

Zhejiang NHU Co., Ltd.

2024 Annual Report



April 2024

Section I Important Notes, Contents, and Definitions

The Board of Directors and its members, Board of Supervisors and its members, and senior executives 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 Zhang Lijin, the head of accounting department hereby declare that they guarantee the financial statements in this annual report are authentic, accurate and complete.

Except for the following Directors, the other Directors were present in person at the meeting of the Board of Directors at which this Annual Report was considered.

Name of Directors not present in person	Position of Directors not present in person	Reason for not attending meetings in person	Name of principal
Zhou Guiyang	Director	Official business	Shi Guanqun
Ji Jianyang	Independent Director	Official business	Shen Yuping

The future plan and other forward-looking information disclosed in this annual report shall not be regarded as a 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 proposal deliberated and approved by the meeting of the Board of Directors is as follows: Based on the 3,073,421,680 shares, a cash dividend of 5.00 yuan (tax included) will be distributed to all shareholders for every 10 shares, and no bonus shares will be distributed, and the capital reserve will not be converted 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.

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Documents Available for Reference

- I. Financial statements signed and sealed by the Company's legal representative, officer in charge of accounting, and head of accounting department;
- II. The original auditor's 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 the China Securities Regulatory Commission 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	Poly Phthalamide
VOC	Refers to	Volatile Organic Compound
HSE	Refers to	Healthy And Safe Environment
CNAS	Refers to	China National Accreditation Service For Conformity Assessment
DSC	Refers to	Differential Scanning Calorimetry
ARC	Refers to	Accelerating Ratecalori Meter
RC1e	Refers to	Reaction Calorimeter
Pd catalyzer	Refers to	Palladium Catalyst
IPDA	Refers to	Isophorone Diamine
NBC	Refers to	Azabicycles
CLA	Refers to	Karon anhydride
AM ester	Refers to	Methyl Methacrylate
ADI	Refers to	Aliphatic Isocyanates
HDI	Refers to	Hexamethylene Diisocyanate
TNR	Refers to	Runaway temperature of normal reaction system
MP	Refers to	Methyl propionate

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	NHU	Stock code	002001
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	浙江新和成股份有限公司		
Company Abbreviation in Chinese	新和成		
Company name in foreign language (if any)	ZHEJIANG NHU CO., LTD.		
Company Abbreviation in foreign language (if any)	NHU		
Legal representative	Hu Baifan		
Registered address	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China		
Postal code of 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 Sub-district, Xinchang County, Zhejiang Province, China		
Office address	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China		
Postal code of office address	312500		
Official website	http://www.cnhu.com		
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 Sub-district, Xinchang County, Zhejiang Province, China	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China
Tel.	+86 575 86017157	+86 575 86017157
Fax	+86 575 86125377	+86 575 86125377
E-mail address	sgq@cnhu.com	002001@cnhu.com

III. Information disclosure and location

Stock exchange website where the Company discloses the annual report	Shenzhen Stock Exchange: http://www.szse.cn
Medias and websites with which the Company discloses the annual report	<i>Securities Times, Shanghai Securities News, China Securities Journal</i> Giant Tide Information Network: www.cninfo.com.cn
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 holding shareholders (if any)	None

V. Other relevant information

Accounting firm engaged by the Company

Name	Pan-China Certified Public Accountants LLP
Office address	Resources Building, 1366 Qianjiang Road, Shangcheng District, Hangzhou 310020, China
Certified Public Accountants	Teng Peibin Jian Yanhui

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 indicators

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

☐ Yes ☒ No

Items	Year 2024	Year 2023	YoY growth rate	Year 2022
Operating revenue (yuan)	21,609,592,228.45	15,116,537,003.30	42.95%	15,933,984,403.41
Net profit attributable to shareholders of listed company (yuan)	5,868,545,988.62	2,704,238,767.54	117.01%	3,620,280,626.51
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (yuan)	5,828,938,494.33	2,614,210,640.58	122.97%	3,586,882,691.77
Net cash flows from operating activities (yuan)	7,073,064,183.33	5,119,370,863.32	38.16%	4,361,481,083.61
Basic EPS (yuan/share)	1.91	0.87	119.54%	1.17
Diluted EPS (yuan/share)	1.91	0.87	119.54%	1.17
Weighted average ROE	21.78%	11.24%	Increased by 10.54 percentage points	16.08%
Items	Dec. 31, 2024	Dec. 31, 2023	After adjustment	Dec. 31, 2022
Total assets (yuan)	42,989,132,470.97	39,156,246,864.67	9.79%	38,267,645,013.46
Net assets attributable to shareholders of listed company (yuan)	29,324,997,728.95	24,804,662,320.99	18.22%	23,574,879,326.24

The company's net profit before and after deducting non-recurring gains and losses in the last three fiscal years, whichever is lower, is negative, and the audit report of the latest year shows that the company's ability of continuing operation is uncertain.

☐ Yes ☒ No

The lower of the net profit before and after deducting extraordinary gains and losses is a negative value.

☐ 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 statements disclosed respectively under IFRS Standards and Chinese accounting standards

☐ Applicable ☒ Not Applicable

The Company has no difference in net profit or net assets in financial statements disclosed respectively under IFRS Standards and Chinese accounting standards.

2、Difference in net profit and net assets in financial statements disclosed respectively under overseas accounting standards and Chinese accounting standards

☐ Applicable ☒ Not Applicable

The Company has no difference in net profit or net assets in financial statements disclosed respectively under overseas accounting standards and Chinese accounting standards.

VIII. Key financial indicators by quarter

Unit: RMB Yuan

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	4,498,764,263.04	5,345,947,951.32	5,937,027,231.87	5,827,852,782.22
Net profit attributable to shareholders of listed company	869,622,923.96	1,334,738,719.00	1,785,157,145.05	1,879,027,200.61
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	857,468,937.91	1,299,993,529.79	1,724,718,549.44	1,946,757,477.19
Net cash flows from operating activities	480,895,414.07	1,657,428,645.28	2,438,406,421.08	2,496,333,702.90

Is there any significant difference between the above financial indicators or their totals and the correspondent financial indicators disclosed in quarterly or semi-annual reports?

☐ Yes ☒ No

IX. Non-recurring profit or loss

☒ Applicable ☐ Not Applicable

Unit: RMB Yuan

Items	Year 2024	Year 2023	Year 2022	Notes
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	19,289,871.70	5,426,533.21	-74,232,517.88	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	71,547,646.34	63,050,565.94	175,761,119.94	
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-36,923,997.96	34,458,488.77	-86,980,602.84	
Fees charged to non-financial enterprises for fund occupancy included in current profit or loss		465,887.82	988,193.62	
Gains or losses on assets consigned to the third party for investment or management	808,128.72	12,715,401.91	52,749,284.13	
Debt restructuring gains and losses		-847,442.05		
Other non-operating revenue or expenditures	654,343.78	4,406,027.43	2,411,616.08	
Other profit and loss items that meet the definition of non-recurring profit or loss			9,579,239.88	
Less: Enterprise income tax affected	8,827,724.99	29,488,260.00	46,826,444.91	
Non-controlling interest affected (after tax)	6,940,773.30	159,076.07	51,953.28	
Total	39,607,494.29	90,028,126.96	33,397,934.74	--

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 industry in which the Company operates during the reporting period

Based on the fine chemical industry, the Company takes “Chemical +” and “Bio +” as its core technology platform to produce various functional chemicals around nutrition, flavor and fragrance, 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. The United Nations, PRB, and others predict that by 2050, the global population will approach 10 billion.¹ Africa's population has exploded to 60% of the global population, global life expectancy has increased from 72.8 to 77.2 years, and developed regions are facing a deepening of population aging.

Vitamins and methionine are the representatives of the nutritional products market. Vitamins are trace organic substances essential to humans and animals. The market demand mainly comes from the downstream sectors such as feed, food, medicine and pharmaceuticals. The overall demand grows at a slow but stable rate, while supply remains highly concentrated, and the market price has long-term cyclical fluctuations. As the largest producer of vitamins, China produced about 0.42 million tons of vitamins in 2024, accounting for 85.90% of the global production. Vitamin prices rebounded from the bottom range in 2024 and most products return to profitability. The profitability of vitamin companies has improved significantly, except for a few companies, most companies' profits turned positive and realized year-on-year growth. Overseas enterprises saw reduced output due to capital, raw material supply, strategic adjustments and other factors—most notably, the explosion at BASF's German plant triggered a chain reaction.. These capacity adjustment further concentrated the supply of vitamins to China, such as vitamin K3, vitamin B6, vitamins A and E and other products.²

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. The industrial production of methionine is mainly used as a feed additive, which has two advantages: economy and availability. 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 preliminary statistics of Boyar, the global methionine (calculated as 99% purity, liquid methionine $\times 0.8$, the same below) capacity in 2024 was estimated at 2,249,000 tons, a year-on-year decrease of 4.6%, and China's methionine capacity is 736,000 tons, a year-on-year decrease of 5.2%. Global methionine production in 2024 increased year-on-year, with domestic supply in China reaching 471,000 tons. In 2024, China exported 380,000 tons, a year-on-year increase of 25.8%, and imported 156,000 tons, a year-on-year decrease of 8.8%. In 2024, domestic production increased significantly, while imports decreased, driven by the significant growth in exports, the annual solid methionine prices are high and then run in a narrow range of adjustment. Global demand for methionine in 2024 is about 1.7 million tons, an increase of 6.3% year-on-year. Domestic poultry farming maintain profitability overall, leading to a slight increase in methionine demand for feed, the domestic demand reached about 450,000 tons, an increase of 4.7% year-on-year.³

Flavor and fragrance:

The flavor and fragrance industry is a complementary industry of the national economy, and the independent high-level flavor and fragrance industry is crucial to the independent high-level food, tobacco and daily chemical industries. The sector encompasses

¹ <https://www.prb.org/articles/highlights-from-the-2023-world-population-data-sheet/>

² Boyar & Company Annual Analysis of Vitamins Market Report 2024

³ Boyar & Company Annual Analysis of Amino Acids Market Report 2024

fragrances (synthetic and natura) and flavors (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 flavor and fragrance industry” published by the China Flavor and Fragrance and Cosmetic Industry Association, it is expected that by 2025, the main business income of China's flavor and fragrance industry will reach RMB 50 billion.

At present, China's flavor and fragrance has 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 2023, about one-third of China's flavors and fragrances products were exported, with approximately two-thirds of fragrance products shipped overseas, key products such as vanillin, linalool, maltol accounted for about 50% of the global supply.⁴

New polymer materials:

As a strategic and fundamental industry, new polymer materials has become an important symbol for measuring the economic and technological strength of a country or region. The “Guidelines under 14th Five-Year Plan and Vision for 2035” pointed out that it is necessary to vigorously develop strategic emerging industries, including new generation information technology, biotechnology, new energy, high-end equipment-all of which have substantial demand for new materials. New 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, artificial intelligence 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.⁵

Specialty engineering plastics primarily include four high-demand categories: high-performance polyamide, polyphenylene sulfide, polyimide and polysulfone. At present, more than ten kinds of PPA, PPS, PSU and other varieties with application value and industrialization have been developed, which are widely used in electronics, automotive, aerospace, precision instruments and other high-tech industries. Due to the higher price, specialty engineering plastics accounted for about 1.8% of the plastics market by value. In 2022, the global market demand for these materials reached about 550,000 tons, with the market size of 8.5 billion U.S. dollars. Geographically, the consumption is mainly concentrated in China, Europe, the United States and Japan.

In 2023, China's total consumption of six major specialty engineering plastics--PPS, PSF, PEEK, LCP, PPA and PI amounted to approximately 174,000 tons. China Chemical Information Centre 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 onsumption will reach 246,000 tons by 2028. This growth will be primarily driven by booming sectors such as new energy vehicles, electronic appliances and medical equipment..⁶

API industry:

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 global leader in both production volume and export capacity while achieving internationally advanced production technologies.. China's chemical API industry has experienced a long period of rapid development stage, the scale of production once exceeding 3.5 million tons. However, since 2018, production volumes of traditional bulk APIs began to decline, and the total output of APIs of the domestic regulated enterprises fell to 2.3037 million tons in 2018. Between 2019-2023, China's API

⁴ Xinhua reported December 2023 “Aroma industry floats all over the world
<http://www.news.cn/fashion/20231215/b4fbb01c61c549cb9fdaf10c9fb21754/c.html>

⁵ Development of new materials industry in Zhejiang Province “14th Five-Year Plan”

⁶https://mp.weixin.qq.com/s?__biz=MjM5NDgxMTI0NA==&mid=2651074843&idx=1&sn=ef7960e3284552ed62dcd70454b5691d&chksm=bca1356a8e993c40242f8e9bcbba3346e3b336c43069d3ad93eb6a6e76beb2b63e917c368ede#rd Status and Trends of Specialty Engineering Plastics Development in China

supply production has gradually recovered and rebounded to 3.949 million tons in 2023.

II. 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, flavor and fragrance, new polymer materials, and 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 “Bio +”, providing value-added services 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, health-focused, and environmentally friendly products, and creates sustainable value for stakeholders. With leading technology, scientific management and genuine service, the Company has become one of the major vitamin producers in the world, one of the China’s top 1001 fine chemical enterprises, one of the top 10 Flavor and Fragrance Producer in China's light of industry and a well-known special engineering plastics manufacturer.

1. Main products and applications

Nutrition: The current products mainly cover vitamins, amino acids and pigments, including 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 and nutrition supplements of food, beverages and health food. The Company actively implements the serialized and differentiated development of nutrition, and continuously enhance the competitiveness of its products by optimizing the production process and tackling key issues. expanding new product lines through serialization, scaling, and high-value-added strategies to reinforce its industry leadership. In addition, the company fully integrates internal integration and external cooperation, opens up cooperation, actively deploys cutting-edge biotechnology, and builds the Company's “Bio+” platform.

Flavor and fragrance: At present, our main fragrance products include linalool, citral, and cis-3-hexenol series, methyl dihydrojasmonate, raspberry ketone, ligustral and menthol, which are widely used in personal care, cosmetic and food fields. From the perspective of competitiveness and market share, NHU is an important supplier in the global flavor and fragrance industry. The Company continuously enriches the varieties of fragrance portfolio and develop bio-based products to meet evolving market demands.

Polymer materials: The Company focuses on the development of high-performance polymers and key intermediates, moderate develop downstream applications of materials, main products include polyphenyl sulfide (PPS), high temperature nylon (PPA), HDI, IPDA, mainly serving automotive, electronic, environmental protection, industrial applications and other fields. At present, the Company has built a PPS whole industrial chain from basic raw materials to polymers, to modified processing, to special fibers, and become the only domestic enterprise capable of stable production of fiber-grade, injection molding-grade, extrusion-grade, coating-grade PPS, while progressing approvals for large-scale production of nylon new material industrial chain projects.

APIs: The main products are concentrated in the series of vitamins and antibiotics, including 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 adhered to the procurement principle of “fairness, transparency and optimal cost”, adopted the dual strategy of long-term strategic cooperation and open competitive procurement, deepened the market trend and market analysis, and ensured the stable supply of strategic materials. The company pays attention to source procurement, minimize intermediaries, reduce procurement costs. It implements transparent procurement practices through an information-based system, ensuring an open, standardized, and efficient procurement process. Suppliers with good reputation and quality products are selected, with quality assurance agreements to ensure stable and reliable performance of purchased items. We will give priority to environmentally friendly, energy-saving and sustainable products and services, encourage suppliers to achieve green production and operation, and gradually promote carbon

emission reduction and carbon neutrality plans. Select suppliers with a good sense of social responsibility, pay attention to their social responsibility performance, establish long-term cooperative relations, and achieve sustainable development 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”. Production plans are dynamically adjusted based on market demand to achieve supply-demand balance. By innovating production management, optimizing processes, and enhancing lean operations, the company continuously improves efficiency while reducing energy consumption per unit of output. It promotes safe, green, standardized, and high-efficiency production to strengthen product competitiveness.

(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 sales. 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 services customers indirectly based on market and customer features. At the same time, through measures such as holding customer service months, strengthening customer strategic cooperation, establishing customer evaluation models, and optimizing customer classification management, we will continue to expand market areas, attract large-scale customers, and enhance brand influence.

3. Key performance drivers

The Company has modernized production bases in Zhejiang Xinchang, Zhejiang Shangyu, Shandong Weifang, and Heilongjiang Suihua, adhering 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 +” to form NHU featured R&D models with industrial clusters, and technology and industry platforms interdependent. Not only can its products connect basic chemical raw materials in the upstream, but also extend to special intermediates, nutrition, flavor and fragrance, new polymer materials, and APIs in the downstream. It has formed a comprehensive product network to enhance risk resilience and market responsiveness.

During the reporting period, the Company's original products were operated in fine detail and the development and construction of new projects and new products were carried out in an orderly manner. In nutrition segment, the capacity of methionine project was released, and the 300,000 tons/year project has reached production with enhanced market competitiveness; the construction of 180,000 tons/year Liquid Methionine (Refractory) project, a joint venture between the Company and China Petroleum & Chemical Corporation, was basically completed; 4,000 tons/year Cystine was in stable production and operation, and pilot test of Glufosinate Ammonium Phosphonate project processed smooth. In the flavor and fragrance segment, the series of aldehyde project, SA project, and the first phase of the Fragrance Industrial Park project are progressing steadily. In new materials segment, the development of PPS for new applications went smoothly; Tianjin nylon new materials project continued to promote the approval of large-scale production; HA project products have been produced and sold normally. In the API segment, the integration projects of halothane and phytol are progressing in an orderly manner. In the future, we will upgrade our product structure according to the market demand, and gradually develop into a producer of antipyretic and analgesic drugs, nutritional drugs, and intermediates of specialty APIs.

