be-launched products, in order to improve the maturity of unit reactions and production efficiency.	Project completion. Through research on continuous-process equipment for chemical unit operations such as condensation and oxidation, new processes have been developed to resolve issues of batch operations, achieving energy saving, consumption reduction, quality improvement, and efficiency enhancement.	To build stirred-tank cascade reactor platforms and tubular reactor platforms suitable for verification at various scales, from model test to pilot-scale experiments.	It is expected to establish mature continuous-reaction, distillation, and other workshop production lines, significantly enhancing the level of continuous automation. This will reduce costs, improve efficiency, stabilize production capacity, and strengthen the Company's core competitiveness and market advantages.
Research on the development and application of high-safety nutrient products	To develop ethoxyquin-free, high-safety fat-soluble vitamin and carotenoid formulations, investigate their application effects and mechanisms of action, and enhance product stability in feed and their value for animal use.	Project completion. The development of formulations for vitamin A and AD3 products without ethoxyquin, and for carotenoid products without ethoxyquin and with low solvent residues has been completed. The Company has established a feed processing platform and a breeding trial base, and completed the bioavailability evaluation of the vitamin A product in piglets.	To develop a series of high-safety, low-solvent-residue vitamin and carotenoid formulations, and establish a comprehensive application evaluation system to provide the feed and animal husbandry industry with safe and efficient products and technical support.	It is expected to enhance the Company's technological capabilities in formulation development and downstream applications, continuously provide customers with efficient, safe, and sustainable solutions, and support the high-quality development of the industry.
Construction of microbial strains for the complete biosynthesis of typical B vitamins, fermentation process development, and industrialization	To optimize the expression of key functional elements and reconstruct the chassis system by using metabolic engineering and synthetic biology techniques, in order to develop genetically engineered strains capable of efficiently synthesizing target	Project completion. The Company has established an industrialization platform around vitamin B5 and other nutritional products and deployed a green biomanufacturing system. The Company has built a pilot-scale fermentation and extraction line in	To establish a comprehensive vitamins R&D and industrialization platform, forming a complete system from pilot-scale experiments to large-scale production; continuously enrich the product matrix, including vitamin B5, improve green	The Company has established a full-chain R&D system and core technology platform, making breakthroughs in multiple key product processes. It is expected to realize industrialization implementation and significantly enhance the Company's technical barriers and

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	vitamins. Combined with multi-parameter fermentation process optimization, this aims to drive the scale-up production of the engineered strains.	Shangyu, finishing process validation for multiple products. It has also built a 1,000-ton production line in Heilongjiang, achieving industrial-scale application of various product specifications such as vitamin B5 and vitamin B12.	manufacturing standards, and strengthen the market competitiveness and industrialization capacity of core nutritional products.	production efficiency. Realizing green biomanufacturing of vitamins plays a key role in the Company's ability to seize the international technological high ground and in China's construction of a new pillar of a green and environmentally friendly industrial system.
Research on innovative adiponitrile synthesis processes and industrialization technology applications	To optimize hydrogen cyanide production and separation processes, equipment selection, and pilot-scale experiments for the entire process by developing highly efficient and stable catalysts and resolving their recovery and application challenges.	Project completion. The Company has completed the scale-up commissioning of the hydrogenation process for synthesizing hexamethylenediamine from adiponitrile. Based on the pilot-scale process, the Company has designed a mass production process package for adiponitrile/hexamethylenediamine.	To investigate the application of catalysts in the reaction system and define a side-reaction control scheme; advance ligand technology innovation and pilot-scale synthesis to provide data support for mass production; carry out unit benchmarking and commissioning, equipment validation, and talent development to ensure continuous, stable operation of the unit.	The Company has completed the development of key equipment and production operation control schemes for the adiponitrile synthesis process, ensuring stable and continuous unit operation. The product quality is expected to reach internationally advanced levels.
Research and development on high-specification active pharmaceutical ingredients (APIs) products	To promote the Company's research and development of vitamin products and active pharmaceutical ingredients (APIs), reduce production costs, and improve the specifications of active pharmaceutical ingredients (APIs).	Project completion. The Company has conducted process and quality research for pharmaceutical-grade vitamin B6 and other products and established complete pharmaceutical research documentation. It has also advanced follow-up research on coenzyme Q10 and moxifloxacin hydrochloride, completing the related research work.	To enhance the reliability of process routes and the quality of drugs by developing various pharmaceutical-grade product synthesis processes, thereby reducing production costs and pollution from process routes. To achieve controllable pharmaceutical-grade product quality, environmental friendliness, and comprehensive cost advantages.	It is expected to enhance the Company's industry position in the active pharmaceutical ingredients (APIs) sector, especially its competitiveness in the high-specification vitamins market.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Research and application of analysis and testing technologies in fine chemicals	To optimize resource allocation and service processes, provide more efficient and precise analytical testing services to the group's subsidiaries and manufacturing bases, ensuring R&D and production quality.	Project completion. The Company has completed the development of analytical testing methods during the R&D of multiple new and existing products, structural studies of reaction intermediates and impurities, and the separation and purification of trace impurities in raw materials or products; completed on-site verification of the CNAS-accredited management system.	To establish a comprehensive service platform that integrates high-level analytical testing, method development, and technical research, to provide strong technical support for the Company's internal and external R&D innovation.	It is expected to provide comprehensive analysis and testing services for the Company's product technology innovations, promoting a closer integration of R&D and production with analytical research, and improving the efficiency of new product development and process innovation.
Research on the development and application of efficient separation processes and coupled process intensification technologies	To systematically research on the influencing factors of each product in the separation process, find out the optimal separation process parameter, realize the controllability of the separation process and product quality, and solve actual production problems through production debugging in the workshop.	The Company has systematically studied the fundamental properties of the Company's products in the separation process, carried out R&D, coupling, and validation of separation processes for major products, and performed preliminary scale-up design.	To establish four specialized technical platforms—crystallization, distillation, chromatography, and membrane separation—with capabilities in process development and physical-property data collection, and the ability to work with the General Engineer's Office on process coupling and intensification design.	It is expected to achieve product separation techniques and quality improvement through the innovation and development of the separation process, so as to meet the needs of different customers and improve the market competitiveness of products.
Research on enhancing safety and environmental protection technologies for fine chemicals	To establish a safety and environmental assessment laboratory which is equipped with calorimetry equipment (DSC, ARC, RC1e, etc.) and analysts; To conduct kinetic and thermodynamic analysis on related materials and chemical reaction processes, and when necessary, carry out scale-up commissioning procedures on corresponding processes.	The Company has summarized testing work on processes related to fire and explosion risks, such as high temperature, high pressure, and pure oxygen, and preliminarily clarified standardized procedures; completed research on wastewater treatment technologies related to new environmental protection technologies, and advanced the construction of the	To promote the standardization of process safety and fire and explosion risk assessment; improve basic physicochemical property data and capacity building; conduct wastewater treatment research, tackle multiple environmental protection challenges, promote the industrialization of results, and establish a research platform for exhaust gas and solid waste treatment.	It is expected to enhance the Company's inherent safety level and effectively prevent accidents from occurring. By establishing an environmental laboratory and introducing, assimilating, and researching environmental protection technologies, the Company's environmental protection technologies have been significantly

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
		environmental protection platform research project.		enhanced.
Research and application of process engineering design and equipment technology	To further improve the fine chemicals industrialization system by building four major modular research platforms for reaction, separation, CFD simulation, and material corrosion, providing customized, systematic support for process development and equipment scale-up, and enhancing engineering and industrialization capabilities.	The Company has completed research and design for multiple reactions, reactors, separations, and equipment, and product quality and yields have reached lab-scale or existing workshop levels. It has also completed simulation optimization of key equipment and conducted research on corrosion mechanisms in multi-component systems and recommendations for material selection.	To establish a specialized equipment scale-up research platform and develop specialized equipment scale-up methods, thereby improving process development efficiency and reducing process costs and process development costs.	After the relevant modules have been established and perfected, the Company is expected to create considerable economic benefits by improving R&D efficiency and developing cost-effective process routes and equipment.
Fine chemicals and material intermediate process technology R&D	To develop and optimize chemical intermediate synthesis processes, improving reaction selectivity, reducing production costs and pollutant emissions, and enhancing process stability and reliability, promote green and efficient industrialization.	The Company has integrated process flows for some products, with analysis of mechanisms and by-products completed. In-house development and evaluation of key catalysts have been achieved, along with reaction safety risk analysis. Feasibility and economic assessment for process scale-up have also been conducted.	To complete lab-scale process development and research for multiple products, process safety risk assessments, value and feasibility studies for process scale-up, and provide guidance and optimization for the establishment of scaled-up processes.	It is expected to reduce the comprehensive costs of multiple products, reduce the difficulty of developing new products, and enhance the Company's competitiveness in multiple fields such as pharmaceuticals, pesticides, aroma chemicals, nutritional products, and polymers.
Demonstration of the application of green, high-efficiency continuous catalytic hydrogenation technology	To develop a continuous hydrogenation process and catalysts for the selective hydrogenation of alkynol, the key intermediate for products such as linalool and vitamin A.	The Company has developed a continuous hydrogenation catalyst for alkynol intermediate hydrogenation with non-toxic additives. The catalyst achieves high reaction conversion and	To accelerate the transformation of results, complete the design of the continuous hydrogenation process package and reactor for alkynol, build a hydrogenation catalyst production line, and	It is expected to eliminate the use of toxic agents, improve product quality and stability, and enhance production efficiency and the safety of production operations through the development and

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
		selectivity with an extremely low loading of noble metals, ensuring long-term stable operation. This significantly improves product quality and reduces environmental pollution.	realize coordinated implementation of technology and industrialization.	application of catalytic and other technologies.
Development and industrialization of novel emulsified starch	To select cassava starch with a stable supply and uniform quality, and develop a novel emulsified starch through new process R&D to replace waxy corn starch, in order to stabilize production, reduce costs, and improve product quality and application compatibility.	Based on lab-scale research, the Company has completed the formulation and process scale-up design and pilot-scale commissioning, obtained vitamin E and pigment preparations formulated with emulsified starch produced by different processes, achieving technical and quality indicators equivalent to the laboratory scale.	To complete the process technology R&D for formulating colorants, fat-soluble vitamins, and other formulated products using cassava starch as the raw material. The quality indicators of the resulting downstream products are expected to match or surpass those of formulations based on waxy corn starch.	It is expected to address raw material supply and cost challenges, expand product application scope, stabilize product quality, and enhance the Company's ability to independently secure raw materials and its market competitiveness.
Pilot-scale process technology R&D for fine chemicals and materials products	To focus on pilot-scale and scale-up studies of MKB and other chemicals, based on the completion of lab-scale processes, carry out feasibility studies for process scale-up, studies on adaptability to industrial production, and process economic assessments.	The Company has completed the product's market research, project initiation analysis, and project compliance review; established a cross-departmental project team; improved the lab-scale process; and advanced pilot-scale preparations, equipment commissioning, and all pre-startup activities.	To complete pilot-scale commissioning studies for multiple products, including MKB, conduct studies on the value and feasibility of process scale-up, guide and optimize the establishment of scaled-up processes, forming independently developed technologies.	It is expected to enhance the Company's competitiveness in multiple fields such as pharmaceuticals, pesticides, aroma chemicals, nutritional products, and polymers.
Construction and application demonstration of a green biomanufacturing system for functional vitamins	To address problems such as instability of engineered strains and low potency of fermentation products in vitamin biomanufacturing, by developing green biomanufacturing and high-value application technologies for vitamins, and constructing an	The Company has completed pilot-scale process research on the fermentation and extraction of vitamin B12 and related compounds, and conducted key technology research for the value enhancement of ultrafine, high-stability vitamin-related	To develop multiple value-added technologies for vitamin A and other fat-soluble products.	It is expected to overcome technical bottlenecks in vitamin manufacturing, enhance product value-added and production capacity, and promote industrial upgrading.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	intelligent green biomanufacturing demonstration production line.	formulation products.		
Research on processing technology for nutrient series products	To conduct research on new process technologies for producing pharmaceutical-grade, food-grade, and feed-grade nutrient products; to achieve cost reduction, efficiency gains, and quality improvements across nutrient products of different grades by integrating the introduction and upgrading of new process equipment.	The Company has completed vitamin E continuous-extraction data simulation and lab-scale process research, design of a process package for modified-starch nutrients, and industrial-scale commissioning of process improvements such as astaxanthin.	To optimize the processes for products such as vitamins, pigments, and modified starch, increase output and yields, reduce consumption and the generation of waste gas, wastewater, and solid waste, and improve product quality.	It is expected to enhance the technological R&D, pilot-scale testing, and scale-up/industrialization on commissioning capabilities of the nutrient product series; improve product quality; increase efficiency and overall competitiveness; and create value for human health, human nutrition, and animal nutrition.
Development and application research of electro dialysis and bipolar membrane technologies	To establish a membrane separation process research platform and cultivate a professional membrane separation R&D team, in order to meet the Company's needs for improving and researching electro dialysis concentration, desalination, refining, and purification processes in product manufacturing.	The Company has carried out information collection on electro dialysis separation technology, built the team, and investigated the technical routes and preliminary separation route development of multiple projects.	To specialize in researching pressure-driven membrane and bipolar-membrane electro dialysis separation coupling technologies to solve difficult issues such as product refining and purification in actual production, to provide projects with high-purity products, and to enable resource recovery and reuse.	It is expected to resolve difficult issues in production, such as refining and purification; achieve resource reuse and the production of high-purity products; strengthen technical support and team capabilities; and help the Company reduce costs, increase efficiency, and enhance core competitiveness.
Research on the development and application of high biological-efficacy nutrients	To develop enzyme-hydrolyzed protein products with high biological potency using by-products from the Company's existing production lines as raw materials, and evaluate the products' application effects in animal feed through animal rearing trials.	The Company has conducted application evaluations for the lab-scale developed processes, developed rapid detection technologies, and established an animal nutrition analysis and testing platform.	To develop enzymatically hydrolyzed protein products with high biological value, and establish a nutritional value database for enzymatically hydrolyzed protein products.	It is expected to realize the resource utilization of by-products, produce high-value enzymatically hydrolyzed protein products, improve testing and nutrition databases, expand product areas, and help the Company improve quality and efficiency, and enhance its industry influence.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
R&D of synthesis technologies for pharmaceuticals and intermediates for the silver economy	To advance the R&D of products such as vitamin E calcium succinate. To develop and optimize multiple pharmaceutical-grade product synthesis processes to improve the reliability of process routes, enhance drug quality, reduce production costs, and reduce waste gas, wastewater, and solid waste.	The Company has completed the establishment of production routes and initial process optimization for vitamin E calcium succinate and other pharmaceuticals.	To complete lab-scale process R&D for the series of products of each active pharmaceutical ingredient (APIs) or its intermediates in the project.	It is expected to finalize process and quality research for related pharmaceutical products, enhance the intrinsic quality level of those products, promote the successful commercialization of active pharmaceutical ingredients (APIs) across different markets, and strengthen the Company's industry position in the API sector.

## Details of R&amp;D personnel

Items	Year 2025	Year 2024	Percentage of change
Number of R&D personnel (persons)	2,841	2,867	-0.91%
% to total employees	24.69%	25.22%	Decreased by 0.53%
Educational background structure			
Technical secondary school, high school, and below	94	119	-21.01%
Associate degree	311	346	-10.12%
Bachelor's degree	1,394	1,410	-1.13%
Master's degree	956	912	4.82%
Doctoral degree	86	80	7.50%
Total	2,841	2,867	-0.91%
Age structure			
Below 30 years old	1,223	1,315	-7.00%
30-40 years old	1,226	1,138	7.73%
Over 40 years old	392	414	-5.31%
Total	2,841	2,867	-0.91%

## Details of R&amp;D input

Items	Year 2025	Year 2024	Percentage of change
R&D input amount (yuan)	1,099,437,900.40	1,036,161,740.50	6.11%
% to total operating revenue	4.94%	4.79%	Increased by 0.15%
Capitalized amount (yuan)	0.00	0.00	0.00%
% to total R&D input	0.00%	0.00%	0.00%

Reason for significant changes in the structure of the Company's R&amp;D personnel and the effect

 Applicable  Not applicable

Reason for significant changes in the proportion of total R&amp;D input to operating revenue compared to the preceding period

 Applicable  Not applicable

Reason for significant changes in the capitalization rate of R&D input and remarks on the reasonability

Applicable  Not applicable

## 5. Cash Flows

Unit: RMB Yuan

Items	Year 2025	Year 2024	YoY growth rate
Subtotal of cash inflows from operating activities	22,892,406,248.33	19,830,149,069.08	15.44%
Subtotal of cash outflows from operating activities	14,094,974,907.41	12,757,084,885.75	10.49%
Net cash flows from operating activities	8,797,431,340.92	7,073,064,183.33	24.38%
Subtotal of cash inflows from investing activities	2,381,122,672.91	345,665,250.33	588.85%
Subtotal of cash outflows from investing activities	4,423,653,134.84	4,119,527,931.56	7.38%
Net cash flows from investing activities	-2,042,530,461.93	-3,773,862,681.23	45.88%
Subtotal of cash inflows from financing activities	3,435,574,243.40	4,441,283,711.80	-22.64%
Subtotal of cash outflows from financing activities	7,913,404,895.79	6,704,300,710.58	18.03%
Net cash flows from financing activities	-4,477,830,652.39	-2,263,016,998.78	-97.87%
Net increase of cash and cash equivalents	2,298,254,822.54	1,074,882,251.17	113.81%

Remarks on main factors leading to the significant changes in growth rates of relevant data

Applicable  Not applicable

The YoY growth rate of net cash flows from operating activities was 24.38%, which was mainly due to increase of sales revenue during the reporting period, leading to increase of collection of relevant payments for goods.

The YoY growth rate of subtotal of cash inflows from investing activities was 588.85%, which was mainly due to the maturity and redemption of large-denomination certificates of deposit during the reporting period.

The YoY growth rate of net cash flows from investing activities was 45.88%, which was mainly due to the maturity and redemption of large-denomination certificates of deposit during the reporting period.

The YoY growth rate of net cash flows from financing activities was -97.87%, which was mainly due to an increase in cash dividends distributed to shareholders during the reporting period.

The YoY growth rate of net increase of cash and cash equivalents was 113.81%, which was mainly due to increase of sales revenue during the reporting period, leading to increase of collection of relevant payments for goods.

Remarks on reason for significant difference between net cash flows from operating activities during the reporting period and net profit of the current period

Applicable  Not applicable

## V. 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	140,560,163.60	1.79%	It was mainly due to an increase in investment income from associates during the reporting period.	No
Gains on changes in fair value (or less: losses)	-53,391,170.13	-0.68%	It was mainly due to changes in fair value of forward foreign exchange settlement during the reporting period.	No
Assets impairment loss (or less: losses)	-235,426,877.98	-3.00%	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	18,284,909.92	0.23%	It was mainly attributable to the sale of carbon emission rights during the reporting period.	No
Non-operating expenditures	22,811,106.04	0.29%	It was mainly due to gains on retirement of assets and donation expenditures during the reporting period.	No
Credit impairment loss (or less: losses)	12,879,377.53	0.16%	It was mainly due to a decrease in accounts receivable during the reporting period, which led to a reduction in the provision for bad debts.	No
Gains on asset disposal (or less: losses)	-1,494,406.52	-0.02%	It was mainly due to the disposal of fixed assets during the reporting period.	No
Other income	252,983,451.94	3.22%	It was mainly due to government grants received during the reporting period.	No

## VI. Assets and Liabilities Analysis

### 1. Significant Changes in Asset Composition

Unit: RMB Yuan

Items	December 31, 2025		January 1, 2025		Percentage of change	Remarks on significant changes
	Amount	% to total assets	Amount	% to total assets		
Cash and bank balances	7,966,270,131.17	17.47%	7,936,504,805.65	18.46%	Decreased by 0.99%	
Accounts receivable	3,331,434,677.27	7.30%	3,653,676,104.37	8.50%	Decreased by 1.20%	
Inventories	4,648,749,467.43	10.19%	4,090,096,841.96	9.51%	Increased by 0.68%	
Long-term equity investments	965,350,549.43	2.12%	865,262,148.36	2.01%	Increased by 0.11%	
Fixed assets	20,298,898,673.14	44.51%	21,915,984,823.43	50.98%	Decreased by 6.47%	
Construction in progress	745,117,350.86	1.63%	571,610,643.68	1.33%	Increased by 0.30%	
Right-of-use assets	9,116,717.87	0.02%	13,222,869.09	0.03%	Decreased by 0.01%	
Short-term borrowings	675,172,682.37	1.48%	1,162,512,239.04	2.70%	Decreased by 1.22%	
Contract liabilities	294,819,090.20	0.65%	237,013,669.77	0.55%	Increased by 0.10%	
Long-term borrowings	4,187,178,569.02	9.18%	5,327,243,721.25	12.39%	Decreased by 3.21%	
Lease liabilities	2,500,183.66	0.01%	3,584,791.02	0.01%	Unchanged	

The proportion of foreign assets to total assets is comparatively high

Applicable  Not applicable

### 2. 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)			5,061,842.34		2,150,000,000.00			2,155,061,842.34

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
2. Derivative financial assets	745,816.34	12,467,433.87						13,213,250.21
Subtotal of financial assets	745,816.34	12,467,433.87	5,061,842.34		2,150,000,000.00			2,168,275,092.55
Total	745,816.34	12,467,433.87	5,061,842.34		2,150,000,000.00			2,168,275,092.55
Financial liabilities	11,151,258.46	-11,151,258.46						0.00

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

### 3、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	38,900,815.38	38,900,815.38	Pledged	Deposit for bank acceptance
	1,714,764.00	1,714,764.00	Pledged	Deposit for letter of guarantee
	4,117,750.00	4,117,750.00	Pledged	Deposit for customs duty
	370,073.49	370,073.49	Pledged	Deposit for letters of credit
	1,063,853.85	1,063,853.85	Pledged	Security deposits for tap water fees
	25,500.00	25,500.00	Pledged	Deposit for ETC
	221,221.57	221,221.57	Pledged	Deposit for emission rights
	4,774.98	4,774.98	Pledged	Long-suspended account balance
Receivables financing	135,353,157.67	135,353,157.67	Pledged	Establish bank acceptance bill pledge
Fixed assets	102,070,345.08	79,042,144.12	Mortgage	Mortgaged for bank borrowings
Intangible assets	10,794,997.29	10,794,997.29	Mortgage	Mortgaged for bank borrowings
Total	294,637,253.31	271,609,052.35		

## VII. Investment Status Analysis

### 1. Overall Information

Applicable  Not applicable

Investments during the reporting period (yuan)	Investments of the preceding period (yuan)	Percentage of change
683,086,983.94	1,555,952,289.57	-56.10%

### 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: ten thousand yuan

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	32,201.55	32,201.55	855.34	0.00	1,087,803.66	993,921.36	126,083.85	3.84%
Structured forward contracts	48,381.10	48,381.10	-6,700.64	0.00	184,823.50	198,404.10	34,800.50	1.06%
<b>Total</b>	<b>80,582.65</b>	<b>80,582.65</b>	<b>-5,845.30</b>	<b>0.00</b>	<b>1,272,627.16</b>	<b>1,192,325.46</b>	<b>160,884.35</b>	<b>4.90%</b>

Remarks on whether there were significant changes in the accounting policies and specific accounting principles for the Company's hedging business during the reporting period compared to the previous reporting period	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.
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 or loss on derivatives at the end of the reporting period was -73.0784 million yuan.
Explanation of hedge effectiveness	The Company conducts foreign exchange hedge business to reduce exchange rate risk arising from exchange rate 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, 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.
In the case of changes in market prices or fair value of invested derivatives during the reporting period, the analysis on fair value of derivatives shall disclose the	Floating loss on fair value of derivatives amounted to 58.4530 million yuan at the end of the reporting period.

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 15, 2025
Disclosure date of the General Meeting of Shareholders announcement for the approval of derivatives investment (if any)	Not applicable

## 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.

## VIII. 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

## IX. Major Entities Controlled or Invested by the Company

Applicable  Not applicable

Major subsidiaries and investees with influence on net profit of the Company over 10%

Unit: ten thousand yuan

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	1,515,183.44	1,371,144.47	765,559.69	349,836.23	297,206.39
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Subsidiary	Production and sales of feed additives	90,000	536,921.86	402,979.11	394,197.22	196,546.04	181,135.34
Shandong NHU Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of fragrances	59,000	645,823.86	567,647.46	387,607.06	171,571.77	148,311.59

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
Shandong NHU Vitamins Co., Ltd.	Deregistered after the absorption merger	No significant effect at the beginning of the period.
Zhejiang NHU Holdings Co., Ltd.	Investment and establishment	No significant effect at the beginning of the period.
NHU BESLENME GIDA SANAYİ VE TİCARET LİMİTED ŞİRKETİ	Investment and establishment	No significant effect at the beginning of the period.
NHU North America LLC	Investment and establishment	No significant effect at the beginning of the period.

Remarks on major holding investees

Not applicable

## X. Structured Entities Controlled by the Company

 Applicable  Not applicable

## XI. Outlook for the Future Development of the Company

### 1. The Company's Development Strategy

The Company will consistently adhere to the development strategy of integration, serialization and synergy, adhere to the strategic platforms of "Chemical+" and "Biology+", improve the application research and application service capabilities, and focus on main businesses including nutrition, aroma chemicals, and new polymer materials and APIs, insist on innovation-driven, develop various functional chemicals, strengthen the construction of technology platforms and industrial platforms, and strengthen the introduction and cooperation of advanced equipment. Relying on modern manufacturing bases respectively in Zhejiang Xinchang,

Zhejiang Shangyu, Shandong Weifang, Heilongjiang Suihua, and Tianjin Binhai New Area, the Company will work to realize the extension of the industrial chain and promote the sustainable and high-quality development. Meanwhile, it will actively seek opportunities for its functional chemicals in strategic emerging industries such as the plant protection industry, new energy industry, energy conservation and environmental protection industry, and information industry.

(1) It will continue to expand and strengthen the nutrition business. Animal nutrition: Guided by the principles of "cost leadership, market leadership, innovation-driven, service first, and integrated production-supply-sales collaboration", the Company is committed to becoming a globally leading supplier of animal nutrition and health products. Human nutrition: Guided by the principles of "emphasizing quality, serving customers, strengthening marketing, and enhancing the company's brand influence", the Company is committed to becoming a globally leading supplier of human nutrition and health solutions. At the same time, the Company focuses on the methionine business, rapidly and effectively strengthening and expanding it. By enhancing competitiveness and improving management systems, the Company aims to build a world-leading integrated methionine manufacturing base.

(2) It will develop wider and deeper in the aroma chemicals business. Guided by the principles of "integration, serialization, and scaling", the Company conducts research and development centered on fragrances, daily chemical products, pharmaceutical intermediates, and other fine chemicals. It promotes the successful implementation of new fragrance base projects, continuously introduces new fragrance varieties, and achieves product functionality and differentiation, thereby consistently enhancing the core competitiveness of its products. The goal is to become a world-class aroma chemicals, and cosmetic ingredient company.

(3) It will continue its development in the new material business. Guided by cost leadership, the Company adheres to integration and serialization development ideas. By integrating resources and fostering open cooperation, we will focus on high molecular polymers and key intermediates, striving to develop major products successfully while synergistically expanding downstream applications. Based on "Chemical+" and "Biology+", we aim to establish the new material industry into an important pillar industry of the Company, positioning ourselves as a rising force in the new material industry.

(4) It will focus on making more special and refined active pharmaceutical ingredients (APIs). Guided by the principles of "centered on innovative technology and services, oriented toward major products, differentiated development, and specialization and refinement", the Company leverages its existing industrial supporting advantages and integrates resources to advance the construction of API manufacturing bases, improve pharmaceutical quality management systems, and increase investment in the research and application of new products, technologies, and equipment in the API field. It actively enhances the core competitiveness of existing products and expands into emerging markets.

## 2. Business Plan

In 2026, the Company has clearly defined the operating guiding principles of "expanding markets and increasing volume, driving innovation development, empowering operations with intelligent manufacturing, and enhancing quality and efficiency". The Company will adhere to the main strategic course of "Chemical+" and "Biology+", anchor the goal of becoming a "Global NHU", and focus on enhancing product competitiveness as the main line. The Company will scientifically assess development opportunities and challenges, uphold stability as the overarching principle while pursuing progress, and intensify efforts in exploring "four-new" markets, implementing strategic projects, empowering with intelligent manufacturing, and improving management efficiency. This will ensure a strong start to the 15th Five-Year Plan period. We will focus on the following aspects:

### (1) Focus on Expanding Markets and Increasing Volume, Striving to Strengthen Synergy in R&D, Production, Supply, and Sales

Conduct operations centered on market and customer needs, strengthening efficient linkage and seamless integration of R&D, production, supply, and sales. This will form a powerful synergy for market development across procurement, technology, production, and sales, driving performance growth. First, the Company will continue to expand the market: Consolidate market share for existing products, accelerate overseas market layout, strengthen marketing and service support, and solidify the foundation for sales development. Second, the Company will make every effort to collaborate to create value: Advance technological transformation and energy consumption optimization, strategic procurement, and centralized procurement to achieve cost reduction and efficiency improvement; Focus on product quality shortcomings, launch targeted improvement actions, and enhance brand influence; Optimize incentive mechanisms to energize teams and stimulate value creation. Third, the Company will ensure market compliance and market access: Accelerate product registration and compliance approvals, enhance the foresight of compliance approvals, and lay the groundwork for successful product launches.