During the reporting period, the release of new production capacity of methionine and other projects brought profit growth space for the Company, and at the same time, affected by the recovery of the downstream livestock industry, supply side of the other manufacturers supply constraints and other factors, the Company's nutrition segment of the main products market price repair. The Company seized market opportunities in time, went all out, production and marketing linkage to expand the market, and took multiple measures to expand market share, achieving year-on-year growth in both sales volume and prices for key nutraceutical products; In

addition, the Company through continuous innovation to reduce costs and increase efficiency, optimize the production process, resource allocation, energy consumption and so on, to reasonably reduce the operating costs, so as to achieve business performance improvement.

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

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, flavor and fragrance, 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 has a large competitive advantage in culture, R&D, management, talent, brand, etc.

1. Corporate culture

The company adheres to the enterprise objective of “Creating wealth, Elevating employees, Benefiting society”, core values of “new, harmony, union”, business philosophy of “create wealth, balanced and sustainable”, the enterprise spirit of “realism, innovation, high-quality and efficiency”, innovative management, and continuous improvement of management, ensure the steady development of the enterprise.

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. Led by the “teacher culture”, the Company pursues high-quality and sustainable development, creates spiritual and material wealth, provides a platform and opportunities for employees to develop and realize the value of their lives, and contributes to the innovative, green and shared development of society.

2. R&D

The Company adheres to the research and development concept of “demand-oriented, internal and external integration”, and has invested more than 5% of its operating income in research and development for many consecutive years. The Company has set up an innovative R&D system ranging from basic research, engineering development, process optimization to product application development, and focuses on the development of common, key and forward-looking technologies in the chemical industry, to develop and master a number of key technologies with strategic impact on economic development and promote industrial transformation and upgrading. The Company cooperates closely with well-known research institutes and universities at home and abroad, such as Zhejiang University, Chinese Academy of Sciences, Tianjin University, Jiangnan University, China Agricultural University, Zhejiang University of Technology, and CysBio Biotechnology Co., LTD., organizing and utilizing global basic science research resources to jointly carry out prospective and applied research in chemistry. As the core of enterprise technology innovation, the research institute of the Company has set up a biomedical laboratory, supercritical reaction laboratory, engineering equipment research center and other laboratories, equipped with a 600M ultra-low temperature probe nuclear magnetic resonance instrument and other world-class advanced scientific research equipment, master the supercritical reaction, high vacuum distillation, high pressure hydrogenation continuous, peroxide and continuous crystallization and other leading technologies at home and abroad. It has been rated as a national enterprise technology center, a national postdoctoral research workstation, and a national model academician expert workstation. During the reporting period, the project of “Development and Industrialization of Key Technology for Fresh Fragrance Series Spice Products” was awarded the First Prize of Technical Invention Award of China Light Industry Federation in 2024, “A Recombinant Microorganism, Its Preparation Method and Its Application in Producing Coenzyme Q10” and “A Preparation Method of Polyphenylene Sulfide Resin, and Polyphenylene Sulfide Resin Obtained by Preparation” were awarded the Excellence Prize of the 25th Chinese Patent Award, and the project of “High-quality D, L-Methionine Green Synthesis Key Technology Development and Industrialization” project was selected as the first prize of Shandong Province Science and Technology Award.

3. Production management

The Company aims at world-class manufacturing, and takes the operation of quality assurance, green low-carbon, safety and environmental protection systems as the gripping hand to support and guarantee the sustainable development. The Company has always been adhering to the production strategy based on the principle of “production- 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 oriented 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 improves the 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. It continuously upgrades equipment towards larger scale, better airtightness, greater continuity, and higher level of automation, aiming to save energy and reduce emissions, to improve productivity, product quality, intrinsic safety and cost reduction, 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 adhered to the management concept of “standardized and efficient”, the employment concept of “both virtue and talent, people and posts matching”, the guiding ideology of “creating a talent plateau, stimulating organizational vitality, and enhancing organizational performance”, and has built a pioneering and innovative, pragmatic, and efficient talent team and a long-term stable and excellent management team with a high sense of responsibility, to promote the sustainable, healthy and rapid development of the Company. The Company continues to strengthen the construction of the talent supply chain, constantly improve the talent training system, strengthen the training of “management talents, skilled talents, international talents, core technical talents, and leadership talents”, systematically train and reserve college students, introduce various professional talents, continue to promote the training of reserve cadres such as the sailing class and the departure class, and promote the cross-sequence rotation training of the font type. Promote the improvement of management and professional ability, and build a balanced talent structure. During the reporting period, the Company was honored with the “HR Excellence Contribution Award” in East China for the year 2024 by Lie Pin.

6. Brand

The Company adheres to the “integrity-based”, and has always adhered to serving customers and creating industry value with customers as the goal pursued by enterprises over the years. Through technological innovation, the Company continues to provide customers with safe and high-quality products and efficient and satisfactory services. After years of development and accumulation, the Company has won many honorary titles in the global fine chemical industry, such as one of China's top ten feed additive brands, one of the country's large vitamin feed additive enterprises, and ranked among China's top 500 petroleum and chemical enterprises (comprehensive) and China's top 100 basic chemical raw material manufacturing enterprises. Good market reputation has laid a solid foundation for the

healthy and long-term development of the Company. In addition, the Company has repeatedly won the top 30 best internal control in Zhejiang Province, the mainstream media listed companies “Best Investor relations Award” and other awards, widely favored by the market and investors.

7. Globalization

The Company has set up overseas subsidiaries in Hong Kong, Singapore, Germany, Mexico, Brazil, Japan, Vietnam 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-middle desk technical route with new and successful characteristics, and strengthens the awareness of data management and the management platform support system by building the business, data c and technology center, so as to realize the smooth management process of the headquarters and production base, the same source of business data, and supports the efficient business decision-making of enterprises. The Company constantly promotes automation, informatization and digitalization, strives to create a new and characteristic intelligent manufacturing system, build smart factories, promote intelligent operation management to achieve efficient, flexible, punctual, lean production of high-quality products, better meet and serve customers, and creat new advantages of industrial competition.

IV. Main business analysis

1. Introduction

Please refer to item “II. The main business of the Company during the reporting period” under “Section III Management Discussion and Analysis” for details.

2. Revenue and cost

(1) Operating revenue

Unit: RMB Yuan

Items	Year 2024		Year 2023		YoY growth rate
	Amount	% to total	Amount	% to total	
Total	21,609,592,228.45	100%	15,116,537,003.30	100%	42.95%
By industry					
Pharmaceutical chemicals	19,841,914,590.63	91.82%	13,797,766,058.00	91.28%	43.81%
Others	1,767,677,637.82	8.18%	1,318,770,945.30	8.72%	34.04%
By product					
Nutrition	15,054,507,596.05	69.67%	9,866,822,612.52	65.27%	52.58%
Flavor and fragrance	3,916,222,222.32	18.12%	3,273,948,378.45	21.66%	19.62%
New polymer materials	1,676,206,286.32	7.76%	1,201,509,242.06	7.95%	39.51%
Others	962,656,123.76	4.45%	774,256,770.27	5.12%	24.33%
By region					
Domestic sales	9,556,369,337.03	44.22%	7,318,678,736.77	48.42%	30.58%
Overseas sales	12,053,222,891.42	55.78%	7,797,858,266.53	51.58%	54.57%
By sales model					
Direct sales	16,478,446,865.46	76.26%	10,976,755,778.18	72.61%	50.12%
Agent sales	5,131,145,362.99	23.74%	4,139,781,225.12	27.39%	23.95%

(2) Industries, products and regions that account for more than 10% of the total operating revenue or operating profit

√ Applicable □ Not Applicable

Unit: RMB Yuan

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
By industry						
Pharmaceutical chemicals	19,841,914,590.63	11,184,158,130.84	43.63%	43.81%	22.31%	Increased by 9.90 percentage points
By product						
Nutrition	15,054,507,596.05	8,554,219,175.76	43.18%	52.58%	23.69%	Increased by 13.27 percentage points
Flavor and fragrance	3,916,222,222.32	1,886,180,859.36	51.84%	19.62%	16.42%	Increased by 1.33 percentage points
By region						
Domestic sales	9,556,369,337.03	6,114,210,456.71	36.02%	30.58%	16.73%	Increased by 7.59 percentage points
Overseas sales	12,053,222,891.42	6,467,790,189.93	46.34%	54.57%	32.17%	Increased by 9.09 percentage points

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 period shall be indicated.

☐ Applicable ☒ Not Applicable

(3) Whether the Company's goods sales income is greater than service income

☒ Yes ☐ No

By industry	Items	Unit	Year 2024	Year 2023	YoY growth rate
Pharmaceutical chemicals	Sales	Ton	1,001,253.71	789,182.83	26.87%
	Production	Ton	1,020,130.42	789,677.52	29.18%
	Stock	Ton	87,868.42	68,991.71	27.36%
Others	Sales	Ton	42,921.25	26,584.02	61.46%
	Production	Ton	43,432.63	29,056.26	49.48%
	Stock	Ton	6,776.91	6,265.53	8.16%

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

☒ Applicable ☐ Not Applicable

The YoY growth rate increase in sales and production of pharmaceuticals and chemicals was mainly due to the combined effect of increased production capacity of amino acid products and increased downstream demand for vitamins and methionine;

The YoY growth rate increase in sales and production of other categories primarily due to the rising market demand for new material 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

Industry and Product Classification

Unit: RMB Yuan

By industry	Items	Year 2024		Year 2023		YoY growth rate
		Amount	% to total	Amount	% to total	
Chemical industry	Cost of main operations	11,126,559,379.63	88.43%	9,113,248,621.48	89.95%	22.09%
Others	Cost of main operations	1,393,190,181.24	11.08%	921,775,209.45	9.10%	51.14%

Unit: RMB Yuan

By product	Items	Year 2024		Year 2023		YoY growth rate
		Amount	% to total	Amount	% to total	
Nutrition	Cost of main operations	8,496,620,424.57	67.53%	6,885,063,292.46	67.96%	23.41%
Flavor and fragrance	Cost of main operations	1,882,262,867.29	14.96%	1,555,075,302.17	15.35%	21.04%
New materials	Cost of main operations	1,308,611,295.41	10.40%	867,516,786.30	8.56%	50.85%
Others	Cost of main operations	832,254,973.60	6.62%	727,368,450.00	7.18%	14.42%

(6) Whether the consolidation scope has changed during the reporting period√ Yes ☐ No

company identification	Methods of equity acquisition	Point of acquisition
Qionghai Bo'ao Lidu Real Estate Co., Ltd	disposal	June 21, 2024
Tianjin NHU Materials Technology Co., Ltd.	establish	June 7, 2024
Cong Ty TNHH NHU Vietnam	establish	October 7, 2024
NHU Life Science GmbH	establish	October 31, 2024
NHU Japan 株式会社	establish	November 8, 2024

(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 top 5 customers	2,444,865,041.88
Proportion to the total balance of annual sales amount (%)	11.31%
Proportion of related party transaction to the total balance of annual sales amount (%)	0.00%

Top 5 customers

No.	Customers	Sales amount (yuan)	Proportion to the total balance of sales amount (%)
1	Client A	1,129,324,983.68	5.23%
2	Client B	476,340,403.76	2.20%
3	Client C	304,413,683.69	1.41%
4	Client D	271,293,966.95	1.25%
5	Client E	263,492,003.80	1.22%
Total	--	2,444,865,041.88	11.31%

Remarks on other information of major customers

☐ Applicable ☒ Not Applicable

Major suppliers

Total purchase amount (yuan) of top 5 suppliers	1,417,202,071.19
Proportion to the total balance of annual purchase amount (%)	16.65%
Proportion of related party transaction to the total balance of annual purchase amount (%)	0.00%

Top 5 suppliers

No.	Suppliers	Purchase amount (yuan)	Proportion to the total balance of purchase amount (%)
1	Supplier A	327,590,903.75	3.85%
2	Supplier B	315,605,329.42	3.71%
3	Supplier C	275,415,453.65	3.23%
4	Supplier D	255,420,196.80	3.00%
5	Supplier E	243,170,187.57	2.86%
Total	--	1,417,202,071.19	16.65%

Remarks on other information of major suppliers

☐ Applicable ☒ Not Applicable**3. Expenses**

Unit: RMB Yuan

Items	Year 2024	Year 2023	YoY growth rate	Remarks on significant changes
Selling expenses	190,298,278.24	158,316,813.86	20.20%	This was mainly due to the increase in personnel remuneration and sales commissions during the reporting period.
Administrative expenses	595,894,541.26	551,072,291.99	8.13%	
Financial expenses	178,047,841.65	65,450,512.95	172.03%	This was mainly due to the decrease in foreign exchange gains as a result of exchange rate fluctuations during the reporting period.
R&D expenses	1,036,161,740.50	887,801,475.02	16.71%	

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 continuous process equipment technology development and application research	Conduct research on some unit reaction operations and devices involved in the company's existing products and products to be launched to improve the maturity and production efficiency of the unit reaction.	The kettle reaction and pipeline reaction model test platform is used in the pilot test of MP and other projects, and the continuous extraction and continuous crystallization model test platform is applied in the commissioning of NH and other projects.	We have built kettle-type tandem reaction platforms and tube-type reaction platforms that can be used for various scales of model test or medium-sized test certificates.	Accumulate experience and basic data for workshop continuity and automation level enhancement, improve production efficiency and enhance the comprehensive competitiveness of products.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Technology development of fermentation products	Carry out research on the process of new products such as A6 and D ester, and improve the readiness of products for industrialization.	Completion of process research, have advanced the project construction, and part of the product has been debugging and stabilization.	Through research on strains and fermentation technology of fermentation products, we form fermentation products with independent intellectual property rights and higher quality standards.	We have further strengthened the development concept of "Bio+" and enriched the product categories of the bio-segment.
Research on the development and application of new dosage form formulations and process technologies for nutrient products	Granules for vitamin products, pressed tablets, drops, emulsions, gelatin and other new dosage form products development; carry out the construction of sensory evaluation system.	Project completion. Vitamin A dry cross-linking process mass production debugging is completed; sensory evaluation platform has begun to see results, service in Shangyu, Shandong base multi-products.	A set of debugging device suitable for the development of powder, tablet, drop and capsule type preparation products is formed, with a batch output of about 50Kg.	Develop new products of nutrient preparations to improve the company's nutritional product range.
Research on the development and application of high-safety nutrient products	Development of high safety formulations of vitamins, carotenoids, methionine and taurine, and downstream studies on the effects and mechanisms of their application in premixes, feeds, and animals in vitro and in vivo.	The project was successfully completed. Some of the products have completed the application of large-scale production and evaluation of product effects; the construction of the platform has been completed, and normal operation and application debugging have been realized.	To study the application effect of newly developed ethoxyquinoline-free vitamins and carotenoids in premixes and feeds and their bioavailability in different animal fields; to establish pilot feed processing platforms and breeding test bases for the evaluation of the application effect of high safety vitamins and carotenoids.	Improve the company's technology in formulation product development and downstream applications; continue to provide effective and sustainable solutions to our customers.
Development of Vitamin product technology	Vitamin series new and old products products of the new and old series of vitamins, the synthesis process innovation of the Research and development.	The project has been successfully completed. The new vitamin products have successfully completed the small test and output a competitive process route; the old products of technological transformation of vitamins have successfully completed the process innovation research, partially realizing industrialization.	Innovation of the company's existing vitamin production process; research and development of the synthesis process for new vitamin products.	Further vitamin series products to improve the company's overall competitiveness.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Key Technology Development and Application Demonstration for Equivalent Reduction of Pd Catalyst for Vitamin and Antibiotic Synthesis	Designed with metal catalysts, synthesis and catalytic mechanism Research on the design, synthesis and mechanism of catalytic action of metal catalysts is the primary task of industrialized development and application of high-performance metal catalysts industrialized development and application of	Successful completion of the project. The high-performance Pd catalyst has been popularized and applied in industrialization.	The company's new and old products involve the precise design, synthesis, development and application of Pd catalysts.	Improve the technology level of Pd catalyst related products, reduce cost and improve competitiveness.
AM ester synthesis process development	Chemical synthesis of new AM ester products, and promote the scale-up design and industrialization.	Continuously promote mold testing and scale-up design.	Chemical synthesis of new AM ester products and advancement of scale-up design and industrialization.	Break the monopoly of foreign technology and promote industrial upgrading.
Construction of biologically synthesized strains of typical B vitamins, development and industrialization of fermentation process	Through multi-parameter optimization of the fermentation process, the production of engineered strains can be scaled up to accelerate the replacement of chemical synthesis by biofermentation.	Vitamin B5 and B12 have been produced, and the fermentation process of other B products is under research and optimization.	Green synthesis of existing vitamins by constructing high-level strains and scaling up fermentation.	Realize the vitamin green bio-manufacturing, and then upgrade China's fermentation level to the world's leading level, and play a key role for the company to seize the high point of international technology and build a new pillar of green environmental protection industry system in China.
Adiponitrile synthesis process innovation and industrialization technology application research	Chemical synthesis and industrialization of adiponitrile.	Continue to work on pilot test validation and scale-up design.	Research on technology development of adiponitrile products and localization of production technology of adiponitrile products.	Break through the technical barriers of adiponitrile, break the monopoly of foreign companies, and promote the development of domestic related industries.
High-specification API product development	Further promote the research and development of API products, especially vitamin API products, to reduce production costs and improve the specifications of API products.	Completed the research on pharmaceutical grade products such as moxifloxacin hydrochloride, vitamin C, perfluorohexyloctane, perfluorobutylpentane, etc., of which	Completed the development and research of pharmaceutical-grade pilot processes for more than 5 products, such as Vitamin C. The processes have the value and feasibility of	Enhance our position in the API industry, especially in the high-specification vitamin market.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
		moxifloxacin hydrochloride has obtained the domestic registration number and vitamin C has obtained the CEP certificate; and is pushing forward the research on six pharmaceutical grade products such as vitamin B6 and D2.	scaling up, and guided and optimized the establishment of the scaling-up process.	
Research and Application of Fine Chemical Analysis and Testing Technology	To establish relevant standards and testing methods for synthetic intermediates; to carry out research on the preparation, separation and purification of trace impurities, and to carry out structural determination of impurities.	Completion of CNAS license renewal, expansion of a number of new technologies and a number of new areas, and successfully applied to key projects to meet the company's internal and external customer needs.	Provide analytical technology services to companies, establish analytical technology development, and assist in company product development.	Provide a full range of analysis and testing services for the technological innovation of our products, and assist in solving the key technical problems in the process of production and research and development.
Development and Application of Highly Efficient Separation Processes and Coupling Enhancement Technology	We systematically study the influencing factors of our products in the separation process, optimize the best parameters of the separation process, realize the controllable separation process and quality of the products, and solve the actual production problems through production debugging in the workshop.	Systematically study the basic characteristics of the company's products in the separation process, coupled with the use of a variety of separation technologies, optimize the process parameters, develop a highly efficient and scientific separation process, to achieve a high degree of cost and quality control of the product, and to solve practical problems through the workshop application.	Systematically conducts separation process studies of the company's existing and in-development products to support the solution of practical production problems.	Through the innovation and development of the separation process, we can realize the improvement of the separation process and quality of the products to meet the needs of different customers and enhance the market competitiveness of the products.
Research on the improvement of safety and environmental protection technology of fine chemical industry	Establish a safety and environmental protection assessment laboratory, equipped with calorimetric equipment such as DSC, ARC and RC1e and analysts, to carry out kinetic and thermodynamic analysis and research on the relevant	The research effect on safety and environmental protection has begun to bear fruit, and the TNR assessment method has been improved and applied in a number of projects.	Improve the company's technology for safety and security in chemical production and storage, carry out process optimization for more dangerous processes, and essentially reduce the danger of reaction processes.	Enhance the essential safety level of enterprises and effectively prevent accidents.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	materials and chemical reaction processes, and to carry out the scaling-up and debugging of the corresponding processes when necessary.			
Engineering process scale-up design and equipment technology research and application	Further improve the fine chemical industrialization system, establish a personalized module platform, train talents and establish relevant platforms and methods in the process of solving the problems of process development and equipment amplification, thus improving the efficiency of process development and reducing process costs.	Combined with the characteristics of the project, in-depth understanding of the principles of reaction, separation, simulation, material corrosion, targeted solutions to the problem, and has formed a preliminary technical standards, which have been applied in a number of projects.	Maximize the use of existing resources to achieve efficient process research and development on the basis of the platform. Support the resolution of technical problems in the industrialization process.	Maximize industrialized resources and improve industrial efficiency.
R&D of process technology for fine chemical and material intermediates	By developing and optimizing the synthesis process of chemical intermediates, the reaction selectivity is improved, the production cost is reduced, the pollution of the process route is lowered, and the reliability of the process route is enhanced.	Process development and research has been completed for some of the products, some of which are moving forward with projectization. The remaining products are in the process development stage.	Process development and research of intermediate products, as well as quality research and process control research on polymerization-grade and pharmaceutical-grade products to form independent R&D technology. Conduct pilot production of at least four products.	Reduce the comprehensive cost of many products of our company, reduce the difficulty of new product development, and enhance the competitiveness of our company in many fields such as pharmaceuticals, pesticides, flavor and fragrance, nutraceuticals, and polymers.

Details of R&D personnel

Items	Year 2024	Year 2023	Percentage of change
Number of R&D personnel (persons)	2,867	2,803	2.28%
% to total employees	25.22%	23.85%	Increased by 1.37 percentage points
Educational background structure			
Technical secondary school, high school and below	119	135	-11.85%
Junior college	346	373	-7.24%
Bachelor	1,410	1,388	1.59%

Items	Year 2024	Year 2023	Percentage of change
Master	912	828	10.14%
Doctor	80	79	1.27%
Total	2,867	2,803	2.28%
Age structure			
Below 30 years old	1,315	1,353	-2.81%
30-40 years old	1,138	1,045	8.90%
Over 40 years old	414	405	2.22%
Total	2,867	2,803	2.28%

Details of R&D input

Items	Year 2024	Year 2023	Percentage of change
R&D input amount (yuan)	1,036,161,740.50	887,801,475.02	16.71%
% to total operating revenue	4.79%	5.87%	Decreased by 1.08 percentage points
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 structure of the Company's R&D personnel and the effect

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable**5. Cash flows**

Unit: RMB Yuan

Items	Year 2024	Year 2023	YoY growth rate
Subtotal of cash inflows from operating activities	19,830,149,069.08	16,264,139,030.71	21.93%
Subtotal of cash outflows from operating activities	12,757,084,885.75	11,144,768,167.39	14.47%
Net cash flows from operating activities	7,073,064,183.33	5,119,370,863.32	38.16%
Subtotal of cash inflows from investing activities	345,665,250.33	950,343,311.05	-63.63%
Subtotal of cash outflows from investing activities	4,119,527,931.56	4,828,029,671.75	-14.67%
Net cash flows from investing activities	-3,773,862,681.23	-3,877,686,360.70	2.68%
Subtotal of cash inflows from financing activities	4,441,283,711.80	5,996,318,716.61	-25.93%
Subtotal of cash outflows from financing activities	6,704,300,710.58	8,049,329,843.78	-16.71%
Net cash flows from financing activities	-2,263,016,998.78	-2,053,011,127.17	-10.23%
Net increase of cash and cash equivalents	1,074,882,251.17	-705,271,516.56	252.41%

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 38.16%, which was mainly due to the increase in sales revenue during the reporting period, which affected the increase in payment for goods.

The YoY growth rate of Subtotal of cash inflows from investing activities was -63.63%, which was mainly due to the decrease in redemption of fund-raising financial products during the reporting period.

The YoY growth rate of Subtotal of cash inflows from financing activities was -25.93%, which was mainly due to the decrease in new borrowings during the reporting period.

The YoY growth rate of Net increase of cash and cash equivalents was 252.41%, which was mainly due to the increase in sales revenue during the reporting period, which affected the increase in payment 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	77,274,370.60	1.11%	It was mainly due to the increase in investment income from associates and gain on disposal of subsidiaries during the reporting period.	No
Gains on changes in fair value (or less: losses)	-13,600,481.19	-0.20%	It was mainly due to the fair value changes of forward foreign exchange settlement and sales during the reporting period.	No
Credit impairment loss (or less: losses)	-55,009,881.32	-0.79%	It was mainly due to the increase in revenue during the reporting period, which led to higher accounts receivable and consequently an increase in credit impairment losses.	No
Assets impairment loss(or less: losses)	-81,957,927.36	-1.18%	It was mainly attributable to the impairment losses recognized during the reporting period, resulting from provisions for inventory write-downs and asset impairment.	No
Non-operating revenue	5,472,411.83	0.08%	It was mainly due to claims income.	No
Non-operating expenditures	34,491,018.05	0.50%	It was mainly due to asset disposal losses and external donation expenses during the reporting period.	No
Gains on asset disposal (or less: losses)	1,393,189.08	0.02%	It was mainly due to disposal of fixed assets.	No
Other income	268,057,018.67	3.86%	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	Dec. 31, 2024		Jan. 1, 2024		Percentage of change	Remarks on significant changes
	Amount	% to total	Amount	% to total		
Cash and bank balances	7,936,504,805.65	18.46%	4,543,361,146.98	11.60%	Increased by 6.86 percentage points	
Accounts receivable	3,653,676,104.37	8.50%	2,483,266,952.88	6.34%	Increased by 2.16 percentage points	
Inventories	4,090,096,841.96	9.51%	4,318,878,875.34	11.03%	Decreased by 1.52 percentage points	
Long-term equity investments	865,262,148.36	2.01%	697,145,200.08	1.78%	Increased by 0.23 percentage points	
Fixed assets	21,915,984,823.43	50.98%	21,860,082,637.13	55.83%	Decreased by 4.85 percentage points	
Construction in progress	571,610,643.68	1.33%	1,621,882,507.56	4.14%	Decreased by 2.81 percentage points	
Right-of-use assets	13,222,869.09	0.03%	6,603,631.56	0.02%	Increased by 0.01 percentage points	
Short-term borrowings	1,162,512,239.04	2.70%	1,235,688,062.90	3.16%	Decreased by 0.46 percentage points	
Contract liabilities	237,013,669.77	0.55%	251,008,240.97	0.64%	Decreased by 0.09 percentage points	
Long-term borrowings	5,327,243,721.25	12.39%	6,821,643,194.58	17.42%	Decreased by 5.03 percentage points	
Lease liabilities	3,584,791.02	0.01%	5,240,136.43	0.01%	stay level	

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	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)	145,000,000.00					145,000,000.00		
2. Derivative financial assets	28,056,050.95	-27,310,234.61						745,816.34
Subtotal of financial assets	173,056,050.95	-27,310,234.61				145,000,000.00		745,816.34
Financial liabilities	0.00	11,151,258.46						11,151,258.46

Remarks on other changes

No

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

□ Yes ✓ No

3. Restrictions on assets as of the end of the reporting period

Unit: RMB Yuan

Items	Book balance	Carrying amount	Type of restriction	Restrictions
Cash and bank balances	30,809,898.16	30,809,898.16	pledged	Banker's acceptance deposit
	8,800,000.00	8,800,000.00	pledged	Forex Option Margin
	8,183,592.83	8,183,592.83	pledged	Letter of Guarantee Deposit
	3,762,850.00	3,762,850.00	pledged	customs bond
	1,458,021.83	1,458,021.83	pledged	Letter of Credit Deposit
	1,263,178.80	1,263,178.80	pledged	Water deposit
	875,023.57	875,023.57	pledged	Safety Construction Bond
	854,699.63	854,699.63	pledged	Project Engineering Labor Salary Bond
	22,500.00	22,500.00	pledged	ETC Margin
Notes receivable	99,511,561.32	99,511,561.32	pledged	Opening a pledge of banker's acceptances

Items	Book balance	Carrying amount	Type of restriction	Restrictions
Receivables financing	36,038,583.82	36,038,583.82	pledged	Opening a pledge of banker's acceptances
Fixed assets	93,273,121.97	75,137,838.29	mortgaged	Mortgage to a bank for the purpose of obtaining a loan
Intangible assets	9,864,599.74	9,864,599.74	mortgaged	Mortgage to a bank for the purpose of obtaining a loan
Total	294,717,631.67	276,582,347.99		

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
1,555,952,289.57	3,377,423,672.72	-53.93%

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 hedging purposes during the reporting period

√ Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Types of Derivatives Investments	Initial Investment Amount	Opening amount	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity	Amount purchased during the reporting period	Amount sold during the reporting period	End of period amount	Investment amount at the end of the period as a percentage of the company's net assets at the end of the reporting period
Forward contracts	195,647.20	195,647.20	-1,438.24	0	637,907.70	801,353.35	32,201.55	1.09%
structured forward contract	0	0	78.19	0	237,352.60	188,971.50	48,381.10	1.64%
Total	195,647.20	195,647.20	-1,360.05	0	875,260.30	990,324.85	80,582.65	2.73%

description of the accounting policies and specific principles of accounting for hedging operations during the reporting period, and whether there have been any significant changes compared to the previous reporting period	The Company accounts for the hedging business conducted in accordance with the relevant provisions of the Ministry of Finance's AS 22 - Recognition and AS 23 - Transfer of Financial Assets and AS 37 - Presentation of Financial Instruments and its guidance. There were no significant changes in accounting policies and specific principles of accounting compared with the previous reporting period.
Description 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 -20.77million yuan.
Description of the hedging effect	The Company carries out foreign exchange hedging business based on the principle of exchange rate risk neutrality. By carrying out foreign exchange hedging business, the Company reduces the impact of exchange rate fluctuation on the Company's operation and effectively controls the operation risk.
Derivatives Investment Funding	Self-funded.
Risk analysis and description of control measures for 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 risk, the Company and its subsidiaries have carried out derivative business and the Company and its subsidiaries have strictly implemented the "Foreign Exchange Hedging Business Management Regulations".
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	The floating loss on fair value of derivatives during the reporting period was 13.60 million Yuan. Changes in fair value are determined at the end of each month based on quoted market prices from external financial institutions.
Litigation involved (if applicable)	No
Date of disclosure of board announcement for approval of derivative investments (if any)	April 23, 2024
Special opinion of independent directors on the company's derivatives investment and risk control	The Company has formulated the "Management Measures for Foreign Exchange Hedging Business", which sets out specific operating procedures for conducting foreign exchange hedging business by strengthening internal controls, implementing risk prevention measures and improving management. The Company has analyzed the feasibility of its foreign exchange hedging business and, in general, it is practical and feasible for it to carry out foreign exchange hedging, which can effectively reduce the risk of exchange rate fluctuations and is conducive to stabilizing the profit level. The content and consideration procedures of the matter are in compliance with the relevant laws, regulations, regulatory documents and the Articles of Association, and do not constitute any damage to the interests of the Company and other shareholders. We unanimously agree with the Company to carry out foreign exchange hedging business this time.

2) Investments in derivatives for speculative purposes during the reporting period

☐ Applicable ☒ Not Applicable

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

5. Use of raised funds

☒ Applicable ☐ Not Applicable

(1) Overall use of raised funds

☒ Applicable ☐ Not Applicable

Unit: RMB 0,000 yuan

Year of fund-raising	Way of fund-raising	Date of listing of securities	Total funds raised	Net proceeds (1)	Total Proceeds Utilized for the Period	Cumulative total amount of proceeds utilized (2)	Proportion of funds raised utilized at the end of the reporting period (3) = (2)/(1)	Total amount of proceeds from change of use during the reporting period	Cumulative total amount of proceeds from change of use	Proportion of total proceeds from cumulative change of use	Total unused proceeds	Use and destination of unused proceeds	Raised funds being idle for over two years
Year 2017	Private placement of shares	December 20, 2017	486,707.55	486,707.55	16,001.17	527,880.92	108.46%	0	0	0.00%	0	Permanent replenishment of working capital	0
Total	--	--	486,707.55	486,707.55	16,001.17	527,880.92	108.46%	0	0	0.00%	0	--	0

Remarks on overall use of raised funds

The Company's raised funds used in previous years amounted to 5,118.80 million yuan, the net amount of interest on cash in bank received in previous years less handling charges amounted to 105.69million yuan, gains on financial products and structured deposits received in previous years amounted to 644.30 million yuan, and the net expenditure on financial products and structured deposits purchased in previous years amounted to 145.00 million yuan; the raised funds actually used in 2024 amounted to 160.01 million yuan, the net amount of interest on cash in bank received in 2024 less handling charges amounted to 4.12 million yuan, gains on financial products and structured deposits received in 2024 amounted to 0.86 million yuan, and the net recovery from financial products and structured deposits purchased in 2024 amounted to 145.00 million yuan; the Company has written off the special account for fund-raising funds up to the The Company has transferred the total balance of the special account for fund raising up to the date of cancellation of 3,43.23 million yuan (including the interest income generated from the special account) to permanently replenish the liquidity.

The Company has utilized a total of RMB 5,278.81 million of the proceeds, the net amount of interest received on bank deposits after deduction of bank charges, etc. was RMB 109.81 million , the cumulative proceeds received from bank wealth management and structured deposits amounted to RMB 645.15 million, and the net expenditure on the purchase of wealth management and structured deposits amounted to RMB 0.00 million.

As of December 31, 2024, the balance of raised funds is 0 yuan.

(2) Committed projects with raised funds

√ Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Financing Project Name	Date of listing of securities	Commitment to investment projects and investment of over-raised funds	Nature of the project	Whether the project has been changed (including partial changes)	Total committed investment of proceeds	Total adjusted investments (1)	Amount invested during the reporting period	Cumulative amount invested as at the end of the period(2)	Progress on investments as at end of period (3) = (2)/(1)	Date project reaches intended useable condition	Benefits realized during the reporting period	Cumulative benefits realized by the end of the reporting period	Achievement of projected benefits	Whether there has been a significant change in the feasibility of the project
Committed investment projects														
Methionine project with annual output of 0.25 million tons	December 20, 2017	Methionine project with annual output of 0.25 million tons	production and construction	No	486,707.55	486,707.55	16,001.17	527,880.92	108.46%	December 31, 2023	183,982.47	371,655.84	Yes	No
Subtotal committed investment projects				--	486,707.55	486,707.55	16,001.17	527,880.92	--	--	183,982.47	371,655.84	--	--
where the over-raised funds are invested														
No		No	No	No	0	0	0	0	0.00%		0	0	N/A	
Repayment of bank loans (if any)				--	0	0	0	0	0.00%	--	--	--	--	--
Supplementary working capital (if any)				--	0	0	0	0		--	--	--	--	--
Subtotal of over-provision of funds				--	0	0	0	0	--	--	0	0	--	--
Subtotal				--	486,707.55	486,707.55	16,001.17	527,880.92	--	--	183,982.47	371,655.84	--	--
Conditions of and reasons for not meeting the planned schedule or estimated revenue (by specific project)					As considered and approved at the Eighth Meeting of the Eighth Session of the Board of Directors and the Seventh Meeting of the Eighth Session of the Supervisory Committee of the Company on October 27, 2021, the date for the project with an annual output of 250,000 tons of methionine to reach the intended state of use was adjusted from the originally planned December 2021 to June 2023, with the other contents of the project remaining unchanged. Main reason: affected by the macro-economy, the project infrastructure construction progress is delayed, the arrival time of some equipment and materials									

	procurement is extended, the equipment installation and debugging work is postponed, the overall progress of the fund-raising investment project is slowed down, so the project is postponed compared with the original delivery date.
Remarks on significant changes in feasibility of projects	None.
Amount, purposes and progress of use of over-raised funds	Not Applicable
Changes in implementation locations of investment projects with raised funds	Not Applicable
Adjustment on the implementation method of investment projects with raised funds	Not Applicable
Preliminary investment and replacement of investment projects with raised funds	Applicable
	Preliminary investment amounted to 36.06 million yuan, and the replacement of raised funds is completed.
Temporary replenishment of working capital with idle raised funds	Not Applicable
Amount of and reasons for the balance of raised funds in the implementation of projects	Not Applicable
Uses and whereabouts of unused raised funds	Permanent replenishment of working capital
Problems or other situations in the use and disclosure of raised funds	None.