### (2) Focus on Innovation Development, Striving to Accelerate the Execution of Major Projects and Breakthroughs in Key Projects

Concentrate resources to streamline the entire innovation chain from product selection to industrialization, fully promoting projects to achieve production and efficiency on schedule, and accelerating the conversion of project results. First, the Company will accelerate new product R&D to seize market opportunities: Deepen the full industry chain layout by extending upstream to ensure raw material self-sufficiency and cost control, and expanding downstream to enhance customized solution capabilities and market synergy efficiency; Concentrate resources on tackling challenges in key areas such as high-performance materials and new nutritional products. Second, the Company will enhance the potential of existing products to maintain competitive advantages: Through continuous upgrades, establish industry benchmarks for the core metrics of existing products, continually solidifying market advantages; At the same time, actively unlock new value from existing products, develop differentiated offerings, and

explore new application scenarios. Third, the Company will build an efficient innovation system to accelerate the conversion of research results: Proactively deploy revolutionary technologies in areas like catalysis and biology, and explore AI applications in R&D; Investigate disruptive technologies, strengthen systematic platforms, and forge leading advantages in integrating processes and equipment; Cultivate talent through practical challenges, activating the internal growth momentum of R&D. Fourth, the Company will advance the implementation of key projects to accelerate strategic execution: Projects under development should accelerate progress; projects not yet approved should expedite approval reviews; projects already in production should achieve targets and efficiency as soon as possible. Additionally, ensure early planning and approval for key metrics.

### (3) Focus on Intelligent Manufacturing Empowerment, Striving to Advance Pilot Applications of AI

Seize the opportunities brought by technological transformations (such as AI), expand AI applications in core areas, systematically advance intelligent upgrades, and build a future-oriented smart enterprise. First, the Company will optimize the intelligent manufacturing system: Complete system upgrades and promote intelligent factory models to achieve full coverage across all manufacturing bases. Second, the Company will strengthen process equipment alignment: Address production pain points and bottlenecks by introducing advanced equipment, promoting intelligent applications, and accelerating the continuous and digital intelligence upgrade of production lines. Third, the Company will pilot AI application scenarios: Enhance information systems and elevate information technology capabilities; Comprehensively expand the knowledge base and intelligent agent applications, initiate the AI sub-platform constructions on manufacturing bases, and establish demonstration benchmarks.

### (4) Focus on Precision Management, Striving to Strengthen the Management Foundation and Enhance Efficiency

Leverage management standardization and systemization as key drivers to promote the institutionalization and normalization of all business processes, achieving a fundamental shift from experience-driven to system-driven operations. First, the Company will deepen system implementation: Fully integrate environmental, social, and governance (ESG) and carbon reduction requirements into the management framework, coordinate the planning of energy systems, and advance renewable energy projects and market-based green power and green certificates; Improve the operational quality of the health, safety, and environment (HSE) system, deepen the asset integrity system, refine the standards for the entire equipment lifecycle, and establish a unified equipment health management platform. Second, the Company will strengthen talent development: Build an international talent system, enhance job competency standards and qualification systems, advance reforms in large departments and large workshops, and deepen cultural integration and employee care. Third, the Company will promote integration of business and finance: Centered on finance, divide into smaller accounting units to stimulate operational subjective initiative; Strengthen whole-process management

of annual budgets, clarify asset management responsibilities and authorities, implement multiple measures to enhance market value management, and boost company value.

#### (5) Focus On Steady Operations, Striving to Strengthen Risk Prevention and Control

Risk prevention and control are important safeguards for the Company's healthy development. Strengthen risk identification and inspection, reinforce internal controls, improve early-warning mechanisms, enhance risk response capabilities, and safeguard the Company's stable development. First, the Company will strengthen safety and environmental awareness, safeguarding the lifeline: Enhance the safety execution capabilities of all employees and effectively address prominent safety issues; Promote clean production and pollution control technologies to ensure green and environmentally friendly production. Second, the Company will strengthen financial management, holding the warning line: Continuously reinforce financial accounting management, prevent financial risks, strengthen overseas financial controls, improve operational risk early warning and prevention mechanisms, and ensure stable company operations. Third, the Company will strengthen compliance management, building a protective line: Conduct audits of core business systems and legal risk assessments, enhance legal risk prevention and control, and strengthen legal support for overseas operations. Fourth, the Company will strengthen ideological guidance, establishing a strict disciplinary bottom line: Improve the trade secret protection system, deepen integrity risk prevention and control, implement the "Five Must-Visit and Five Must-Talk" system, and reinforce integrity education and work ethics.

### 3. Possible Risks

#### (1) Macroeconomic Risks

The international environment is complex and volatile, and the global economy faces numerous uncertainties. The Company will accelerate the pace of internationalization and expedite the deployment of its globalization strategy. It will strengthen localized operations and service capabilities to ensure steady progress in its internationalization efforts. The Company will continuously improve the construction of global innovation, sales, and information centers, establish diversified innovation chains, supply chains, and customer bases, and promote stable and sound development.

#### (2) Industry and Market Competition Risks

The Company faces competition from peers in both domestic and international markets. Competitors' comprehensive strengths in technology, capital, talent reserves, and sales channels are continuously improving. The replacement of old capacity with new capacity has intensified market competition, and the Company faces greater challenges within the industry. In the future, the Company will continuously enhance its R&D and innovation capabilities, focus on core strategic directions, deepen its industrial

chain deployment, upgrade product technology and service levels, improve management effectiveness, enhance value-creation capabilities, and strengthen the Company's comprehensive competitiveness.

### (3) Risks of Raw Material Price Fluctuation

As the cost of raw materials accounts for a relatively high proportion of the total cost, the price fluctuations caused by the supply-demand imbalance of raw material will have an impact on the Company's profit. In the future, the Company will reduce the adverse impact of raw material price fluctuations through market research and judgment, establishing strategic partnership with suppliers, and improving the utilization rate of raw materials.

### (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.

## XII. 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
February 27, 2025	Conference room of the Company	Field research	Institution	1. Shenwan Hongyuan Securities (Song Tao, Shao Jingyu); 2. Southern Fund (Zheng Yong, Li Xinmi, Chen Zhuo); 3. Rosefinch Fund (Liu Congcong)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on February 27, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S02001">http://irm.cninfo.com.cn/ssessgs/S02001</a> for details.
March 13, 2025	NHU Life and Health Industrial Park	Field research	Institution	1. Soochow Securities (Chen Shuxian, Zhou Shaomei); 2. Taikang Asset (Wang Duolin); 3. CCB Life Asset Management (Yue Xiaolin, Cao Xinyi, Ban Peiqi); 4. Naxuan Investment (Zhang Qingyun); 5. Wideview Asset Management (Shu Qihang); 6. Haitong Securities (Sun Weirong); 7. Hongshang Asset (Sha Zhengjiang); 8. CITIC-Prudential Fund (Yao Sizhou); 9. CICC (Hou Yilin); 10. Great Wall Securities (Xiao Yaping, Wang Tong); 11. Shanxi Securities (Ji Yongjie, Wang Rui)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on March 13, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S02001">http://irm.cninfo.com.cn/ssessgs/S02001</a> for details.
April 29, 2025	Shenzhen Stock Exchange, "Interactive Easy" platform, "Cloud Interview": <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a>	Network platform online communication	Others	Investors who attended the Company's online annual performance presentation in 2024	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on April 29, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S02001">http://irm.cninfo.com.cn/ssessgs/S02001</a> for details.
May 7, 2025	Conference room of the Company	Field research	Institution	1. Zheshang Securities (Li Hui, Chen Haibo); 2. Chengtong Securities Asset Management (Zhou Hexiang); 3. Founder Fubon Fund (Liu Meng); 4. China Post Fund (Zhou Daiwei); 5. Harvest Fund (Chen Luhua, Chen Jingcheng); 6.	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on May 7, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S02001">http://irm.cninfo.com.cn/ssessgs/S02001</a> 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
				Tenbagger Capital (Zheng Hui); 7. Changsheng Fund (Zhao Qichao); 8. Penghua Fund (Wang Xiwei); 9. China Life AMP (Li Bowen); 10. ICBC Wealth Management (Si Huajing); 11. Heng An Standard Life (Wang Zhiheng); 12. China Everwin (Chen Hang); 13. Jinding Capital (Tang Chenzhuo); 14. Yuance Investment (Li Chao); 15. CITIC Asset Management (Chen Han); 16. Ginkgo Capital (Zhang Haijun); 17. PICC Pension (Xu Kunlun); 18. Yuri Capital (Wang Yutian)		
May 8, 2025	Conference room of the Company	Field research	Institution	1. Bohai Securities (You Yue); 2. GF Securities (Wu Xinran); 3. Sinolink Securities (Li Hanyu); 4. Guolian Securities (Zhang Weihang); 5. SDIC Securities (Feng Yongkun); 6. HuaAn Securities (Wang Qiangfeng, Liu Tianqi); 7. Great Wall Securities (Xiao Yaping, Wang Tong); 8. Changjiang Securities (Ma Tai, Wang Cheng); 9. Huatai Securities (Zhuang Tingzhou); 10. Shanxi Securities (Ji Yongjie); 11. Zhongtai Securities (Sun Ying, Wang Peng); 12. Minsheng Securities (Zeng Jiachen); 13. Guosen Securities (Yang Lin, Wang Xinhang); 14. TF Securities (Tang Jie, Xing Yanning);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on May 8, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
				15. BOC International Securities (Fan Qiyao); 16. CITIC Securities (Tian Xiancheng); 17. Minsheng Securities (Zeng Jiachen); 18. Zhesang Securities (Wang Yuan); 19. East Money (Zhang Zhiyang); 20. China Universal Asset Management (Liu Gaoxiao); 21. Rosefinch Fund (Liu Congcong); 22. UBS SDIC (Zhou Sijie); 23. Qianlin Investment (Zeng Lin); 24. Hangzhou Financial Investment (Zhan Qian); 25. Hongchou Investment (Liu Jianyang); 26. Sharewin Investment (Wu Shengbo); 27. China Securities (Tao Aipu); 28. Junhe Capital (Liu Jian, Ji Liuyu, Zhang Yujie); 29. Qingyu Capital (Zhang Xinbin); 30. Franklin Templeton Sealand Fund (Zhang Rui); 31. Guotai Haitong (Zhou Zhipeng); 32. Huaneng Guicheng (Sun Yu, Zhou Hao); 33. HSBC Qianhai (Huang Qian); 34. Taipu Shengke (Wang Yong, Ye Tingting, Lei Rong); 35. Shanghai Greenwoods (Jiang Wenchao); 36. Shanghai Ningquan (Qiu Weijia); 37. Supor Group (Li Yulu); 38. Tibet Hezhong Yisheng (Xu Xinke); 39. Yujian Technology (Lu Zhikai); 40.		

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
				Wisdomshire Asset (Liu Li); 41. CICC (Jia Xiongwei, Hou Yilin); 42. Huanong Asset (Sun Meng); 43. Individual shareholders, etc.		
May 29, 2025	Shanghai Pudong Shangri-La Hotel	Field research	Institution	1. CITIC Securities (Liu Chang); 2. Soochow Securities (Yu Yanqiu); 3. Oriental International (Huang Jiansong); 4. Taikang Fund (Wang Lingli); 5. Ningbo Liangli (Chen Jinzhuan); 6. Allianz Fund (Zhang Zhuyuan); 7. CITIC Asset Management (Sheng Liyang); 8. Aegon-industrial Fund (Ye Fei); 9. Origin Fund (Wei Boyang); 10. Greenwoods Asset (Jiang Wenchao); 11. Dingtai Sifang (Chen Yongbao); 12. Xueshi Asset (Wu Xi); 13. Hongchou Investment (Wang Zhidong); 14. Singapore Polunin Capital (Huang Jing); 15. BOC Fund (Zhang Xiangdong); 16. HFT Fund (Bai Xiaolan); 17. Yuan Shijie (Huang Tianfu, Chen Zhiqiang); 18. Essence Investment (Wang Chu, Li Yuxin); 19. Junhe Capital (Ji Liuyu, Sun Zhenxin)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on May 29, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> for details.
June 5, 2025	The Ritz-Carlton Shanghai, Pudong; Shanghai Pudong Shangri-La Hotel	Field research	Institution	1. Guotai Haitong (Zhou Zhipeng, Xiao Jie); 2. Huatai Securities (Zhuang Tingzhou, Yang Wentao); 3. Northeast Securities Proprietary Trading (Feng Xiantao); 4. Hongshang Asset (Sha	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on June 5, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
				Zhengjiang); 5. Fidelity (Yuan Ruipeng); 6. GIC (Liu Zhuoyu); 7. Harvest Fund (Cai Chengfeng); 8. China Universal (Hua Xiuning); 9. Haitong Asset Management (Li Chen); 10. Boyu Investment (Dou Shuai); 11. Sharewin Investment (Wu Shengbo); 12. Aoxia Investment (Zhou Zhikang); 13. Aegon-industrial Fund (Xia Siheng); 14. Songxi Asset (Ge Xinyu); 15. Changjiang Pension (Ma Rui); 16. Ningbo Zetian Investment (Zhang Lujun); 17. Shanghai Wideview Asset Management (Shu Qihang); 18. Heng An Life (Wang Zhiheng); 19. Foresight Fund (Zhu Lin); 20. HFT (Zong Jiezhen); 21. Taipu Asset (Fu He); 22. CCB Life Asset Management (Ban Peiqi); 23. Suzhou Junrong Asset (Zhang Jiguang); 24. Banxia Investment (Liu Wei); 25. Huatai Baoxing (Li Chen); 26. Shanghai Tianyidao (Hu Jia); 27. CITIC-Prudential Fund (Yao Sizhou); 28. Yimi Fund (Liu Jiayi); 29. Manulife Fund (Fan Yaqin)		
June 26, 2025	Shanghai Pudong Shangri-La Hotel; Lujiazui Fuhui Building, Tower A	Field research	Institution	1. TF Securities (Xing Yanning); 2. HuaAn Securities (Wang Qiangfeng, Liu Tianqi); 3. CICC (Jin Binbin); 4. Yuekai	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on June 26, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
				Venture Capital (Zhao Qi); 5. Minsheng Tonghui (Ai Mengqi); 6. Supor Group (Li Yulu); 7. Qinchen Asset (Yang Jin); 8. Huatai Baoxing (Li Chen); 9. Wanjia Asset (Lei Yinjia)		
August 28, 2025	Shanghai Pudong Mandarin Oriental Hotel; Shanghai Pudong Shangri-La Hotel; Shanghai Jinmao Grand Hyatt Hotel	Field research	Institution	1. Fuanda Fund (Lu Xu); 2. Hangzhou Bank Wealth Management (Liu Aizhu); 3. Founder Proprietary Trading (Zhu Zhangyuan); 4. China Post Fund (Zhou Gowe); 5. Franklin Templeton Sealand Fund (Zhang Rui); 6. Rosefinch Fund (Xu Ke); 7. Chengluo Capital (Lin Tianxin); 8. Xingyin Fund (Luo Yida); 9. Vision Capital (Zhou Yang); 10. Future Vessel Capital (Liao Shudi); 11. Zhesang Asset Management (Wang Yuan); 12. Taiping Fund (Xia Wenqi); 13. Ping An Life (Liu Zhihua); 14. CIB Fund (Wang Tengxiao); 15. Soochow Proprietary Trading (Yang Moxi); 16. Heng An Standard Life (Wang Zhiheng); 17. Maodian Asset (Tang Zhongjie); 18. Futong Fund (Ma Jun); 19. Hongchou Investment (Wang Yundong); 20. Bosera Fund (Wang Lingxiao); 21. Shanghai Hetu Investment (Jin Jiayin); 22. Lion Fund (Zhou Xiaoqi); 23. Wolonggang Investment (Zhang	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on August 29, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
				Yifeng); 24. CITIC Asset Management (Wang Zining); 25. CCB Life Asset Management (Ban Peiqi); 26. Boxin Fund (Sheng Ru); 27. Huachuang Proprietary Trading (Zhao Jingtong); 28. Nuode Fund (Zuo Fei); 29. Hony Horizon Fund (Ai Xiongfeng); 30. Maxwealth Fund (Lin Weihao); 31. Wisdomshire Asset (Liu Li); 32. Shanghai Securities Proprietary Trading (Zhou Fengchun); 33. Taiping Asset (Yin Weiguo); 34. Hainan Kuanxing (Cai Zhiquan, Li Ni); 35. Huatai Baoxing (Tian Rong); 36. Taikang Asset (Wang Lingli); 37. China Innovative Capital (Zhao Qi); 38. Focus Bridge Fund (Xue Liangchen); 39. Panjing Investment (Qiao Yuyan); 40. Zhesang Securities (Li Hui); 41. HSBC Jintrust (Wang Jiayi); 42. China Everwin (Chen Hang); 43. Western Leadbank (Chen Yu); 44. Changjiang Pension (Ma Rui); 45. SWS MU (Miao Qi); 46. Dacheng Fund (Liu Fanglin); 47. GF Securities (Wu Xinran, Qu Shanghao, Huang Peimin); 48. Soochow Securities (Chen Shuxian, Zhou Shaowen); 49. China Universal (Ye Congfei, Liu Gaoxiao,		

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
				Liu Sheng); 50. Individual investors		
September 4, 2025	Regent Shanghai Pudong; Shanghai Jinmao Grand Hyatt Hotel	Field research	Institution	1. Southern Fund (Li Xinmi); 2. First-trust Fund (Zhang Zhenzhuo); 3. FH Fund (Li J); 4. Hwabao WP Fund (Li Liyi); 5. Xingyin Wealth Management (Chen Yalong); 6. Xiaofeng Investment (Yin Xiaoyu); 7. Zhonggeng Fund (Zhou Ruang); 8. Broad Fund (Tao Jiaheng); 9. Capital Securities (Chen Zhibo); 10. Beijing Shengshui Investment (Liu Hongming); 11. BNB Wealth Management (Sun Wenrui); 12. Rosefinch Fund (Liu Congcong, Xu Ke); 13. Galaxy Fund (Chen Kaiqian); 14. Vision Knight Capital (Xue Yuan); 15. Ping An Fund (Li Huasong); 16. Shanghai Kunlun Pansheng (Li Zhongming); 17. Guotai Haitong Asset Management (Yang Nan); 18. Wanjia Asset (Lei Yinjia); 19. Dolphin Invest (Zhou Huayi); 20. China Life AMP (Sa Weixu, Guo Yongyi); 21. Nature Capital (Miao Tianyi); 22. Beautiful Homeland (Ren Jing); 23. Wideview Asset Management (Shu Qihang); 24. Shenwan Chemical (Shao Jingyu, Li Shaocheng); 25. Guosen Securities (Wang Xinhang, Dong	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on September 4, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
November 5, 2025	Company headquarters conference room; The Ritz-Carlton Shanghai, Pudong	Field research	Institution	Bingxu) 1. Changjiang Chemical (Ma Tai, Wang Cheng); 2. China Merchants Fund (Zhu Hongyu, Yao Feijun, Lu Wenkai, Luo Lisi, Zhao Zongyuan, Wang Jing, Chen Haibo, Zou Cheng, Yang Yiyang); 3. Soochow Securities (Zhou Shaowen); 4. HuaAn Fund (Xin Dawei); 5. Huatai Asset (Wang Xiwei); 6. Caitong Asset Management (Guo Qikun); 7. Fullgoal Fund (Sha Wei)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on November 5-6, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> for details.
November 11, 2025	Conference room of the Company	Field research	Institution	1. Great Wall Securities (Xiao Yaping, Wang Tong); 2. Suijiu Investment (Lu Chen, Li Chunxia, Zeng Xiaomin); 3. Zhesang Securities (Li Hui, Li Wenjun); 4. Taikang Asset (Lin Chongping, Xiao Rui, Chen Jiayi, Wang Duolin); 5. Huatai Securities (Zhuang Tingzhou, Zhang Xiong)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on November 11-12, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> for details.
November 13, 2025	Beijing Shangri-La Hotel; Kerry Hotel, Beijing; Company headquarters conference room	Field research	Institution	1. China Securities (Lu Hao, Tao Aipu, Zhao Runzhang, Hu Haowen); 2. China Everwin (Chen Hang); 3. Ping An Fund (Zhang Miao); 4. Etock Capital (Dang Kaiyu); 5. Guolian Fund (Yang Dazhi); 6. China Life AMP (Li Bowen); 7. CCB Pension (Ji Shi); 8. BOC-Samsung Life (Shao Jingjing); 9. U Capital (Liang Hui); 10. Beijing Heju Investment (Mai Turong); 11.	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet on November 13-14, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> 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
				Changsheng Fund (Qian Wenli); 12. China Merchants Fund (Yang Yiyang, Li Yi); 13. China Dragon Securities (Men Taoshuan); 14. Yude Capital (Jin Tianzhen); 15. Yellow River P&C Insurance (Fan Hualin); 16. China Post Securities (Chen Liang); 17. Wuhan Yanshi Technology (Feng Xiangming); 18. Huachuang Securities (Wu Yu); 19. GF Securities (Wu Xinran); 20. Maike Investment (Yang Guang); 21. CICC (Jia Xiongwei, Hou Yilin, Wang Tianhe); 22. Harvest Fund (Zhang Jintao, Tan Li); 23. Suijiu Asset (Lu Chen); 24. Beijing HC Capital (Chen Qian); 25. China Post Asset Management (Yang Chen); 26. Dehe Investment Fund (Zhang Wen); 27. Sichuan Development Securities Investment Fund (Jiang Yang); 28. Yunfu Investment (Shi Wei); 29. Xinghe Fund (Sun Qi); 30. Beijing Omnilux Fund (Han Fei); 31. Dingtai Sifang (Chen Yongbao); 32. Double-Safeguard Asset (Li Suijun); 33. CICC Asset Management (Jin Binbin); 34. China Merchants Fund (Li Yi); 35. Xinhua Fund (Gu Hang)		
November 21, 2025	Futian Shangri-La Hotel; Penghua Fund	Field research	Institution	1. Guosen Securities (Yang Lin, Wang	Introduce the operating conditions of the	Please refer to the Investor Relations Activities Record Sheet on November

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
	Management Co., Ltd.			Xinhang, Luo Ruikang, Min Xiaoping, He Pei, etc.); 2. Shenzhen Qianhai Hezhi (Zhao Peng); 3. Hainan Kuanxing Private Equity (Zhao Rujian); 4. Farsight AMC (Tian Huilan); 5. Zhilian Investment (Zhou Jianwu); 6. Sino Life Asset (Li Yanling); 7. Harbor Life (Wang Zhicheng); 8. China Asset Management (Huang Hao); 9. Jinshan Lake Investment (Zheng Guangqiang); 10. Gaoyi Asset (Liu Dong); 11. BATACH-SOPHIA (Che Xiangqian); 12. Boser Fund (Deng Yuncheng); 13. Invesco Great Wall Fund (Fan Shunxin, Liang Rong); 14. Great Wall Fund (Li Jinhong); 15. Truvalue Asset Management (Li Yan); 16. Minghui Fund (Li Aiwu); 17. Wingtech Fund (Li Jianyin); 18. Penghua Fund (Yang Hao, Liu Yujiang, Yu Jishuang, Chen Jinwei)	Company and answer questions from investors	21, 2025, published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S02001">http://irm.cninfo.com.cn/ssessgs/S02001</a> for details.

### **XIII. Formulation 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 deliberated and approved the Market Value Management System at the 11th 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 CNINFO Website (<http://www.cninfo.com.cn>) on April 15, 2025.

### **XIV. Implementation of the "Increase in Both Quality and Returns" Action Plan**

Whether the Company disclosed the "Increase in Both Quality and Returns" action plan

Yes  No

To implement the guiding ideology proposed by the Political Bureau of the CPC Central Committee to "activate the capital market and boost investor confidence" and by the Executive Meeting of the State Council to "vigorously improve the quality and investment value of listed companies, take more effective and effective measures, and focus on stabilizing the market and confidence" and to safeguard the rights and interests of all shareholders, enhance investor confidence, and promote the Company's long-term sustainable development, the Company published the Announcement on "Increase in Both Quality and Returns" Action Plan (2024-002) on designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>) on March 9, 2024. The main content of the action plan includes four aspects: "Innovation-driven development, excellence and specialization", "Contributor-based sharing of the Company's development results", "Deepening corporate governance and improving the standard operation level", and "Compliance information disclosure and sincere two-way communication".

During the reporting period, the Company actively promoted the implementation of the "Increase in Both Quality and Returns" Action Plan, continuously deepened the execution of various measures, constantly consolidated and improved business quality and governance levels, attached importance to shareholder returns and corporate value communication, and achieved good results in multiple aspects. For details, please refer to the Progress Announcement on the Action Program of "Increase in Both Quality and Returns" (2026-008) published by the Company on April 16, 2026, in the designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>).

## Section IV Corporate Governance, Environment and Society

### I. Basic Information

During the reporting period, the Company further improved its corporate governance structure and internal control system, strengthened its information disclosure management, actively carried out investor relations management and constantly promoted its corporate governance in strict accordance with the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China" and relevant laws, regulations and regulatory documents of CSRC and the Shenzhen Stock Exchange.

1. About shareholders and Board of Shareholders: The Company convenes and holds shareholder meetings in accordance with the requirements of the "Rules for Board of Shareholders of Listed Companies" and its "Rules of Procedure of the General Meeting of Shareholders", treats all shareholders equally, ensures that all shareholders, especially small and medium-sized shareholders, have equal status and fully exercise their rights, and ensures that all shareholders have the legal rights to information, participation and voting on significant events.

2. About the relationship between the controlling shareholder and the Company: The Company has independent business and self-management ability. The Company's controlling shareholder strictly regulates its own behavior, exercises the rights of an investor through the Board of Shareholders, and does not directly or indirectly interfere with the decision-making and operational activities of the Company beyond the Board of Shareholders. The related party transactions between the Company and the controlling shareholder are on an arm's length basis, while these two are independent of each other in personnel, property, finance, organization, and business, and the Company's Board of Directors and internal organizations can operate independently.

3. About directors and the Board of Directors: The Company elects directors and appoints directors representing employees in strict accordance with the selection and appointment procedures as stipulated in the Company Law and the Articles of Association. Independent directors effectively fulfill their roles in "participating in decision-making, exercising oversight and checks, and providing professional advice". The board size and composition meet the requirements of laws and regulations. In accordance with the "Rules of Procedure of the Board of Directors" and other rules, all directors can seriously attend board meetings, faithfully perform their duties for the interests of the Company and all shareholders, actively participate in relevant training, learn relevant laws and regulations, and promote the standardized operation and scientific decision-making of the Board of Directors. The Board of Directors has established the following committees: the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee, and the Audit Committee. These special committees strictly perform their duties in accordance with

relevant laws, regulations, and their respective rules of procedure, providing valuable support for the scientific decision-making of the Board of Directors. The meeting procedures of the Board of Directors comply with legal requirements, the minutes are complete and true, and the disclosure of information related to the meetings is timely, accurate, and sufficient.

4. About performance evaluation and incentive and restrictive mechanism: The Company's performance evaluation and incentive mechanism is fair and transparent, and the emoluments of directors and senior management are based on the Company's performance and individual performance; the appointment of senior management strictly follows the Articles of Association and relevant laws and regulations.

5. About information disclosure and transparency: The Company designates the secretary of the Board of Directors to be responsible for information disclosure and receiving visits and inquiries from shareholders, and designates Securities Times, Shanghai Securities News, China Securities Journal, and CNINFO Website (<http://www.cninfo.com.cn>) as the designated newspapers and websites for the Company's information disclosure; Complying with relevant laws and regulations and the requirements of the Company's "Information Disclosure Management System", the Company discloses relevant information in a true, accurate, complete and timely manner to ensure that all shareholders have equal access to information.

6. About stakeholders: the Company can fully respect and safeguard the legitimate rights and interests of stakeholders, realize the coordination and balance of interests among shareholders, employees, society, and other parties, and jointly promote the sustainable and healthy development of the Company.

Whether there is a significant difference between the actual situation of corporate governance and laws, administrative regulations, and rules on the governance of listed companies issued by the CSRC

Yes  No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations, and rules on the governance of listed companies issued by the CSRC.

## **II. The Company's Efforts in Ensuring the Independence of Its Assets, Personnel, Finance, Organization, Business, Etc. From the Controlling Shareholder and Actual Controller**

During the reporting period, the Company and the controlling shareholder were completely separated in terms of business, personnel, assets, finance, organization, etc. With stable production and operation, complete internal organization, the Company was able to operate independently and in a standardized manner.

**1. Independence of Business**

The Company operates independently under a complete business structure and has no business in horizontal competition with that of the controlling shareholder. The controlling shareholder does not directly or indirectly interfere with the Company's business operations.

**2. Independence of Personnel**

The Company's labor, personnel and remuneration management are completely independent. The Company has entered into labor contracts with employees, and formulated a strict labor system, such as employment, assessment, promotion, training, etc. All employees are paid by the Company. All senior management work full-time and receive emoluments from the Company, and do not hold any administrative positions concurrently in the controlling shareholder and its subordinate entities.

**3. Independence of Assets**

The Company has an independent and complete production, supply, sales system and supporting facilities, and has independent industrial property rights, trademarks, non-patented technologies, and other intangible assets.

**4. Independence of Finance**

The Company has an independent financial and accounting department, and has established an independent accounting system and financial management system to make financial decisions independently. The Company opens bank accounts and pays taxes independently.

**5. Independence of Organization**

The Company's organization is independent from the controlling shareholder. The Company has established a relatively sound organizational structure and has established decision-making and supervision institutions such as the Board of Shareholders, the Board of Directors, etc. The Company set up the Board Office, Audit Department, Financial Department, Securities Department, President's Office, Human Resources Department, Production and Operation Department, HSE Management Department, Engineering Equipment Management Department, Procurement Department, Marketing Management Department, General Engineer's Office, Design Institute, Science and Technology Cooperation Department, Intellectual Property Department, Research Institute and other functional departments. The aforementioned institutions and functional departments operate independently, and there is no situation where the controlling shareholder's institutions act on behalf of the Company.