(3) Change of projects with raised funds

☐Applicable ☒ Not Applicable

There is no change of projects with raised funds 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% (inclusive)

Unit: RMB 0,000 yuan

Entities	Categories	Major 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	1,100 million yuan	1,194,132.57	1,072,873.51	648,338.98	263,688.97	226,709.23
Shandong NHU Vitamins Co., Ltd.	Subsidiary	Production and sales of feed additives	500 million yuan	321,156.01	212,911.18	373,926.13	201,885.71	173,507.94
Shandong NHU Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of fragrances	590 million yuan	497,174.72	418,860.86	394,630.94	157,487.48	136,208.22

Remarks on major holding investees

Details of acquisition and disposal of subsidiaries during the reporting period

☒ Applicable ☐ Not Applicable

Subsidiaries	Method for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
Qionghai Bo'ao Lidu Real Estate Co., Ltd.	disposal	None.
Tianjin NHU Materials Technology Co., Ltd.	investment establishment	Initial no significant impact
NHU Life Science GmbH	investment establishment	Initial no significant impact
Cong Ty TNHH NHU Vietnam	investment establishment	Initial no significant impact
NHU JAPAN CO. LTD.	investment establishment	Initial no significant impact

Description of major holding and participating companies

☐ Applicable ☒ 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 main channel of “Chemical +” and “Bio +”, improve the ability of applied research and application services, focus on the business of nutrition, flavor and fragrance, new materials and APIs, adhere to innovation-driven development of various functional chemicals, and strengthen the construction of technology and industrial platforms. Promote the introduction and cooperation of advanced equipment, relying on the four modern production bases of Xinchang, Zhejiang, Shangyu, Shandong Weifang, Heilongjiang Suihua., to realize the extension of the industrial chain, and promote the sustainable and high-quality development of the Company. At the same time, the Company actively monitors and cultivates functional chemical opportunities related to strategic emerging industries such as plant protection industry, new energy industry, energy conservation and environmental protection industry and information industry.

It will continue to expand, strengthen and specialize in the nutrition business. On the basis of integration and market coordination, we will implement lean operation, and continuously improve the comprehensive competitiveness of existing products; At the same time, we will rapidly develop strategic products, ensure the implementation of key projects, constantly enrich product categories, and improve the comprehensive competitiveness of products; continue to deepen the global marketing network layout, improve product application service capabilities.

It will develop wider and deeper in flavor and fragrance business. With the guiding principle of “customer-centred, innovation-driven, bigger, stronger, deeper and better flavours and fragrances series products, expanding the application of functional chemicals, and enhancing the creation of product value”, we will gradually diversify from the current product structure mainly based on citral series, linalool series and leaf alcohol series, and promote the landing of new projects, constantly introduce integrated, serialized and coordinated new flavor varieties, achieve the functionalization and differentiation of products, and continue to improve the core competitiveness of products through internal and external integration, technological innovation and research and development, and lean management.

It will continue its development in new material business. Guided by cost leadership, the Company adhere to integration and serialization development ideas. By integrating resources and fostering open cooperation, we will focus on polymer and key intermediates, striving to develop large-scale products successfully while synergistically expanding downstream applications. Based on “Chemical +, Bio +”, 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.

It will focus on making more special and refined APIs business. With the guiding ideology of “taking innovative technology and innovative service as the center, taking big products as the guide, differentiated development, and making special and fine”, the Company will take advantage of the existing industrial supporting advantages, integrate the Company's resources, plan to build a specialized production base, intensify the research and application of new products, new technologies and new equipment in the field of APIs, achieve differentiated development, and actively promote the core competitiveness of existing products and the expansion of emerging markets.

2. Business plan of the Company

In 2025, the Company has clearly defined the management guiding principle of “accelerating overseas expansion, enhancing innovation

for development, upgrading capability and management, and preventing risks through prudent operation”. The Company will adhere to the main course of the “Chemical +” and “Bio +” strategy, anchor the goal of “World NHU”, take accelerating going abroad and enhancing innovation as the main line of work, and strengthen professional ability and basic management as the important support, and focus on the construction of strategic projects. Taking accelerating overseas expansion and enhancing innovation as the primary tasks, strengthening professional capacity and basic management as the important support, we will focus on promoting the construction of strategic projects, enhancing synergistic capacity and preventing business risks, striving to successfully conclude the “14th Five-Year Plan” and to lay a solid foundation for a good start of the 15th Five-Year Plan. We will focus on the following aspects:

(1) Planning and strengthening strategic leadership. Based on our own strengths, we will analyze the market and industry trends in depth and formulate a realistic and forward-looking strategy. Reasonable allocation of resources to ensure the steady progress of strategic projects. First, refining the strategic planning, planning the development blueprint. Summarize the experience of the “14th Five-Year Plan” strategy review, scientifically formulate the “15th Five-Year Plan” strategic planning. Improve the strategic management mechanism to promote the strategy to the ground. Secondly, we should strengthen project management and control, and aim for “production, standard, efficiency and sale targets” to be achieved.

(2) Focusing on synergy and accelerating market expansion. Taking sales as the driver and customers as the center, we will develop the market and meet customers' needs as the shared goals of the whole company; through establishing and improving the synergy mechanism, clarifying the responsibilities of each department and the collaboration process, strengthening internal communication and exchange, and forming synergy. First, we should innovate marketing strategies to stimulate market increment. According to the changes in the market situation, scientifically formulate sales strategies. Grasp the market opportunities, accelerate the speed of new product market promotion, enhance the “four new” market development efficiency. Second, we should strengthen sales support, help market development. Pay attention to the dynamics of international trade policy, and flexibly adjust the market strategy. Production, supply, marketing and research should form a synergy to realize the overall improvement of product cost, quality and service elements.

(3) Accelerating overseas expansion and deepen the international layout. Open up the mind, benchmark the advanced, accelerate the global layout. First, we should broaden international business and optimize global resource allocation, strengthen the localized operation and service capacity to ensure that the Company moves forward steadily in the internationalization process. Actively layout overseas subsidiaries, deepen localized services and optimize service quality. Utilize existing overseas R&D institutions to integrate innovation resources. Secondly, we should improve internationalization management and enhance global operation efficiency. Make a good reserve of internationalized talents, and strengthen internationalized talent cultivation and cross-cultural training.

(4) Innovation-driven, accumulating development momentum. Innovation is the fundamental driving force for the development of NHU. We should grasp the opportunities for innovation in artificial intelligence, biotechnology and green chemistry, increase investment in R&D, and enhance the effectiveness of R&D. We will continue to invest in R&D and improve the effectiveness of R&D. First, we should anchor demand-oriented, refine and deepen both new and old products. Combine market demand and resource advantages, scientifically select the direction of R&D, and accelerate the landing and industrialization of new products. Breakthrough core technology, optimize the process, enhance the level of automation, expand product applications, and improve the competitiveness of existing products. Secondly, we should practice inward and outward cooperation, and continuously improve the innovation ability. Strengthen the platform, build a technology matrix, break through key technologies, improve standardization, and enhance technical

services. Deepen the inward linkage, synergize, strengthen resource sharing and information linkage, promote the integration of technology and equipment, R&D and market collaboration. Open cooperation, docking universities, research institutions and leading enterprises, introducing experts and technologies, laying out cutting-edge and basic research, and seizing subversive technology opportunities.

(5) Enhancing professionalism and empowering efficient management. Adhere to the problem-oriented approach, face up to the gap between the management level and professional ability and the requirements of world-class enterprises and internationalization, adhere to the advanced benchmarking and continuous learning, and build a talent highland through job training and practical experience accumulation. First, we should improve the management system and enhance the management efficiency. Optimize the intelligent manufacturing system. Strengthen quality and energy management and improve operational efficiency. Improve the system of promoting equipment integrity. Improve the Company's market value management mechanism. Secondly, we should implement the capacity enhancement specialization and build a professional talent team. Improve the training system, accelerate the introduction of shortage talents, and optimize the performance evaluation mechanism. Third, we should implement cultural concepts and play the role of soft power. Solidify management experience, strengthen employee psychological care, and build harmonious labor relations.

(6) Stable operation, building a solid foundation for development. We will examine risks with a global mindset, strengthen internal control, improve the early warning mechanism, and enhance the ability to respond to risks, so as to safeguard the long-term and stable development of the enterprise. First, we need to guard the safety and environmental bottom line red line. Improve the safety management system, enhance environmental protection standards, and ensure sustainable development. Second, we should promote the deep integration of industry and finance. Improve credit management, prevent financial risks, optimize the control of overseas funds, and ensure the sound operation of the enterprise. Third, strengthen legal compliance management. Strengthen legal risk prevention and control, enhance compliance management of overseas business, and improve the trade secret protection system.

3. Possible risks

(1) Macroeconomic risks

The global economy is facing numerous uncertainties due to international trade frictions and possible intensification of geopolitical conflicts. The Company will accelerate the pace of globalization, speed up the global strategic layout, strengthen the localized operation and service capabilities to ensure the Company's steady progress in the internationalization process. Continuously improve the construction of globalized innovation, sales and information centers, and establish diversified innovation chains, supply chains and customer bases, so as to promote the Company's steady development.

(2) Industry and market competition risks

The Company is facing peer competition in both domestic and international markets. The development of new technologies by its competitors will not only impact the market, but also challenge the Company's market position in the industry. In the future, the Company will continuously enhance its R&D and innovation capabilities, and improve its competitiveness in the industry.

(3) Raw material price fluctuation risk

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 materials 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 partnerships with suppliers, and

improving the utilization rate of raw materials.

(4) Exchange rate and trade risks

The Company provides products and services to customers in more than 100 countries and regions around the world. At present, due to the increased uncertainty of global geopolitical risks, political risks, trade obstacles and exchange rate fluctuations, international political and economic instability will have a certain impact on the Company's sales revenue and profitability. In the future, the Company will take targeted measures to actively respond to changes in the international market, strive to stabilize its international market position and actively explore new economic growth points to maintain the steady growth of the Company's performance.

(5) Environmental protection policies changing risk

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 and explore more environmentally friendly ways of production to achieve sustainable development.

XII. Researches, 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 conversation and information provided	Index for basic information of the investigation
April 30, 2024	"Investor Relations Interactive Platform" of Panorama Network	Network platform online communication	Others	Investors who attended the Company's online annual performance presentation of 2023	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of April 30, 2024, which was published on the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
May 15, 2024	Meeting room of the company	Field research	Institution	1, Caitong Fund (Zhang Yulong); 2, Boyan Investment (Xiong Wenshuo); 3, Caitong Securities (Guo Qikun); 4, Caitong Chemical (Mei Yuxin); 5, Truvalue Asset Management (Liu Di); 6, Dacheng Fund (Zhao Peng); 7, Dacheng Fund (Duan Yifan); 8, Topsperity Securities (Xu Lei); 9, Northeast Chemical (Wu Hao); 10, Fidelity Funds (Li Ruipeng); 11, Fullgoal Fund (Wang Huanji); 12, Fullgoal Fund (Shen Heng); 13, Everbright Chemical (Cai Jiahao); 14, GF Securities Asset Management (Sun Guomeng); 15, Guodu Securities (Yu Weikang); 16, Franklin Templeton Sealand (Zhang Rui); 17, Guohai Chemical (Chen Yun); 18, Guolian Chemical (Shen Qihao); 19, Guotai Junan (Zhou Zhipeng); 20, UBS SDIC Fund (Zhou Sijie); 21, Guoxin Investment (Li Mengru); 22, Fruity Investment (Cai Honghui); 23, Haitong Chemical; 24, Hongshang Asset (Sha Zhengjiang); 25, Huaan Chemical (Liu Tianqi); 26, Huafu Fund (Deng Xianbo); 27, Huatai Securities (Zhuang Tingzhou); 28, China Asset Management (Zhou Tianxiang); 29, HSBC Qianhai (Ruyi); 30, Taiping Fund (Xia Wenqi); 31, Greenwoods Asset (Jiang Wenchao); 32, Minsheng Chemical (Zeng Jiachen); 33, Morgan Stanley (Sun Renjie); 34, Nanhua Fund (Liu Kaixing); 35, Origin Asset (Zhang Yupeng); 36, Foresight Foundation (Cui	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of May 15, 2024, which was published on the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				Wenqi); 37, Shenwan Hongyuan (Shao Jingyu); 38, Shenwan Pharmaceuticals (Zhang Jinghuan); 39, Western Leadbank Fund (Chen Yu); 40, Southwest Securities (Li Genlin); 41, Aegon-industrial Fund (Xia Siting); 42, Xingyin Fund (Shi Liang); 43, CITIC Securities Chemical (Liu Menglan); 44, Nomura Orient International Asset Management (Wu Gangxiang); 45, Great Wall Securities (Xiao Yaping); 46, Great Wall Securities (Wang Tong); 47, Great Wall Securities(Wei Miao); 48, Zheshang Securities (Li Hui); 49, CICC (Jia Xiongwei); 50, CICC (Hou Yilin); 51, Lombarda China Fund (Xi Rongxue); 52, Zhongtai Securities (Nie Lei); 53, Csc Financial (Tao Aipu); 54, CITIC Energy (Liu Chang); 55, BOC Chemical (Fan Qiyang); 56, Rosefinch Fund (Zhang Xuan); 57, Rosefinch Fund (Liu Congcong); 58, Tong Heng Capital (Hu Jiawei); 59, Eco Assett(Zhang Xinbin); 60, Jingzhi Asset (Huang Dengfeng); 61, China Universal Asset (Liu Gaoxiao); 62, Individual shareholders, etc.		
May 29, 2024	Kempinski Hotel Shanghai	Field research	Institution	1, Shanghai Shifeng Asset; 2, Shanghai MegaTrust Investment; 3, Orient Fund; 4, Donghai Fund; 5, Donghai Securities Asset; 6, China Re Assets; 7, Zhonggong Fund; 8, Zhonghai Fund; 9, BOC International Asset Management; 10, BOCI Fund; 11, BOCOM Schroder; 12, Kingsun Investment; 13, Everbright Asset 14, Aegon-industrial Fund; 15, Aegon-industrial Fund; 16, Xianhe Management; 17, ABC-CA Fund; 18, Kaifeng Investment; 19, China Asset; 20, Fortune Sg Fund; 21, Huafu Fund; 22, Huatai Baoxing Fund; 23, Huatai Insurance Group; 24, HNG Trust; 25, China Dragon Securities; 26, Bosera Asset; 27, Harvest Fund; 28, Guosen Securities; 29, Guotai Junan Asset Management; 30, Guotai Fund; 31, Franklin Templeton Sealand Fund; 32, Winsure Investment Center; 33, Taiping Pension; 34, Taiping Fund; 35, Taiping Asset; 36, Guanyuan Asset; 37, Fuanda Fund; 38, ICBC-AXA Asset; 39, GF Fund; 40, CCB Life Insurance Asset Management; 41, CCB Principal Asset Management; 42, Topsperity Fund; 43, Loyal Valley Capital; 44, Minsheng Securities Asset Management 45, China Universal Asset; 46, Bokeland Asset; 47, Zheshang Fund; 48, Western Leadbank Fund; 49, JPMorgan Asset; 50, Southern Asset; 51, Silver Leaf Investment	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of May 29, 2024, which was published on the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
July 18, 2024	Mandarin Oriental, Pudong, Shanghai	Field research	Institution	1, UNICHEM (CHINA) LIMITED (Shen Qi Hao); 2, Guotai Junan Securities Asset Management (Feng Zili); 3, Rosefinch Fund (Zhang Xuan, Liu Cong Cong); 4, Huafu Fund (Deng Xianbo); 5, Morgan Stanley Fund (Sun Renjie); 6, AIA (Tian Bei); 7, Industrial Securities Assets (Sun Peng); 8, Hony Horizon Fund (Fan Ke); 9, Aviva-cofec Life Insurance(Wang Jiahui); 10, Hua'an Fund (Jiang Qiu); 11, HFT Fund (Zong Jingzhen); 12, First State Cinda Fund (Lu Yikai); 13, Heng Yue Fund (Yang Yulu); 14, GF Securities Asset (Sun Guomeng); 15, China Asset (Zhou Tianling, Zhang Jun, Cao Yati, Li Jiajia); 16, Chang Xin Asse (Huang Xiangnan and Huang Zhenhua); 17, Maxwealth Fund (Lin Weihao); 18, Springs Capital (Gu Yigong)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of July 18, 2024, which was published on the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
August 26, 2024	Grand Hyatt Shanghai	Field research	Institution	1, AEGON-INDUSTRIAL Fund (Xia Siting); 2, Fullgoal Fund (Shen Heng); 3, Universal Asset Management (Liu Gaoxiao); 4, Guotai Asset (Qian Xiaojie); 5, SWS MU Fund (Zhou Xiaobo, Ji Peng); 6, JPMorgan Asset (Ni Qunsheng); 7, Harvest Fund (Tang Shuting, Yan Jianlei); 8, Penghua Fund (Su Dong); 9, China Merchants Fund (Zhao Zongyuan, Hu Ang); 10, Yinhua Fund (Wu Ying, Wang Jian); 11, Chongyang Investment (He Jianqing); 12, Zheshang Asset Management (Wang Yuan); 13, BCM Fund (Zhang Mingxiao); 14, Western Leadbank Fund (Chen Yu); 15, Mingyu Asset (Wang Youhong); 16, HSBC Jintrust Fund	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of August 26-27, 2024, which was published on the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				(Ye Fan); 17, Fortune Sg Fund (Guo Zhutong); 18, Maxwealth Fund (Lin Weihao); 19, CIB Wealth Management (Chen Yalong); 20, Changjiang Pension (Ma Rui); 21, CITIC Asset Management (Chen Han); 22, Qing He Investment (Hu Ang); 23, CaiTong Securities Asset Management (Yi Xiaojin); 24, Foresight Foundation (Cui Wenqi and Zhu Lin); 25, Futurus Vessel Capital (Liao Shudi); 26, Hua'an Securities (Liu Tianqi); 27, Taiping Asset (Zhao Xinyu); 28, Franklin Templeton Sealand Fund (Zhang Rui); 29, Huafu Fund (Deng Xianbo); 30, Nomura Asset (Wu Gangxiang); 31, Xiangsheng Asset(Zhang Tao); 32, Origin Asset (Zhang Yupeng); 33, The Green LeInvestment (Xie Mengfei)		