**III. Horizontal Competition**

Applicable  Not applicable

## IV. Directors and Senior Management

### 1. Basic Information

Name	Gender	Age	Position	Status	Start date of term of office	End date of term of office	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	Number of shares decreased in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease
Hu Baifan	Male	64	Chairman	Incumbent	February 26, 1999	September 19, 2026	13,922,998				13,922,998	
Hu Baishan	Male	59	Vice Chairman, President	Incumbent	February 26, 1999	September 19, 2026	14,595,929				14,595,929	
Shi Guanqun	Male	55	Director, Vice President, Secretary of the Board, CFO	Incumbent	February 26, 1999	September 19, 2026	10,477,838	200,000			10,677,838	Increase in shareholding by the shareholder
Wang Xuewen	Male	57	Director, Vice President	Incumbent	February 26, 1999	September 19, 2026	8,877,931				8,877,931	
Wang Zhengjiang	Male	57	Director	Incumbent	April 12, 2008	September 19, 2026	459,000				459,000	
Zhou Guiyang	Male	51	Director	Incumbent	April 20, 2011	September 19, 2026	165,242				165,242	
Yu Hongwei	Male	55	Director	Incumbent	September 19, 2023	September 19, 2026						
Ji Jianyang	Male	47	Independent Director	Incumbent	September 15, 2020	September 19, 2026						
Shen Yuping	Male	69	Independent Director	Incumbent	September 19, 2023	September 19, 2026						
Wan Feng	Male	50	Independent Director	Incumbent	September 19, 2023	September 19, 2026						
Wang Yang	Male	47	Independent Director	Incumbent	September 19, 2023	September 19, 2026						
Zhang Liying	Female	49	Vice President	Incumbent	September 19, 2023	September 19, 2026	47,400				47,400	
Total	--	--	--	--	--	--	48,546,338	200,000	0		48,746,338	--

Whether there was any resignation of directors and senior management during the reporting period

Yes  No

Changes of directors and senior management

Applicable  Not applicable

### 2. Profiles of Directors and Senior Management

Professional background, work experience, and main responsibilities of the current directors and senior management

Hu Baifan (Professor-level Senior Economist) currently serves as the Chairman of the Company. He used to work in Xinchang Dashiju Vocational Middle School.

Hu Baishan (EMBA of Zhejiang University, Senior Engineer) currently serves as the Vice Chairman and President of the Company. He used to be the Deputy General Manager of the Company.

Shi Guanqun (Accountant) currently serves as the Director, Vice President, Secretary of the Board of Directors, and CFO of the Company. He used to be the manager of the Financial Department of the Company.

Wang Xuewen (majoring in business management at Donghua University) currently serves as the Director and Vice President of the Company, and the General Manager of the Chemical Product Business Department. He used to be the manager of the Company's supply and marketing company.

Wang Zhengjiang (Master's degree, Professor-level Senior Engineer) currently serves as the Director of the Company, General Manager of Methionine Business Department, and the General Manager of Shandong NHU Amino-acids Co., Ltd. He used to be the manager of Shangyu NHU Bio-Chem Co., Ltd.

Zhou Guiyang (Bachelor's degree, Professor-level Senior Engineer) currently serves as the Director of the Company, General Manager of New Material Business Department, and the General Manager of Zhejiang NHU Nylon Materials Co., Ltd. and Tianjin NHU Materials Technology Co., Ltd. He used to be the General Manager of Shangyu Base and General Manager of Zhejiang NHU Specialty Materials Co., Ltd.

Yu Hongwei (Bachelor's degree) currently serves as the Director of the Company, General Manager of Shandong NHU Holdings Co., Ltd., General Manager of NHU Shandong Industrial Park, and General Manager of Shandong NHU Fine Chemical Science and Technology Co., Ltd. He used to be the Deputy Chief Engineer of Zhejiang Juhua Group Co., Ltd.

Ji Jianyang (Master's degree), Independent Director, has been a Partner of Beijing Guantao Zhongmao (Hangzhou) Law Firm since 2014, and a Practice Mentor of Zhejiang University Law School, and served as Independent Director of Jingu Stock (002488) and Fengli Intelligence (301368).

Shen Yuping (Doctor of Economics), Independent Director, has served as a Professor and Dean at Zhejiang University of Finance & Economics, and currently holds the positions of Professor and Master's Supervisor at Zhejiang University of Finance & Economics. He is also a Provincial-Level Teaching Master in Zhejiang Province, a Certified Tax Agent, and a talent under the "151 Talent Program". He also serves as an Independent Director of Hongxun Technology (603015) and Hangzhou Landscape Architecture (300649).

Wan Feng (Doctor of Management), Independent Director, has served as a Senior Software Engineer at Oracle Corporation (China), Assistant Professor at the Business and Management School of Beijing Normal University, and Associate Professor at the University of East Anglia. Since 2021, he has been serving as an Associate Professor at Zhejiang University International Business School.

Wang Yang (Doctor of Accounting), Independent Director, has successively served as Senior Manager of Ping An Securities Co., LTD., Post-doctoral workstation of Shenzhen Stock Exchange, Senior Manager of Beijing Working Group, Senior Manager of National SME Share Transfer System Co., LTD., Senior Manager of Zhongguancun Innovative and Entrepreneurial Enterprises

Listing Training Base of Shenzhen Stock Exchange. Since 2018, he has been the Director of Risk Control and the Head of Compliance and Risk Control of Beijing Zhiming Haojin Investment Management Co., Ltd.

Zhang Liying (Bachelor's degree, Professor-level Senior Economist), current Vice President of the Company, has served as Deputy Section Chief of the Quality Management Section, Director of the Company Certification Office, Assistant Director of Enterprise Management Department, Assistant Director of the President's Office, Deputy Director of Enterprise Management (presiding), Deputy Director of Human Resources (presiding), Director of Human Resources, and Assistant to Vice President.

Whether the controlling shareholder and actual controller simultaneously serve as Chairman and General Manager of the listed company

Applicable  Not applicable

Directors and senior management who serve in the shareholders' entities

Applicable  Not applicable

Name of persons	Name of shareholders	Position in shareholders	Start date of term of office	End date of term of office	Whether receive emoluments and allowances from shareholders' entities
Hu Baifan	NHU Holding Group Co., Ltd.	Chairman, General Manager	November 11, 2011	December 27, 2026	No
Hu Baishan	NHU Holding Group Co., Ltd.	Director	November 11, 2011	December 27, 2026	No
Shi Guanqun	NHU Holding Group Co., Ltd.	Director	November 11, 2011	December 27, 2026	No
Wang Xuewen	NHU Holding Group Co., Ltd.	Director	November 11, 2011	December 27, 2026	No
Wang Zhengjiang	NHU Holding Group Co., Ltd.	Director	December 28, 2023	December 27, 2026	No
Zhou Guiyang	NHU Holding Group Co., Ltd.	Chairman of the Board of Supervisors	December 28, 2023	December 27, 2026	No
Remarks	None				

Directors and senior management who serve in other entities

Applicable  Not applicable

Name of persons	Name of other entities	Position in other entities	Start date of term of office	End date of term of office	Whether receive emoluments and allowances from other entities
Hu Baifan	Zhejiang Gengdu Investment Co., Ltd.	Executive Director and General Manager	September 4, 2012	To date	No
Hu Baifan	Xinchang Heli Investment Co., Ltd.	Director	January 3, 2017	To date	No
Hu Baifan	Safe & Rich Venture Capital Co., Ltd.	Director	December 5, 2008	To date	No
Hu Baifan	Hangzhou Tongheng Zheshang	Director	September 21, 2015	To date	No

Name of persons	Name of other entities	Position in other entities	Start date of term of office	End date of term of office	Whether receive emoluments and allowances from other entities
	Investment Management Co., Ltd.				
Hu Baifan	Xinchang Qinjin Investment Co., Ltd.	Director	June 10, 2015	To date	No
Hu Baifan	Xinchang Qinjin Investment Co., Ltd.	General Manager	May 30, 2019	To date	No
Hu Baifan	Zhejiang Xinchang Rural Commercial Bank Co., Ltd.	Director	January 26, 2005	To date	No
Hu Baifan	Beijing Front Pharma CO., Ltd.	Director	May 16, 2019	May 26, 2028	No
Hu Baifan	Shaoxing Yuexiu Education Development Co., Ltd.	Chairman and General Manager	December 5, 2016	July 25, 2026	No
Hu Baifan	Zhejiang Hefeng Investment Co., Ltd.	Executive Director	April 20, 2018	To date	No
Hu Baifan	Zhejiang Hefeng Investment Co., Ltd.	General Manager	July 21, 2022	To date	No
Hu Baifan	Beijing NHU Real Estate Holding Co., Ltd.	Director	December 2, 2010	To date	No
Hu Baifan	Xinchang County NHU Real Estate Co., Ltd.	Director	March 20, 2017	To date	No
Hu Baifan	Qionghai Bo'ao Lidu Real Estate Co., Ltd.	Director	June 21, 2024	To date	No
Hu Baifan	Xinchang County Chuiyu Cultural Development Center	Director	December 11, 2025	December 10, 2029	No
Hu Baishan	Zhejiang Second Pharma Co., Ltd.	Director	September 15, 2017	December 20, 2027	No
Hu Baishan	Shaoxing Yuexiu Education Development Co., Ltd.	Director	December 5, 2016	July 25, 2026	No
Shi Guanqun	Xinchang Heli Investment Co., Ltd.	Chairman	November 30, 2012	To date	No
Shi Guanqun	Xinchang Qinjin Investment Co., Ltd.	Director	June 10, 2015	To date	No
Shi Guanqun	Shaoxing Yuexiu Education Development Co., Ltd.	Director	December 5, 2016	July 25, 2026	No
Shi Guanqun	Beijing NHU Real Estate Holding Co., Ltd.	Director	December 2, 2010	To date	No
Shi Guanqun	Zhejiang Jingshi Real Estate Co., Ltd.	Director	September 22, 2020	May 28, 2027	No

Name of persons	Name of other entities	Position in other entities	Start date of term of office	End date of term of office	Whether receive emoluments and allowances from other entities
Shi Guanqun	Zhejiang Deli Equipment Co., Ltd.	Director	October 24, 2016	To date	No
Shi Guanqun	Beijing Front Pharma CO., Ltd.	Director	May 16, 2019	May 26, 2028	No
Shi Guanqun	Xinchang County NHU Real Estate Co., Ltd.	Director	March 20, 2017	To date	No
Shi Guanqun	Qionghai Bo'ao Lidu Real Estate Co., Ltd.	Director	June 21, 2024	To date	No
Shi Guanqun	Zhejiang Huixian Venture Capital Co., Ltd.	Executive Director	July 10, 2024	To date	No
Shi Guanqun	Xinchang County Chuiyu Cultural Development Center	Supervisor	December 11, 2025	December 10, 2029	No
Zhou Guiyang	Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Vice Chairman	January 7, 2016	To date	No
Zhou Guiyang	Zhejiang Saiya Chemical Materials Co., Ltd.	Director	January 3, 2017	March 28, 2026	No
Ji Jianyang	Beijing Guantao (Hangzhou) Law Firm	Partner	January 9, 2024	To date	Yes
Ji Jianyang	Zhejiang Jingu Co., Ltd.	Independent Director	October 16, 2020	November 6, 2026	Yes
Ji Jianyang	Zhejiang Fore Intelligent Technology Co., Ltd.	Independent Director	December 15, 2020	December 11, 2026	Yes
Ji Jianyang	Zhejiang International Trade Group Co., Ltd.	Outside Director	December 18, 2021	To date	Yes
Shen Yuping	Zhejiang University of Finance & Economics	Professor	August 6, 1980	To date	Yes
Shen Yuping	Ningbo Techmation Co., Ltd.	Independent Director	February 1, 2021	October 29, 2026	Yes
Shen Yuping	Hangzhou Landscape Architecture Design Institute Co., Ltd.	Independent Director	September 18, 2024	December 27, 2026	Yes
Wan Feng	Zhejiang University International Business School	Associate Professor	December 1, 2021	December 31, 2027	Yes
Wang Yang	Beijing Zhiming Haojin Investment Management Co., Ltd.	Director of Risk Control, Head of Compliance and Risk Control	January 1, 2018	To date	Yes

Name of persons	Name of other entities	Position in other entities	Start date of term of office	End date of term of office	Whether receive emoluments and allowances from other entities
Wang Yang	Pacific Securities Co., Ltd.	Investment Banking Advisor	December 1, 2018	To date	Yes
Wang Yang	Henan Pingmei Shenma Private Equity Fund Management Co., Ltd.	Director	March 1, 2021	To date	No
Wang Yang	Guangdong Yikang Health Industry Group Co., Ltd.	Independent Director	January 1, 2021	To date	Yes

Penalties imposed by regulatory authorities on current and outgoing directors and senior management of the Company in the past three years

Applicable  Not applicable

### 3. Remuneration of Directors and Senior Management

Decision-making procedure, basis for determination, and actual payment of remuneration of directors and senior management

(1) Decision-making procedure: According to the standards stipulated by the Company's unified remuneration management system, the emoluments of the Company's directors and senior management are determined based on the result of the regular assessment under the Company's performance appraisal mechanism. The allowance standard for independent directors shall be deliberated and decided by the Board of Shareholders.

(2) Basis for determination: Emoluments of directors and senior management are determined based on the Company's results of operations and performance appraisal indicators.

Remuneration of directors and senior management during the reporting period

Unit: ten thousand yuan

Name	Gender	Age	Position	Status	Total pre-tax emoluments received from the Company	Whether receive emoluments from related parties of the Company
Hu Baifan	Male	64	Chairman	Incumbent	550.23	No
Hu Baishan	Male	59	Vice Chairman, President	Incumbent	473.24	No
Shi Guanqun	Male	55	Director, Vice President, Secretary of the Board, CFO	Incumbent	282.10	No
Wang Xuewen	Male	57	Director, Vice President	Incumbent	320.85	No
Wang Zhengjiang	Male	57	Director	Incumbent	302.36	No
Zhou Guiyang	Male	51	Director	Incumbent	224.05	No
Yu Hongwei	Male	55	Director	Incumbent	230.08	No
Ji Jianyang	Male	47	Independent Director	Incumbent	12	No
Shen Yuping	Male	69	Independent Director	Incumbent	12	No
Wan Feng	Male	50	Independent Director	Incumbent	12	No
Wang Yang	Male	47	Independent Director	Incumbent	12	No
Zhang Liying	Female	49	Vice President	Incumbent	205.51	No
Total	--	--	--	--	2,636.42	--

Basis for assessment of actual remuneration received by all directors and senior management at the end of the reporting period	Executed in accordance with the Company's relevant remuneration and performance assessment management systems
Completion status of the assessment for actual remuneration received by all directors and senior management at the end of the reporting period	Completed
Deferred payment arrangements for the remuneration actually received by all directors and senior management at the end of the reporting period	Not applicable
Clawback and recovery of actual remuneration received by all directors and senior management at the end of the reporting period	Not applicable

Explanation of other circumstances

 Applicable  Not applicable

Among the remuneration that Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, and Yu Hongwei received from the Company, the directors' remuneration was 0 yuan.

## V. Directors' Performance of Duties During the Reporting Period

### 1. Directors' attendance at meetings of the Board of Directors and Board of Shareholders

Directors' attendance at meetings of the Board of Directors and Board of Shareholders							
Name of directors	Number of board meetings to be present during the reporting period	Number of board meetings attended on site	Number of board meetings attended through audiovisual means	Number of board meetings attended by proxy	Number of absences from board meetings	Whether directors failed to attend two consecutive board meetings in person	Number of shareholder meetings attended
Hu Baifan	7	7	0	0	0	No	4
Hu Baishan	7	7	0	0	0	No	4
Shi Guanqun	7	7	0	0	0	No	4
Wang Xuewen	7	7	0	0	0	No	2
Wang Zhengjiang	7	1	6	0	0	No	0
Zhou Guiyang	7	1	5	1	0	No	1
Yu Hongwei	7	1	6	0	0	No	0
Ji Jianyang	7	1	5	1	0	No	4
Shen Yuping	7	2	5	0	0	No	4
Wan Feng	7	2	5	0	0	No	4
Wang Yang	7	1	6	0	0	No	3

Remarks on failure to attend two consecutive board meetings in person: Not applicable

### 2. Directors' Objections to Relevant Matters of the Company

Whether directors have raised objections to relevant matters of the Company

Yes  No

Directors have not raised any objections to relevant matters of the Company during the reporting period.

### 3. Other Remarks on Directors' Performance of Duties

Whether the directors' recommendations on the Company were adopted

Yes  No

Remarks on the directors' recommendations on the Company adopted or not adopted

During the reporting period, the directors, in strict accordance with the "Articles of Association", "Rules of Procedures of the Board of Directors" and relevant laws and regulations, actively attended board meetings and shareholder meetings, performed their duties with diligence, put forward relevant opinions on significant governance and operation decisions in accordance with the actual situation of the Company, formed unanimous opinions after full communication and discussion, and resolutely supervised

and promoted the implementation of the resolutions made by the Board of Directors to ensure scientific, timely and efficient decision-making and safeguard the legitimate rights and interests of the Company and all shareholders.

## VI. Special Committees Under the Board of Directors During the Reporting Period

Name of committees	Members	Number of meetings held	Meeting date	Content of the meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
Remuneration and Assessment Committee	Wan Feng, Hu Baishan, Shi Guanqun, Ji Jianyang, Wang Yang	2	March 31, 2025	3 proposals, including "Proposal on Purchasing Directors, Supervisors and Senior Management Liability Insurance", were deliberated and approved.			
Remuneration and Assessment Committee	Wan Feng, Hu Baishan, Shi Guanqun, Ji Jianyang, Wang Yang	2	December 5, 2025	4 proposals, including "Proposal on adjusting independent directors' allowances", were deliberated and approved.			
Strategy Committee	Hu Baifan, Hu Baishan, Wang Xuewen, Wan Feng, Wang Yang	4	March 31, 2025	The "2024 Environmental, Social and Corporate Governance (ESG) Report" was deliberated and approved.			
Strategy Committee	Hu Baifan, Hu Baishan, Wang Xuewen, Wan Feng, Wang Yang	4	April 23, 2025	The "Proposal on Participating in the Auction for Land Use Right" was deliberated and approved.			
Strategy Committee	Hu Baifan, Hu Baishan, Wang Xuewen, Wan Feng, Wang Yang	4	August 15, 2025	The "Proposal on Applying for Registration and Issuance of Debt Financing Instruments" was deliberated and approved.			
Strategy Committee	Hu Baifan, Hu Baishan, Wang Xuewen, Wan Feng, Wang Yang	4	December 5, 2025	2 proposals, including "Amendment to the Rules of Procedure of the Strategy Committee of the Board of Directors", were deliberated and approved.			
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	5	March 31, 2025	4 proposals, including "Summary of Internal Audit of 2024 and Work Plan of 2025",			

Name of committees	Members	Number of meetings held	Meeting date	Content of the meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
				were deliberated and approved.			
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	5	April 23, 2025	2 proposals, including "Summary of Internal Audit for the First Quarter of 2025 and Work Plan for the Second Quarter of 2025", were deliberated and approved.			
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	5	August 15, 2025	2 proposals, including "Summary of Internal Audit Work for the First Half of 2025 and Work Plan for the Third Quarter of 2025", were deliberated and approved.			
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	5	October 23, 2025	2 proposals, including "Summary of Internal Audit for the Third Quarter of 2025 and Work Plan for the Fourth Quarter of 2025", were deliberated and approved.			
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	5	December 5, 2025	4 proposals, including "Amendment to Accounting Firm Selection System", were deliberated and approved.			

## VII. Work of the Audit Committee

Whether the Audit Committee found any risks in the Company during its supervisory activities in the reporting period

Yes  No

The Audit Committee has no objection to the supervised matters during the reporting period.

## VIII. Employees

### 1. Number of Employees, Professional Workforce, and Education Level

Number of active employees of the parent company at the end of the reporting period	2,067
Number of active employees of major subsidiaries at the end of the reporting period	9,441
Total number of active employees at the end of the reporting period	11,508
Total number of employees receiving remuneration in the current period	11,508
Number of retired cadres and employees whose expenses borne by the parent company and major subsidiaries	36
<b>Professional workforce</b>	
Categories	Number
Production staff	6,991
Sales staff	223
Technical staff	2,841
Finance staff	100
Administrative staff	1,353
Total	11,508
<b>Education level</b>	
Categories	Number
Doctoral degree or above	86
Master's degree	1,342
Bachelor's degree	4,120
Associate degree	3,975
High school, technical secondary school, and below	1,985
Total	11,508

### 2. Remuneration Policy

The Company formulates the "Remuneration Management System" in accordance with the "Labor Law of the People's Republic of China" and relevant laws and regulations to provide competitive remuneration. A remuneration package is mainly composed of base salary, performance-based pay, and benefits. The Company also offers employee incentives, including incremental rewards, special contribution rewards, incentives during the term of office, and additional rewards for high performance beyond expectations. The Company pays for five insurances and a housing fund, and continuously improves employee satisfaction and loyalty.

### 3. Training Program

Rooted in its business, the Company places continuous emphasis on talent development. Under the strategic goal of "building a highland of talents", it consistently introduces capability enhancement programs in three key areas: talent structure, talent management, and talent output. The Company implements specific methodologies and strategies, effectively managing talent selection and competition while establishing mechanisms to select the best and eliminate the weak. The Company makes efforts to cultivate 5 types of talents: core technical talents, skill talents, management talents, international talents, and leadership talents. The Company enhances the development of its three key systems: the teaching system, the teaching materials system, and the instructor system. It establishes job-based talent standards to advance training programs for all categories of employees. It launches leadership training programs such as "Yangfan", "Qicheng", and "Yuanhang" for management cadres to effectively improve their management ability and quality of management cadres. It also launches professional ability development initiatives, including equipment technology expert programs, HSE internal trainer courses, project leader training, financial management enhancement workshops, sales training camps, and procurement skills upgrade programs, to strengthen technical staff skills. For new staff, the Company offers induction training to enhance their cultural identities and professional mindset and skills, enabling employees to quickly adapt to the workplace and enter growth pathways. It organizes on-the-job training, skill level training, certification training for special equipment, and special types of work to ensure that employees meet all regulations and skill requirements. The company continuously increases investments in talent development resources. On the one hand, it further improves the development and utilization of internal lecturer resources and absorbs internal excellent experiences and practices for a better enterprise succession; On the other hand, it combines "inviting in" and "going out" to establish a cooperation mechanism for training talents at different levels and expand their thinking and vision through external training, exchange with advanced enterprises, study tours, etc. The Company aims to make each employee get the opportunity to learn and the platform to grow, so that they can fulfill themselves and achieve personal growth along with the Company. Talents are the most valuable, sustainable, and competitive strategic resources of the Company.

### 4. Labor Outsourcing

Applicable  Not applicable

## IX. Profit Distribution and Conversion of Capital Reserve Into Share Capital

Profit distribution policy during the reporting period, especially the establishment, implementation, or adjustment of cash dividend policy

Applicable  Not applicable

1. The Tenth Meeting of the Ninth Session of the Board of Directors held on December 18, 2024, and the First Extraordinary General Meeting of 2025 held on January 7, 2025, deliberated and approved the Proposal on Special Dividend Scheme, which was implemented on January 22, 2025, and completed. The special dividend plan: Based on the Company's existing total share capital of 3,073,421,680 shares, a cash dividend of RMB 2.00 (including tax) per 10 shares was distributed to all shareholders, totaling RMB 614,684,336.00 (including tax).
2. The 11th Meeting of the Ninth Session of the Board of Directors held on April 11, 2025, and the Annual General Meeting for the year 2024 held on May 8, 2025, deliberated and approved the "2024 Annual Profit Distribution Plan", which was implemented and completed on May 21, 2025. The annual equity distribution plan for 2024: Based on the Company's existing total share capital of 3,072,153,980 shares (deducting 1,267,700 repurchased shares), a cash dividend of RMB 5.00 (including tax) per 10 shares was distributed to all shareholders, totaling RMB 1,536,076,990.00 (including tax).
3. The 14th Meeting of the Ninth Session of the Board of Directors held on August 26, 2025, and the Second Extraordinary General Meeting of 2025 held on September 12, 2025, deliberated and approved the "2025 Interim Profit Distribution Plan", which was implemented and completed on October 20, 2025. The interim equity distribution plan for 2025: Based on the Company's existing total share capital of 3,058,605,988 shares (deducting 14,815,692 repurchased shares), a cash dividend of RMB 2.00 (including tax) per 10 shares was distributed to all shareholders, totaling RMB 611,721,197.60 (including tax).

Special remarks on cash dividend policy	
Whether it complies with the Articles of Association or the resolution of the Board of Shareholders:	Yes
Whether the criteria and proportion of dividends are clear and unambiguous:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and responsibilities and played their due roles:	Yes
Specific reasons and the next steps it intends to take to enhance the investor return level if the Company did not pay the cash dividend:	Not applicable
Whether small and medium-sized shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
In case of changes or adjustments of the cash dividend policy, whether the conditions and procedures are compliant and transparent:	Not applicable

The Company is profitable during the reporting period, and the parent company's profit available for distribution is positive, but no cash dividend distribution plan has been proposed

Applicable  Not applicable

Profit distribution and conversion of capital reserve into share capital during the reporting period

Applicable  Not applicable

Number of bonus shares for every 10 shares (shares)	0
Dividends for every 10 shares (yuan) (tax included) [Note 1]	10
Number of shares increased for every 10 shares (shares)	0
Share capital base for distribution plan (shares) [Note 2]	3,070,283,398
Amount of cash dividends (yuan) (tax included) [Note 3]	3,067,947,916.00
Amount of cash dividends by other methods (such as share repurchase) (yuan)	0
Total cash dividends (including those by other methods) (yuan)	3,067,947,916.00
Profit available for distribution (yuan)	6,065,699,210.72
Proportion of total cash dividends (including those by other methods) to total profit distribution	100%
Details on cash dividend	
If a Company's development stage is not easily distinguishable, but there are major capital expenditure arrangements, the proportion of cash dividends in this profit distribution shall be at least 20%.	
Details on proposals on profit distribution or conversion of capital reserve into share capital	
<p>(1) The interim profit distribution plan for 2025: Based on the Company's existing total share capital of 3,058,605,988 shares (deducting 14,815,692 repurchased shares), a cash dividend of RMB 2.00 (including tax) per 10 shares was distributed to all shareholders, totaling RMB 611,721,197.60 (including tax). This plan has been fully implemented.</p> <p>(2) The profit distribution plan at the end of 2025: Based on total share capital of 3,070,283,398 shares which is derived from the existing total share capital after deducting the shares held in the repurchase-dedicated securities account [Note], the Company intends to distribute cash dividend of 8.00 yuan (tax included) and 0 bonus shares per 10 shares to all shareholders, and no conversion of capital reserve into share capital will be carried out. The total cash distribution amounted to RMB 2,456,226,718.40, the remaining profit available for distribution to shareholders will be carried forward to the next year.</p> <p>[Note] The Company's total share capital is 3,073,421,680 shares, including 3,138,282 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.</p> <p>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.</p>	

[Note 1] The dividends for every 10 shares in the above table include the dividend per 10 shares under the Company's 2025 interim dividend plan that has already been distributed.

[Note 2] The share capital base of the distribution plan in the table above is the share capital base of the profit distribution plan as of the end of 2025.

[Note 3] The amount of cash dividends in the above table includes the amount distributed under the Company's 2025 interim dividend plan.

## X. Implementation of Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Programs

Applicable  Not applicable

### 1. Equity Incentive

Not applicable.

Equity incentives received by directors and senior management of the Company

Applicable  Not applicable

Evaluation mechanism and incentives for senior management

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 number of shares held at the beginning of the period (shares)	Changes	Proportion to the total share capital of the listed company at the beginning of the period	Sources of fund to implement the plan
Fourth phase of the employee stock ownership plan: Directors, supervisors, senior management of the Company, and regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	627	29,528,181	Not applicable	0.96%	Legal remuneration of the employees, self-raised funds, and other methods permitted by laws and administrative regulations
Fifth phase of the employee stock ownership plan: Directors, senior management of the Company, and regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	602	0	Not applicable	0.00%	Legal remuneration of the employees, self-raised funds, and other methods permitted by laws and administrative regulations

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

Name	Position	Number of shares held at the beginning of the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	Proportion to the total share capital of the listed company at the end of the reporting period
Fourth phase of the employee stock ownership plan: Hu Baifan, Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Hongwei, Zhang Liying	Directors, senior management	2,757,480	0	0.00%
Fifth phase of the employee stock ownership plan: Hu Baifan, Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Hongwei, Zhang Liying	Directors, senior management	0	0	0.00%

## Changes in the asset management agency during the reporting period

Applicable  Not applicable

## Changes in equity during the reporting period due to the disposal of shares by holders, etc.

Applicable  Not applicable

## Exercise of shareholders' rights during the reporting period

Pursuant to the "Fourth Phase of Employee Stock Ownership Plan (Draft)" and "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 the employee stock ownership plan

Applicable  Not applicable

## 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

As of June 26, 2025, all shares of the Company held under the fourth phase of the employee stock ownership plan have been sold.

According to the relevant regulations, the implementation of the fourth phase of the employee stock ownership plan has been

completed and terminated. For details, please refer to the "Announcement on Completion and Termination of the Sale of the Fourth Phase of the Employee Stock Ownership Plan" (Announcement No. 2025-034) published by the Company on designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>) on June 26, 2025.

Other remarks:

1. 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 was agreed to implement the fifth phase of employee stock ownership plan. The fifth employee stock ownership plan had 602 actual subscribers, with actual subscription funds paid of RMB 259.49 million; the controlling shareholder, NHU Holding Group Co., Ltd., provided financing loans of RMB 259.49 million; the total funds of the fifth 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, 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. 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.

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

### **3. Other Employee Incentive Programs**

Applicable  Not applicable

## XI. Construction and Implementation of Internal Control System During the Reporting Period

### 1. Construction and Implementation of Internal Control System

The Company strictly adheres to the "Basic Standard for Enterprise Internal Control" and its accompanying guidelines, continuously optimizing the internal control management system. To adapt to business development needs and a dynamically changing external environment, the Company has strengthened internal checks and balances and process coordination across functions, establishing an internal-control management framework in which departments are both interconnected and able to effectively constrain one another. After evaluation, the Company's internal control design is sound and reasonable. The internal controls are effectively executed, and there is no material omission.

During the reporting period, the Company revised and improved its internal management system based on the actual work situation and changes in the internal and external environment, including 174 new systems and 133 revised rules and regulations. Including "Quality Management Manual", "Customer Credit Management Measures", "Production Anomaly and Information Transfer Management Measures", "Production Planning and Production-Supply-Sales Scheduling Management Measures", "Legal Dispute Case Management Measures", "Sales Plan Management Measures", "Import and Export Business Improvement Mechanisms and Process Control System", "Project Management System", "Comprehensive Budget Management System", and so on, so as to improve the Company's management and business processes, and further optimize the Company's internal control management.

### 2. Details on Material Deficiencies in Internal Control Identified During the Reporting Period

Yes  No

## XII. Management Control in Subsidiaries During the Reporting Period

Name of companies	Integration plan	Progress of integration	Problems encountered in integration	Solutions adopted	Progress of solutions	Follow-up solutions
Zhejiang NHU Holdings Co., Ltd.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
NHU North America LLC	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
NHU BESLENME GIDA SANAYİ VE TİCARET LİMİTED SİRKETİ	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Whether abnormalities exist in the management and control of subsidiaries

Yes  No

### XIII. Internal Control Assessment Report or Internal Control Audit Report

#### 1. Internal Control Assessment Report

Date of report	April 16, 2026	
Full text of the report	Please refer to the "Internal Control Self-Assessment Report of 2025 of Zhejiang NHU Co., Ltd." disclosed on CNINFO Website on April 16, 2026 for details.	
Proportion of the total assets of entities included in the assessment scope to the total assets in the Company's consolidated financial statements	100.00%	
Proportion of the operating revenue of entities included in the assessment scope to the operating revenue in the Company's consolidated financial statements	100.00%	
Criteria for identifying deficiencies		
Categories	Financial reporting	Non-financial reporting
Qualitative criteria	Indicators of material deficiencies in financial reporting include: (1) fraud by directors and senior executives; (2) correction of published financial reports by the Company; (3) discovery by the auditor of a material misstatement in the current financial report that was not detected by internal control in the course of operation; and (4) ineffective monitoring of internal control by the Company. Indicators of significant deficiencies in financial reporting include: (1) failure to select and apply accounting policies in accordance with CASBEs; (2) failure to establish anti-fraud procedures and controls; and (3) individual or multiple deficiencies in the financial reporting process that, although not meeting the criteria for determining a material deficiency, affect the objective of integrity and accuracy. General deficiencies in financial reporting are control deficiencies other than the above-mentioned material and significant deficiencies.	The following circumstances are identified as indicators of material deficiencies, while others are respectively identified as indicators of significant deficiencies or general deficiencies according to the degree of impact: (1) lack of democratic or scientific decision-making procedures, leading to decision-making errors; (2) violation of laws and regulations, such as environmental pollution, failure to report or disclose information in accordance with regulations; (3) loss of executives or technical personnel in key positions; (4) internal control evaluation stating that material or significant deficiencies have not been rectified; (5) lack of system control or systemic failure in important businesses.
Quantitative criteria	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the potential misstatement is less than 20% of the overall materiality.	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the misstatement is less than 20% of the overall materiality.

Number of material deficiencies in internal control over financial reporting	0
Number of material deficiencies in internal control over non-financial reporting	0
Number of significant deficiencies in internal control over financial reporting	0
Number of significant deficiencies in internal control over non-financial reporting	0

## 2. Internal Control Audit Report

Applicable  Not applicable

Audit opinion paragraph in the internal control audit report	
In our opinion, Zhejiang NHU Co., Ltd maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, in accordance with the "Basic Standard for Enterprise Internal Control" and related regulations.	
Disclosure of the internal control audit report	Disclosure
Date of report	April 16, 2026
Full text of the report	For details, please refer to "Internal Control Audit Report of Zhejiang NHU Co., Ltd." disclosed on CNINFO Website.
Opinion type of internal control audit report	Standard unqualified opinion
Whether there are material deficiencies in the non-financial reporting	No

Whether the accounting firm has issued an internal control audit report with non-standard opinions

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the self-assessment report of the Board of Directors

Yes  No

Whether a non-standard audit opinion on internal control was issued for the reporting period or the previous year

Yes  No

## XIV. Self-Examination and Rectification Concerning the Special Action of Corporate Governance

Not applicable.

## XV. 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

Yes  No

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: <a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
2	Shangyu NHU Bio-Chem Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: <a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
3	Zhejiang NHU Pharmaceutical Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: <a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
4	Zhejiang NHU Specialty Materials Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: <a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
5	Shaoxing Yuchen New Materials Co., Ltd.	Zhejiang Enterprise Environmental Information Disclosure System, website: <a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
6	Shandong NHU Pharmaceutical Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: <a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage</a>
7	Shandong NHU Amino-acids Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: <a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage</a>
8	Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: <a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage</a>
9	Shandong NHU Fine Chemical Science and Technology Co., Ltd. Vitamins Branch	Shandong Enterprise Environmental Information Disclosure System, website: <a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage</a>
10	Weifang Haicheng Thermal Power Co., Ltd.	Shandong Enterprise Environmental Information Disclosure System, website: <a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openPublicEnterpriseRosterPage</a>
11	Heilongjiang Xinhao Thermal Power Co., Ltd.	Heilongjiang Enterprise Environmental Information Disclosure System, website: <a href="http://111.40.190.123:8082/eps/index/enterprise-more?code=91231200MA1B0G117R&amp;uniqueCode=149c76d634f4473&amp;date=2025&amp;type=true&amp;isSearch=true">http://111.40.190.123:8082/eps/index/enterprise-more?code=91231200MA1B0G117R&amp;uniqueCode=149c76d634f4473&amp;date=2025&amp;type=true&amp;isSearch=true</a>
12	Heilongjiang NHU Biotechnology Co., Ltd.	Heilongjiang Enterprise Environmental Information Disclosure System, website: <a href="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%E7%94%9F%E7%89%A9%E7%A7%91%E6%8A%80&amp;area=">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%E7%94%9F%E7%89%A9%E7%A7%91%E6%8A%80&amp;area=</a>

## **XVI. Social Responsibilities**

The Company upholds the corporate mission of "creating wealth, employees success, and benefit the society" and the business philosophy of "create wealth, balanced and sustainable". While maintaining sound business management, it places great emphasis on the Company's sustainable development in environmental, social, and corporate governance aspects. Please refer to the announcement disclosed on CNINFO Website on April 16, 2026, for the full text of the "2025 Environmental, Social and Corporate Governance (ESG) Report".

## **XVII. Details on Consolidating Poverty Alleviation Achievements and Promoting Rural Vitalization**

Please refer to the announcement disclosed on CNINFO Website on April 16, 2026, for the "2025 Environmental, Social and Corporate (ESG) Report".

## Section V Significant Events

### I. Commitment Performance

#### 1. Commitment Performance Fulfilled During the Reporting Period and Not Fulfilled 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

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 in accordance with the relevant provisions of the CSRC for the	January 12, 2017	Long-term	Strictly performed

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
			<p>full performance of measures on filling immediate returns:</p> <p>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 link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.</p>			
	Hu Baifan; NHU Holding Group Co., Ltd.		<p>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</p>	January 12, 2017	Long-term	Strictly performed

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
			immediate returns in a practical way.			
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	

## 2. Realization of Profit Forecasts for the Company's Assets or Projects and Its Reasons if There Are Profit Forecasts for Assets or Projects and the Reporting Period Is Still in the Profit Forecast Period

Applicable  Not applicable

## 3. Company Performance Commitments

Applicable  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. Explanations by the Board of Directors on the Latest "Non-Standard Audit Report"

Applicable  Not applicable

## V. Statements by the Board of Directors and Independent Directors (If Applicable) on the "Non-Standard Audit Report" Issued by the Accounting Firm During the Reporting Period

Applicable  Not applicable

## VI. Changes of Accounting Policies and Estimates or Significant Accounting Error Correction Compared to the Financial Reports in the Previous Year

Applicable  Not applicable

The Company did not have any changes in accounting policies, accounting estimates, or corrections of significant accounting errors during the reporting period.

## VII. Changes in the Scope of Consolidated Financial Statements Compared to the Financial Reports in the Previous Year

Applicable  Not applicable

Name of companies	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
NHU North America LLC	Establishment	January 2, 2025	USD 250,000	100.00%
NHU BESLENME GIDA SANAYI VE TICARET LIMITED SIRKETI	Establishment	January 17, 2025	USD 246,900	100.00%
Zhejiang NHU Holdings Co., Ltd.	Establishment	April 15, 2025	RMB 500,000,000	100.00%

## VIII. Engagement and Dismissal of Accounting Firms

Domestic accounting firms engaged currently

Name	Grant Thornton Certified Public Accountants (Special General Partnership)
Remuneration (thousand yuan)	2.1 million (pre-tax)
Continuous years for audit services	1 (year)
Certified Public Accountants	Xu Hongjin, Wang Yun
Certified Public Accountants' continuous years for audit services	1 (year)

Whether to engage another accounting firm instead in the current period

Yes  No

Whether to engage another accounting firm instead during the audit period

Yes  No

Whether approval procedures were followed when changing the accounting firm

Yes  No

Detailed explanation of the reappointment or replacement of the accounting firm

The Company held the 16th Meeting of the Ninth Session of the Board of Directors on December 10, 2025, and deliberated and approved the Proposal on the Appointment of an Accounting Firm, appointing Grant Thornton Certified Public Accountants (Special General Partnership). Given that the appointment term of the 2024 audit firm, Pan-China Certified Public Accountants LLP, has expired, and that it has provided audit services to the Company for consecutive years, and in order to better align with the

Company's subsequent development needs and meet the audit requirements of the new stage, and pursuant to the requirements of the "Accounting Firm Selection System", after comprehensive evaluation and prudent consideration, the Company proposes to appoint Grant Thornton Certified Public Accountants (Special General Partnership) as the Company's 2025 audit firm, responsible for the 2025 financial audit and internal control audit, for a one-year term.

Engagement of accounting firms, financial advisors, or sponsors for audit of internal controls

Applicable  Not applicable

## **IX. Delisting After Disclosure of the Annual Report**

Applicable  Not applicable

## **X. Matters Related to Bankruptcy and Restructuring**

Applicable  Not applicable

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

## **XI. Significant Lawsuits and Arbitration**

Applicable  Not applicable

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

## **XII. Penalties and Rectification**

Applicable  Not applicable

There were no penalties or corrective actions taken by the Company during the reporting period.

## **XIII. Integrity of the Company, Its Controlling Shareholders, and the Actual Controller**

Applicable  Not applicable

## **XIV. 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 are no related creditors' 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 significant related party transaction during the reporting period.

## XV. 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: ten thousand yuan

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
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	May 22, 2020	50,000	March 24, 2021	50,000	Joint and several liability guarantee	0	0	March 24, 2021, to December 25, 2025	Yes	No
Heilongjiang NHU Biotechnology Co., Ltd.	April 22, 2021	40,000	August 26, 2021	37,000	Joint and several liability guarantee	0	0	August 26, 2021, to December 21, 2025	Yes	No
Xinchang NHU Vitamins Co., Ltd.	April 22, 2021	40,000	December 16, 2021	29,000	Joint and several liability guarantee	0	0	December 16, 2021, to December 15, 2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	June 5, 2024	104.03	Joint and several liability guarantee	0	0	June 5, 2024, to February 20, 2025	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	August 29, 2024	49.83	Joint and several liability guarantee	0	0	August 29, 2024, to May 15, 2025	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	November 19, 2024	36.55	Joint and several liability guarantee	0	0	November 19, 2024, to August 19, 2025	Yes	No

Zhejiang NHU Pharmaceutical Co., Ltd.	May 11, 2022	60,000	June 24, 2022	55,000	Joint and several liability guarantee	0	0	June 24, 2022, to June 23, 2027	No	No
Xinchang NHU Vitamins Co., Ltd.	May 11, 2022	20,000	October 14, 2022	18,000	Joint and several liability guarantee	0	0	October 10, 2022, to October 14, 2027	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	June 12, 2024	7,731.68	Joint and several liability guarantee	0	0	June 12, 2024, to June 12, 2025	Yes	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	May 20, 2023	58,600	June 6, 2023	58,600	Joint and several liability guarantee	0	0	June 6 19, 2023, to March 29, 2028	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 20, 2023	100,000	November 20, 2023	56,230.4	Joint and several liability guarantee	0	0	November 8, 2023, to November 8, 2026	No	No
Zhejiang NHU Import & Export Co., Ltd.	May 16, 2024	25,000	June 24, 2024	15,000	Joint and several liability guarantee	0	0	June 24, 2024, to June 23, 2025	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	August 1, 2024	35,144	Joint and several liability guarantee	0	0	August 1, 2024, to August 1, 2027	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 16, 2024	50,000	March 25, 2025	66.81	Joint and several liability guarantee	0	0	March 25, 2025, to December 11, 2025	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	May 19, 2025	7,731.68	Joint and several liability guarantee	0	0	May 19, 2025, to May 8, 2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	June 13, 2025	11.75	Joint and several liability guarantee	0	0	June 13, 2025, to February 26, 2026	No	No
Zhejiang NHU Import & Export Co., Ltd.	May 9, 2025	15,000	July 8, 2025	15,000	Joint and several liability guarantee	0	0	July 8, 2025, to July 7, 2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	July 30, 2025	1.71	Joint and several liability guarantee	0	0	July 30, 2025, to December 9, 2025	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	August 6, 2025	7,028.8	Joint and several liability guarantee	0	0	August 6, 2025, to August 5, 2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	September 11, 2025	5.22	Joint and several liability	0	0	September 11, 2025, to	Yes	No

Ltd.					guarantee			December 25, 2025		
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	October 28, 2025	25.68	Joint and several liability guarantee	0	0	October 28, 2025, to March 4, 2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	May 9, 2025	50,000	November 27, 2025	4.35	Joint and several liability guarantee	0	0	November 27, 2025, to April 8, 2026	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		240,000.00		Total amount actually guaranteed for subsidiaries during the reporting period (B2)				29,876.00		
Total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		491,974.40		Total balance of actual external guarantees for subsidiaries at the end of the reporting period (B4)				281,776.66		
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
Total amount of guarantees approved for subsidiaries during the reporting period (C1)				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)				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)		240,000.00		Total amount actually guaranteed during the reporting period (A2+B2+C2)				29,876.00		
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)		491,974.40		Total balance of actual guarantees at the end of the reporting period (A4+B4+C4)				281,776.66		
Proportion of the total guarantee balance (A4+B4+C4) to net assets of the Company				8.59%						
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)	168,176.66
The amount of the total amount guaranteed exceeding 50% of net assets (F)	0
Total amount guaranteed of three items above (D+E+F)	168,176.66
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

#### (1) Entrusted Financing

Applicable  Not applicable

Entrusted financing during the reporting period

Unit: ten thousand yuan

Product category	Risk characteristics	Balance of entrusted financing during the reporting period	Amount overdue and not recovered
Bank financial products	Own funds	215,000	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

#### (2) Entrusted Loans

Applicable  Not applicable

There is no entrusted loan during the reporting period.

### 4. Other Significant Contracts

Applicable  Not applicable

There is no other significant contract during the reporting period.

### XVI. Use of Raised Funds

Applicable  Not applicable

The Company had no use of raised funds during the reporting period.

### XVII. Other Significant Events

Applicable  Not applicable

## 1. Progress of the Fourth Employee Stock Ownership Plan

The fourth phase of the employee stock ownership plan of the Company was deliberated and approved by the first extraordinary general meeting in 2023 held on June 26, 2023. The current employee stock ownership plan is managed by the Company itself, acquired and held by the Company through the secondary market purchase, with a duration of not more than 24 months. Purchase of the Company's shares totaling 29,528,181 shares in the fourth phase of the employee stock ownership plan was finished on September 25, 2023, through bidding in the secondary market, accounting for 0.9553% of total share capital, with the transaction amount totaling 479,442,157.08 yuan (excluding transaction fees) and average transaction price of 16.2368 yuan per share. The lock-up period for the shares obtained under the fourth 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 the fourth phase of the employee stock ownership plan, i.e., September 26, 2023 - September 25, 2024. As of June 26, 2025, all shares of the Company held under the fourth phase of the employee stock ownership plan have been sold. For details, please refer to the "Announcement on Completion and Termination of the Sale of the Fourth Phase of the Employee Stock Ownership Plan" (2025-034) published by the Company on designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>).

(Note: On December 13, 2024, the Company completed the cancellation of 17,485,676 repurchased shares, reducing the total share capital from 3,090,907,356 to 3,073,421,680. The proportion of shares held under the fourth phase employee stock ownership plan was adjusted to 0.9607% of the current total share capital.)

## 2. Progress of Share Repurchases

Pursuant to the "Proposal on Share Repurchase" deliberated and approved by the 11th Meeting of the Ninth Session of the Board of Directors dated April 11, 2025, the Company was agreed to repurchase part of the public shares through centralized bidding transactions with self-owned funds or special-purpose repurchase loans for the purpose of the equity incentive plan or employee stock ownership plan. The repurchase amount in this time ranged from 300.00 million yuan to 600.00 million yuan, and the price should not exceed 32.00 yuan (inclusive) per share. The specific amount of shares to be repurchased and the proportion to the total share capital are subject to the amount of shares actually repurchased at the expiration of the repurchase period. The implementation period of share repurchase should not exceed 12 months from the date on which the Company's Board of Directors deliberates and approves the share repurchase plan. As of December 31, 2025, the Company has repurchased 24,592,592 shares through centralized bidding transactions using a repurchase-dedicated securities account for repurchase, accounting for 0.8002% of total share capital. The highest price of shares was 25.18 yuan per share, while the lowest price was 21.25 yuan per share, and the accumulated transaction amount was 556,124,778.51 yuan (transaction fees excluded). The repurchase has been completed. Such repurchase complied with relevant laws and regulations, as well as the repurchase plan of the Company. For details, please

refer to the "Announcement on the Progress and Completion of the Company's Share Repurchase" (2026-001), published on the designated information disclosure media and the CNINFO Website (<http://www.cninfo.com.cn>).

### **3. Apply for Registration and Issuance of Debt Financing Instruments**

The 14th Meeting of the Ninth Session of the Board of Directors held on August 26, 2025, and the Second Extraordinary General Meeting of 2025 held on September 12, 2025, deliberated and approved the "Proposal on Applying for Registration and Issuance of Debt Financing Instruments". To meet the Company's rapid development funding needs, optimize its financing structure, and reduce financing costs, the Company intends to apply to the National Association of Financial Market Institutional Investors for registration to issue non-financial enterprise debt financing instruments with an aggregate amount not exceeding RMB 3,000,000,000 (inclusive). The types of instruments to be issued may include medium-term notes (maturities not exceeding 3 years), short-term financing notes (maturities not exceeding 1 year), and ultra-short-term financing notes (maturities not exceeding 270 days), and may be issued in multiple tranches. The proceeds from this offering are planned to be used for the Company's production and operating activities, including but not limited to project construction in the field of scientific and technological innovation, R&D investment, repayment of interest-bearing debt, and supplementing working capital. For details, please refer to the "Announcement on Applying for Registration and Issuance of Debt Financing Instruments" (2025-041), published on the designated information disclosure media and the CNINFO Website (<http://www.cninfo.com.cn>).

### **4. Adjustment to Corporate Governance Structure**

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 held on December 10, 2025, and the Third Extraordinary General Meeting of 2025 held on December 26, 2025, deliberated and approved the "Proposal on Amending the Articles of Association". Pursuant to the "Company Law" (effective July 1, 2024) and the relevant laws and regulations issued by the CSRC, including the "Transitional Arrangements for the Implementation of Supporting Institutional Rules of the New Company Law" and the "Guidelines on Articles of Association for Listed Companies (2025 Revision)", and in light of the Company's actual circumstances, the current Articles of Association have been revised. After this revision, the Company will no longer set up a Board of Supervisors. The powers of the Board of Supervisors, as stipulated in the "Company Law", will be assumed by the Board of Directors' Audit Committee, and Board of Supervisors-related systems, such as the "Rules of Procedure for the Board of Supervisors", will be abolished simultaneously. Please refer to the relevant announcements published on the designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>) on December 27, 2025.

### **5. Progress of the Fifth Employee Stock Ownership Plan**

The fifth phase of the employee stock ownership plan of the Company was deliberated and approved by the third extraordinary general meeting in 2025 held on December 26, 2025. The current employee stock ownership plan is managed by the Company itself, acquired company shares repurchased through the Company's repurchase-dedicated securities account for repurchases and/or obtained through purchases in the secondary market (including but not limited to block trades and centralized bidding transactions) or by other means permitted by laws and regulations, and the plan's duration will not exceed 24 months. The Company's fifth employee stock ownership plan acquired, by non-trade transfer, 21,454,310 shares repurchased by the Company, representing 0.6981% of the company's total share capital. All were sourced from the aforementioned repurchased shares, and the transfer price was RMB 24.19 per share. 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. For details, please refer to the "Announcement on the Progress of Implementation of the Fifth Employee Stock Ownership Plan" (2026-003) published by the Company on designated information disclosure media and CNINFO Website (<http://www.cninfo.com.cn>).

## **XVIII. Significant Events of Subsidiaries of the Company**

Applicable  Not applicable

The Company's wholly owned subsidiary, Shandong NHU Fine Chemical Science and Technology Co., Ltd., absorbed and merged its wholly owned subsidiary Shandong NHU Vitamins Co., Ltd. After the absorption merger, Shandong NHU Fine Chemical Science and Technology Co., Ltd. continued as the surviving entity, and its registered capital was changed from RMB 400,000,000 to RMB 900,000,000. Shandong NHU Vitamins Co., Ltd. was deregistered, and all of its assets, creditors' rights, and debts were assumed by Shandong NHU Fine Chemical Science and Technology Co., Ltd. The related industrial and commercial change registration procedures were completed in February 2025. This merger by absorption does not constitute a related-party transaction, nor does it constitute a major asset restructuring situation as stipulated in the "Measures for the Administration of Major Asset Restructurings of Listed Companies". According to the relevant provisions of the "Shenzhen Stock Exchange Stock Listing Rules", because this absorption-type merger is a transaction between controlling entities within the scope of the Company's consolidated financial statements, it may be exempt from performing the procedures required by those rules.

## Section VI Movements in Shares and Conditions of Shareholders

### I. Movements in Shares

#### 1. Details

Unit: Shares

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	36,409,752	1.18%				150,000	150,000	36,559,752	1.19%
1. State-owned shares									
2. Held by state-owned legal persons									
3. Held by other domestic parties	36,409,752	1.18%				150,000	150,000	36,559,752	1.19%
Including: Held by domestic legal persons									
Held by domestic natural persons	36,409,752	1.18%				150,000	150,000	36,559,752	1.19%
4. Held by overseas parties									
Including: Held by overseas legal persons									
Held by overseas natural persons									
II. Unrestricted shares	3,037,011,928	98.82%				-150,000	-150,000	3,036,861,928	98.81%
1. RMB ordinary shares	3,037,011,928	98.82%				-150,000	-150,000	3,036,861,928	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
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

Based on confidence in the Company's continued stable development and recognition of its value, and actively implementing the "Increase in Both Quality and Returns" action plan to boost investor confidence and maintain market stability, Mr. Shi Guanqun, Company Director, Secretary of the Board, Vice President, and CFO, increased his holdings in the Company by 200,000 shares on June 17, 2025, representing 0.0065% of the Company's total share capital, through secondary market competitive bidding transactions. Before this increase in holdings, Mr. Shi Guanqun directly held 10,477,838 shares of the Company, representing 0.34% of the Company's total share capital. After the completion of this increase in holdings, Mr. Shi Guanqun directly holds 10,677,838 shares, representing 0.35% of the Company's total share capital.

## Approval on movements in shares

Applicable  Not applicable

## Transfer of shares

Applicable  Not applicable

Effect of movements in shares on the financial index of the preceding year and preceding period, such as basic earnings per share and diluted earnings per share, net assets per share attributable to common shareholders

Applicable  Not applicable

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

Applicable  Not applicable

## 2. Movement in Restricted Stocks

Applicable  Not applicable

Unit: Shares

Shareholders	Opening balance	Increase	Decrease due to unlocking	Closing balance	Reason for restriction	Date of unlocking
Shi Guanqun	7,858,378	150,000		8,008,378	Locked up for the shares are held by the senior management	75% of the total shares held by the senior management are locked up on an annual basis
Total	7,858,378	150,000	0	8,008,378	--	--

## II. Issuance and Listing of Securities

### 1. Issuance of Securities (Preferred Stocks Excluded) Within the Reporting Period

Applicable  Not applicable

### 2. Movements in Total Shares of the Company and Structure of Shareholders, Movements in Structure of Assets and Liabilities of the Company

Applicable  Not applicable

### 3. Existing Shares Held by Internal Employees

Applicable  Not applicable

## III. Shareholders and Actual Controllers

### 1. Number of Shareholders of the Company and Their Shareholding Conditions

Unit: Shares

Total number of common shareholders at the end of the reporting period	78,318	Total number of common shareholders as of the end of the month prior to the annual report disclosure date	78,970	Total number of shareholders of preferred stocks with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	Total number of shareholders of preferred stocks with voting rights restored at the end of the month prior to the annual report disclosure date (if any) (see Note 8)	0
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions (excluding shares lent through refinancing)							

Shareholders	Nature of shareholders	Holding proportion	Quantity of 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	Not applicable	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	5.82%	178,933,588	41,109,929	0	178,933,588	Not applicable	0
National Social Security Fund No.503 Portfolio	Others	0.91%	28,000,080	-12,999,920	0	28,000,080	Not applicable	0
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	Others	0.88%	26,930,663	0	0	26,930,663	Not applicable	0
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI 300 Exchange-Traded Open-Ended Index Securities Investment Fund	Others	0.82%	25,320,881	-1,305,660	0	25,320,881	Not applicable	0
China Construction Bank Corporation - E Fund CSI 300 Medical and Health Exchange-Traded Open-Ended Index Securities Investment Fund	Others	0.67%	20,522,382	-7,976,200	0	20,522,382	Not applicable	0
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Caizhi Fund	Others	0.62%	19,150,780	0	0	19,150,780	Not applicable	0
China Construction Bank Corporation - E Fund CSI 300 Exchange-Traded Open-Ended	Others	0.59%	18,101,731	-295,500	0	18,101,731	Not applicable	0

Index Initiated Securities Investment Fund								
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Juzhi Fund	Others	0.49%	15,096,694	0	0	15,096,694	Not applicable	0
Hu Baishan	Domestic natural person	0.47%	14,595,929	0	10,946,947	3,648,982	Not applicable	0
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares (if any) (see Note 3)	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund became one of the top 10 shareholders due to its participation in private placement of shares in 2017.							
Remarks on relationships or concerted action of the above shareholders	The above shareholder, Hu Baishan, is the 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 proxy voting and waiver of voting right of the above shareholders	Not applicable							
Special remarks on the top 10 shareholders with repurchase-dedicated securities accounts (if any) (see Note 10)	Zhejiang NHU Co., Ltd.’s repurchase-dedicated securities account is attributable to the top 10 shareholders as of the end of the reporting period, who, however, did not participate in the presentation of such balances.							
Top 10 shareholders with unrestricted shares (excluding shares lent through refinancing and shares locked by senior management)								
Shareholders	Quantity of unrestricted shares at the end of the reporting period	Category of shares						
		Category of shares	Quantity					
NHU Holding Group Co., Ltd.	1,539,232,431	RMB ordinary shares	1,539,232,431					
Hong Kong Securities Clearing Company Limited	178,933,588	RMB ordinary shares	178,933,588					
National Social Security Fund No.503 Portfolio	28,000,080	RMB ordinary shares	28,000,080					
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	26,930,663	RMB ordinary shares	26,930,663					
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI 300 Exchange-Traded Open-Ended Index Securities Investment Fund	25,320,881	RMB ordinary shares	25,320,881					
China Construction Bank Corporation - E Fund CSI 300 Medical and Health Exchange-Traded Open-Ended Index Securities Investment Fund	20,522,382	RMB ordinary shares	20,522,382					

Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Caizhi Fund	19,150,780	RMB ordinary shares	19,150,780
China Construction Bank Corporation - E Fund CSI 300 Exchange-Traded Open-Ended Index Initiated Securities Investment Fund	18,101,731	RMB ordinary shares	18,101,731
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Juzhi Fund	15,096,694	RMB ordinary shares	15,096,694
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Yingzhi Fund	13,923,232	RMB ordinary shares	13,923,232
Remarks on relationships or concerted action between the top 10 shareholders with unrestricted shares, and between the top 10 shareholders with unrestricted outstanding shares and the top 10 shareholders with largest holding proportions	The above shareholder, Hu Baishan, is the 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 the top 10 common shareholders participating in securities margin trading (if any) (see Note 4)	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund holds 26,930,563 shares through the client account of collateral securities for margin trading of Guotai Haitong Securities Co., Ltd.; Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Caizhi Fund holds 19,150,780 shares through client account of collateral securities for margin trading of China Merchants Securities Co., Ltd.; Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Juzhi Fund holds 15,096,694 shares through client account of collateral securities for margin trading of China Merchants Securities Co., Ltd.		

Note: Zhejiang NHU Co., Ltd.’s repurchase-dedicated securities account is attributable to the top 10 shareholders with the largest balances in unrestricted shares as of the end of the reporting period, who, however, did not participate in the presentation of such balances.

Participation of shareholders holding a proportion of over 5%, the top 10 shareholders, and the top 10 shareholders of unlimited outstanding shares in the refinancing business for lending shares

Applicable  Not applicable

Changes in the top 10 shareholders and top 10 shareholders of unlimited outstanding shares compared to the previous period due to lending/returning of shares via the refinancing business

Applicable  Not applicable

Did the top 10 common shareholders and the top 10 shareholders of unrestricted common shares perform agreed repurchase transactions during the reporting period?