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

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

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

☒Yes ☐ no

In order to implement the guiding ideology of “to activate the capital market and boost investor confidence” proposed by the Political Bureau meeting of the CPC Central Committee and “to vigorously improve the quality and investment value of listed companies, to take more effective and effective measures to stabilize the market and stabilize confidence”, safeguard the rights and interests of all shareholders, enhance investor confidence, and promote the long-term sustainable development of the Company. The Company published the "Announcement on the Action Plan of Double Improvement of Quality and Return "(2024-002) on designated information disclosure media and Cninfo (<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 “Double Enhancement of Quality and Returns” action program, adhered to its original intention, focused on its main business, and continued to enhance investors’ sense of gain while safeguarding the enhancement of the Company’s intrinsic value. For details, please refer to the “Progress Announcement on the Action

Program of ‘Double Enhancement of Quality and Return’ ” (2025-020) published by the Company on April 15, 2025 in the designated information disclosure media and on the Cninfo (<http://www.cninfo.com.cn>).

Section IV Corporate Governance

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 general meetings: The Company convenes and holds general meetings in accordance with the requirements of the “Rules for General Meetings of Listed Companies” and its “Rules of Procedure for General Meetings”, 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 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 investor through general meetings, and does not directly or indirectly interfere with the decision-making and operation activities of the Company beyond the general meetings. 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, Board of Supervisors and internal organizations can operate independently.

3. About directors and the Board of Directors: The Company elects directors and engages independent directors in strict accordance with the selection and appointment procedures as stipulated in the “Company Law” and the “Articles of Association”. 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 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 supervisors and the Board of Supervisors: The Company's Board of Supervisors strictly implements relevant provisions of the “Company Law” and the “Articles of Association”, and its size and composition meet the requirements of laws and regulations. Under the principle of being responsible to all shareholders, especially small and medium-sized shareholders, the Board of Supervisors perform their duties conscientiously, conducts supervision on the Company's financial position, significant events, related party transactions as well as the legality and compliance of directors and other senior executives in the performance of their duties, and expresses opinions independently in accordance with the “Rules of Procedure of the Board of Supervisors” and other rules.

5. About performance evaluation and incentive and restraint mechanism: The Company's performance evaluation and incentive mechanism is fair and transparent, and the emoluments of directors, supervisors and senior executives are based on the Company's performance and individual performance; the appointment of senior executives strictly follows the “Articles of Association” and relevant laws and regulations.

6. 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 (<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.

7. 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 executives 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 general meeting of shareholders, the Board of Directors, the Board of Supervisors, 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, the Procurement Department, Marketing Service Department, the General Engineer's Office, the 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. Annual general meeting and extraordinary general meetings held during the reporting period

1. General meeting of shareholders

Session	Type of meetings	Proportion of participating investors	Meeting date	Disclosure date	Resolutions
General meeting of shareholders of 2023	Annual general meeting of shareholders	60.20%	May 15, 2024	May 16, 2024	19 proposals including the <i>Annual Work Report of the Board of Directors of 2023</i> were deliberated and approved. Please refer to Announcement No. 2024-022 disclosed on http://www.cninfo.com.cn for details.
The first extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	56.42%	August 02, 2024	August 03, 2024	<i>Motion on Foreign Investment and Signing of the Investment Cooperation Agreement</i> was deliberated and approved. Please refer to Announcement No. 2024-031 disclosed on http://www.cninfo.com.cn for details.
The second extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	55.96%	December 04, 2024	December 05, 2024	<i>Proposal to change the use of repurchased shares and to cancel them</i> was deliberated and approved. Please refer to Announcement No. 2024-043 disclosed on http://www.cninfo.com.cn for details.

2. Preference shareholders with restored voting rights request to convene an extraordinary general meeting

☐ Applicable ☒ Not applicable

V. Directors, supervisors and senior executives

1. Basic information

Name	Gender	Age	Position	Status	Commencement date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	N 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	63	Chairman	Incumbent	2/26/1999	9/19/2026	13,922,998				13,922,998	
Hu Baishan	Male	58	Vice Chairman, President	Incumbent	2/26/1999	9/19/2026	14,595,929				14,595,929	

Name	Gender	Age	Position	Status	Commence ment date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	Number of shares increased in the current period (shares)	N 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
Shi Guanqun	Male	54	Director, Vice President, Secretary of the Board, CFO	Incumbent	2/26/1999	9/19/2026	10,477,838				10,477,838	
Wang Xuewen	Male	56	Director, Vice President	Incumbent	2/26/1999	9/19/2026	8,877,931				8,877,931	
Wang Zhengjiang	Male	56	Director	Incumbent	4/12/2008	9/19/2026	459,000				459,000	
Zhou Guiyang	Male	50	Director	Incumbent	4/20/2011	9/19/2026	165,242				165,242	
Yu Hongwei	Male	54	Director	Incumbent	9/19/2023	9/19/2026						
Ji Jianyang	Male	46	Independent Director	Incumbent	9/15/2020	9/19/2026						
Shen Yuping	Male	68	Independent Director	Incumbent	9/19/2023	9/19/2026						
Wan Feng	Male	49	Independent Director	Incumbent	9/19/2023	9/19/2026						
Wang Yang	Male	46	Independent Director	Incumbent	9/19/2023	9/19/2026						
Lv Guofeng	Male	53	Chairman of the Board of Supervisors	Incumbent	9/15/2020	9/19/2026						
Zhao Jia	Female	44	Supervisor	Incumbent	9/19/2023	9/19/2026						
Wang Xiaobi	Female	43	Supervisor	Incumbent	9/19/2023	9/19/2026						
Yan Hongyue	Male	55	Supervisor	Incumbent	9/15/2020	9/19/2026						
Li Huafeng	Male	42	Supervisor	Incumbent	9/19/2023	9/19/2026						
Zhang Liying	Female	48	Vice President	Incumbent	9/19/2023	9/19/2026	47,400				47,400	
Total	--	--	--	--	--	--	48,546,338				48,546,338	--

Whether there was any resignation of directors and supervisors and dismissal of senior executives during the reporting period

☐ Yes ☒ No

Changes of directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

2. Profiles of directors, supervisors and senior executives

Professional background, main work experience and main responsibilities of current directors, supervisors and senior managers of the Company

Hu Baifan (Graduate, 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 Nutrition Business Department. He used to be the manager of the Company's supply and

marketing company.

Wang Zhengjiang (Master's degree, 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) currently serves as the Director of the Company and General Manager of New Material Division and General Manager of Zhejiang NHU Nylon Material Co., Ltd. and Tianjin NHU Material Science & Technology Co. He used to be the General Manager of Shangyu NHU Bio-Chem Co., Ltd. and General Manager of Zhejiang NHU Specialty Materials Co.

Yu Hongwei (Bachelor's degree) currently serves as the Director of the Company, General Manager of Shandong NHU Holding Company Limited, Shandong Industrial Park and 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 tutor of Zhejiang University Law School, and served as independent director of Jingu Stock (002488) and Fengli Intelligence (301368).

Shen Yuping (PhD in Economics), independent director, has served as professor and dean of Zhejiang University of Finance and Economics, and is currently a professor of Zhejiang University of Finance and Economics, a master's supervisor, a famous teacher in Zhejiang Province, a registered tax agent, and a talent of the "151 Talent Project". He is also the independent director of Hongxun Technology (603015) and Hangzhou Landscape Architecture (300649).

Wan Feng, Ph.D., independent Director, has served as senior software Engineer of Oracle Software Company (China), Assistant Professor of Business and Management School of Beijing Normal University, and Associate Professor of University of East Anglia. Since 2021, he has been an associate professor of International Business School of Zhejiang University.

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 Small and Medium Enterprises 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 person in charge of compliance risk control of Beijing Zhiming Haojin Investment Management Co., LTD.

Lv Guofeng, (Master's degree) Chairman of the Board of Supervisors of the Company, is currently the general manager of Heilongjiang NHU Biotechnology Co., LTD., and used to be the general manager of Fragrance Division, general manager of Shandong NHU Pharmaceutical Co., LTD., and general manager of Shangyu Production Area of Nutrition Division.

Zhao Jia, (Master's degree) Supervisor of the Company, currently serves as the director of Risk Control Department of NHU Holding Group Co., LTD. She is also the chairman of the Board of Supervisors of Front Pharmaceutical PLC., and the supervisor of Shaoxing Yuexiu Education Development Co., LTD., Zhejiang Jingshi Real Estate Co., LTD., Shaoxing Heyue Property Services Co., LTD. She served as the legal secretary of NHU Holding Group Co., LTD., the secretary of the board of Front Pharmaceutical PLC., and the director of the Supervision Department of NHU Holding Group Co., LTD.

Wang Xiaobi, (Bachelor's degree) senior accountant, Supervisor of the Company, currently Assistant Vice President of the Company and head of the Securities Department, and also serves as the supervisor of Shandong NHU Holding Co., LTD., Heilongjiang NHU Biological Chemical Co., LTD., Zhejiang Saiya Chemical Co., LTD. She was the head of the fund Department and the Minister of Finance of the Company.

Yan Hongyue (Bachelor's degree) currently serves as the Supervisor of the Company and General Manager of Xinchang Base. He used to be the General Manager of Shandong NHU Vitamins Co., Ltd., Assistant to General Manager and Deputy General Manager of

Shandong NHU Pharmaceutical Co., Ltd.

Li Huafeng, (Master's degree) currently serves as the Supervisor of the Company the assistant vice president and deputy General manager of Animal Nutrition Division of the Company. He used to be the head of the Spice Sales Department, assistant general manager and sales manager, deputy general manager of the Spice Department, Sales manager, Deputy general manager and marketing manager of the Nutrition Department.

Zhang Liying, (Bachelor's degree) senior economist, current Vice president of the Company, has served as Deputy Chief of the Quality Control Section, director of the Company Certification Office, Assistant Minister of Enterprise Management, Assistant director of the President's Office, Deputy Minister of Enterprise Management (presiding), Deputy Minister of Human Resources (presiding), Minister of Human Resources, and assistant to Vice President.

Directors, supervisors and senior executives that serve in shareholders

√ Applicable ☐ Not applicable

Name of persons	Name of shareholders	Position in shareholders	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from shareholders
Hu Baifan	NHU Holding Group Co., Ltd.	Chairman, CEO	11/11/2011	12/27/2026	No
Hu Baishan	NHU Holding Group Co., Ltd.	Director	11/11/2011	12/27/2026	No
Shi Guanqun	NHU Holding Group Co., Ltd.	Director	11/11/2011	12/27/2026	No
Wang Xuewen	NHU Holding Group Co., Ltd.	Director	11/11/2011	12/27/2026	No
Wang Zhengjiang	NHU Holding Group Co., Ltd.	Director	12/28/2023	12/27/2026	No
Zhou Guiyang	NHU Holding Group Co., Ltd.	Chairman of the Board of Supervisors	12/28/2023	12/27/2026	No
Zhao Jia	NHU Holding Group Co., Ltd.	Head of Risk Control Department	4/1/2019	To date	Yes
Explanation of employment at shareholder units		None			

Directors, supervisors and senior executives that serve in other entities

√ Applicable ☐ Not applicable

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Hu Baifan	Zhejiang Gengdu Investment Co., Ltd.	Executive Director and CEO	9/4/2012	To date	No
Hu Baifan	Xinchang Heli Investment Co., Ltd.	Director	1/3/2017	To date	No
Hu Baifan	Safe & Rich Venture Capital Co., Ltd.	Director	12/5/2008	To date	No
Hu Baifan	Hangzhou Tongheng Investment Management Co., Ltd.	Director	9/21/2015	To date	No
Hu Baifan	Xinchang Qinjin Investment Co., Ltd.	Chairman	6/10/2015	To date	No
Hu Baifan	Xinchang Qinjin Investment Co., Ltd.	CEO	5/30/2019	To date	No
Hu Baifan	Xinchang Rural Commercial Bank Co., Ltd.	Director	1/26/2005	To date	No
Hu Baifan	Beijing Front Pharma CO., LTD.	Director	5/16/2019	5/27/2025	No
Hu Baifan	Shaoxing Yuexiu Education Development Co., Ltd.	Chairman and CEO	12/5/2016	7/25/2026	No
Hu Baifan	Zhejiang Huixian Venture Capital Co., Ltd.	Executive Director and CEO	7/21/2022	7/10/2024	No
Hu Baifan	Zhejiang Hefeng Investment Co., Ltd.	Executive Director	4/20/2018	To date	No
Hu Baifan	Zhejiang Hefeng Investment Co., Ltd.	CEO	7/21/2022	To date	No
Hu Baifan	NHU Real Estate Holding Co., Ltd.	Director	12/2/2010	To date	No

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Hu Baifan	Xinchang County NHU Real Estate Co., Ltd.	Director	3/20/2017	To date	No
Hu Baifan	Qionghai Boao Lido Real Estate Co.	Director	6/21/2024	To date	No
Hu Baishan	Zhejiang Second Pharma Co., Ltd.	Director	9/15/2017	12/20/2024	No
Hu Baishan	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	7/25/2026	No
Shi Guanqun	Xinchang Heli Investment Co., Ltd.	Chairman	11/30/2012	To date	No
Shi Guanqun	Xinchang Qinjin Investment Co., Ltd.	Director	6/10/2015	To date	No
Shi Guanqun	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	7/25/2026	No
Shi Guanqun	NHU Real Estate Holding Co., Ltd.	Director	12/2/2010	To date	No
Shi Guanqun	Zhejiang Jingshi Real Estate Co., Ltd.	Director	9/22/2020	5/28/2027	No
Shi Guanqun	Zhejiang Deli Equipment Co., Ltd.	Director	12/5/2016	To date	No
Shi Guanqun	Beijing Front Pharma CO., LTD.	Director	5/16/2019	5/27/2025	No
Shi Guanqun	Xinchang County NHU Real Estate Co., Ltd.	Director	3/20/2017	To date	No
Shi Guanqun	Qionghai Boao Lido Real Estate Co.	Director	6/21/2024	To date	No
Shi Guanqun	Zhejiang Hui Xian Venture Capital Co.	Executive Director	7/10/2024	To date	No
Zhou Guiyang	Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Vice Chairman	1/7/2016	To date	No
Zhou Guiyang	Zhejiang Saiya Chemical Materials Co., Ltd.	Director	1/3/2017	3/28/2026	No
Ji Jianyang	Beijing Guantao Zhongmao (Hangzhou) Law Firm	Partner	1/9/2014	To date	Yes
Ji Jianyang	Zhejiang Jingu Co., Ltd.	Independent Director	10/16/2020	11/6/2026	Yes
Ji Jianyang	Zhejiang Fore Intelligent Technology Co., Ltd.	Independent Director	12/12/2023	12/11/2026	Yes
Ji Jianyang	Hangzhou Quantum Fanyu Film and Television Culture Media Co., Ltd	Director	5/28/2021	5/27/2024	Yes
Ji Jianyang	Zhejiang International Trade Group	Outside director	12/18/2021	12/17/2024	Yes
Shen Yuping	Zhejiang University of Finance & Economics	Professor	8/6/1980	To date	Yes
Shen Yuping	Ningbo Techmation Co., Ltd.	Independent Director	2/1/2021	10/29/2026	Yes
Shen Yuping	Zhejiang Jiaao Enprotech Stock Co., Ltd.	Independent Director	9/5/2022	3/13/2024	Yes
Shen Yuping	Hangzhou Landscape Architecture Design Institute Co., Ltd.	Independent Director	9/18/2024	12/27/2025	Yes
Shen Yuping	Tax Institute of Zhejiang Provincial	Vice Chairman	4/26/2014	4/27/2024	No
Shen Yuping	Liangzhi Zhongcheng Certified Public Accountants	Consultant	5/16/2022	4/16/2024	Yes
Wan Feng	Zhejiang University International Business School	Associate Professor	12/1/2021	12/31/2027	Yes
Wang Yang	Beijing Zhiming Haojin Investment Management Co., Ltd.	Risk Control Director, Compliance Risk Control Responsible Person	1/1/2018	To date	Yes
Wang Yang	Pacific Securities Co., Ltd	Investment Advisor	12/1/2018	To date	Yes
Wang Yang	Henan Pingmei Shenma Private Equity Fund Management Co., Ltd	Director	3/1/2021	To date	No
Wang Yang	Guangdong Yikang Health Industry Group Co., Ltd.	Independent Director	1/1/2021	To date	Yes
Wang Yang	Intco Medical Technology Co., Ltd.	Independent Director	3/14/2022	To date	Yes
Zhao Jia	Beijing Front Pharma CO., LTD.	Chairman of the Board of Supervisors	5/28/2022	5/27/2025	No

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Zhao Jia	Shaoxing Yuexiu Education Development Co., Ltd.	Supervisor	12/5/2016	7/25/2023	No
Zhao Jia	Zhejiang Jingshi Real Estate Co., Ltd.	Supervisor	9/22/2020	To date	No
Wang Xiaobi	Zhejiang Saiya Chemical Co., Ltd.	Chairman of the Board of Supervisors	7/23/2023	3/28/2026	No
Wang Xiaobi	Xinchang Heli Investment Co., Ltd.	Director	12/29/2016	To date	No
Wang Xiaobi	Zhejiang Second Pharma Co., Ltd.	Chairman of the Board of Supervisors	12/20/2024	12/20/2027	No
Explanation of employment at shareholder units		Not applicable			

Penalties imposed by securities regulators on current and outgoing directors, supervisors and senior executives of the Company in the past three years

☐ Applicable ☒ Not applicable

3. Remuneration of directors, supervisors and senior managers

Decision-making procedure, basis for determination and actual payment of emoluments of directors, supervisors and senior executives

Decision-making procedure: According to the standards stipulated by the Company's unified remuneration management system, the emoluments of the Company's directors, supervisors and senior executives 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 general meeting of shareholders.

Basis for determination: Emoluments of directors, supervisors and senior executives are determined based on the Company's results of operations and performance appraisal indicators.

Emoluments of directors, supervisors and senior executives during the reporting period

Unit: RMB 0,000 yuan

Name	Gender	Age	Position	Status	Total pre-tax compensation received from the company	Whether receive emoluments from related parties of the Company
Hu Baifan	Male	63	Chairman	Incumbent	530.73	No
Hu Baishan	Male	58	Vice Chairman, President	Incumbent	430.75	No
Shi Guanqun	Male	54	Director, Vice President, Secretary of the Board, CFO	Incumbent	269.45	No
Wang Xuewen	Male	56	Director, Vice President	Incumbent	296.95	No
Wang Zhengjiang	Male	56	Director	Incumbent	283.96	No
Zhou Guiyang	Male	50	Director	Incumbent	252.5	No
Yu Hongwei	Male	54	Director	Incumbent	279.77	No
Ji Jianyang	Male	46	Independent Director	Incumbent	12	No
Shen Yuping	Male	68	Independent Director	Incumbent	12	No
Wan Feng	Male	49	Independent Director	Incumbent	12	No
Wang Yang	Male	46	Independent Director	Incumbent	12	No
Lv Guofeng	Male	53	Chairman of the Board of Supervisors	Incumbent	231.47	No
Zhao Jia	Female	44	Supervisor	Incumbent	0	Yes
Wang Xiaobi	Female	43	Supervisor	Incumbent	61.46	No
Yan Hongyue	Male	55	Supervisor	Incumbent	174.96	No

Name	Gender	Age	Position	Status	Total pre-tax compensation received from the company	Whether receive emoluments from related parties of the Company
Li Huafeng	Male	42	Supervisor	Incumbent	132.05	No
Zhang Liying	Female	48	Vice President	Incumbent	169.56	No
Total	--	--	--	--	3,161.61	--

Other information note

☐ Applicable ☒ Not applicable

VI. Directors' performance of duties during the reporting period

1. Meetings of the Board of Directors during the reporting period

Session	Meeting date	Disclosure date	Resolutions
The Third meeting of the Ninth session Board of Directors	4/19/2024	4/23/2024	33 proposals including the “Annual Work Report of the Board of Directors of 2023” were deliberated and approved. Please refer to Announcement No. 2024-004 disclosed on http://www.cninfo.com.cn for details.
The Fourth meeting of the Ninth session session of Board of Directors	4/26/2024	4/30/2024	10 proposals including the “First Quarterly Report 2024” were deliberated and approved. Please refer to Announcement No. 2024-020 disclosed on http://www.cninfo.com.cn for details.
The Fifth meeting of the Ninth session session of Board of Directors	6/18/2024	6/19/2024	“Proposal on the Sale of Assets and Connected Transactions” was deliberated and approved. Please refer to Announcement No. 2024-025 disclosed on http://www.cninfo.com.cn for details.
The Sixth meeting of the Ninth session session of Board of Directors	7/17/2024	7/18/2024	2 proposals including the “Proposal to invest in a foreign country and sign an investment and cooperation agreement” were deliberated and approved. Please refer to Announcement No. 2024-028 disclosed on http://www.cninfo.com.cn for details.
The Seventh meeting of the Ninth session of Board of Directors	8/21/2024	8/23/2024	3 proposals including the “Semi-Annual Report and Summary 2024” were deliberated and approved. Please refer to Announcement No. 2024-032 disclosed on http://www.cninfo.com.cn for details.
The Eighth meeting of the Ninth session of Board of Directors	10/23/2024	10/24/2024	3 proposals including the “Third Quarterly Report 2024” were deliberated and approved. Please refer to Announcement No. 2024-036 disclosed on http://www.cninfo.com.cn for details.
The Ninth meeting of the Ninth session of Board of Directors	11/18/2024	11/19/2024	3 proposals including the “Proposal to change the use of repurchased shares and cancel them” were deliberated and approved. Please refer to Announcement No. 2024-039 disclosed on http://www.cninfo.com.cn for details.
The Tenth meeting of the Ninth session of Board of Directors	12/18/2024	12/19/2024	2 proposals including the “Proposal for a special dividend program” were deliberated and approved. Please refer to Announcement No. 2024-046 disclosed on http://www.cninfo.com.cn for details.

2. Directors' attendance at meetings of the Board of Directors and general meetings of shareholders

Directors' attendance at meetings of the Board of Directors and general meetings 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 audio visual 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 general meetings attended

Hu Baifan	8	8	0	0	0	No	3
Hu Baishan	8	8	0	0	0	No	3
Shi Guanqun	8	8	0	0	0	No	3
Wang Xuewen	8	7	1	0	0	No	2
Wang Zhengjiang	8	1	7	0	0	No	1
Zhou Guiyang	8	2	6	0	0	No	3
Yu Hongwei	8	1	7	0	0	No	0
Ji Jianyang	8	1	7	0	0	No	2
Shen Yuping	8	1	7	0	0	No	3
Wan Feng	8	1	7	0	0	No	2
Wang Yang	8	1	7	0	0	No	1

Remarks on failure to attend two consecutive board meetings in person: N/A

3. 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.

4. Other remarks on directors' performance of duties

Whether the directors' recommendation on the Company were adopted

☒ Yes ☐ No

Remarks on directors' recommendation 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 general 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.

VII. Special committees under the Board of Directors during the reporting period

Name of committees	Members	Number of meetings held	Meeting date	Content of meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
Nomination Committee	Ji Jianyang, Hu Baifan, Wang Yang	1	4/9/2024	“Amendment to the Rules of Procedure of the Nomination Committee of the Board of Directors” was deliberated and approved.			
Compensation and Evaluation Committee	Wan Feng, Hu Baishan, Shi Guanqun, Ji Jianyang and Wang Yang	1	4/9/2024	4 proposals including “Proposal on Remuneration of Non-Independent Directors”, were deliberated and approved.			
Strategy Committee	Hu Baifan, Hu Baishan, Wang Xuewen, Wan Feng and Wang Yangn	2	4/9/2024	2 proposals including “Social Responsibility Report for the year 2023”, were deliberated and approved.			
			7/10/2024	“Proposal on Foreign Investment and Signing of Investment and Cooperation Agreement” was deliberated and approved.			

Name of committees	Members	Number of meetings held	Meeting date	Content of meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
Audit Committee	Shen Yuping, Ji Jianyang, Wang Yang	4	4/9/2024	8 proposals including "Proposal on the Summary of Internal Audit Work in 2023 and Work Plan for 2024", were deliberated and approved.			
			4/19/2024	3 proposals including "Proposal on the Summary of Internal Audit Work in the First Quarter of 2024 and Work Plan for the Second Quarter", were deliberated and approved.			
			8/18/2024	3 proposals including "Over the Semi-Annual Internal Audit Work Summary for 2024 and Work Plan for the Third Quarter of 2024", were deliberated and approved.			
			10/18/2024	3 proposals including "Summary of Internal Audit Work in the Third Quarter of 2024 and Work Plan for the Fourth Quarter of 2024", were deliberated and approved.			

VIII. Work of the Board of Supervisors

Whether the Board of Supervisors found any risks in the Company during its supervisory activities in the reporting period

☐ Yes ☒ No

The Board of Supervisors has no objection to the supervised matters during the reporting period.

IX. 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	2,150
Number of active employees of major subsidiaries at the end of the reporting period	9,219
Total number of active employees at the end of the reporting period	11,369
Total number of employees receiving remuneration in the current period	11,369
Number of retired cadres and employees whose expenses borne by the parent company and major subsidiaries	39
Professional workforce	
Categories	Number
Production staff	7,205
Sales staff	167
Technical staff	2,867
Finance staff	99
Administrative staff	1,031
Total	11,369
Education level	
Categories	Number
Doctoral degree	85
Master's degree	1,252
Bachelor's degree	3,727

Associate degree	4,056
High school education, secondary vocational school education or below	2,249
Total	11,369

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 tenure, and additional rewards for high performance beyond expectations. The Company pays five insurances and a housing fund, and continuously improves employee satisfaction and loyalty.

3. Training program

With the strategic goal of “building a highland of talents”, the Company takes supporting business development as the starting point and job-based talent standards as the direction to promote various types of talent training in an orderly manner. It launches leadership training courses for middle level, high level and grassroots management cadres to effectively improve the management ability and quality of management cadres. It also launches professional ability development classes related to equipment, HSE and R&D to strengthen technical staff skills. For new staff, the Company offers induction training to enhance their cultural identities and professional abilities. 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 makes efforts to cultivate 5 types of talents: international talents, leadership talents, management talents, core technical talents and core skill talents. 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

X. 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 Third Meeting of the Ninth Session of the Board of Directors of the Company held on April 19, 2024 and the Annual General Meeting of the Company for the year 2023 held on May 15, 2024 considered and approved the “Proposed Distribution of Profit for the Year 2023”, which was implemented and completed on May 29, 2024. The proposal for the annual distribution of profit for the year 2023 was based on the total capital of the Company at the time of the year, which was 3,090,907,356 shares after excluding 17,485,676 shares which were repurchased, and a cash dividend of 4.50 per 10 shares was distributed to all shareholders. Based on the total share capital of 3,090,907,356 shares of the Company at that time, excluding 17,485,676 shares that had been repurchased, 3,073,421,680 shares, a cash dividend of RMB4.50 (including tax) per 10 shares was paid to all shareholders, totaling a cash distribution of

RMB1,383,039,756.00 (including tax).

2. The Tenth Meeting of the Ninth Session of the Board of Directors of the Company held on December 18, 2024 and the First Extraordinary General Meeting of 2025 held on January 7, 2025 considered and passed the Proposal on Special Dividend Scheme, which was implemented on January 22, 2025 and completed. The special dividend program is as follows: based on the Company's existing total share capital of 3,073,421,680 shares, a cash dividend of RMB2 (including tax) per 10 shares will be paid to all shareholders, totaling RMB614,684,336.00 (including tax).

Special remarks on cash dividend policy	
Whether it complies with the Articles of Association or the resolution of the general meeting:	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 cash dividend:	N/A
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 to the cash dividend policy, whether the conditions and procedures are compliant and transparent:	N/A

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)	5
Equity base for distribution proposal (shares)	3,073,421,680
Amount of cash dividends (yuan) (tax included)	1,536,710,840.00
Amount of cash dividends by other methods (such as share repurchase) (yuan)	0
Total cash dividends (including those by other methods) (yuan)	1,536,710,840.00
Profit available for distribution (yuan)	6,481,153,549.07
Proportion of total cash dividends (including those by other methods) to total profit distribution	100%
Details on cash dividend	
If the Company is in a growth stage and 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	
Based on the existing total share capital of 3,073,421,680 shares, a cash dividend of RMB5.00 (inclusive of tax) for every 10 shares will be paid to all shareholders, 0 bonus shares will be distributed (inclusive of tax), and the capital will not be increased by way of capitalization of capital reserve. The total cash distribution amounted to RMB1,536,710,840.00, and the remaining profit available for distribution to shareholders, which will be carried forward to the next year.	
If the Company's total share capital was changed due to the conversion of convertible bonds into shares, share repurchase, equity incentive exercise, refinancing and issuing new shares to the public before the implementation of the distribution plan, the total	

distribution amount shall be adjusted with distribution proportion unchanged.

For the fiscal year 2024, the Company's cumulative cash dividend distribution totals RMB 2,151,395,176.00. This includes a special dividend distribution plan of RMB 614,684,336.00 for 2024 and a proposed cash dividend of RMB 1,536,710,840.00 under the 2024 annual profit distribution proposal (the latter is pending approval at the Company's 2024 Annual General Meeting of Shareholders).

XI. 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 executives of the Company

☐ Applicable ☒ Not applicable

Assessment mechanism and incentives for senior executives

Not applicable.

2. Implementation of employee stock ownership plans

☒ Applicable ☐ Not applicable

All active employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total shares held	Changes	Proportion to total share capital of the Company	Sources of fund to implement the plan
The fourth phase of employee stock ownership plan: directors, supervisors, senior executives 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	N/A	0.96%	Legal remuneration of the employees, self-raised funds and other methods permitted by laws and administrative regulations

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to total share capital of the Company
Hu Baifan, Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Shi Fangbin, Lv Guofeng, Yu Hongwei, Yan Hongyue, Chen Zhao Feng, Wang Xiaobi, Li Huafeng, Zhang Liying	Directors, supervisors and senior executives	8,664,835	8,664,835	0.28%

Changes in asset management agency during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Pursuant to the "Fourth Employee Stock Purchase Plan (Draft)", the plans voluntarily waives the voting rights of holding shares in the general meeting of the Company, while shares acquired through the employee stock ownership plan carry no voting rights in the general meeting. During the reporting period, the employee stock ownership plan did not exercise the voting rights of holding shares in the

general meeting, but still enjoyed the right to profit distribution.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Termination of employee stock ownership plan during the reporting period

☐ Applicable ☒ Not applicable

Other remarks

1.The Company held the 16th meeting of the eighth Board of Directors and the 13th meeting of the eighth Board of Supervisors on June 7, 2023, and the first extraordinary general meeting of shareholders in 2023 on June 26, 2023, to review and pass the employee stock ownership Plan related proposals such as the fourth Employee Stock Ownership Plan (Draft) and its summary of Zhejiang NHU Co., LTD. The fourth phase of the employee stock ownership plan was agreed to be implemented. As of September 25, 2023, a total of 29,528,181 shares of the Company have been purchased under the fourth phase of the employee stock ownership Plan through the secondary market bidding transaction, accounting for 0.9553% of the total share capital of the Company at that time, with a total transaction amount of 479,442,157.08 yuan (excluding transaction costs). The average transaction price was about 16.2368 yuan per share, and the Company completed the target stock purchase of the fourth phase of the employee stock ownership plan. The lock-up period for the Subject Shares acquired under the Phase IV Employee Stock Purchase Plan is 12 months from the date of the announcement of the completion of the purchase, i.e. from September 26, 2023 to September 25, 2024. The duration of the Employee Stock Purchase Plan is no more than 24 months, calculated from the date of passing the shareholders' meeting, i.e. from June 26, 2023 to June 25, 2025.

(Note: The Company completed the cancellation of 17,485,676 repurchased shares on December 13, 2024, and the total share capital was changed from 3,090,907,356 shares to 3,073,421,680 shares, and the ratio of shares held under the Phase IV Employee Share Ownership Plan to the existing total share capital was adjusted to 0.9607%.)

2.The number of shares held by directors, supervisors and senior managers in the employee stock ownership plan is calculated according to the proportion of the holder's share in the total share of the employee stock ownership plan.