Yes  No

The top 10 common shareholders and the top 10 shareholders of unrestricted common shares did not perform agreed repurchase transactions during the reporting period.

## 2. Controlling Shareholders

Nature of controlling shareholders: Natural person holding

Category of controlling shareholders: Legal person

Controlling shareholders	Legal representative/Head of the entity	Date of establishment	Organization code	Main business scope
NHU Holding Group Co., Ltd.	Hu Baifan	February 14, 1989	91330624146424869T	Industrial investments, goods import and export, production and sales of chemical products, pharmaceutical intermediates, chemical materials
Equity conditions of other domestic and overseas listed companies that the controlling shareholders control or participate in during the reporting period	NHU Holding Group Co., Ltd. directly holds 36.73% of the shares of Beijing Front Pharma CO., Ltd.			

Changes of controlling shareholders during the reporting period

Applicable  Not applicable

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

### 3. Actual Controllers and Persons Acting in Concert

Nature of actual controller: Domestic natural persons

Category of actual controller: Natural persons

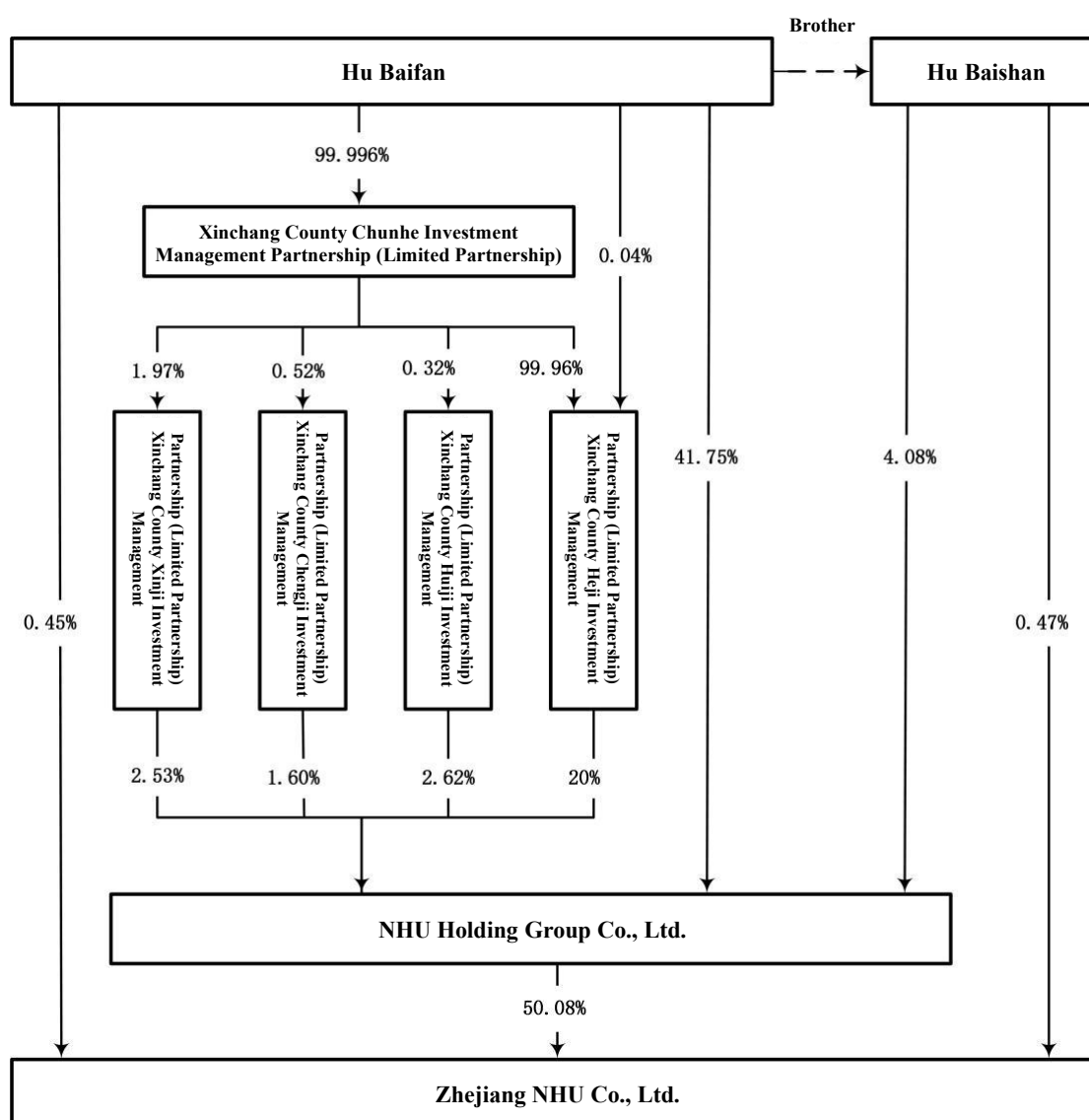
Actual controller	Relationship with the actual controller	Nationality	Whether has permanent residence in other countries or regions
Hu Baifan	Self	China	No
Hu Baishan	Person acting in concert (including the following forms: agreement, relatives, common control)	China	No
Main occupation and position	<p>Mr. Hu Baifan, Chairman of the Board, is a Chinese born in 1962, who has no permanent residence in foreign countries or regions. He completed postgraduate studies in Business Administration at Zhejiang University, and he is a Professor-level Senior Economist, Member of the Communist Party of China. He also serves as the Chairman of NHU Holding Group Co., Ltd. and its holding subsidiary Shaoxing Yuexiu Education Development Co., Ltd., and Director of Beijing NHU Real Estate Holding Co., Ltd. and Beijing Front Pharma CO., Ltd.</p> <p>Mr. Hu Baishan, Vice Chairman and President, is a Chinese born in 1967, who has no permanent residence in foreign countries or regions. He has a master's degree in the EMBA program of Zhejiang University, and he is a Senior Engineer, Member of the Communist Party of China. He also serves as the Director of NHU Holding Group Co., Ltd. and Shaoxing Yuexiu Education Development Co., Ltd.</p>		
Domestic and overseas listed companies once been under their control within a decade	Beijing Front Pharma CO., Ltd. actually controlled by Hu Baifan was listed on the Shanghai Stock Exchange mainboard in 2022.		

Changes of the actual controller within the reporting period

Applicable  Not applicable

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

Block diagram of the title and control relationships between the Company and the actual controller



Whether the actual controller controls the Company through trust or other asset management methods

Applicable  Not applicable

**4. Whether the Quantity of Accumulated Pledged Shares of the Company Held by the Controlling Shareholders or the Largest Shareholder and His Person Acting in Concert Accounts for Over 80% of Total Shares of the Company Held by Them**

Applicable  Not applicable

**5. Other Institutional Shareholder With Holding Proportion Over 10%**

Applicable  Not applicable

**6. Decrease in Holding Proportion of Restricted Shares of Controlling Shareholders, Actual Controllers, Reorganizing Parties, and Other Undertaking Entities**

Applicable  Not applicable

#### IV. Actual Implementation of Share Repurchase During the Reporting Period

Actual progress of share repurchase

Applicable  Not applicable

Date of proposal disclosure	Quantity of shares to be repurchased (unit: shares)	% to total share capital	Amount of shares to be repurchased (ten thousand yuan)	Repurchase period	Purposes	Quantity of repurchased shares (unit: shares)	Proportion of repurchased shares to the target shares involved in the equity incentive plan (if any)
April 15, 2025	9,375,000-18,750,000	0.31%-0.61%	30,000-60,000	Not exceeding 12 months from the date of approval at the 11th Meeting of the Ninth Board of Directors: from April 11, 2025 to April 10, 2026	For implementing the equity incentive plan or employee stock ownership plan	24,592,592	

Implementation progress of shareholding reduction for shares repurchased through centralized bidding transactions

Applicable  Not applicable

#### V. Preferred Stocks

Applicable  Not applicable

The Company has no preferred stocks during the reporting period.

## Section VII Bonds

Applicable  Not applicable

## Section VIII Financial Report

### I. Audit Report

Audit opinion	Standard unqualified opinion
Audit report signing date	April 14, 2026
Accounting firm	Grant Thornton Certified Public Accountants (Special General Partnership)
Audit report document number	Grant Thornton Audit (2026) No. 332A011341
Signatory Certified Public Accountants	Xu Hongjin, Wang Yun

#### Audit Report

To the Shareholders of Zhejiang NHU Co., Ltd.:

#### I. Audit Opinion

We have audited the accompanying financial statements of Zhejiang NHU Co., Ltd. (the “NHU”), which comprise the consolidated and parent company balance sheets as at December 31, 2025, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in shareholders’ equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the NHU as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

#### II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant’s Responsibilities for the Audit of the Financial Statements section of our report. In accordance with the independence requirements of auditing public interest entities in the China Code of Ethics for Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants (where applicable), we are independent of NHU and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key Audit Matters

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

## (I) Revenue Recognition

For relevant disclosure details, please refer to item V 25 of the financial statements, item VII 41 of the financial report in this section, and item XVII 1 of the financial report in this section.

### 1. Key Audit Matters

The NHU's operating revenue mainly comes from the manufacturing and sales of nutrition, aroma chemicals, new materials, etc. In 2025, the operating revenue of the NHU amounted to RMB 22,251,361,900.

As operating revenue is one of the key performance indicators of the NHU, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations. Therefore, we have identified revenue recognition as a key audit matter.

### 2. Responsive Audit Procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design effectiveness of these internal controls, and tested the operating effectiveness of key internal controls;
- (2) We selected samples of sales contracts for inspection and inquired of Management, analyzed the principal terms or conditions of the contracts to determine whether the timing of transfer of control of the related goods or services complies with the provisions of the China Accounting Standards for Business Enterprises and NHU's business model, and reviewed whether the related accounting policies have been applied consistently;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;
- (4) For revenue from domestic sales, we checked supporting documents related to revenue recognition, including sales contracts, orders, sales invoices, outbound delivery notes, delivery lists, shipping documents, delivery receipts, etc., to assess whether sales revenue has been recognized in accordance with the revenue recognition accounting policy;
- (5) For revenue from overseas sales, we obtained information from Electron Port and checked it with accounting records, and checked supporting documents related to revenue recognition, including sales contracts, bills of clearance, waybills, sales invoices, etc., to assess whether sales revenue has been recognized in accordance with the revenue recognition accounting policy;
- (6) Combining the audit of accounts receivable and contract liabilities, we obtained customers' business registration information through public information channels, inquired with relevant NHU personnel, and, based on the characteristics and nature of customer transactions, selected samples for external confirmations to verify the authenticity of sales;

(7) For sales revenue recognized around the balance sheet date, we reconciled with supporting documents such as delivery notes, and obtained customer delivery notes before and after the balance sheet date to cross-check with the recorded sales revenue, and assessed whether the operating revenue was recognized in the appropriate period;

(8) We examined whether any sales returns occurred for NHU after the balance sheet date. For significant sales returns, we checked the related supporting documents to assess whether the revenue was recorded in the appropriate accounting period;

(9) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

## (II) Existence and Integrity of Cash and Bank Balances

For relevant disclosure details, please refer to item VII 1 of the financial report in this section.

### 1. Key Audit Matters

As of December 31, 2025, the NHU's cash and bank balances total 7,966.2701 million yuan, which is one of the major assets of the Company. As the amount of cash and bank balances is significant, and considering that the security of their custody, as well as the accuracy and integrity of their presentation, have a significant influence on financial statements, we have identified existence and integrity of cash and bank balances as a key audit matter.

### 2. Responsive Audit Procedures

Our main audit procedures for existence and integrity of cash and bank balances are as follows:

(1) We obtained understandings of key internal controls related to management of cash and bank balances, assessed the design effectiveness of these internal controls, and the operating effectiveness of key internal controls;

(2) We obtained the "List of Opened Bank Settlement Accounts", compared it with the accounts on NHU's books, checked the integrity of the bank accounts, and analyzed whether the purposes for opening accounts and the account distribution are reasonable;

(3) We obtained and checked bank statements and bank reconciliation statements, and performed confirmation procedures on the balance of bank accounts;

(4) We checked bank statements and bank journals, performed bidirectional tests on bank statements of significant accounts, and checked the transactions with large amounts;

(5) We checked the original documents of time deposits and their holders' information to understand the business rationale for the time deposits and assess their reasonableness, and check whether any funds are restricted due to pledges, litigation freezes, or other reasons in combination with enterprise credit reports, bank confirmation replies, etc.;

(6) We reviewed interest income, checked whether interest income was consistent with the amount of cash and bank balances in conjunction with finance expenses and investment income, and checked whether there were high-interest fund borrowings or abnormal fund deposit arrangements;

(7) For large monetary transactions recorded around the balance sheet date, we verified them against the corresponding receipts and payment documents to assess whether any abnormal inter-period revenue or expenditure events exist;

(8) We checked whether information related to cash and bank balances had been presented appropriately in the financial statements.

#### **IV. Other Information**

The Management of NHU is responsible for the other information. The other information comprises the information included in the NHU's 2025 annual report, but does not include the financial statements and our auditor report thereon.

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

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

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

#### **V. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management of NHU company is responsible for preparing the Financial Statements in accordance with the requirements of *Accounting Standards for Business Enterprises* to achieve a fair presentation, and for designing, implementing, and maintaining internal control that is necessary to ensure that the Financial Statements are free from material misstatements, whether due to frauds or errors.

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

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

#### **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient and appropriate audit evidence on which to base an audit opinion. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error because fraud may involve collusion, forgery, willful omission, misrepresentation, or override of internal controls.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Company.
- (4) Draw a conclusion on the appropriateness of the continuing operation assumption used by the management layer. And conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NHU company's capability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of our audit report. However, future events or conditions may cause NHU company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the Financial Statements, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of NHU company in entities and business activities to provide opinions on the Financial Statements. We are responsible for the guidance, supervision and implementation of the group audit and take full responsibility for the audit opinions.

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

We have also provided a statement to those charged with governance that we have complied with professional ethics requirements relating to independence, communicated with them all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant preventive measures (if applicable).

Of the matters communicated with those charged with governance, we determine which matters are most important to the audit of the Financial Statements of the current period, and thus form the critical audit matters. We describe these matters in the Audit Report, unless the public disclosure of these matters is prohibited by laws and regulations, or in very few cases, if it is reasonably

expected that the negative consequences caused by communication of certain matters in the Audit Report outweigh benefits generated in public interest, we confirm that the matters shall not be communicated in the Audit Report.

## II. Financial Statements

Units of financial reports in the notes: yuan

### 1. Consolidated Balance Sheet

Prepared by: Zhejiang NHU Co., Ltd.

December 31, 2025

Unit: RMB Yuan

Items	Closing balance	Opening balance
Current assets:		
Cash and bank balances	7,966,270,131.17	7,936,504,805.65
Deposit reservation for balance		
Lending to banks and other financial institutions		
Trading Financial Assets	2,168,275,092.55	745,816.34
Derivative financial assets		
Notes receivable		292,562,093.90
Accounts receivable	3,331,434,677.27	3,653,676,104.37
Receivables financing	813,062,385.73	523,913,135.22
Prepayments	178,450,145.87	163,216,512.08
Insurance premium receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contract receivable		
Other receivables	274,052,669.41	225,516,143.49
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreement		
Inventories	4,648,749,467.43	4,090,096,841.96
Including: data resources		
Contracted assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	55,037,719.63	35,969,632.09
Total current assets	19,435,332,289.06	16,922,201,085.10
Non-current assets:		
Granting of loans and advances		
Debt investments		
Other debt investments		

Items	Closing balance	Opening balance
Long-term receivables		
Long-term equity investments	965,350,549.43	865,262,148.36
Other equity instrument investment	60,126,147.55	19,498,147.55
Other non-current financial assets		
Investment property		
Fixed assets	20,298,898,673.14	21,915,984,823.43
Construction in progress	745,117,350.86	571,610,643.68
Productive biological assets		
Oil and gas assets		
Right-of-use assets	9,116,717.87	13,222,869.09
Intangible assets	2,590,073,891.40	2,482,899,966.19
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill	3,622,704.97	3,622,704.97
Long-term deferred expenses	19,477,100.43	33,059,580.89
Deferred tax assets	2,692,450.99	2,106,046.31
Other non-current assets	1,476,641,929.78	159,664,455.40
Total non-current assets	26,171,117,516.42	26,066,931,385.87
Total assets	45,606,449,805.48	42,989,132,470.97
Current liabilities:		
Short-term borrowings	675,172,682.37	1,162,512,239.04
Borrowings from the central bank		
Borrowing from banks and financial institutions		
Financial liabilities held for trading		11,151,258.46
Derivative financial liabilities		
Notes payable	70,054,101.63	159,164,822.28
Accounts payable	1,780,307,765.08	1,685,979,157.55
Advance receipts		
Contract liabilities	294,819,090.20	237,013,669.77
Financial assets sold for repurchase		
Deposits and interbank deposits received		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Employee benefits payable	511,515,144.15	473,107,111.45
Taxes and fees payable	669,468,878.66	538,903,915.30
Other payables	131,685,145.99	122,424,090.50
Including: Interests payable		

Items	Closing balance	Opening balance
Dividends payable		
Charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	3,165,413,873.49	2,465,378,913.94
Other current liabilities	99,358,351.24	53,564,334.90
Total current liabilities	7,397,795,032.81	6,909,199,513.19
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	4,187,178,569.02	5,327,243,721.25
Bonds payable		
Including: Preferred stocks		
Perpetual bonds		
Lease liabilities	2,500,183.66	3,584,791.02
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	906,007,748.59	1,025,834,591.04
Deferred income tax liabilities	152,052,864.16	277,719,591.54
Other non-current liabilities		
Total non-current liabilities	5,247,739,365.43	6,634,382,694.85
Total liabilities	12,645,534,398.24	13,543,582,208.04
Equity:		
Share capital	3,073,421,680.00	3,073,421,680.00
Other equity instruments		
Including: Preferred stocks		
Perpetual bonds		
Capital reserve	3,135,683,253.49	3,132,519,968.42
Less: Treasury stock	556,161,195.70	
Other comprehensive income	67,743,496.72	91,513,343.50
Special reserves	162,056,373.58	106,348,864.91
Surplus reserves	1,545,453,678.00	1,545,453,678.00
General risk reserve		
Undistributed profits	25,377,456,895.81	21,375,740,194.12
Total equity attributable to parent company shareholders	32,805,654,181.90	29,324,997,728.95
Non-controlling interest	155,261,225.34	120,552,533.98
Total owner's equity	32,960,915,407.24	29,445,550,262.93
Total liabilities and equity	45,606,449,805.48	42,989,132,470.97

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	Closing balance	Opening balance
<b>Current assets:</b>		
Cash and bank balances	1,555,965,210.51	3,810,717,348.40
Trading Financial Assets	451,800,000.01	
Derivative financial assets		
Notes receivable		292,562,093.90
Accounts receivable	1,092,272,295.09	1,455,089,726.43
Receivables financing	270,401,584.88	
Prepayments	3,263,824.89	2,099,814.14
Other receivables	476,588,831.47	1,008,085,932.79
Including: Interest receivable		
Dividends receivable		
Inventories	311,443,142.04	400,830,486.99
Including: data resources		
Contracted assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	14,680,703.63	3,049,642.27
<b>Total current assets</b>	<b>4,176,415,592.52</b>	<b>6,972,435,044.92</b>
<b>Non-current assets:</b>		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	12,816,459,007.72	11,488,137,747.99
Other equity instrument investment	110,126,147.55	69,498,147.55
Other non-current financial assets		
Investment property		
Fixed assets	723,262,231.62	757,545,856.68
Construction in progress	60,024,286.84	25,813,815.03
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,308,653.88	2,469,722.68
Intangible assets	155,849,630.44	146,947,405.16
Including: data resources		
Development expenditure		
Including: data resources		
Goodwill		
Long-term deferred expenses		389,534.31
Deferred tax assets		605,226.35
Other non-current assets	524,620,404.55	55,399,951.70

Items	Closing balance	Opening balance
Total non-current assets	14,392,650,362.60	12,546,807,407.45
Total assets	18,569,065,955.12	19,519,242,452.37
Current liabilities:		
Short-term borrowings	170,756,694.44	304,056,277.79
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		62,937,989.99
Accounts payable	449,516,671.19	156,311,918.60
Advance receipts		
Contract liabilities	6,104,710.14	7,720,715.41
Employee benefits payable	101,012,594.64	89,940,402.47
Taxes and fees payable	38,789,811.12	21,422,158.51
Other payables	24,009,833.99	20,443,244.50
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,110,742,905.69	1,817,695,895.34
Other current liabilities	4,863,857.53	6,244,444.91
Total current liabilities	2,905,797,078.74	2,486,773,047.52
Non-current liabilities:		
Long-term borrowings	2,560,775,206.87	3,020,447,965.04
Bonds payable		
Including: Preferred stocks		
Perpetual bonds		
Lease liabilities	2,486,246.32	2,603,650.85
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income	15,536,053.20	18,171,910.38
Deferred income tax liabilities	18,965,367.73	
Other non-current liabilities		
Total non-current liabilities	2,597,762,874.12	3,041,223,526.27
Total liabilities	5,503,559,952.86	5,527,996,573.79
Equity:		
Share capital	3,073,421,680.00	3,073,421,680.00
Other equity instruments		
Including: Preferred stocks		
Perpetual bonds		
Capital reserve	2,871,264,474.99	2,871,231,553.94
Less: Treasury stock	556,161,195.70	
Other comprehensive income	36,492,554.43	506,954.43
Special reserves	29,335,599.82	19,478,463.14

Items	Closing balance	Opening balance
Surplus reserves	1,545,453,678.00	1,545,453,678.00
Undistributed profits	6,065,699,210.72	6,481,153,549.07
Total owner's equity	13,065,506,002.26	13,991,245,878.58
Total liabilities and equity	18,569,065,955.12	19,519,242,452.37

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

### 3. Consolidated income statement

Unit: RMB Yuan

Items	2025	2024
I. Total operating revenue	22,251,361,880.58	21,609,592,228.45
Including: Operating revenue	22,251,361,880.58	21,609,592,228.45
Interest income		
Earned premiums		
Fee and Commission Income		
II. Total Operating Cost	14,513,428,804.98	14,833,148,723.72
Including: Operating cost	12,310,807,989.89	12,582,000,646.65
Interest expenses		
Handling charge and commission expenses		
Surrender value		
Net claims paid		
Net provision for insurance liabilities		
Policyholder Dividend Expense		
Reinsurance cost		
Taxes and surcharges	274,458,460.85	250,745,675.42
Selling expenses	186,625,106.77	190,298,278.24
Administrative expenses	656,845,768.83	595,894,541.26
R&D expenses	1,099,437,900.40	1,036,161,740.50
Financial expenses	-14,746,421.76	178,047,841.65
Including: Interest expenses	223,176,363.34	282,180,513.56
Interest income	78,265,146.31	126,041,480.98
Add: Other income	252,983,451.94	268,057,018.67
Investment income (“-” for loss)	140,560,163.60	77,274,370.60
Including: Income from investment in associates and joint ventures	100,113,224.95	53,851,462.30
Gain on derecognition of financial assets measured at amortized cost		
Exchange gains (“-” for loss)		
Net-exposure hedging income (“-” for loss)		

Items	2025	2024
Fair value change gains (“-” for loss)	-53,391,170.13	-13,600,481.19
Credit impairment losses (“-” for loss)	12,879,377.53	-55,009,881.32
Assets impairment loss (“-” for loss)	-235,426,877.98	-81,957,927.36
Gains on asset disposal (“-” for loss)	-1,494,406.52	1,393,189.08
III. Operating Profit (“-” for loss)	7,854,043,614.04	6,972,599,793.21
Add: Non-operating income	18,284,909.92	5,472,411.83
Less: Non-operating expenses	22,811,106.04	34,491,018.05
IV. Total Profit Before Tax (“-” for total losses)	7,849,517,417.92	6,943,581,186.99
Less: Income tax expense	1,047,430,680.77	1,046,710,979.40
V. Net Profit (“-” for net loss)	6,802,086,737.15	5,896,870,207.59
(I) Classification by business continuity		
1. Net profit from continuing operations (“-” for net loss)	6,802,086,737.15	5,896,870,207.59
2. Net profit from discontinued operations (“-” for net loss)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	6,764,199,225.29	5,868,545,988.62
2. Net profit attributable to non-controlling shareholders	37,887,511.86	28,324,218.97
VI. Net Amount after Tax of Other Comprehensive Income	-11,509,257.28	-21,417,073.44
Net amount of other comprehensive income after tax attributed to the owners of parent company	-23,769,846.78	-12,407,389.35
(I) Other comprehensive income that cannot be reclassified into profit or loss	35,985,600.00	
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	35,985,600.00	
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	-59,755,446.78	-12,407,389.35
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	2025	2024
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	-59,755,446.78	-12,407,389.35
7. Other		
Net after-tax other comprehensive income attributable to non-controlling shareholders	12,260,589.50	-9,009,684.09
VII. Total Comprehensive Income	6,790,577,479.87	5,875,453,134.15
Total comprehensive income attributable to owners of the parent company	6,740,429,378.51	5,856,138,599.27
Total comprehensive income attributable to non-controlling shareholders	50,148,101.36	19,314,534.88
VIII. Earnings per Share		
(I) Basic earnings per share(yuan/share)	2.21	1.91
(II) Diluted earnings per share(yuan/share)	2.21	1.91

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

#### 4. Income Statement of the Parent Company

Unit: RMB Yuan

Items	2025	2024
I. Operating revenue	4,886,474,726.13	4,443,985,667.77
Less: Operating cost	3,669,576,443.05	3,422,591,909.49
Taxes and surcharges	28,728,430.87	15,902,824.62
Selling expenses	49,502,088.41	43,445,215.30
Administrative expenses	182,622,751.68	169,928,788.65
R&D expenses	264,516,970.14	224,541,489.04
Financial expenses	90,506,684.91	76,838,195.16
Including: Interest expenses	129,275,987.41	158,660,246.18
Interest income	41,032,895.83	83,523,057.29
Add: Other income	39,838,543.21	33,355,311.23
Investment income (“-” for loss)	1,759,147,458.38	2,174,759,454.72
Including: Income from investment in associates and joint ventures	121,357,538.68	34,040,307.12
Gains from derecognition of financial assets measured at amortized cost (“-” for loss)		
Net-exposure hedging income (“-” for loss)		
Fair value change gains (“-” for loss)	1,800,000.01	
Credit impairment losses (“-” for loss)	44,979,139.87	58,079,817.91

Items	2025	2024
Assets impairment loss (“-” for loss)	-23,801,231.75	-9,821,857.49
Gains on asset disposal (“-” for loss)	-1,415,587.34	201,235.37
II. Operating Profit (“-” for loss)	2,421,569,679.45	2,747,311,207.25
Add: Non-operating income	1,005,331.01	722,089.07
Less: Non-operating expenses	1,681,273.48	4,015,788.77
III. Total profit (“-” for total loss)	2,420,893,736.98	2,744,017,507.55
Less: Income tax expense	73,865,551.73	17,424,120.11
IV. Net Profit (“-” for net loss)	2,347,028,185.25	2,726,593,387.44
(I) Net Profit as a Going Concern (Mark “-” for Net Loss)	2,347,028,185.25	2,726,593,387.44
(II) Net Profit of Discontinued Operation (Mark “-” for Net Loss)		
V. Net Amount of Other Comprehensive Incomes After Tax	35,985,600.00	
(I) Other comprehensive income that cannot be reclassified into profit or loss	35,985,600.00	
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	35,985,600.00	
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	2,383,013,785.25	2,726,593,387.44
VII. Earnings Per Share		
(I) Basic earnings per share(yuan/share)		

Items	2025	2024
(II) Diluted earnings per share(yuan/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	2025	2024
I. Cash flows generated from operating activities:		
Cash received from the sale of commodities and rendering of labor services	22,156,563,859.82	19,053,643,873.01
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	512,573,189.25	458,848,003.09
Cash received relating to other operating activities	223,269,199.26	317,657,192.98
Subtotal of cash inflows from operating activities	22,892,406,248.33	19,830,149,069.08
Cash payments for goods acquired and services received	9,535,212,443.31	8,751,457,054.03
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank		

Items	2025	2024
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	2,127,393,631.81	2,045,076,828.25
Cash payments for taxes	2,007,293,663.27	1,589,158,602.36
Other cash payments relating to operating activities	425,075,169.02	371,392,401.11
Subtotal of cash outflows from operating activities	14,094,974,907.41	12,757,084,885.75
Net cash flows from operating activities	8,797,431,340.92	7,073,064,183.33
<b>II. Cash Flows from Investing Activities:</b>		
Cash receipts from investment withdrawal	1,708,000.00	3,500,000.00
Cash receipts from returns on investments	85,202,824.98	43,014,111.55
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	133,682,124.73	73,224,210.59
Net cash received from disposal of subsidiaries and other business units		80,926,928.19
Other cash receipts relating to investing activities	2,160,529,723.20	145,000,000.00
Subtotal of cash inflows from investing activities	2,381,122,672.91	345,665,250.33
Cash Paid for the Purchase and Construction of Fixed Assets, Intangible Assets, and Other Long-term Assets	1,900,353,477.87	1,599,799,315.13
Cash payments for investment		155,672,000.00
Net increase in pledged loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	2,523,299,656.97	2,364,056,616.43
Subtotal of cash outflows from investing activities	4,423,653,134.84	4,119,527,931.56
Net cash flows from investing activities	-2,042,530,461.93	-3,773,862,681.23
<b>III. Cash Flows from Financing</b>		

Items	2025	2024
Activities:		
Cash received from capital contributions		1,941,199.07
Including: Cash received from investment of minority shareholder from subsidiary		1,941,199.07
Cash received from borrowings	3,435,574,243.40	4,330,592,177.82
Other cash receipts relating to financing activities		108,750,334.91
Subtotal of cash inflows from financing activities	3,435,574,243.40	4,441,283,711.80
Cash repayments of amounts borrowed	4,352,011,649.19	4,996,888,657.03
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	3,002,785,917.49	1,677,551,933.66
Including: Dividends and profits paid to minority shareholders by subsidiaries	15,439,410.00	14,142,695.44
Other cash paid related to financing activities	558,607,329.11	29,860,119.89
Subtotal of cash outflows from financing activities	7,913,404,895.79	6,704,300,710.58
Net cash flows from financing activities	-4,477,830,652.39	-2,263,016,998.78
IV. Effect of foreign exchange rate changes on cash and cash equivalents	21,184,595.94	38,697,747.85
V. Net Increase in Cash and Cash Equivalents	2,298,254,822.54	1,074,882,251.17
Add: Beginning balance of cash and cash equivalents	5,521,452,666.47	4,446,570,415.30
VI. Closing Balance of Cash and Cash Equivalents	7,819,707,489.01	5,521,452,666.47

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	2025	2024
I. Cash flows generated from operating activities:		
Cash received from the sale of commodities and rendering of labor services	5,352,434,252.02	3,521,086,251.53
Tax Refund	168,226,098.55	88,706,403.65
Cash received relating to other operating activities	83,876,421.02	121,346,508.65
Subtotal of cash inflows from operating activities	5,604,536,771.59	3,731,139,163.83

Cash payments for goods acquired and services received	3,519,999,231.49	3,622,675,768.59
Cash paid to and on behalf of employees	401,682,114.46	362,197,711.22
Cash payments for taxes	77,325,734.63	17,629,133.53
Other cash payments relating to operating activities	132,535,344.04	118,754,035.38
Subtotal of cash outflows from operating activities	4,131,542,424.62	4,121,256,648.72
Net cash flows from operating activities	1,472,994,346.97	-390,117,484.89
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal	1,708,000.00	86,291,000.00
Cash receipts from returns on investments	1,637,667,820.24	2,075,920,000.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	338,051.14	18,949,197.67
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	5,275,048,895.31	2,412,265,557.83
Subtotal of cash inflows from investing activities	6,914,762,766.69	4,593,425,755.50
Cash Paid for the Purchase and Construction of Fixed Assets, Intangible Assets, and Other Long-term Assets	140,226,512.29	210,763,519.36
Cash payments for investment	1,232,850,800.00	855,672,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Other Paid Cashes Related to Investment Activities	3,548,220,000.00	2,405,200,000.00
Subtotal of cash outflows from investing activities	4,921,297,312.29	3,471,635,519.36
Net cash flows from investing activities	1,993,465,454.40	1,121,790,236.14
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	2,119,000,000.00	2,000,000,000.00
Other cash receipts relating to financing activities		
Subtotal of cash inflows from financing activities	2,119,000,000.00	2,000,000,000.00
Cash repayments of amounts borrowed	2,415,000,000.00	2,394,000,000.00
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	2,895,563,151.47	1,539,258,046.63
Other cash paid related to financing activities	556,698,212.70	1,405,443.74
Subtotal of cash outflows from financing activities	5,867,261,364.17	3,934,663,490.37
Net cash flows from financing activities	-3,748,261,364.17	-1,934,663,490.37
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,637,366.65	16,333.73

V. Net Increase in Cash and Cash Equivalents	-283,438,929.45	-1,202,974,405.39
Add: Beginning balance of cash and cash equivalents	1,700,342,936.46	2,903,317,341.85
VI. Closing Balance of Cash and Cash Equivalents	1,416,904,007.01	1,700,342,936.46

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	2025														
	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 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
III. Increase or decrease in the current period ("-" for decrease)					3,163,285.07	556,161,195.70	-23,769,846.78	55,707,508.67			4,001,716,701.69		3,480,656,452.95	34,708,691.36	3,515,365,144.31
(I) Total comprehensive income							-23,769,846.78				6,764,199,225.29		6,740,429,378.51	50,148,101.36	6,790,577,479.87
(II) Capital injection and reduction by owners						556,161,195.70							-556,161,195.70		-556,161,195.70

Items	2025														
	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						556,161,195.70							-556,161,195.70		-556,161,195.70
(III) Profit distribution											-2,762,482,523.60		-2,762,482,523.60	-15,439,410.00	-2,777,921,933.60
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)											-2,762,482,523.60		-2,762,482,523.60	-15,439,410.00	-2,777,921,933.60
4. Others															
(iv) Internal transfers of owner's equity															
1. Conversion of capital reserves to															

Items	2025													
	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		
	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								55,707,508.67					55,707,508.67	55,707,508.67
1. Withdrawal in current period								102,722,700.09					102,722,700.09	102,722,700.09
2. Use in the current period								-47,015,191.42					-47,015,191.42	-47,015,191.42
(VI) Others					3,163,285.07								3,163,285.07	3,163,285.07

Items	2025														
	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												
IV. Balance at the End of This Period	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

Amount of the previous period

Unit: RMB Yuan

Items	2024														
	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	3,090,907,356.00				3,613,345,485.13	500,059,711.25	103,920,732.85	60,860,818.76	1,545,453,678.00		16,890,233,961.50		24,804,662,320.99	115,045,831.88	24,919,708,152.87
Add: Changes to accounting policies															
Correction of errors from previous periods															
Others															
II. Opening balance of this year	3,090,907,356.00				3,613,345,485.13	500,059,711.25	103,920,732.85	60,860,818.76	1,545,453,678.00		16,890,233,961.50		24,804,662,320.99	115,045,831.88	24,919,708,152.87
III. Increase or decrease in the current period ("-" for decrease)	-17,485,676.00				-480,825,516.71	-500,059,711.25	-12,407,389.35	45,488,046.15		4,485,506,232.62		4,520,335,407.96	5,506,702.10	4,525,842,110.06	
(I) Total comprehensive							-12,407,389.35			5,868,545,988.62		5,856,138,599.27	19,314,534.88	5,875,453,134.15	

Items	2024														
	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												
income															
(II) Capital injection and reduction by owners	-17,485,676.00				-482,574,035.25	-500,059,711.25								1,941,199.07	1,941,199.07
1. Common stock invested by the owner														1,941,199.07	1,941,199.07
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payments recorded into the owners' equity															
4. Others	-17,485,676.00				-482,574,035.25	-500,059,711.25									
(III) Profit distribution											-1,383,039,756.00		-1,383,039,756.00	-14,142,695.44	-1,397,182,451.44
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Distribution to owners (or shareholders)											-1,383,039,756.00		-1,383,039,756.00	-14,142,695.44	-1,397,182,451.44

Items	2024														
	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												
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)															
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								45,488,046.15					45,488,046.15	45,488,046.15	

Items	2024														
	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. Withdrawal in current period							83,884,085.07						83,884,085.07		83,884,085.07
2. Use in the current period							-38,396,038.92						-38,396,038.92		-38,396,038.92
(VI) Others					1,748,518.54								1,748,518.54	-1,606,336.41	142,182.13
IV. Balance at the End of This Period	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

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

Amount of the current period

Unit: RMB Yuan

Items	2025											
	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 increase, "-" for decrease)					32,921.05	556,161,195.70	35,985,600.00	9,857,136.68		-415,454,338.35		-925,739,876.32
(I) Total comprehensive income							35,985,600.00			2,347,028,185.25		2,383,013,785.25
(II) Capital injection and reduction by owners						556,161,195.70						-556,161,195.70
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												

Items	2025											
	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								
4. Others						556,161,195.70						-556,161,195.70
(III) Profit distribution										-2,762,482,523.60		-2,762,482,523.60
1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										-2,762,482,523.60		-2,762,482,523.60
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								9,857,136.68				9,857,136.68
1. Withdrawal in current period								14,312,971.32				14,312,971.32

Items	2025											
	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								
2. Use in the current period								-4,455,834.64				-4,455,834.64
(VI) Others				32,921.05								32,921.05
IV. Balance at the End of This Period	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

Amount of the previous period

Unit: RMB Yuan

Items	2024											
	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	3,090,907,356.00				3,353,675,803.74	500,059,711.25	506,954.43	10,583,344.97	1,545,453,678.00	5,137,599,917.63		12,638,667,343.52
Add: Changes to accounting policies												
Correction of errors from previous periods												
Others												
II. Opening balance of this year	3,090,907,356.00				3,353,675,803.74	500,059,711.25	506,954.43	10,583,344.97	1,545,453,678.00	5,137,599,917.63		12,638,667,343.52
III. Increase or decrease in the current period (“-” for decrease)	-17,485,676.00				-482,444,249.80	-500,059,711.25		8,895,118.17		1,343,553,631.44		1,352,578,535.06

Items	2024											
	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) Total comprehensive income										2,726,593,387.44		2,726,593,387.44
(II) Capital injection and reduction by owners	-17,485,676.00				-482,574,035.25	-500,059,711.25						
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	-17,485,676.00				-482,574,035.25	-500,059,711.25						
(III) Profit distribution										-1,383,039,756.00		-1,383,039,756.00
1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										-1,383,039,756.00		-1,383,039,756.00
3. Others												
(iv) Internal transfers of owner's equity												

Items	2024											
	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. 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								8,895,118.17				8,895,118.17
1. Withdrawal in current period								10,897,162.63				10,897,162.63
2. Use in the current period								-2,002,044.46				-2,002,044.46
(VI) Others					129,785.45							129,785.45
IV. Balance at the End of This Period	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. 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: 36,559,752 shares; outstanding shares A not subject to sale restrictions: 3,036,861,928 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 18th meeting of the ninth session of the Board of Directors on April 14, 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 株式会社, NHU North America LLC, and NHU BESLENME GIDA SANAYİ VE TİCARET LİMİTED SİRKETİ 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

Items	Importance standards
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 statement 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 minority 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 venture 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**

An 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 joint venture 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:

① Notes 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 other receivables 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 throughout the 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 realize 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 major 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 counting system**

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 merger 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 merger 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 service 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

The Company shall recognize the depreciation according to the straight-line method. The depreciation shall start to be recognized when the fixed assets reach the estimated serviceable condition. When the fixed assets are derecognized or are divided into the held-for-sale non-current assets, the recognition of depreciation shall be stopped. Without considering the impairment provision, the Company shall recognize the annual depreciation rate of various fixed assets according to the categories of fixed assets, estimated service life and estimated residual value as follows:

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

Wherein, for the fixed assets that have recognized the impairment provision, the depreciation rate shall be calculated and recognized on the premise of deducting the accumulated amount of the fixed assets impairment provision which has been recognized.

(3) The methods for impairment testing of fixed assets and the methods for calculating impairment provisions are set out in Note 20 of Section V of the financial report.

(4) At the end of each year, the Company shall review the service life, estimated net residual value and depreciation method of fixed assets.

If there is any difference between the amount of estimated service life and the original estimates, the service life of fixed assets shall be adjusted; If there is any difference between the estimated net residual value and the originally estimate, the estimated net residual value shall be adjusted.

#### (5) Disposal of fixed assets

When fixed assets are disposed of or when no economic benefits can be expected through use or disposal thereof, such fixed assets will be derecognized. The income from disposal of the fixed assets through sale, transfer, scrapping or damage with the book value thereof and relevant taxes deducted is included in the current profit or loss.

### 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 to 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**

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 service life is limited, from the date when the intangible assets are available for use, 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 service life; If the expected realization method is unable to be reliably recognized, the intangible assets shall be amortized according to the method of line; 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	Service life	Basis for determining useful life	Amortization method	Notes
Land use rights	50 years and 70 years	According to the period stated in the certificate.	Method of line	

Category	Service life	Basis for determining useful life	Amortization method	Notes
Software	10 years	According to the estimated useful life	Method of line	
Patent rights	10 years	According to the estimated useful life	Method of line	
Non-patented technologies	15 years	According to the estimated useful life	Method of line	

The Company shall review the service life and amortization method of intangible assets with the limited service 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.

## 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 of assets minus the disposal costs 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) Scope of employee compensation

Employee compensation refers to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. The payroll includes short-term compensation, post-employment benefits, dismissal welfare and other long-term employee's benefit. The welfare provided by the enterprise to the spouse, children, dependents of an employee, family dependents of a deceased employee or other beneficiaries shall also be included into employee remuneration.

Based on liquidity, employee compensation is presented separately in the balance sheet under the "employee compensation payable" item and the "long-term employee compensation payable" item.

### (2) 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.

### (3) 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 on the net liability or net asset in the defined benefit plans shall include the interest income of the plan 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.

#### (4) 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. welfare after demission. The economic compensation (such as normal pension) after the official retirement date shall be disposed according to the

#### (5) 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. Estimated liabilities**

The Company shall recognize the obligations related to contingencies as estimated liabilities, 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 estimated liabilities 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. 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. Income

### 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) Identification of a lease

At the commencement date of a contract, the Company, as a lessee or lessor, assesses whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. If a party to the contract conveys the right to control the use of one or more identified assets for a given period to obtain a consideration, the Company shall recognize the contract as a lease or containing a lease.

### (2) 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**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 are 13%, 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%, 34.6%
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%

[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%
Shandong Xinshuang'an Biotechnology Co., Ltd.	20%
Cong Ty TNHH NHU Vietnam	20%
NHU 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 株式会社	34.6%
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 2025.

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 2025.

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 2025.

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 2025.

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 2025.

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 2025.

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 2025.

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 2025.

② Tax incentives for micro and small enterprises

Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Ministry of Finance and State Taxation Administration Announcement 2023 No. 12): the policy under which small low-profit enterprises calculate taxable income at 25% and pay corporate income tax at a rate of 20% will continue to be implemented until December 31, 2027. The subsidiary Shandong Xinshuang'an Biotechnology Co., Ltd. calculates and pays corporate income tax at the applicable preferential tax rate.

③ 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	19,519.80	12,825.19
Bank deposits	7,919,727,704.51	7,880,453,812.72
Other monetary funds	46,522,906.86	56,038,167.74

Items	Closing balance	Opening balance
Total	7,966,270,131.17	7,936,504,805.65
Including: Total amounts deposited abroad	231,285,799.32	464,483,762.87

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 20 of Section VII, and Note 58(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	2,168,275,092.55	745,816.34
Including:		
Derivative financial assets	13,213,250.21	745,816.34
Principal-protected floating-yield wealth management product	2,155,061,842.34	
Total	2,168,275,092.55	745,816.34

## 3. Notes receivable

### (1) Notes receivable listed by classification

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance notes		292,562,093.90
Total		292,562,093.90

### (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:										
Notes receivable provided for on an individual (item-by-item) basis						292,562,093.90	100.00%			292,562,093.90

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:										
Bank acceptance bills						292,562,093.90	100.00%			292,562,093.90
Total						292,562,093.90	100.00%			292,562,093.90

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

Applicable  Not applicable

#### 4. Accounts receivable

##### (1) Disclosure by aging

Unit: RMB Yuan

Aging	Closing book balance	Book balance at the beginning of the period
Within 1 year (including 1 year)	3,502,674,400.14	3,820,258,543.87
1 to 2 years	4,695,426.61	30,298,898.20
2 to 3 years	688,280.00	956,846.12
Over 3 years	2,120,460.98	2,106,280.80
3 to 4 years	14,180.18	
4 to 5 years		57,000.00
Over 5 years	2,106,280.80	2,049,280.80
Total	3,510,178,567.73	3,853,620,568.99

##### (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	3,510,178,567.73	100.00%	178,743,890.46	5.09%	3,331,434,677.27	3,853,620,568.99	100.00%	199,944,464.62	5.19%	3,653,676,104.37

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	
portfolio										
<b>Total</b>	3,510,178,567.73	100.00%	178,743,890.46	5.09%	3,331,434,677.27	3,853,620,568.99	100.00%	199,944,464.62	5.19%	3,653,676,104.37

Provision for bad debts by portfolio: 178,743,890.46

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Within 1 year	3,502,674,400.14	175,133,720.16	5.00%
1-2 years	4,695,426.61	939,085.32	20.00%
2-3 years	688,280.00	550,624.00	80.00%
Over 3 years	2,120,460.98	2,120,460.98	100.00%
<b>Total</b>	3,510,178,567.73	178,743,890.46	

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	199,944,464.62		19,372,089.95	1,828,484.21		178,743,890.46
<b>Total</b>	199,944,464.62		19,372,089.95	1,828,484.21		178,743,890.46

Among these, significant amounts of recoveries or reversals of bad debt provisions in the current period: None

### (4) Accounts receivable actually written off in current period

Unit: RMB Yuan

Items	Written off amount
Accounts receivable actually written off	1,828,484.21

**(5) 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	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	262,924,296.19	7.49%	13,146,214.81
Customer II	140,663,508.56	4.01%	7,033,175.43
Customer III	95,606,321.85	2.72%	4,780,316.09
Customer IV	79,238,962.88	2.26%	3,961,948.14
Customer V	71,128,409.92	2.03%	3,556,420.50
Total	649,561,499.40	18.51%	32,478,074.97

**5. Receivables financing****(1) Financing of accounts receivable by classification**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance bills	813,062,385.73	523,913,135.22
Total	813,062,385.73	523,913,135.22

**(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	813,062,385.73	100.00%			813,062,385.73	523,913,135.22	100.00%			523,913,135.22
Including:										
Bank acceptance bills	813,062,385.73	100.00%			813,062,385.73	523,913,135.22	100.00%			523,913,135.22
Total	813,062,385.73	100.00%			813,062,385.73	523,913,135.22	100.00%			523,913,135.22

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	523,913,135.22		813,062,385.73			
<b>Total</b>	<b>523,913,135.22</b>		<b>813,062,385.73</b>			

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

Unit: RMB Yuan

Items	Amount pledged at the end of the period
Bank acceptance notes	135,353,157.67
<b>Total</b>	<b>135,353,157.67</b>

**(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	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	1,026,408,996.70	
<b>Total</b>	<b>1,026,408,996.70</b>	

**6. Other receivables**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	274,052,669.41	225,516,143.49
<b>Total</b>	<b>274,052,669.41</b>	<b>225,516,143.49</b>

**(1) Other receivables****1) Classification of other receivables according to the nature of payment**

Unit: RMB Yuan

Nature of payment	Closing book balance	Book balance at the beginning of the period
Export tax rebates and other refundable taxes and fees	224,201,293.87	177,985,637.39
Deposits and guarantee deposits	35,191,248.50	28,016,052.55
Employee petty cash	21,857,847.92	19,683,594.24
Special capital injection funds		3,698,633.08
Others	6,774,582.72	4,326,094.50
<b>Total</b>	<b>288,024,973.01</b>	<b>233,710,011.76</b>

**2) Disclosure by aging**

Unit: RMB Yuan

Aging	Closing book balance	Book balance at the beginning of the period
Within 1 year (including 1 year)	252,007,141.35	205,033,057.78
1 to 2 years	9,833,193.36	4,490,776.06
2 to 3 years	3,151,650.55	3,096,856.11
Over 3 years	23,032,987.75	21,089,321.81
3 to 4 years	1,971,907.62	5,158,410.73
4 to 5 years	7,190,484.46	910,984.75
Over 5 years	13,870,595.67	15,019,926.33
Total	288,024,973.01	233,710,011.76

**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	288,024,973.01	100.00%	13,972,303.60	4.85%	274,052,669.41	233,710,011.76	100.00%	8,193,868.27	3.51%	225,516,143.49
Total	288,024,973.01	100.00%	13,972,303.60	4.85%	274,052,669.41	233,710,011.76	100.00%	8,193,868.27	3.51%	225,516,143.49

Provision for bad debts by portfolio: 13,972,303.60

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Export tax rebates and other refundable taxes and fees	224,201,293.87	2,242,012.94	1.00%
Land deposit receivables portfolio	17,354,493.50	173,544.94	1.00%
Deposits receivable from customs and tax authorities Portfolio		0.00	
Portfolio of income tax refunds receivable		0.00	
Aging portfolio	46,469,185.64	11,556,745.72	24.87%
Including: Within one year	27,805,847.48	1,390,292.35	5.00%

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
1-2 years	9,833,193.36	1,966,638.68	20.00%
2-3 years	3,151,650.55	2,521,320.44	80.00%
Over 3 years	5,678,494.25	5,678,494.25	100.00%
<b>Total</b>	<b>288,024,973.01</b>	<b>13,972,303.60</b>	

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, 2025	1,167,439.35	858,065.81	6,168,363.11	8,193,868.27
The balance as of January 1, 2025 is in the current period				
-- Transferred to the second stage	-491,659.67	491,659.67		
-- Transferred to the third stage		-630,330.11	630,330.11	
Accrual in the current period	3,130,070.55	1,247,243.31	2,097,121.47	6,474,435.33
Amount charged off in the current period			696,000.00	696,000.00
Balance as at December 31, 2025	3,805,850.23	1,966,638.68	8,199,814.69	13,972,303.60

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	8,193,868.27	5,778,435.33				13,972,303.60

Categories	Opening balance	Changes in amount of the current period				Closing balance
		Provision	Recovery or reversal	Charge-off or write-off	Others	
Total	8,193,868.27	5,778,435.33				13,972,303.60

Among them, significant amount of bad-debt provision written back or recovered in the current period: None

### 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	171,169,565.68	Within 1 year	59.43%	1,711,695.66
Servicio de Administración Tributaria	Export tax rebates and other refundable taxes and fees	27,725,313.70	Within 1 year	9.63%	277,253.14
Shandong Weifang Binhai Economic Development Zone Fiscal Treasury Centralized Payment Center	Deposits and guarantee deposits	17,354,493.50	Over 3 years	6.03%	173,544.94
Secretaria da Fazenda do Estado	Export tax rebates and other refundable taxes and fees	14,981,856.73	Within 1 year	5.20%	149,818.57
Hauptzollamt Hamburg Zollamt	Export tax rebates and other refundable taxes and fees	9,356,609.81	Within 1 year	3.25%	93,566.10
Total		240,587,839.42		83.54%	2,405,878.41

## 7. 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	177,889,226.14	99.68%	162,128,120.14	99.33%
1 to 2 years	64,652.72	0.04%	627,814.76	0.38%
2 to 3 years	200,115.95	0.11%	369,577.18	0.23%
Over 3 years	296,151.06	0.17%	91,000.00	0.06%
Total	178,450,145.87		163,216,512.08	

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**

Unit: RMB Yuan

Company name	Book balance	Ratio of total balance of prepayment
Supplier A	18,471,296.53	10.35%
Supplier B	16,922,013.33	9.48%
Supplier C	12,469,496.18	6.99%
Supplier D	8,690,000.00	4.87%
Supplier E	8,666,619.46	4.86%
Subtotal	65,219,425.50	36.55%

**8. 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	335,723,544.36	930,697.19	334,792,847.17	442,728,793.37	6,460,736.28	436,268,057.09
Work in process	1,074,700,853.53	37,815,736.83	1,036,885,116.70	1,121,647,464.74	6,519,042.73	1,115,128,422.01
Merchandise inventory	3,142,414,991.50	199,598,446.21	2,942,816,545.29	2,419,984,677.77	140,206,380.43	2,279,778,297.34
Goods dispatched	202,341,534.78	2,337,354.64	200,004,180.14	100,921,025.52		100,921,025.52
Work in process - outsourced	11,563,462.74	1,068,326.66	10,495,136.08	4,971,296.82		4,971,296.82
Packaging	19,714,407.90		19,714,407.90	18,485,345.27		18,485,345.27
Low value consumables	104,041,234.15		104,041,234.15	79,583,917.69		79,583,917.69
Cost of development				54,960,480.22		54,960,480.22
Total	4,890,500,028.96	241,750,561.53	4,648,749,467.43	4,243,283,001.40	153,186,159.44	4,090,096,841.96

**(2) Inventories - development products**

Unit: RMB Yuan

Project name	Estimated total investment (RMB '0,000)	Opening balance	Closing balance
Weifang NHU Town Phase II	39,853.14	54,960,480.22	
Subtotal		54,960,480.22	

**(3) 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	6,460,736.28			5,530,039.09		930,697.19
Work in process	6,519,042.73	37,815,736.83		6,519,042.73		37,815,736.83
Merchandise inventory	140,206,380.43	187,911,426.15		128,519,360.37		199,598,446.21
Goods dispatched		2,337,354.64				2,337,354.64
Work in process - outsourced		1,068,326.66				1,068,326.66
Total	153,186,159.44	229,132,844.28		140,568,442.19		241,750,561.53

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

**9. Other current assets**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Prepaid VAT or input VAT pending deduction	34,481,204.44	28,566,490.04
Deferred service fees	14,539,548.75	2,184,667.56
Deferred insurance expense	4,306,345.86	4,885,881.13
Advance payment of enterprise income tax	534,863.03	
Prepaid rent fees	1,175,757.55	332,593.36
<b>Total</b>	<b>55,037,719.63</b>	<b>35,969,632.09</b>

**10. 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 Pharma Co., Ltd.	7,790,147.55	7,790,147.55						
Shanghai NewMargin Yongjin Equity Enterprise (Limited Partnership)	52,336,000.00	11,708,000.00	40,628,000.00		40,628,000.00			
<b>Total</b>	<b>60,126,147.55</b>	<b>19,498,147.55</b>	<b>40,628,000.00</b>		<b>40,628,000.00</b>			

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.

## 11. 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.	358,644,929.90				21,082,727.75						38,397,700.07	418,125,357.72	
Subtotal	358,644,929.90				21,082,727.75						38,397,700.07	418,125,357.72	
II. Associates													
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	36,570,912.79				11,732,612.26						-2,894,464.62	45,409,060.43	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	302,422,406.40				62,291,235.14			25,920,000.00			32,921.05	338,826,562.59	
Zhejiang Saiya Chemical Materials Co., Ltd.	129,803,674.22				7,644,670.67			12,250,000.00			3,226,287.09	128,424,631.98	
CysBio ApS	28,785,541.95				-1,367,337.28						-617,267.47	26,800,937.20	
Shandong Bin'an Vocational Training School Co., Ltd.	4,022,621.53				-856,559.31							3,166,062.22	
Anhui Yingna Weixun Technology Co., Ltd.	5,012,061.57				-414,124.28							4,597,937.29	
Subtotal	506,617,218.46				79,030,497.20			38,170,000.00			-252,523.95	547,225,191.71	
Total	865,262,148.36				100,113,224.95			38,170,000.00			38,145,176.12	965,350,549.43	

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

**12. Fixed assets**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	20,298,898,673.14	21,915,984,823.43
Fixed assets disposal		
Total	20,298,898,673.14	21,915,984,823.43

**(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	8,454,066,940.85	264,629,823.65	23,279,364,467.73	28,462,249.11	32,026,523,481.34
2. Amount increased in the current period	77,615,851.00	33,492,710.58	533,602,477.17	6,121,869.13	650,832,907.88
(1) Purchase	51,179,741.83	25,829,416.47	130,917,243.91	6,121,869.13	214,048,271.34
(2) Transfer from construction in progress	26,436,109.17	7,663,294.11	402,685,233.26		436,784,636.54
(3) Increase from business combinations					
3. Decreased amount in the current period	14,382,203.51	1,988,376.77	99,600,318.54	3,934,735.76	119,905,634.58
(1) Disposal or scrapping	14,382,203.51	1,988,376.77	99,600,318.54	3,934,735.76	119,905,634.58
4. Ending balance	8,517,300,588.34	296,134,157.46	23,713,366,626.36	30,649,382.48	32,557,450,754.64
II. Accumulated depreciation					
1. Opening balance	1,307,579,725.86	184,226,362.77	8,542,577,649.57	14,670,898.44	10,049,054,636.64
2. Amount increased in the current period	236,637,223.24	26,535,304.69	1,950,601,946.21	3,302,757.89	2,217,077,232.03
(1) Provision	236,637,223.24	26,535,304.69	1,950,601,946.21	3,302,757.89	2,217,077,232.03
3. Decreased amount in the current period	161,125.11	1,818,919.55	63,597,993.04	3,067,959.97	68,645,997.67
(1) Disposal or scrapping	161,125.11	1,818,919.55	63,597,993.04	3,067,959.97	68,645,997.67
4. Ending balance	1,544,055,823.99	208,942,747.91	10,429,581,602.74	14,905,696.36	12,197,485,871.00
III. Impairment Provision					
1. Opening balance	20,975,435.81	7,112.74	40,501,472.72		61,484,021.27
2. Amount increased in the current period					

Items	Houses and buildings	General equipment	Dedicated equipment	Means of transport	Total
(1) Provision					
3. Decreased amount in the current period		34.19	417,776.58		417,810.77
(1) Disposal or scrapping		34.19	417,776.58		417,810.77
4. Ending balance	20,975,435.81	7,078.55	40,083,696.14		61,066,210.50
IV. Carrying amount					
1. Carrying amount at the end of the 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. Carrying amount at the beginning of period	7,125,511,779.18	80,396,348.14	14,696,285,345.44	13,791,350.67	21,915,984,823.43

**(2) Fixed assets temporarily idle**

Unit: RMB Yuan

Items	Original carrying amount	Accumulated depreciation	Depreciation reserves	Carrying amount	Notes
Houses and buildings	158,636,051.48	53,607,020.23	20,975,435.81	84,053,595.44	
General equipment	61,533.61	48,013.84	2,420.51	11,099.26	
Dedicated equipment	462,985,438.79	367,373,435.44	6,395,073.82	89,216,929.53	
Total	621,683,023.88	421,028,469.51	27,372,930.14	173,281,624.23	

**(3) Fixed assets leased out through operating leases**

Unit: RMB Yuan

Items	Closing carrying amount
Houses and buildings	42,553,480.09
Total	42,553,480.09

**(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	706,641,580.57	The relevant procedures have not yet been completed
Total	706,641,580.57	

**(5) Impairment testing of fixed assets** Applicable  Not applicable

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

### 13. Construction in progress

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	745,117,350.86	571,610,643.68
Total	745,117,350.86	571,610,643.68