3. Other employee incentive programs

☐ Applicable ☒ Not applicable

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control system

The Company has established a sound internal control system under continuous improvement and enhancement in accordance with the "Basic Standard for Enterprise Internal Control" and its accompanying guidelines to adapt to the dynamic external environment and internal management requirements. The Company's internal controls can cover the major aspects of operation and management, and the design of these controls 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 51 new systems and 84 revised rules and regulations. Including “Quality Management Manual”, “Customer Credit Management Measures”, “Production Anomaly and Information Transfer Management Measures”, “Production Planning and Production”, “Supply and Marketing 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

XIII. Management control in subsidiaries during the reporting period

Name of subsidiaries	Integration plan	Progress of integration	Problems encountered in integration	Solutions adopted	Progress of solutions	Follow-up solutions
Tianjin NHU Material Technology Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
NHU Life Science GmbH	N/A	N/A	N/A	N/A	N/A	N/A
NHU JAPAN CO. LTD.	N/A	N/A	N/A	N/A	N/A	N/A
Cong Ty TNHH NHU Vietnam	N/A	N/A	N/A	N/A	N/A	N/A

IV. Internal control self-assessment report or auditor's report on internal control

1. Internal control self-assessment report

Date of report	April 15, 2025	
Full text of report	Please refer to the “Internal Control Self-Assessment Report of 2024 of Zhejiang NHU Co., Ltd.” disclosed on http://www.cninfo.com.cn on April 15, 2025for 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	Categories	Categories
Qualitative criteria	Indicators of material deficiencies in financial reporting include: 1) fraud by directors, supervisors 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	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

	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 significant 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.	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 potential 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. Auditor's report on internal control

√ 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, 2024, in accordance with the Basic Standard for Enterprise Internal Control and related regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of full text of internal control audit report	4/15/2025
Index of Full Text Disclosure of Internal Control Audit Report	For details, please refer to http://www.cninfo.com.cn "Internal Control Audit Report of Zhejiang NHU Co., Ltd."
Opinion Type of Internal Control Audit Report	Standard Unqualified Opinion
Whether there are major defects in the non-financial report	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-evaluation report of

the board of directors

☐ Yes ☐ No

XV. Self-examination and rectification concerning the special action of corporate governance

Not applicable

Section V Environmental and Social Responsibilities

I. Major environmental issues

Whether the Company and its subsidiaries belong to the key pollutant discharging units announced by departments of environmental protection administration

√ Yes ☐ No

Environmental protection-related policies and industry standards

Interim Regulations on the Administration of Carbon Emission Trading (Decree No. 775 of the State Council of the People's Republic of China)

Action Program on Energy Conservation and Carbon Reduction for 2024-2025 (Guo Fa [2024] No. 12)

Announcement on the Publication of the Catalog of Solid Waste Classification and Codes (Ministry of Ecology and Environment No. 4 of 2024)

Nomenclature for Environmental Management of Chemical Substances (Ministry of Ecology and Environment 2024 No. 10)

Measures for the Administration of Sewage Discharge Permits (Decree No. 32 of the Ministry of Ecology and Environment)

Implementation Program on the Establishment of Carbon Footprint Management System (Ministry of Ecology and Environment, Environmental Climate [2024] No. 30)

Work Program on Accelerating the Construction of a Dual Control System for Carbon Emissions (General Office of the State Council Guo Ban Fa [2024] No. 39)

Framework of Technical Standard System for Environmental Risk Assessment and Control of Chemical Substances (2024 Edition) (General Office of the Ministry of Ecology and Environment, Huanban Solid Letter [2024] No. 351)

Notice on Doing a Good Job in Allocating National Carbon Emission Trading Allowances for the Power Generation Sector for the Years 2023 and 2024 and Clearing the Payment of the Allowances Ministry of Environmental Protection No. 1 [2024].

Implementation Plan for Comprehensively Implementing the Sewage Discharge Permit System Ministry of Ecology and Environment EIA [2024] No. 79

Action Plan for Prevention and Control of Soil Pollution at Source, Ministry of Ecology and Environment, EIA [2024] No. 80.

National Hazardous Waste List (2025 Edition) Ministry of Ecology and Environment Ministerial Decree No. 36

National Technical Guidance Catalog for Pollution Prevention and Control (Encouraged Category) Ministry of Ecology and Environment, Circular Letter of Science and Finance [2024] No. 455

National Pollution Prevention and Control Technology Guidance Catalog (2024, Restricted and Eliminated Categories) Ministry of Ecology and Environment, Circular No. 283 [2024].

Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2022 Ministry of Ecology and Environment Announcement No. 33 of 2024

Administrative permits for environmental protection

On April 12, 2024, Zhejiang NHU Pharmaceutical Co.,Ltd. completed the re-application of sewage licenses, valid until April 11, 2029.

On May 17, 2024, Zhejiang NHU Special Materials Co.,Ltd. completed re-application for sewage licenses, valid until May 13, 2029.

On May 28, 2024, Shandong NHU Amino-acids Co.,Ltd. completed the re-application of sewage permit, valid until May 27, 2029.

On July 2, 2024, Shangyu NHU Bio-Chem Co.,Ltd. completed re-application for sewage license, valid until July 1, 2029

On July 17, 2024, Shandong NHU Vitamins Co.,Ltd completed re-application for sewage license, valid until July 16, 2029

On July 17, 2024, Shandong NHU Fine Chemical Science and Technology Co., Ltd. completed re-application for sewage licenses, valid until July 16, 2029.

On September 14, 2024, The Company completed re-application for emission permit, valid until September 13, 2029

On September 30, 2024, Shandong NHU Pharmaceutical Co., Ltd. completed re-application for sewage license, valid until September 29, 2029

On December 13, 2024, Heilongjiang NHU Biotechnology Co., Ltd. completed the re-application of sewage permit, valid until May 17, 2028.

On April 8, 2024, Shandong NHU Pharmaceutical Co., Ltd. obtained the approval of the Environmental Impact Report for the Project of Co-production of 4,500 Tons of Series Alcohol Products per Year of Shandong Xinhecheng Pharmaceutical Co.

On July 26, 2024, Shandong NHU Pharmaceutical Co., Ltd. obtained the approval of the Environmental Impact Report on the Project of Annual Output of 8,000 Tons of Synthetic Spices of Shandong Xinhecheng Pharmaceutical Co.

On August 14, 2024, Shandong NHU Pharmaceutical Co., Ltd. obtained the approval of the Environmental Impact Report on the Project with Annual Output of 4000 Tons of Synthetic Spices of Shandong Xinhecheng Pharmaceutical Co.

Industry emission standards and the specific circumstances of pollutant emissions involved in production and operation activities

Name	Types of major and characteristic pollutants	Name of main pollutants and pollutant characteristics	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
The Company	water pollutant	COD	Sewer connection	1	Plant area	132mg/L	500mg/L	26.324t	≤164.782t/a	No
The Company	water pollutant	NH3-N	Sewer connection	1	Plant area	0.6mg/L	35mg/L	0.14t	≤11.535t/a	No
The Company	water pollutant	TN	Sewer connection	1	Plant area	24.6mg/L	70mg/L	4.572t	≤23.069t/a	No
The Company	atmospheric pollutant	PM	Filtered discharge	1	Plant area	1.5mg/m ³	100mg/m ³	0.141t	≤52.54t/a	No
The Company	atmospheric pollutant	NOx	Filtered discharge	4	Plant area	34mg/m ³	50mg/m ³	0.864t	≤8.272t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	water pollutant	COD	Sewer connection	1	Plant area	244.686mg/L	500mg/L	501.597t	≤999.65t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	water pollutant	NH3-N	Sewer connection	1	Plant area	6.451mg/L	35mg/L	13.225t	≤69.976 t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	water pollutant	TN	Sewer connection	1	Plant area	17.319mg/L	70mg/L	35.504t	≤139.951 t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	7.04mg/m ³	100mg/m ³	1.66t	≤57.6 t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	8.989mg/m ³	100mg/m ³	0.379t	≤43.2 t/a	No

Name	Types of major and characteristic pollutants	Name of main pollutants and pollutant characteristics	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	3.21mg/m ³	100mg/m ³	0.285t	≤120.7 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	2.537mg/m ³	100mg/m ³	0.674t	≤1.98 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	0.7mg/m ³	100mg/m ³	0.012t	≤0.288 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	1mg/m ³	100mg/m ³	0.002t	≤0.01 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	0.398mg/m ³	100mg/m ³	0.001t	≤0.032 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	4.16mg/m ³	200mg/m ³	0.37t	≤19.8 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	104.516mg/m ³	300mg/m ³	27.756t	≤28.08 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	15.984mg/m ³	50mg/m ³	0.775t	≤8.44 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	3.229mg/m ³	100mg/m ³	0.287t	≤9.295 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	10.081mg/m ³	100mg/m ³	2.677t	≤37.94 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	4.398mg/m ³	50mg/m ³	0.213t	≤10.905 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	5.257mg/m ³	20mg/m ³	0.467t	≤5.164 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	3.283mg/m ³	30mg/m ³	0.872t	≤8.42 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	5.423mg/m ³	20mg/m ³	0.263t	≤5.626 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	3mg/m ³	100mg/m ³	2.529t	≤51.46t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	15mg/m ³	50mg/m ³	0.928t	≤32.991t/a	No
Zhejiang NHU Pharmaceutical	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	3.3mg/m ³	60mg/m ³	0.499t	≤41.040t/a	No

Name	Types of major and characteristic pollutants	Name of main pollutants and pollutant characteristics	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Co., Ltd.			ge							
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	0.8mg/m ³	20mg/m ³	0.428t	≤8.554t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	23.97mg/m ³	50mg/m ³	7.741t	≤10.48t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	4.3mg/m ³	35mg/m ³	1.233t	≤18.648t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	1	Plant area	14.9mg/m ³	60mg/m ³	2.419t	≤28.68t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	1.25mg/m ³	5mg/m ³	0.361t	≤2.664t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	26mg/m ³	50 mg/m ³	0.827t	≤21.34t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	4mg/m ³	50mg/m ³	0.105t	≤16.281t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	1	Plant area	2mg/m ³	20 mg/m ³	0.118t	≤6.512t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	5	Plant area	1.57mg/m ³	10 mg/m ³	0.80t	≤14.366t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	3	Plant area	2.34mg/m ³	50 mg/m ³	0.99t	≤4.326 t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	5	Plant area	31.00mg/m ³	100 mg/m ³	15.84t	≤76.458t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	3	Plant area	41.61mg/m ³	60 mg/m ³	17.64t	≤153.75t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	water pollutant	COD	Sewer connection	1	Plant area	524mg/L	1000mg/L	143.37t	≤742.89t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	water pollutant	NH ₃ -N	Sewer connection	1	Plant area	17.6mg/L	100 mg/L	4.59t	≤74.29 t/a	No
Shandong	water	TN	Sewer	1	Plant	46.7mg/L	120 mg/L	12.11t	≤89.15 t/a	No

Name	Types of major and characteristic pollutants	Name of main pollutants and pollutant characteristics	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
NHU Pharmaceutical Co., Ltd.	pollutant		connection		area					
Shandong NHU Amino-acids Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	7	Plant area	5.16 mg/m ³	50 mg/m ³	22.48t	≤162.472t/a	No
Shandong NHU Amino-acids Co., Ltd.	atmospheric pollutant	NO _x	Filtered discharge	9	Plant area	37.01mg/m ³	100 mg/m ³	114.13t	≤415.75 t/a	No
Shandong NHU Amino-acids Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	12	Plant area	2.23 mg/m ³	10 mg/m ³	5.72t	≤29.314 t/a	No
Shandong NHU Amino-acids Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	6	Plant area	5.10 mg/m ³	60 mg/m ³	41.93t	≤236.862t/a	No
Shandong NHU Amino-acids Co., Ltd.	water pollutant	COD	Sewer connection	1	Plant area	744 mg/L	1000 mg/L	375.6t	≤1073.97t/a	No
Shandong NHU Amino-acids Co., Ltd.	water pollutant	NH ₃ -N	Sewer connection	1	Plant area	9.37 mg/L	100 mg/L	5.62t	≤107.40t/a	No
Shandong NHU Amino-acids Co., Ltd.	water pollutant	TN	Sewer connection	1	Plant area	66.4mg/L	120 mg/L	34.63t	≤128.87t/a	No
Shandong NHU Vitamins Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	4	Plant area	10.27mg/m ³	60 mg/m ³	5.77t	≤85.67 t/a	No
Shandong NHU Vitamins Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	2	Plant area	6.75mg/m ³	50 mg/m ³	3.20t	≤47.84 t/a	No
Shandong NHU Vitamins Co., Ltd.	atmospheric pollutant	NO _x	Filtered discharge	4	Plant area	47.56mg/m ³	100 mg/m ³	48.04t	≤83 t/a	No
Shandong NHU Vitamins Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	4	Plant area	2.51mg/m ³	10 mg/m ³	1.054t	≤8.1064 t/a	No
Shandong NHU Vitamins Co., Ltd.	water pollutant	COD	Sewer connection	1	Plant area	307mg/L	2000 mg/L	50.12t	≤575.95 t/a	No
Shandong NHU Vitamins Co., Ltd.	water pollutant	NH ₃ -N	Sewer connection	1	Plant area	3.97mg/L	100 mg/L	0.70t	≤28.8 t/a	No
Shandong NHU Vitamins Co., Ltd.	water pollutant	TN	Sewer connection	1	Plant area	32.05mg/L	120 mg/L	7.15t	≤34.56 t/a	No
Shandong NHU Fine Chemical Science and Technology	atmospheric pollutant	VOC	Filtered discharge	4	Plant area	8.43mg/m ³	60 mg/m ³	1.30t	≤18.031 t/a	No

Name	Types of major and characteristic pollutants	Name of main pollutants and pollutant characteristics	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Co., Ltd.										
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	3	Plant area	30.67mg/m ³	100 mg/m ³	6.93t	≤37.61 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	2	Plant area	4.13mg/m ³	10 mg/m ³	0.69t	≤5.544 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	PM	Filtered discharge	7	Plant area	12.98mg/m ³	30 mg/m ³	8.279t	≤26.515 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	NOx	Filtered discharge	1	Plant area	93 mg/m ³	200 mg/m ³	35.72t	≤99.11 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	SO ₂	Filtered discharge	1	Plant area	40mg/m ³	200mg/m ³	28.55t	≤128.16 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	atmospheric pollutant	VOC	Filtered discharge	9	Plant area	10.3mg/m ³	150 mg/m ³	13.018t	≤124.2 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	water pollutant	COD	Sewer connection	1	Plant area	135mg/L	350mg/L	539.39t	≤2114.1824 t/a	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	water pollutant	NH ₃ -N	Sewer connection	1	Plant area	2.35mg/L	45mg/L	9.87t	≤248.21384 t/a	No

Construction and operation of pollution prevention and control facilities

The Company has established the environmental protection concept of green development: 1. Introducing the concept of green chemistry, developing and producing products that are more environment-friendly. 2. Transferring from support-orientation to responsibility-orientation, to conduct source reduction, process control and end-of-pipe treatment properly. 3. Pursuing reduction, recycling and harmlessness to create ecological factories, and realize the harmonious development of man and nature.

Wastewater treatment: The company has a perfect sewage treatment system; there are production sewage, domestic sewage, initial rainwater, accident water and other wastewater collection system, so as to achieve clean sewage diversion, rain and sewage diversion. The waste water pool is sealed with a cover, and all the waste gases are effectively collected and finally incinerated, which effectively reduces the emission of waste gases.

Exhaust gas treatment: The company adopts self-developed nitrogen sealing system to effectively reduce the exhaust gas emission; according to the composition and nature of different exhaust gases, it adopts different pre-treatment technologies; at the same time, the company introduces advanced exhaust gas treatment devices from abroad, which strengthens the capacity of exhaust gas treatment. Regularly carry out exhaust gas leakage detection and repair (LDAR) every year; the company continues to implement the construction of odorless factories, comprehensive exhaust gas treatment, and solve the problem of odor at the factory boundaries; in 2024, it will comprehensively investigate the points of unorganized leakage and incorporate them into the management and control, and carry out comprehensive supervision and emission reduction of unorganized exhaust gases.

Solid Waste Disposal: The company has a standardized hazardous waste storage warehouse and hazardous waste incineration device, and the company basically disposes of hazardous waste by itself. The company basically disposes of the hazardous waste by itself. The outsourced hazardous waste is transferred in strict accordance with the requirements of "Management Measures for the Transfer of Hazardous Wastes", and entrusted to qualified units to deal with.

Noise prevention and control: low-noise equipment is selected, and the noise reduction measures of foundation damping are adopted for the equipment that does not need to be fixed; in addition to foundation damping for the air compressor, blower and various pumps, a sound insulation cover is also added around the noise source for sound insulation.

Emergency management: installing exhaust gas online monitor around the plant boundary, real-time monitoring of the plant environment; introducing VOC online monitor, real-time monitoring of the emission of exhaust gas data, test data uploaded to the monitoring platform; wastewater, one enterprise, one pipe online monitoring of wastewater emission indexes real-time monitoring, normal uploading to the Environmental Protection Bureau; the introduction of first-class pressure leakage plugging technology in China, will be the pipelines, valves, flanges, tanks appearing abnormal The introduction of domestic first-class pressure leakage plugging technology reduces the abnormal leakage of pipelines, valves, flanges and tanks to the minimum, thus reducing the impact on the environment caused by a large number of leaks.

Environmental self-monitoring program

The company has good management capacity for monitoring pollutant emissions and is able to inform the environmental protection administrative authorities and the public of monitoring information in a timely manner. The company has formulated relevant self-testing program, and the monitoring program covers all indicators of the company's organized exhaust gas, non-organized exhaust gas and noise. Meanwhile, it commissions a third-party testing company to carry out regular monitoring. The company implements environmental information disclosure in strict accordance with the requirements of the state, province, city and county on environmental information disclosure of enterprises.

Environmental emergency response plan

On February 1, 2024, Shandong NHU Pharmaceutical Co., Ltd. re-filed the emergency response plan for environmental emergencies.