#### (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	183,041,766.17		183,041,766.17	24,534,038.09		24,534,038.09
Methionine integrated upgrade project	80,059,496.68		80,059,496.68			
Workshop 615 1,500-ton aldehyde-series production switching project	79,928,124.42		79,928,124.42	68,706,885.55		68,706,885.55
20,000-ton-per-year glufosinate-ammonium process and legalization project	52,444,438.35		52,444,438.35	49,623,769.12		49,623,769.12
Workshop 663 technological transformation project	28,245,872.53		28,245,872.53			
CH phase II major production engineering project	24,294,749.08		24,294,749.08			
Integration project for fluoroalkanes and plant alcohols	21,521,655.66		21,521,655.66			
Linalool series products capacity expansion	17,291,367.93		17,291,367.93			

Items	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Carrying amount	Book balance	Depreciation reserves	Carrying amount
project						
1500 tons/year anise camphor project				55,770,423.77		55,770,423.77
Citral new process capacity expansion project				37,142,112.68		37,142,112.68
Project with an annual production capacity of 1,000 tons of calcium hydroxy methionine				33,944,620.16		33,944,620.16
520 workshop asset revitalization project				24,035,797.86		24,035,797.86
2024 menthol capacity expansion technological transformation project				16,854,381.08		16,854,381.08
Other sporadic projects	264,583,913.74	6,294,033.70	258,289,880.04	260,998,615.37		260,998,615.37
<b>Total</b>	<b>751,411,384.56</b>	<b>6,294,033.70</b>	<b>745,117,350.86</b>	<b>571,610,643.68</b>		<b>571,610,643.68</b>

**(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	24,534,038.09	158,507,728.08			183,041,766.17	4.53%	5.00%	920,660.51	920,660.51	2.67%	Others
Workshop 615 1,500-ton aldehyde-series production switching project	11,687.27	68,706,885.55	11,221,238.87			79,928,124.42	68.39%	95.00%				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
1500 tons/year anise camphor project	7,966.00	55,770,423.77	9,391,977.90	65,162,401.67			81.80%	100.00%	260,402.18	51,535.30	0.23%	Others
Total	423,277.27	149,011,347.41	179,120,944.85	65,162,401.67		262,969,890.59			1,181,062.69	972,195.81		

### (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

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

Unit: RMB Yuan

Items	Carrying amount	Recoverable amount	Impairment amount	Forecast period duration	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
Partial assets of Zhejiang Pharmaceutical workshop 520	29,694,867.18	0.00	29,694,867.18	9	<p>① Forecast period: This refers to the projected useful life of the primary equipment within the asset group.</p> <p>② Revenue forecast data: Based on historical operating statistics, actual operating conditions and the business development plan of the asset group under evaluation, with comprehensive consideration of market development trends, future revenue is determined by forecasting the future sales volume and unit selling price of each product.</p> <p>③ Cost forecast data: Raw material procurement costs are established through a comprehensive analysis of historical data and industry quotation benchmarks. Labor</p>	Not applicable	Not applicable

Items	Carrying amount	Recoverable amount	Impairment amount	Forecast period duration	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
					costs are projected by taking into account two key factors: the increase in the number of workshop personnel necessitated by the Company's expansion and the corresponding rise in average wages per employee. Other cost components are primarily estimated using a ratio-based forecasting approach. ④ Expense forecast data: These are predominantly projected utilizing a ratio-based forecasting methodology.		
Total	29,694,867.18	0.00	29,694,867.18				

## 14. 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	16,612,419.88	16,612,419.88
2. Amount increased in the current period	353,756.46	353,756.46
(1) Leased	353,756.46	353,756.46
3. Decreased amount in the current period		
4. Ending balance	16,966,176.34	16,966,176.34
II. Accumulated depreciation		
1. Opening balance	3,389,550.79	3,389,550.79
2. Amount increased in the current period	4,459,907.68	4,459,907.68
(1) Provision	4,459,907.68	4,459,907.68
3. Decreased amount in the current period		
4. Ending balance	7,849,458.47	7,849,458.47
III. Carrying amount		
1. Carrying amount at the end of the period	9,116,717.87	9,116,717.87
2. Carrying amount at the beginning of period	13,222,869.09	13,222,869.09

**(2) Impairment testing of the right-of-use assets**□ Applicable  Not applicable**15. Intangible assets****(1) Status of intangible assets**

Unit: RMB Yuan

Items	Land use rights	Patent rights	Non-patented technologies	Software	Total
I. Original carrying amount					
1. Opening balance	2,635,898,144.02	37,568,541.62	90,580,942.21	90,169,674.90	2,854,217,302.75
2. Amount increased in the current period	236,171,990.62	5,204,458.30	16,223,331.62	20,291,229.19	277,891,009.73
(1) Purchase	181,211,510.40	5,204,458.30	16,223,331.62	2,456,069.42	205,095,369.74
(2) Transfer from construction in progress				17,835,159.77	17,835,159.77
(3) Transfer to inventories	54,960,480.22				54,960,480.22
3. Decreased amount in the current period	95,635,750.00				95,635,750.00
(1) Disposal	95,635,750.00				95,635,750.00
4. Ending balance	2,776,434,384.64	42,772,999.92	106,804,273.83	110,460,904.09	3,036,472,562.48
II. Accumulated amortization					
1. Opening balance	315,858,841.85	11,137,654.08	13,330,650.90	30,990,189.73	371,317,336.56
2. Amount increased in the current period	53,051,813.95	3,399,369.82	9,689,985.35	9,099,558.32	75,240,727.44
(1) Provision	53,051,813.95	3,399,369.82	9,689,985.35	9,099,558.32	75,240,727.44
3. Decreased amount in the current period	159,392.92				159,392.92
(1) Disposal	159,392.92				159,392.92
4. Ending balance	368,751,262.88	14,537,023.90	23,020,636.25	40,089,748.05	446,398,671.08
III. Carrying amount					
1. Carrying amount at the end of the period	2,407,683,121.76	28,235,976.02	83,783,637.58	70,371,156.04	2,590,073,891.40
2. Carrying amount at the beginning of period	2,320,039,302.17	26,430,887.54	77,250,291.31	59,179,485.17	2,482,899,966.19

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 0.59%.

**(2) Impairment testing of intangible assets**□ Applicable  Not applicable

## 16. 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	2,163,742.00		204,077.24			2,367,819.24
NHU/Chr. Olesen Latin America A/S	3,622,704.97					3,622,704.97
<b>Total</b>	<b>5,786,446.97</b>		<b>204,077.24</b>			<b>5,990,524.21</b>

### (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	2,163,742.00		204,077.24			2,367,819.24
<b>Total</b>	<b>2,163,742.00</b>		<b>204,077.24</b>			<b>2,367,819.24</b>

### (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 Latin America A/S	For sales entities with independent accounting overseas, the management identifies them as a single asset group from the time of acquisition	Independent sales entity	Yes

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

Unit: RMB Yuan

Items	Carrying amount	Recoverable amount	Impairment amount	Forecast period duration	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
NHU/Chr. Olesen Latin America A/S	99,354,593.97	630,354,470.10					
Bardoterminal GmbH	2,959,099.56	106,318,907.20					
<b>Total</b>	<b>102,313,693.53</b>	<b>736,673,377.30</b>					

**17. 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	5,086,726.47		3,844,246.82		1,242,479.65
Catalyst expenses	27,972,854.42		9,738,233.64		18,234,620.78
<b>Total</b>	<b>33,059,580.89</b>		<b>13,582,480.46</b>		<b>19,477,100.43</b>

**18. 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	109,470,361.07	17,528,759.54	82,764,678.65	13,331,701.98
Unrealized profit from internal transaction	93,256,153.83	13,988,423.06	106,224,182.31	15,933,627.32
Deferred income	166,211,235.01	24,931,685.24	182,140,134.06	27,321,020.11
Sales rebates	45,143,439.52	6,771,515.93		
Lease liabilities	2,603,650.85	390,547.63	2,715,619.54	407,342.93
<b>Total</b>	<b>416,684,840.28</b>	<b>63,610,931.40</b>	<b>373,844,614.56</b>	<b>56,993,692.34</b>

**(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.	1,368,856,067.79	205,351,881.78	1,544,604,208.17	241,027,455.22

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Fair value of other equity instruments investment at the end of the period	42,336,000.00	6,350,400.00		
Untaxed profits of NHU (Hong Kong) Trading Co., Ltd.			598,372,110.33	89,755,816.55
Right-of-use assets	7,940,001.94	1,191,000.29	10,916,744.74	1,637,511.71
Changes in fair value of trading financial instruments and derivative financial instruments	312,250.00	78,062.50	745,816.34	186,454.09
Total	1,419,444,319.73	212,971,344.57	2,154,638,879.58	332,607,237.57

### (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	60,918,480.41	2,692,450.99	54,887,646.03	2,106,046.31
Deferred income tax liabilities	60,918,480.41	152,052,864.16	54,887,646.03	277,719,591.54

### (4) Details of unrecognized deferred income tax assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary differences	1,194,450,604.18	904,662,832.02
Deductible loss	3,640,655,005.58	3,375,918,624.25
Total	4,835,105,609.76	4,280,581,456.27

### (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
2025		23,414,489.87	
2026	12,470,639.45	36,440,047.05	
2027	36,109,953.27	165,841,662.42	
2028	92,988,113.65	97,699,902.16	
2029	157,453,878.38	169,350,596.82	
2030	287,710,194.39	198,032,265.79	
2031	171,759,808.89	240,693,205.88	
2032	686,611,544.78	898,257,207.22	

Year	Closing balance	Opening balance	Notes
2033	550,583,877.97	781,328,690.97	
2034	500,973,611.00	764,860,556.07	
2035	479,287,801.45		
Non-offsettable losses of overseas companies	664,705,582.35		
Total	3,640,655,005.58	3,375,918,624.25	

## 19. 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	10,488,933.12		10,488,933.12	12,404,429.26		12,404,429.26
Coal quota payment	65,263,600.00		65,263,600.00	72,113,200.00		72,113,200.00
Certificate of deposit of large amount	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	471,339,952.22		471,339,952.22	75,146,826.14		75,146,826.14
Total	1,476,641,929.78		1,476,641,929.78	159,664,455.40		159,664,455.40

## 20. 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	46,418,753.27	46,418,753.27	Pledged and long-suspended accounts	Bank acceptance bill deposits, customs duty deposits, letter-of-guarantee deposits, water fee deposits, emission-rights deposits, letter-of-credit deposits, ETC deposits, long-suspended account balances	56,029,764.82	56,029,764.82	Pledged	Guarantee deposit of bank acceptance bills, etc.
Notes					99,511,561.32	99,511,561.32	Pledged	Establish

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
receivable								bank acceptance bill pledge
Fixed assets	102,070,345.08	79,042,144.12	Mortgage	Mortgaged for bank borrowings	93,273,121.97	75,137,838.29	Pledged	Mortgaged for bank borrowings
Intangible assets	10,794,997.29	10,794,997.29	Mortgage	Mortgaged for bank borrowings	9,864,599.74	9,864,599.74	Pledged	Mortgaged for bank borrowings
Receivables financing	135,353,157.67	135,353,157.67	Pledged	Establish bank acceptance bill pledge	36,038,583.82	36,038,583.82	Pledged	Establish bank acceptance bill pledge
Total	294,637,253.31	271,609,052.35			294,717,631.67	276,582,347.99		

## 21. Short-term borrowings

### (1) Classification of short-term loans

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowing	6,604,793.50	16,626,789.02
Credit loans	668,567,888.87	1,145,885,450.02
Total	675,172,682.37	1,162,512,239.04

## 22. Financial liabilities held for trading

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial liabilities held for trading		11,151,258.46
Including: Financial liabilities classified as measured at fair value, with changes recognized in profit or loss		11,151,258.46
Including: Derivative financial liabilities		11,151,258.46
Total		11,151,258.46

## 23. Notes payable

Unit: RMB Yuan

Type	Closing balance	Opening balance
Bank acceptance bills	70,054,101.63	159,164,822.28
Total	70,054,101.63	159,164,822.28

**24. Accounts Payable****(1) Presentation of accounts payable**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor payments	1,040,052,507.44	785,807,160.73
Payment for engineering and equipment	740,255,257.64	900,171,996.82
Total	1,780,307,765.08	1,685,979,157.55

**25. Other payables**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	131,685,145.99	122,424,090.50
Total	131,685,145.99	122,424,090.50

**(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	77,784,423.40	83,120,582.74
Deposits and guarantee deposits	30,090,146.97	19,802,441.12
Temporary receipts payable	13,548,987.92	9,926,159.87
Others	10,261,587.70	9,574,906.77
Total	131,685,145.99	122,424,090.50

**26. Contract liabilities**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Advances from customers	294,819,090.20	237,013,669.77
Total	294,819,090.20	237,013,669.77

**27. 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	473,107,111.45	2,088,191,240.74	2,049,783,208.04	511,515,144.15

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
II. Post-employment benefits - defined contribution plans		136,359,072.06	136,359,072.06	
Total	473,107,111.45	2,224,550,312.80	2,186,142,280.10	511,515,144.15

**(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	452,079,180.40	1,831,536,174.06	1,789,447,280.79	494,168,073.67
2. Employee welfare fee		105,138,413.15	105,138,413.15	
3. Social insurance premium		75,116,802.00	75,116,802.00	
Incl.: Medical insurance premium		67,462,405.75	67,462,405.75	
Industrial injury insurance premium		7,629,045.31	7,629,045.31	
Maternity insurance premium		25,350.94	25,350.94	
4. Housing provident fund		60,031,111.43	60,031,111.43	
5. Labor union expenditure and employee education expenses	21,027,931.05	16,368,740.10	20,049,600.67	17,347,070.48
Total	473,107,111.45	2,088,191,240.74	2,049,783,208.04	511,515,144.15

**(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		131,789,764.83	131,789,764.83	
2. Unemployment insurance expense		4,569,307.23	4,569,307.23	
Total		136,359,072.06	136,359,072.06	

**28. Taxes and fees payable**

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	116,722,251.38	82,104,457.53
Corporate income tax	476,673,438.77	383,826,117.39
Individual income tax	16,171,313.03	12,121,593.63
Urban maintenance and construction tax	10,415,102.16	10,830,229.90
Land use tax	20,379,197.51	21,150,454.52
House property tax	20,982,936.57	20,979,824.95
Educational surcharge (local education surcharge)	7,944,401.51	7,891,237.38
Stamp duty	180,237.73	
Total	669,468,878.66	538,903,915.30

**29. Non-current liabilities due within one year**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term loans due within one year	3,164,135,175.76	2,463,866,907.63
Lease liabilities due within one year	1,278,697.73	1,512,006.31
Total	3,165,413,873.49	2,465,378,913.94

**30. Other current liabilities**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Output VAT to be transferred	32,397,758.57	25,698,183.73
Sales rebates	66,960,592.67	27,866,151.17
Total	99,358,351.24	53,564,334.90

**31. Long-term loans****(1) Classification of long-term borrowings**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgage loan	11,722,307.35	18,036,415.25
Credit loans	4,175,456,261.67	5,309,207,306.00
Total	4,187,178,569.02	5,327,243,721.25

**32. Lease liabilities**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Outstanding lease payment	3,380,508.75	4,602,267.00
Less: Unamortized financing costs	880,325.09	1,017,475.98
Total	2,500,183.66	3,584,791.02

**33. 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	1,025,834,591.04	17,101,726.21	143,504,568.66	899,431,748.59	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		6,576,000.00	Revenue-related government grants received by the Company are amortized to match the actual expenses incurred
Total	1,025,834,591.04	23,677,726.21	143,504,568.66	906,007,748.59	--

Other notes: Government grants recognized in deferred income are detailed in Note 11.

**34. Share capital**

Unit: RMB Yuan

	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

**35. 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			2,854,024,919.08
Other capital reserve	278,495,049.34	3,163,285.07		281,658,334.41

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Total	3,132,519,968.42	3,163,285.07		3,135,683,253.49

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 3,163,285.07 in the period, due to increases in the special reserves of the Company's associates Zhejiang Chunhui Environmental Protection Energy Co., Ltd. and Zhejiang Saiya Chemical Materials Co., Ltd., resulting in a change in the Company's share of net assets.

### 36. 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		556,161,195.70
Total		556,161,195.70		556,161,195.70

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.

### 37. 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

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	
II. Other comprehensive income that will be reclassified into profit or loss	91,513,343.50					-59,755,446.78		31,757,896.72
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 statements denominated in foreign currency	91,006,389.07					-59,755,446.78		31,250,942.29
Total other comprehensive incomes	91,513,343.50					-23,769,846.78		67,743,496.72

### 38. Special reserves

Unit: RMB Yuan

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production expense	106,348,864.91	102,722,700.09	47,015,191.42	162,056,373.58
Total	106,348,864.91	102,722,700.09	47,015,191.42	162,056,373.58

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%.

### 39. 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.

### 40. Undistributed profits

Unit: RMB Yuan

Items	Current period	Prior period
Undistributed profits at the end of the last period before adjustment	21,375,740,194.12	16,890,233,961.50
Total undistributed profits at the beginning of the adjustment period (increase+, decrease-)		

Items	Current period	Prior period
Undistributed profits at the beginning of the period after adjustment	21,375,740,194.12	16,890,233,961.50
Plus: net profit attributable to owners of the parent company in the current period	6,764,199,225.29	5,868,545,988.62
Less: Dividends payable on common stock	2,762,482,523.60	1,383,039,756.00
Undistributed profits at the end of the period	25,377,456,895.81	21,375,740,194.12

Details of the adjustment of the undistributed profits at the beginning of the period: None

#### 41. 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	22,185,260,522.36	12,276,896,049.18	21,477,281,729.13	12,519,749,560.87
Other business	66,101,358.22	33,911,940.71	132,310,499.32	62,251,085.78
Total	22,251,361,880.58	12,310,807,989.89	21,609,592,228.45	12,582,000,646.65
Including: with customers Revenue from contracts	22,245,192,040.87	12,310,264,243.06	21,603,602,684.29	12,581,115,525.59

During the reporting period, the lowest of audited profit before tax, net profit, and net profit after deducting non-recurring profit or loss was negative.

Yes  No

Breakdown of the operating revenue and operating cost:

Unit: RMB Yuan

Classification of contracts	Operating revenue	Operating cost
Business Type		
Including:		
Nutrition	14,784,368,525.95	7,721,928,084.89
Aroma chemicals	3,865,554,569.03	1,811,221,331.14
New materials	2,114,793,685.42	1,490,792,237.71
Others	1,480,475,260.47	1,286,322,589.32
Subtotal	22,245,192,040.87	12,310,264,243.06
Classified according to operation regions		
Including:		
Domestic	9,314,313,013.91	6,055,868,405.72
Overseas	12,930,879,026.96	6,254,395,837.34

Classification of contracts	Operating revenue	Operating cost
Subtotal	22,245,192,040.87	12,310,264,243.06
Classification by timing of goods transfer		
Including:		
Revenue recognized at a point in time	22,245,192,040.87	12,310,264,243.06
Subtotal	22,245,192,040.87	12,310,264,243.06
By sales channel		
Including:		
Direct selling	16,954,758,364.69	9,388,420,118.12
Agent sales	5,290,433,676.18	2,921,844,124.94
Subtotal	22,245,192,040.87	12,310,264,243.06

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 3,744,465,477.36. Of this amount, RMB 3,744,465,477.36 is expected to be recognized as revenue in 2026.

#### 42. Taxes and surcharges

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	92,006,999.82	76,045,794.92
Education surcharge	70,854,520.57	57,219,416.96
House property tax	46,308,736.93	50,835,205.44
Land use tax	46,962,160.65	51,508,833.39
Vehicle and vessel use tax	43,007.54	55,046.69
Stamp duty	14,805,556.08	12,705,079.71
Environmental protection tax	3,412,964.06	2,277,631.64
Water resource tax	64,515.20	
Land value-added tax		98,666.67
Total	274,458,460.85	250,745,675.42

#### 43. Administrative expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	345,888,648.74	304,833,632.86
Depreciation expense and amortization of intangible assets	116,915,031.47	118,011,455.24
Office expenses and travel expenses	73,632,759.34	63,956,466.67
Consulting fee	30,561,498.47	18,007,434.45
Business entertainment expenses	19,754,144.75	22,671,117.76
Insurance expenses	17,393,296.93	16,466,676.52

Items	Amount incurred in the current period	Amount incurred in the previous period
Employment security fund for the disabled	15,690,912.39	15,587,637.01
Others	37,009,476.74	36,360,120.75
Total	656,845,768.83	595,894,541.26

#### 44. Selling expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	93,640,277.98	96,764,617.15
Sales commission	43,827,628.83	33,006,654.41
Office expenses and travel expenses	29,028,624.41	35,533,327.84
Advertising and promotion expenses, and business entertainment expenses	12,726,050.31	14,466,757.92
Others	7,402,525.24	10,526,920.92
Total	186,625,106.77	190,298,278.24

#### 45. R & D expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	498,690,643.18	457,801,674.45
Direct input	411,748,528.68	414,653,178.46
Depreciation expense and amortization of intangible assets	82,980,075.01	82,056,953.92
Outsourcing expenses	44,274,521.99	45,365,827.25
Office expenses and travel expenses	17,318,033.75	14,657,098.53
Others	44,426,097.79	21,627,007.89
Total	1,099,437,900.40	1,036,161,740.50

#### 46. Financial expenses

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	223,176,363.34	282,180,513.56
Less: interest income	78,265,146.31	126,041,480.98
Exchange gains and losses (“-” for gains)	-167,554,016.61	13,241,698.29
Bank commission charges and others	7,896,377.82	8,667,110.78
Total	-14,746,421.76	178,047,841.65

**47. 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	143,504,568.66	138,798,244.94
Government grants related to income	68,171,921.27	62,323,920.04
Additional deduction of VAT input tax	39,464,749.68	65,698,515.38
Tax incentives for employing special groups	356,335.69	
Refund of service charges for withholding and paying personal income tax	1,485,876.64	1,236,338.31
Total	252,983,451.94	268,057,018.67

**48. 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	67,412,145.59	17,475,998.10
Including: fair value change income from derivative financial instruments	67,412,145.59	17,475,998.10
Financial liabilities held for trading	-120,803,315.72	-31,076,479.29
Including: Gains from changes in the fair value of financial liabilities classified as measured at fair value through profit or loss	-120,803,315.72	-31,076,479.29
Total	-53,391,170.13	-13,600,481.19

**49. 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	100,113,224.95	53,851,462.30
Investment income from disposal of long-term equity investment.		47,569,632.62
Investment income from disposal of trading (held-for-trading) financial assets	8,993,269.40	-23,323,516.77
Dividend income from investment in other equity instruments during the holding period	5,292,000.00	
Interest on discounted bills	-3.29	-1,631,336.27
Income of bank financial products and structural deposits	26,161,672.54	808,128.72
Total	140,560,163.60	77,274,370.60

**50. Credit impairment losses**

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses (“-” for losses)	12,879,377.53	-55,009,881.32
Total	12,879,377.53	-55,009,881.32

**51. 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)	-229,132,844.28	-49,152,744.77
Fixed assets impairment losses (“-” for loss)	-6,294,033.70	-32,805,182.59
Total	-235,426,877.98	-81,957,927.36

**52. 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)	-1,494,406.52	1,393,189.08

**53. 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	3,332,198.20	3,980,828.25	3,332,198.20
Amounts not required to be paid	498,000.00	1,291,804.52	
Carbon emissions allowance trading	13,077,452.78		13,077,452.78
Others	1,377,258.94	195,779.06	1,875,258.94
Gains from damage and the discard of non-current assets		4,000.00	
Total	18,284,909.92	5,472,411.83	18,284,909.92

**54. 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	5,530,939.29	2,561,503.79	5,530,939.29
Loss of damage and scrapping of non-current assets	11,479,044.56	29,676,950.00	11,479,044.56
Others	5,801,122.19	2,252,564.26	5,801,122.19
Total	22,811,106.04	34,491,018.05	22,811,106.04

**55. 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	1,180,034,212.83	992,122,445.40
Deferred income tax expense	-132,603,532.06	54,588,534.00
Total	1,047,430,680.77	1,046,710,979.40

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

Unit: RMB Yuan

Items	Amount incurred in the current period
Total profits	7,849,517,417.92
Income tax expense calculated at statutory/applicable tax rate	1,177,427,612.69
Influence of different tax rates applied to subsidiaries	126,843,651.39
Influence of adjusting income tax in previous periods	28,281,050.96
Influence of non-taxable income	-20,461,913.72
Influence of non-deductible costs, expenses and losses	5,301,254.48
Influence of deductible loss of unrecognized deferred income tax assets in previous period	-130,298,685.93
Influence of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in this period	50,965,832.42
Others	-25,209,227.26
Tax impact of additional deduction for research and development expenses (indicated with "-")	-159,244,139.85
Additional deduction for wages paid to disabled employees and other employment personnel encouraged by the state	-243,533.52
Tax reduction on payable tax amount for special equipment used in environmental protection, energy saving, water conservation, and production safety	-5,931,220.89
Income tax expenses	1,047,430,680.77

**56. Other comprehensive income**

See Note 37 of Section VII of the financial report for details.

**57. Cash flow statement items****(1) Cash relating to operating activities**

Other cash receipts relating to operating activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Interest income from bank deposits	61,989,735.25	117,019,106.62
Government grants received	96,362,207.55	175,778,850.00
Recovery of temporary loans, deposits, and guarantee deposits	15,860,393.01	14,563,272.60
Temporary receipts payable received	26,226,481.41	1,068,383.22
Net amount received from other items and transactions	22,830,382.04	9,227,580.54
Total	223,269,199.26	317,657,192.98

Other cash paid related to operating activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Cash payments for research and development	96,725,254.98	109,818,805.43
Office expenses and travel expenses	104,807,216.66	106,142,740.79
Advertising and promotion expenses, and business entertainment expenses	32,480,195.06	37,137,875.68
Sales commission	41,106,582.37	18,421,398.35
Insurance expenses	17,656,925.85	16,614,037.96
Consulting fee	30,561,498.47	18,007,434.45
Other expenses and net amount of transactions	101,737,495.63	65,250,108.45
Total	425,075,169.02	371,392,401.11

**(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	2,150,000,000.00	145,000,000.00
Recovery of foreign exchange option margin	8,800,000.00	
Recovery of engineering equipment deposits and guarantee deposits	875,023.57	

Items	Amount incurred in the current period	Amount incurred in the previous period
Recovery of project engineering labor wage margin	854,699.63	
Total	2,160,529,723.20	145,000,000.00

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	2,450,000,000.00	2,350,000,000.00
Net loss on investments in derivative financial assets	73,078,435.40	
Payment of deposit for pollutant discharge rights	221,221.57	
Payment of foreign exchange option margin		8,800,000.00
Payment of engineering equipment deposits and guarantee deposits		5,250,160.00
Payment of project engineering labor wage margin		6,456.43
Total	2,523,299,656.97	2,364,056,616.43

### (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
Proceeds from interbank borrowings		108,750,334.91
Total		108,750,334.91

Other cash payments related to financing activities

Unit: RMB Yuan

Items	Amount incurred in the current period	Amount incurred in the previous period
Share repurchase	556,161,195.70	
Payment of bank financing fees	586,896.92	2,003,808.29
Repayment of lease principal and interest	1,859,236.49	10,546,764.39
Repayment of interbank borrowings and interest		17,309,547.21
Total	558,607,329.11	29,860,119.89

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	1,162,512,239.04	1,020,145,057.40	18,147,577.82	1,525,632,191.89		675,172,682.37
Long-term borrowings	7,791,110,628.88	2,415,429,186.00	196,017,371.09	3,051,243,441.19		7,351,313,744.78
Lease liabilities	5,096,797.33		529,415.79	1,847,331.73		3,778,881.39
Dividends payable			2,777,921,933.60	2,777,921,933.60		
Total	8,958,719,665.25	3,435,574,243.40	2,992,616,298.30	7,356,644,898.41		8,030,265,308.54

**(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.	12,473,500,000.00
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.	12,473,500,000.00

## 58. 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	6,802,086,737.15	5,896,870,207.59
Add: provision for impairment of assets	222,547,500.45	136,967,808.68
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	2,217,053,452.79	2,154,249,275.58
Depreciation of right-of-use assets	4,459,907.68	1,683,308.27
Amortization of intangible assets	72,849,754.11	67,116,768.27
Amortization of long-term deferred expenses	13,582,480.46	10,178,561.69
Losses on disposal of fixed assets, intangible assets, and other long-term assets ("-" for income)	1,494,406.52	-1,393,189.08
Loss on retirement of fixed assets ("-" for income)	11,479,044.56	29,672,950.00
Losses on changes in fair value ("-" for income)	53,391,170.13	13,600,481.19
Financial expenses ("-" for income)	39,933,832.59	232,201,082.89
Investment loss ("-" for income)	-140,560,166.89	-78,905,706.87
Decrease in deferred income tax assets ("-" for increase)	-586,404.68	-1,455,967.13
Increase in deferred income tax liabilities ("-" for decrease)	-132,017,127.38	56,044,501.13
Decrease in inventory ("-" for increase)	-823,384,628.27	26,432,933.95
Decrease of operating receivable items ("-" for increase)	61,722,585.67	-1,963,541,281.38
Increase in operational payables ("-" for decrease)	337,671,287.36	447,854,402.40
Others	55,707,508.67	45,488,046.15
Net cash flows from operating activities	8,797,431,340.92	7,073,064,183.33
2. Material investing and financing activities not involving cash receipt and payment		
Conversion of debt into capital		
Convertible corporate bonds due within one year		

Supplementary information	Amount of the current period	Amount of the previous period
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	7,819,707,489.01	5,521,452,666.47
Less: Opening balance of cash	5,521,452,666.47	4,446,570,415.30
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	2,298,254,822.54	1,074,882,251.17

## (2) Composition of cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	7,819,707,489.01	5,521,452,666.47
Including: cash in the vault	19,519.80	12,825.19
Bank deposits that can be used for payment at any time	7,819,579,040.64	5,521,431,438.36
Other monetary funds that can be used for payment at any time	108,928.57	8,402.92
II. Cash and cash equivalents at the end of the period	7,819,707,489.01	5,521,452,666.47
Including: Cash and cash equivalents with restricted use by the parent company or a subsidiary of the group	231,285,799.32	464,483,762.87

## (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	231,285,799.32	464,483,762.87	Monetary funds deposited overseas
Total	231,285,799.32	464,483,762.87	

## (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	100,143,888.89	2,359,022,374.36	Large-denomination certificates of deposit and interest

Items	Amount of the current period	Amount of the previous period	Reasons for not being classified as cash and cash equivalents
	38,900,815.38	30,809,898.16	Deposit for bank acceptance
	4,117,750.00	3,762,850.00	Deposit for customs duty
	1,714,764.00	8,183,592.83	Deposit for letter of guarantee
	1,063,853.85	1,263,178.80	Deposit for water charges
	370,073.49	1,458,021.83	Deposit for letters of credit
	221,221.57		Deposit for emission rights
	25,500.00	22,500.00	Deposit for ETC
	4,774.98		Long-suspended account balance
		8,800,000.00	Margin for foreign exchange options
		875,023.57	Safety construction guarantee deposit
		854,699.63	Wage guarantee deposit for project engineering labor
Total	146,562,642.16	2,415,052,139.18	

## 59. 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			371,201,044.48
Including: USD	27,940,853.92	7.028800	196,390,674.03
EUR	15,972,859.93	8.235500	131,544,487.95
HKD	261,755.73	0.903220	236,423.01
JPY	226,714,915.61	0.044797	10,156,148.07
GBP	26,767.81	9.434600	252,543.58
BRL	16,256,967.16	1.279500	20,800,789.48
MXN	11,286,081.13	0.389880	4,400,217.31
PLN	21,443.17	1.949700	41,807.75
SGD	134,171.03	5.458600	732,385.98
TRY	22,593,558.13	0.163140	3,685,913.07
VND	11,091,909,659.00	0.00026683	2,959,654.25
Accounts receivable			2,266,311,289.89
Including: USD	238,969,263.46	7.028800	1,679,667,159.01

Items	Ending foreign currency balance	Converted exchange rate	Converted RMB balance at the end of the period
EUR	53,823,909.31	8.235500	443,266,805.12
GBP	1,287,629.56	9.434600	12,148,269.85
BRL	100,772,464.55	1.279500	128,938,368.39
VND	8,584,820,000.00	0.00026683	2,290,687.52
Long-term borrowings			11,722,307.34
Including: EUR	1,423,387.45	8.235500	11,722,307.34
Other receivables			156,704,512.24
Including: USD	1,572.00	7.028800	11,049.27
EUR	5,014,198.39	8.235500	41,294,430.84
JPY	116,313,286.00	0.044797	5,210,486.27
VND	27,000,000.00	0.00026683	7,204.41
BRL	63,950,152.03	1.279500	81,824,219.52
MXN	71,252,371.51	0.389880	27,779,874.60
SGD	54,829.67	5.458600	299,293.24
TRY	1,703,776.42	0.163140	277,954.09
Short-term borrowings			6,601,916.97
Including: EUR	342,924.66	8.235500	2,824,156.04
DKK	3,428,717.49	1.101800	3,777,760.93
Accounts payable			272,159,606.35
Including: USD	17,313,133.06	7.028800	121,690,549.65
EUR	16,869,746.00	8.235500	138,930,793.18
JPY	1,527,504.00	0.044797	68,427.60
DKK	120,041.90	1.101800	132,262.17
BRL	5,283,586.32	1.279500	6,760,348.70
MXN	11,104,130.97	0.389880	4,329,278.58
VND	661,470,000.00	0.00026683	176,500.04
TRY	437,945.48	0.163140	71,446.43
Other payables			207,253,606.99
Including: USD	2,025,276.22	7.028800	14,235,261.50
EUR	14,663,343.69	8.235500	120,759,966.96
JPY	100,000,000.00	0.044797	4,479,700.00
HKD	3,000.00	0.903220	2,709.66
VND	27.00	0.00026683	0.01

Items	Ending foreign currency balance	Converted exchange rate	Converted RMB balance at the end of the period
BRL	52,709,668.78	1.279500	67,442,021.20
SGD	35,982.40	5.458600	196,413.53
TRY	843,043.60	0.163140	137,534.13
Non-current liabilities that mature within one year			9,013,525.20
Including: USD	88,709.59	7.028800	623,521.97
EUR	973,203.33	8.235500	8,014,816.02
BRL	293,229.55	1.279500	375,187.21

**(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

## 60. 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 14 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	4,663,639.61	3,544,502.58
Total	4,663,639.61	3,544,502.58

## 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	212,547.15	288,503.24
Total cash outflows related to the leases	6,802,694.48	14,303,937.12

4) For the analysis of the maturity profile of lease liabilities and the related liquidity risk management, see Note 29 of Section V 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	6,169,839.71	
Total	6,169,839.71	

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	1,371,619.12	1,028,642.20
Second Year	623,853.21	330,275.23
Third Year	293,577.98	330,275.23
Total undiscounted lease receipts after five years	2,289,050.31	1,689,192.66

**(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	498,690,643.18	457,801,674.45
Direct input	411,748,528.68	414,653,178.46
Depreciation expense and amortization of intangible assets	82,980,075.01	82,056,953.92
Outsourcing expenses	44,274,521.99	45,365,827.25
Office expenses and travel expenses	17,318,033.75	14,657,098.53
Others	44,426,097.79	21,627,007.89
<b>Total</b>	<b>1,099,437,900.40</b>	<b>1,036,161,740.50</b>
Including: expensed R&D expenditures	1,099,437,900.40	1,036,161,740.50

## 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 North America LLC	Establishment	January 2, 2025	USD 250,000	100.00%
NHU BESLENME GIDA SANAYİ VE TİCARET LİMİTED SİRKETİ	Establishment	January 17, 2025	USD 246,900	100.00%
Zhejiang NHU Holdings Co., Ltd.	Establishment	April 15, 2025	RMB 500,000,000	100.00%

#### (2) Decrease of consolidation scope

Shandong NHU Vitamins Co., Ltd. was absorbed and merged into Shandong NHU Fine Chemical Science and Technology Co., Ltd., a wholly owned subsidiary of the Company, on January 1, 2025. After the merger, Shandong NHU Fine Chemical Science and Technology Co., Ltd. remained as the surviving company and continued operations, and its registered capital was changed from RMB 400,000,000 to RMB 900,000,000. Shandong NHU Vitamins Co., Ltd. was deregistered, and all of its assets, rights, and obligations were assumed by Shandong NHU Fine Chemical Science and Technology Co., Ltd. The related business registration change procedures were completed in February 2025.

## X. Interests in other entities

### 1. Interests in subsidiaries

#### (1) Composition of enterprise group

Unit: RMB Yuan

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.	2,400,000.00	Hong Kong, China	Hong Kong, China	Business	100.00%		Establishment
Shandong NHU Amino-acids Co., Ltd.	1,100,000,000.00	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	418,125,357.72	358,644,929.90
The total of the following items calculated according to the shareholding ratio		
--Net profit	21,082,727.75	-13,194,048.59
--Total comprehensive income	21,082,727.75	-13,194,048.59
Associates:		
Total carrying amount of investment	547,225,191.71	506,617,218.46
The total of the following items calculated according to the shareholding ratio		
--Net profit	79,030,497.20	65,807,336.48
--Total comprehensive income	79,030,497.20	65,807,336.48

## 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	1,025,834,591.04	17,101,726.21		143,504,568.66		899,431,748.59	Asset-related
		6,576,000.00				6,576,000.00	Related to income
Total	1,025,834,591.04	23,677,726.21		143,504,568.66		906,007,748.59	

### 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 related to assets	143,504,568.66	138,798,244.94
Government grants related to income	68,171,921.27	62,323,920.04
Amount of the impact of government interest subsidies on profit before tax		10,691,017.53
Total	211,676,489.93	211,813,182.51

## 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 18.51% of the Company's total accounts receivable (compared to 28.57% in 2024). Additionally, other receivables from the top five companies accounted for 83.54% of the Company's total other receivables (compared to 86.24% in 2024).

## 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):

Items	Closing balance			
	Within one year	One to three years	Three years or more	Total
Financial liabilities:				
Bank loans	3,980,899,147.46	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	5,964,367,944.60	3,784,998,016.36	538,985,963.84	10,288,351,924.81

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):

Items	Balance at the end of the previous year			
	Within one year	One to three years	Three years or more	Total
Financial liabilities:				
Bank loans	3,821,786,544.74	5,361,753,527.03	82,179,440.15	9,265,719,511.92
Notes payable	159,164,822.28			159,164,822.28
Accounts payable	1,685,979,157.55			1,685,979,157.55
Other payables	122,424,090.50			122,424,090.50
Lease liabilities	1,711,482.85	1,711,886.07	2,890,380.93	6,313,749.85
Total financial liabilities	5,791,066,097.92	5,363,465,413.10	85,069,821.08	11,239,601,332.10

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 December 31, 2025, the Company's bank borrowings bearing interest at floating rates amounted to RMB 5,685,241,467.24 (December 31, 2024: RMB 4,534,009,205.93). 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 59 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.

### (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 13,213,250.21 Derivative financial liabilities: RMB 0.00 Investment income: RMB 8,993,269.40 Income from changes in fair value: RMB -58,453,012.47

### 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	1,026,408,996.70	Recognition terminated	It has transferred almost all of its risks and rewards
Total		1,026,408,996.70		

#### (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	1,026,408,996.70	-3.29
Total		1,026,408,996.70	-3.29

#### (3) Transferred financial assets with continuing involvement

Applicable  Not applicable

Other remarks

## 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		2,168,275,092.55		2,168,275,092.55
1. Financial assets measured at fair value through profit and loss		2,168,275,092.55		2,168,275,092.55
(1) Derivative financial assets		13,213,250.21		13,213,250.21
(2) Structured deposits		2,155,061,842.34		2,155,061,842.34
(II) Receivables financing			813,062,385.73	813,062,385.73
(III) Other equity instrument investments			60,126,147.55	60,126,147.55

Total amount of assets measured at fair value on a continuous basis		2,168,275,092.55	873,188,533.28	3,041,463,625.83
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 1(1) of Section X of the financial report.

## 3. Information on joint ventures and associates of the Company

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

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	220,300,804.01	235,000,000.00	No	262,798,027.33
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	Purchasing goods	280,741,663.36	320,000,000.00	No	
Zhejiang Deli Equipment Co., Ltd.	Purchasing goods	48,466,181.37	68,000,000.00	No	101,971,070.78
	Acceptance of services	502,920.34		No	1,276,976.10
Shaoxing Jinghe Hotel Management Co., Ltd.	Catering and accommodation services	1,618,775.75	3,300,000.00	No	1,613,799.89
Shaoxing Heyue Property Services Co., Ltd. Shangyu Branch	Property management services	1,054,756.53			1,047,605.30
Shaoxing Yuexiu Education Development Co., Ltd.	Training fees	131,481.23			51,634.62
Shaoxing Heyue Property Services Co., Ltd.	Property management services	199,560.00			199,560.00
Qionghai Boao Heyue Hotel Management Co., Ltd.	Catering and accommodation services	5,728.00			57,124.58
NHU Holding Group Co., Ltd.	Acceptance of services				226,858.68
Qionghai Heyue Property Service Co., Ltd.	Property management services				215,267.33
Zhejiang Jingshi Real Estate Co., Ltd.	Acceptance of services	36,693.35			47,917.91
Zhejiang Yuexiu University	Catering and accommodation				3,000.00

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
	services				
Shaoxing Shangyu Hecheng Real Estate Co., Ltd.	Maintenance fund				687,262.27
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchasing goods	126,705.84			153,798.40
Fuyuan Pharmaceutical Co., Ltd.	Purchasing goods	9,292.04			
Changbai Mountain Protection and Development Zone Heyue Real Estate Development Co., Ltd.	Catering and accommodation services				17,368.50
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Purchase of steam	95,490,964.49			104,188,675.73
	Acceptance of services	444,341.21			601,925.09
Heilongjiang Haotian Corn Development Co., Ltd.	Purchasing goods	28,034,590.34			12,603,362.84
	Purchase of steam	940,587.15			
CysBio ApS	Consulting service fee	3,779,385.24			
Shandong Bin'an Vocational Training School Co., Ltd.	Training fees	356,179.24			734,243.51
	Acceptance of services	28,301.89			
<b>Total</b>		<b>682,268,911.38</b>	<b>626,300,000.00</b>		<b>488,495,478.86</b>

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	145,677,070.30	131,826,245.23
	Hazardous waste disposal fee	35,117.22	20,059.77
	Water and electricity charges	1,821,422.81	1,683,610.39
	Management service fee	23,198.57	
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	Sales of goods	15,812,761.07	795,481.07
	Sales service and testing fees	2,993,875.45	
	Provision of services	610,000.00	17,514,318.25
Fuyuan Pharmaceutical Co., Ltd.	Sales of goods	1,553,097.35	1,247,787.63
Zhejiang Deli Equipment Co., Ltd.	Sales of goods	703,474.08	220,884.94

Related parties	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Heilongjiang Haotian Corn Development Co., Ltd.	Steam sales	459,311.93	
Beijing Front Pharma CO., Ltd. Cangzhou Branch	Testing fee	391,509.43	188,679.25
	Sales of goods		2,300.89
Zhejiang Second Pharma Co., Ltd.	Provision of services	235,849.06	
	Testing fee	3,735.84	
	Sales of goods		5,603.77
Shandong Bin'an Vocational Training School Co., Ltd.	Management service fee	226,415.09	226,415.09
Zhejiang Asen Pharmaceutical Co., Ltd.	Pharmaceutical intermediate and testing fee	8,490.57	17,462.26
Beijing Front Pharma CO., Ltd.	Sales of goods	2,367.26	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Pharmaceutical intermediate		136,283.19
Subtotal		170,557,696.03	153,885,131.73

## (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 rights and buildings	1,060,229.21	1,062,552.19
Weifang Hecheng Real Estate Co., Ltd.	Land use rights and buildings	10,285.72	10,285.72
Zhejiang Deli Equipment Co., Ltd.	Land use rights and buildings	77,064.23	77,064.23
Zhejiang Jingshi Real Estate Co., Ltd.	Land use rights and buildings	197,798.17	326,238.53
NHU Holding Group Co., Ltd.	Land use rights and buildings	13,400.92	16,513.76
Qionghai Boao Heyue Hotel Management Co., Ltd.	Land use rights and buildings		312,000.00
Subtotal		1,358,778.25	1,804,654.43

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 rights and buildings	718,810.56	684,581.48

**(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	26,364,098.75	31,615,876.34

**(4) Other related-party transactions**

During this period, the subsidiary NHU EUROPE GMBH sold goods to Customer II in the amount of RMB 181,953,835.01; the accounts receivable balance at the end of the period was RMB 41,044,323.40.

**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.	47,131,641.33	2,356,582.07	33,814,553.47	1,690,727.67
Subtotal		47,131,641.33	2,356,582.07	33,814,553.47	1,690,727.67
Other receivables	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	2,514,698.55	125,734.93	2,000,000.00	100,000.00
Other receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	4,000.00	20,000.00	1,000.00
Subtotal		2,534,698.55	129,734.93	2,020,000.00	101,000.00
Other non-current assets	Zhejiang Deli Equipment Co., Ltd.	67,685,510.00			
Subtotal		67,685,510.00			

**(2) Payable items**

Unit: RMB Yuan

Project name	Related parties	Closing book balance	Book balance at the beginning of the period
Accounts payable	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	237,385,884.16	
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	12,472,492.16	11,789,009.62

Project name	Related parties	Closing book balance	Book balance at the beginning of the period
	Zhejiang Deli Equipment Co., Ltd.	10,680,005.30	11,421,085.71
	CysBio ApS	1,023,018.50	
	Heilongjiang Haotian Corn Development Co., Ltd.	575,475.87	852,650.48
	Zhejiang Saiya Chemical Materials Co., Ltd.	258,119.47	
	Zhejiang Second Pharma Co., Ltd.	6,408.00	6,408.00
Subtotal		262,401,403.46	24,069,153.81
Contract liabilities (tax-inclusive)	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	223,396,226.42	134,718,227.36
	Zhejiang Deli Equipment Co., Ltd.		14,700.89
Subtotal		223,396,226.42	134,732,928.25
Other payables	Zhejiang Deli Equipment Co., Ltd.	3,740.00	4,190.00
	Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	1,650.00	1,650.00
Subtotal		5,390.00	5,840.00
Total		485,803,019.88	158,807,922.06

## 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 December 31, 2025, 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	Settlement date
USD	Foreign exchange settlement	10,000,000.00	7.1025	2026/1/8
	Foreign exchange settlement	10,000,000.00	7.1025	2026/1/8
	Foreign exchange settlement	10,000,000.00	7.1025	2026/1/8
	Foreign exchange settlement	10,000,000.00	7.1025	2026/1/8

Currency	Forms of foreign exchange settlement and sale	Notional amount	Agreed exchange rate	Settlement date
	Foreign exchange settlement	10,000,000.00	7.0440	2026/1/20
	Foreign exchange settlement	10,000,000.00	7.0430	2026/1/22
	Foreign exchange settlement	10,000,000.00	7.0405	2026/1/27
	Foreign exchange settlement	10,000,000.00	7.0400	2026/1/29
	Foreign exchange settlement	5,000,000.00	7.0165	2026/2/10
	Foreign exchange settlement	5,000,000.00	7.0000	2026/1/22
	Foreign exchange settlement	5,000,000.00	6.9880	2026/2/25
	Foreign exchange settlement	5,000,000.00	6.9785	2026/3/25
	Foreign exchange settlement	10,000,000.00	6.9935	2026/2/12
	Foreign exchange settlement	10,000,000.00	6.9893	2026/2/26
	Foreign exchange settlement	10,000,000.00	6.9850	2026/3/5
	Foreign exchange settlement	10,000,000.00	6.9800	2026/3/19
	Foreign exchange settlement	10,000,000.00	6.9782	2026/3/26
EUR	Foreign exchange settlement	5,000,000.00	8.2387	2026/1/22
	Foreign exchange settlement	5,000,000.00	8.2366	2026/2/12
	Foreign exchange settlement	5,000,000.00	8.2354	2026/2/26
	Foreign exchange settlement	5,000,000.00	8.2338	2026/3/18
	Foreign exchange settlement	5,000,000.00	8.2332	2026/3/26

## (2) Issued letters of guarantee not yet expired

As of December 31, 2025, the various unexpired letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing bank	Applicant unit	Letter of guarantee type	Currency	Letter of guarantee amount	Opening conditions
Bank of China Limited	Zhejiang NHU Co., Ltd.	Performance guarantee	USD	16,710.00	Use of bank credit facilities
Bank of China Limited	Zhejiang NHU Co., Ltd.	Performance guarantee	USD	36,540.00	Use of bank credit facilities
Bank of China Limited	Zhejiang NHU Co., Ltd.	Performance guarantee	USD	6,195.00	Use of bank credit facilities

Issuing bank	Applicant unit	Letter of guarantee type	Currency	Letter of guarantee amount	Opening conditions
China Construction Bank Corporation	Shandong NHU Amino-acids Co., Ltd.	Performance guarantee	CNY	1,004,364.00	Margin deposit CNY 1,004,364.00

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

As of December 31, 2025, 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
Bank of China Limited Xinchang Sub-Branch	The Company	JPY180,000,000.00	Use of bank credit facilities
		USD393,604.20	Use of bank credit facilities
		USD513,673.36	Use of bank credit facilities
		CNY100,000,000.00	Use of bank credit facilities
		CNY100,000,000.00	Use of bank credit facilities
		CNY50,000,000.00	Use of bank credit facilities
		China Construction Bank Corporation Xinchang Sub-branch	
Bank Of Hangzhou		CNY 50,000,000.00	Use of bank credit facilities
Bank of China Limited Shangyu Sub-Branch	Zhejiang NHU Specialty Materials Co., Ltd.	JPY6,830,000.00	Security deposit: RMB 370,000.00

## (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 December 31, 2025, the balance of the Company's pledged bank acceptance bills was RMB 135,353,157.67, and RMB 38,900,815.38 was deposited as margin in the bill pool at China Zheshang Bank Co., Ltd.

(5) As of December 31, 2025, 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 December 31, 2025, 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: Using the existing total share capital, after deducting the shares in the repurchase special account, as the base of 3,070,283,398 shares [Note], distribute to all shareholders a cash dividend of RMB 8.00 for every 10 shares (tax-inclusive), issue 0 bonus shares (tax-inclusive), and not convert capital reserve into share capital.

[Note] The Company's total share capital is 3,073,421,680 shares, including 3,138,282 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	20,759,587,241.63	2,330,132,824.17	838,358,185.22	22,251,361,880.58
Including: Revenue arising from contracts with customers	20,756,826,194.27	2,313,269,346.84	824,903,500.24	22,245,192,040.87
Operating cost	11,482,278,192.99	1,661,214,472.55	832,684,675.65	12,310,807,989.89
Total assets	42,463,859,918.64	4,352,733,168.26	1,210,143,281.42	45,606,449,805.48
Total Liabilities	12,090,304,521.30	1,820,185,990.99	1,264,956,114.05	12,645,534,398.24

**2. Other**

## 1) Plans related to 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.

As of December 31, 2025, the Company's fifth employee stock ownership plan did not yet hold any company shares.

**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	Book balance at the beginning of the period
Within 1 year (including 1 year)	1,149,760,310.62	1,531,673,396.24
Total	1,149,760,310.62	1,531,673,396.24

**(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	1,149,760,310.62	100.00%	57,488,015.53	5.00%	1,092,272,295.09	1,531,673,396.24	100.00%	76,583,669.81	5.00%	1,455,089,726.43
Including:										
Total	1,149,760,310.62	100.00%	57,488,015.53	5.00%	1,092,272,295.09	1,531,673,396.24	100.00%	76,583,669.81	5.00%	1,455,089,726.43

Provision for bad debts by portfolio: 57,488,015.53

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Within 1 year	1,149,760,310.62	57,488,015.53	5.00%
Total	1,149,760,310.62	57,488,015.53	

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	76,583,669.81		19,095,654.28			57,488,015.53
Total	76,583,669.81		19,095,654.28			57,488,015.53

**(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	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	742,833,041.18	64.61%	37,141,652.06
Customer 2	214,834,382.21	18.69%	10,741,719.11
Customer 3	38,560,156.61	3.35%	1,928,007.83
Customer 4	17,164,000.00	1.49%	858,200.00
Customer 5	13,914,624.00	1.21%	695,731.20
Total	1,027,306,204.00	89.35%	51,365,310.20

**2. Other receivables**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	476,588,831.47	1,008,085,932.79
Total	476,588,831.47	1,008,085,932.79

**(1) Other receivables****1) Classification of other receivables according to the nature of payment**

Unit: RMB Yuan

Nature of payment	Closing book balance	Book balance at the beginning of the period
Interbank borrowings	448,209,083.34	995,850,000.00
Deposits and guarantee deposits	13,272,472.50	13,368,946.50
Refund of tax for export	30,199,388.70	41,117,094.74
Employee petty cash	5,958,784.23	5,580,822.60
Others	4,567,180.89	3,670,632.73
Total	502,206,909.66	1,059,587,496.57

**2) Disclosure by aging**

Unit: RMB Yuan

Aging	Closing book balance	Book balance at the beginning of the period
Within 1 year (including 1 year)	483,399,289.58	1,044,830,990.72
1 to 2 years	4,555,904.23	1,070,952.85
2 to 3 years	566,162.85	325,560.47

Aging	Closing book balance	Book balance at the beginning of the period
Over 3 years	13,685,553.00	13,359,992.53
3 to 4 years	325,560.47	
Over 5 years	13,359,992.53	13,359,992.53
Total	502,206,909.66	1,059,587,496.57

### 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	502,206,909.66	100.00%	25,618,078.19	5.00%	476,588,831.47	1,059,587,496.57	100.00%	51,501,563.78	5.00%	1,008,085,932.79
Including:										
Total	502,206,909.66	100.00%	25,618,078.19	5.00%	476,588,831.47	1,059,587,496.57	100.00%	51,501,563.78	5.00%	1,008,085,932.79

Provision for bad debts by portfolio: 25,618,078.19

Unit: RMB Yuan

Name	Closing balance		
	Book balance	Bad-debt provision	Rate of provision
Provision for bad debts by portfolio	502,206,909.66	25,618,078.19	5.10%
Total	502,206,909.66	25,618,078.19	

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, 2025	50,185,694.80	214,190.57	1,101,678.41	51,501,563.78
The balance as of January 1, 2025 is in the current period				
-- Transferred to the	-227,795.21	227,795.21		

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)	
second stage				
-- Transferred to the third stage		-113,232.57	113,232.57	
Accrual in the current period	-26,870,723.03	582,427.64	404,809.80	-25,883,485.59
Balance as at December 31, 2025	23,087,176.56	911,180.85	1,619,720.78	25,618,078.19

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	150,109,083.34	Within 1 year	29.89%	7,505,454.17
Xinchang NHU Vitamins Co., Ltd.	Interbank borrowings	125,000,000.00	Within 1 year	24.89%	6,250,000.00
Tianjin NHU Materials Technology Co., Ltd.	Interbank borrowings	99,900,000.00	Within 1 year	19.89%	4,995,000.00
Shaoxing Nayan Material Technology Co., Ltd.	Interbank borrowings	40,000,000.00	Within 1 year	7.96%	2,000,000.00
State Administration of Taxation (Export tax rebates receivable)	Refund of tax for export	30,199,388.70	Within 1 year	6.01%	301,993.89
Total		445,208,472.04		88.64%	21,052,448.06

### 3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Depreciated on reserves	Carrying amount	Book balance	Depreciated on reserves	Carrying amount
Investments in subsidiaries	12,054,909,150.12		12,054,909,150.12	10,822,058,350.12		10,822,058,350.12
Investments in associates and joint ventures	761,549,857.60		761,549,857.60	666,079,397.87		666,079,397.87
Total	12,816,459,007.72		12,816,459,007.72	11,488,137,747.99		11,488,137,747.99

#### (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.	149,407,990.15		80,000,000.00				229,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00						13,500,000.00	
Zhejiang VYS Animal Nutrition and Health Co., Ltd.	5,000,000.00						5,000,000.00	
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	

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		
Heilongjiang NHU Biotechnology Co., Ltd.	1,900,000,000.00		400,000,000.00				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.	12,800,000.00		42,850,800.00				55,650,800.00	
Tianjin NHU Materials Technology Co., Ltd.	100,000,000.00		210,000,000.00				310,000,000.00	
Zhejiang NHU Holdings Co., Ltd.			500,000,000.00				500,000,000.00	
<b>Total</b>	<b>10,822,058,350.12</b>		<b>1,232,850,800.00</b>				<b>12,054,909,150.12</b>	

**(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			
<b>I. Joint ventures</b>													
Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd.	358,644,929.90				59,480,427.82							418,125,357.72	
<b>Subtotal</b>	<b>358,644,929.90</b>				<b>59,480,427.82</b>							<b>418,125,357.72</b>	
<b>II. Associates</b>													

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	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	302,422,406.40				62,291,235.14				25,920,000.00		32,921.05	338,826,562.59	
Anhui Yingna Weixun Technology Co., Ltd.	5,012,061.57				-414,124.28							4,597,937.29	
Subtotal	307,434,467.97				61,550,065.19				25,920,000.00		32,921.05	343,424,499.88	
Total	666,079,397.87											761,549,857.60	

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	4,857,607,782.93	3,651,470,969.51	4,395,233,030.30	3,384,769,776.39
Other business	28,866,943.20	18,105,473.54	48,752,637.47	37,822,133.10
Total	4,886,474,726.13	3,669,576,443.05	4,443,985,667.77	3,422,591,909.49
Including: with customers Revenue from contracts	4,883,638,070.47	3,668,588,088.15	4,440,981,266.26	3,421,227,216.06

Breakdown of the operating revenue and operating cost:

Unit: RMB Yuan

Classification of contracts	Operating revenue	Operating cost
Business Type		
Including:		
Nutrition	4,731,696,580.42	3,584,969,769.24
Others	151,941,490.05	83,618,318.91
Total	4,883,638,070.47	3,668,588,088.15

Classification of contracts	Operating revenue	Operating cost
Classified according to operation regions		
Including:		
Domestic	2,332,531,011.04	1,826,020,047.32
Overseas	2,551,107,059.43	1,842,568,040.83
Total	4,883,638,070.47	3,668,588,088.15
Classification by timing of goods transfer		
Including:		
Revenue recognized at a point in time	4,883,638,070.47	3,668,588,088.15
Total	4,883,638,070.47	3,668,588,088.15

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 441,782,543.66, of which RMB 441,782,543.66 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	169,422,345.99	139,541,459.29
Depreciation expense and amortization of intangible assets	21,370,189.39	26,652,714.85
Outsourcing expenses	29,049,101.70	24,841,809.99
Direct input	29,619,201.79	23,030,174.05
Office expenses and travel expenses	5,302,344.65	4,377,704.22
Others	9,753,786.62	6,097,626.64
Total	264,516,970.14	224,541,489.04

## 6. Investment income

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	1,600,000,000.00	2,050,000,000.00
Return on long-term equity investments measured by the equity method	121,357,538.68	34,040,307.12
Investment income from disposal of		28,770,508.00

Items	Amount incurred in the current period	Amount incurred in the previous period
long-term equity investment.		
Dividend income from investment in other equity instruments during the holding period	5,292,000.00	
Interest income from interbank lending	26,403,753.44	61,948,639.60
Income of financial products and structural deposits	6,094,166.26	
Total	1,759,147,458.38	2,174,759,454.72

## 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	-12,973,451.08	
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)	85,292,283.03	
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	-18,236,228.19	
Gains or losses on assets consigned to the third party for investment or management	-	
Other non-operating revenue or expenditures	-6,124,604.34	
Less: Enterprise income tax affected	16,961,183.62	
Non-controlling interest affected (after tax)	4,736,065.54	
Total	26,260,750.26	--

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	21.87%	2.21	2.21
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	21.79%	2.20	2.20

## 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