On April 8, 2024, The Company re-filed the emergency plan for environmental emergencies.

On September 3, 2024, Shangyu NHU Biochemical Co., Ltd. re-filed the emergency plan for environmental emergencies.

Investment in environmental treatment and protection and payment of environmental protection tax

During the reporting period, the company invested RMB 539.19million in environmental protection treatment and paid environmental protection tax of RMB 2.28 million.

Measures taken to reduce carbon dioxide emissions during the reporting period and their effects

√ Applicable ☐ Not applicable

In the research and development of new products, carbon emission of 10,000 yuan output value is taken as an important index of the process route and environmental feasibility assessment of new products, and the research and development of new products applies the green development technology, improves the utilization rate of atoms, and reduces the carbon emission generated by the consumption of raw materials from the source. The photovoltaic power generation in the subsidiary plant is running normally.

Administrative penalties for environmental problems during the reporting period

Name	Reasons for punishment	Violations	Results of punishment	Impact on the production and operation of the Company	Rectification measures of the Company
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information that should be disclosed

None.

Other information related to environmental protection

None.

II. Social responsibilities

Please refer to the announcement disclosed on <http://www.cninfo.com.cn> on April 15, 2025 for the full text of the “Environmental, Social and Corporate Governance (ESG) Report of 2024”.

III. Details on consolidating poverty alleviation achievements and promoting rural vitalization

None.

Section VI 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 share reform	None	None	None	None	None	None
Commitments made in reports on acquisition and changes in equity	None	None	None	None	None	None
Commitments made in asset restructuring	None	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; Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The Company's directors and senior executives 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 full performance of measures on filling immediate returns: 1. not to transfer benefits to other entities or individuals without compensation or on unfair terms, and not to use other means to harm the benefits of the Company; 2. to impose restrictions on duty consumption of members of the Board of Directors and senior executives; 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	January 12, 2017	Long-term	Strictly performed

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
			link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to interfere in the Company's business and management activities in excess of authority; not to encroach on benefits of the Company; to perform measures on filling immediate returns in a practical way.	January 12, 2017	Long-term	Strictly performed
Commitments to equity incentive	None	None	None	None	None	None
Other commitments to small and medium-sized shareholders of the Company	None	None	None	None	None	None
Other commitments to minority shareholders of the Company	None	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.						N/A

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

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 “Modified Auditor’s Report”

☐ Applicable ☒ Not Applicable

V. Statements by the Board of Directors, the Board of Supervisors and independent directors (if applicable) on the “Modified Auditor’s 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

company identification	Methods of equity acquisition	Point of acquisition
Qionghai Bo'ao Lidu Real Estate Co., Ltd.	disposal	June 21, 2024
Tianjin NHU Materials Technology Co., Ltd.	establish	June 7, 2024
Cong Ty TNHH NHU Vietnam	establish	October 7, 2024
NHU Life Science GmbH	establish	October 31, 2024
NHU JAPAN CO. LTD.	establish	November 8, 2024

VIII. Engagement and dismissal of accounting firms

Domestic accounting firms engaged currently

Name	Pan-China Certified Public Accountants LLP
Remuneration (thousand yuan)	2.1million (tax included)
Continuous years for audit services	24 yrsrs
Certified Public Accountants	Teng Peibin, Jan Yanhui
Certified Public Accountants' continuous years for audit services	5 years for Teng Peibin and 3 yrsrs for Jan Yanhui

Whether to engage another accounting firm instead in the current period

☐ Yes ☒ No

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

5. Transactions with related financial companies

☐ Applicable ☒ Not Applicable

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

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

☐ Applicable ☒ Not Applicable

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

7. Other significant related party transactions

☐ Applicable ☒ Not Applicable

There is no other 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: RMB 0,000 yuan

External guarantees by the Company and its subsidiaries to third parties (guarantees to subsidiaries are excluded)										
Guaranteed parties	Announcem ent date of disclosure of amount guaranteed	Amount guarante ed	Actual commenceme nt date	Actual amount guarante ed	Types of guarant ees	Coll atera ls (if any)	Counter guarant ees (if any)	Period of guarantee	Wheth er the guaran tee is mature	Whether guarantee for related parties
No										
Total amount of guarantees approved during the reporting period (A1)			0		Total amount actually guaranteed during the reporting period (A2)			0		
Total amount of guarantees approved at the end of the reporting period (A3)			0		Total amount actually guaranteed at the end of the reporting period (A4)			0		
The Company’s guarantees to subsidiaries										
Guaranteed parties	Announcem ent date of disclosure of amount guaranteed	Amount guarante ed	Actual commenceme nt date	Actual amount guarante ed	Types of guarant ees	Coll atera ls (if any)	Counter guarant ees (if any)	Period of guarantee	Wheth er the guaran tee is mature	Whether guarantee for related parties
Shandong NHU Fine ChemicalScience and Technology Co.,Ltd	5/22/2020	50,000	3/24/2021	50,000	Joint and several liability guarante e			3/24/2021-12/25/2025	No	No
Heilongjiang NHU Biotechnology Co., Ltd.	4/22/2021	40,000	8/26/2021	37,000	Joint and several liability guarante e			8/26/2021-12/21/2025	No	No

Zhejiang NHU Imports & Exports Co., Ltd.	5/20/2023	25,000	6/16/2023	10,000	Joint and several liability guarantee			6/16/2023-6/15/2024	Yes	No
Xinchang NHU Vitamins Co., Ltd.	4/22/2021	40,000	12/16/2021	29,000	Joint and several liability guarantee			12/16/2021-12/25/2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	6/12/2023	16.11	Joint and several liability guarantee			6/12/2023-3/1/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	8/4/2023	98.76	Joint and several liability guarantee			8/4/2023-5/1/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	9/26/2023	27.09	Joint and several liability guarantee			9/26/2023-6/1/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	12/5/2023	4.07	Joint and several liability guarantee			12/5/2023-9/1/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	3/12/2024	131.81	Joint and several liability guarantee			3/12/2024-12/01/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	6/5/2024	106.39	Joint and several liability guarantee			06/05/2024-05/15/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	8/29/2024	50.97	Joint and several liability guarantee			08/29/2024-05/15/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	11/19/2024	37.38	Joint and several liability guarantee			11/19/2024-08/19/2025	No	No
Zhejiang NHU Pharmaceutical Co., Ltd	5/11/2022	60,000	6/24/2022	55,000	Joint and several liability guarantee			06/24/2022-06/23/2027	No	No
Xinchang NHU Vitamins Co.,	5/11/2022	20,000	10/14/2022	18,000	Joint and several			10/14/2022-10/14/2027	No	No

Ltd.					liability guarante e					
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	6/12/2023	7,907.24	Joint and several liability guarante e			6/12/2023- 6/12/2024	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	6/12/2024	7,907.24	Joint and several liability guarante e			06/12/2024- 06/12/2025	No	No
Shandong NHU Fine ChemicalScienc e and Technology Co., Ltd.	5/20/2023	58,600	6/6/2023	58,600	Joint and several liability guarante e			6/6/2023- 3/29/2028	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	11/20/2023	57,507.2	Joint and several liability guarante e			11/8/2023- 11/8/2026	No	No
Zhejiang NHU Imports & Exports Co., Ltd.	5/16/2024	25,000	6/24/2024	15,000	Joint and several liability guarante e			06/24/2024- 06/23/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/16/2024	50,000	8/1/2024	35,942	Joint and several liability guarante e			08/01/2024- 08/01/2027	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		175,000.00		Total amount actually guaranteed for subsidiaries during the reporting period (B2)		59,175.79				
Total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		480,107.20		Total amount actually guaranteed for subsidiaries at the end of the reporting period (B4)		364,151.18				
Guarantees by subsidiaries to subsidiaries										
Guaranteed parties	Announcem ent date of disclosure of amount guaranteed	Amount guarante ed	Actual commenceme nt date	Amount actually guarante ed	Types of guarant ees	Coll atera ls (if any)	Counter guarant ee (if any)	Period of guarantee	Wheth er the guaran tee is mature	Whether guarantee for related parties
NO										
Total amount of guarantees approved for subsidiaries during the reporting period (C1)		0		Total amount actually guaranteed for sub-sidiaries		0				

		during the reporting period (C2)	
Total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)	0	Total amount actually guaranteed for subsidiaries at the end of the reporting period (C4)	0
Total amount guaranteed by the Company (namely sum of the above three items)			
Total amount of guarantees approved during the reporting period (A1+B1+C1)	175,000.00	Total amount actually guaranteed during the reporting period (A2+B2+C2)	59,175.79
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)	480,107.20	Total amount actually guaranteed at the end of the reporting period (A4+B4+C4)	364,151.18
Proportion of the amount actually guaranteed (A4+B4+C4) to net assets of the Company			12.42%
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)			309,151.18
The amount of the total amount guaranteed exceeding 50% of net assets (F)			0
Total amount guaranteed of three items above (D+E+F)			309,151.18
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)			无
Remarks on external guarantee in violation of provisions (if applicable)			无

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: RMB 0,000 yuan

Types	Source of entrusted funds	Entrusted amount	Unexpired balance	Amount overdue and not recovered	Impairment amount accrued for financial products overdue and not recovered
Bank financial products	Raised funds	14,500	0	0	0
Total		14,500	0	0	0

High-risk entrusted financial products with individual significant amount or low security and poor liquidity

☐ Applicable ☒ Not Applicable

When the principal of entrusted financial products is expected to be irrevocable or there are other conditions result in impairment of entrusted financial products

☐ 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. Other significant events

☒ Applicable ☐ Not Applicable

1. Progress of investment projects with raised funds

With the approval of [2017] No. 1684 document of China Securities Regulatory Commission, the company's lead underwriter, CSC Securities Co., Ltd., privately issued 175 million common shares (A shares) to specific objects at an issue price of RMB 28.00/share, raising a total of RMB 4,900 million. After deducting the underwriting and recommendation fees of RMB 30 million yuan (including tax), the raised funds amounted to RMB 4,870 million, which was remitted to the raised funds supervision account of the company by the lead underwriter, CSC Securities Co., Ltd. on December 7, 2017. In addition, after deducting lawyer fees, audit fees, capital verification fees and other issuance expenses of RMB 4.62 million (excluding tax), and considering the deductible VAT input tax of RMB 1.70 million of underwriting fees and recommendation fees deducted by the lead underwriter, the net amount of funds raised was RMB 4,867.08 million. The availability of the above raised funds has been verified by Tianjian Certified Public Accountants (special general partnership), who issued the capital verification report ([2017] No. 503).

The Company convened the third meeting of the ninth Board of Directors and the third meeting of the ninth Board of Supervisors, which reviewed and approved the Proposal on Completing the Raised Funds Investment Project and Permanently Replenishing Working Capital with Surplus Raised Funds. To enhance the efficiency of using surplus raised funds, the Company agreed to complete the "250,000 Tons Annual Output Methionine Project," a project funded by the 2017 non-public offering of shares, and permanently replenish working capital with the surplus raised funds. During the reporting period, the balance in the dedicated raised funds account was transferred to the Company's general settlement account, and the relevant procedures for canceling the dedicated raised funds account were completed. Concurrently, the regulatory agreements on raised funds signed by the Company and its subsidiaries with the sponsoring institution and the commercial bank where the raised funds were deposited were terminated. For details, please refer to the Announcement on Completion of Cancellation of Dedicated Raised Funds Account (2024-024) published by the Company on the designated information disclosure media and <http://www.cninfo.com.cn>.

2. Progress of the controlling shareholder in increasing the company's shares

Based on confidence in the Company's future sustainable and stable development and recognition of its value, to enhance investor confidence, the Company's controlling shareholder, NHU Holding Group Co. Ltd., plans to increase its shareholdings in the Company within 6 months starting from October 26, 2023, through methods permitted by the Shenzhen Stock Exchange trading system (including but not limited to centralized bidding and block trading). The intended share purchase amount shall be no less than RMB 200 million and no more than RMB 300 million. No price range is set for this plan, which will be implemented progressively based on the volatility of the Company's stock price and the overall capital market trends. As of March 15, 2024, NHU Holding Group has cumulatively purchased 17,869,906 shares of the Company, representing 0.58% of the total share capital, with a cumulative investment of RMB 299,656,526.16 (excluding transaction fees). This share increase plan has been fully implemented. For details, please refer to the Announcement on the Implementation Results of the Controlling Shareholder's Share Increase Plan (2024-003) published on the Company's designated information disclosure platforms and the <http://www.cninfo.com.cn>.

3. External Investment and Signing of the Investment Cooperation Agreement

The Company convened the sixth meeting of the ninth Board of Directors on July 17, 2024, and held the first extraordinary general meeting of 2024 on August 2, 2024, which reviewed and approved the Proposal on External Investment and Signing the Investment

Cooperation Agreement. The Company agreed to enter into the Investment Cooperation Agreement with the Tianjin Economic-Technological Development Area Management Committee to invest in the construction of the Nylon New Materials Project in Tianjin Nangang Industrial Zone, with a total investment of approximately RMB 10 billion (subject to actual investment). For details, please refer to the relevant announcements published by the Company on the designated information disclosure media and <http://www.cninfo.com.cn> on July 18, 2024, and August 3, 2024.

4. Progress of the fourth employee stock ownership plan

The fourth phase of the Employee stock ownership Plan of the Company was reviewed and approved by the first extraordinary General meeting of shareholders 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. As of September 25, 2023, a total of 29,528,181 shares of the Company have been purchased under the fourth phase of the employee stock ownership Plan through the secondary market bidding transaction, accounting for 0.9553% of the Company's total share capital at that time, with a total transaction amount of 479,442,157.08 yuan (excluding transaction costs). The average transaction price was about 16.2368 yuan per share, and the company completed the target stock purchase of the fourth phase of the employee stock ownership plan. The lock-up period of the underlying shares acquired under the fourth Employee Stock Ownership Plan is 12 months, calculated from the date of the Company's announcement of the transfer of the last underlying shares to the plan. As of September 25, 2024, the lock-up period for the Phase IV Employee Stock Ownership Plan has expired. For details, please refer to the Announcement on the Expiry of the Lock-up Period for the Fourth Phase Employee Stock Ownership Plan (2024-035) published by the Company on designated information disclosure media and <http://www.cninfo.com.cn>.

(Note: On December 13, 2024, the Company completed the cancellation of 17,485,676 repurchased shares, reducing the total number of shares outstanding 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 shares outstanding.)

5. Modification of the Designated Use of Repurchased Shares and Subsequent Cancellation

The Company convened the Ninth Meeting of the Ninth Board of Directors on November 18, 2024, and the Second Extraordinary General Meeting of 2024 on December 4, 2024. Both meetings approved the Proposal on Adjusting the Purpose of Repurchased Shares and Cancellation. This resolution modifies the original purpose of the share repurchase plan approved on August 18, 2021, changing the designated use of repurchased shares from "implementing equity incentive plans or employee stock ownership plans" to "cancellation and reduction of registered capital". Specifically, 17,485,676 shares in the Company's special securities account for repurchase were cancelled, thereby reducing the registered capital by RMB 17,485,676. The Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. confirmed the cancellation date as December 13, 2024. Post-cancellation, the Company's total share capital decreased from 3,090,907,356 shares to 3,073,421,680 shares. Detailed information is available in the Company's announcements published on designated media and <http://www.cninfo.com.cn>.

6. Special dividend plan

The Company passed the "Proposal on Special Dividend Program" at the 10th Meeting of the 9th Board of Directors held on December 18, 2024 and the 1st Extraordinary General Meeting of 2025 held on January 7, 2025. In order to positively respond to the "Opinions of the State Council on Strengthening Supervision and Preventing Risks and Promoting the High-Quality Development of the Capital Market" regarding the relevant regulations and policy spirit such as "Enhancing the stability, continuity and predictability of dividends, promoting multiple dividends a year, pre-dividends, dividends before the Spring Festival", based on the confidence in the future development of the Company, in order to enhance the value of the Company's investment, share the results of the Company's operation and development with the majority of investors, and enhance the sense of achievement of investors, under the premise of ensuring the Company's sustainable and sound operation and long-term development, the proposed special dividend program has been implemented with a total of 3,000 shares of the existing share capital of the Company. Based on the existing total share capital of 3,073,421,680 shares, the Company has distributed a cash dividend of RMB2 (including tax) for every 10 shares to all shareholders, and sent 0 bonus shares (including tax), and will not increase share capital by capitalization of capital reserve. A total of RMB614,684,336.00 in cash has been distributed, and the remaining profit available for distribution to shareholders of RMB4,952,393,846.00 has been carried forward to the next year.

If the total share capital of the Company changes before the implementation of the program due to convertible bonds conversion, share repurchase, exercise of share incentives, listing of new shares from refinancing, etc., the total amount to be distributed will be adjusted accordingly in accordance with the principle of unchanged distribution ratio.

The special dividend entitlement distribution was completed on January 22, 2025. For details, please refer to the relevant announcements published by the Company in the designated information disclosure media and <http://www.cninfo.com.cn>.

XVII. Significant events of subsidiaries of the Company

☐ Applicable ☒ Not Applicable

Section VII Movements in Shares and Conditions of Shareholders

I. Movements in shares

1. Details

Unit: Share

Items	Before		Movements					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	Quantity	% to total
I. Restricted shares	36,409,752	1.18%						36,409,752	1.18%
1. Held by other domestic parties	36,409,752	1.18%						36,409,752	1.18%
Including: Held by domestic natural persons	36,409,752	1.18%						36,409,752	1.18%
II. Unrestricted shares	3,054,497,604	98.82%				-17,485,676	-17,485,676	3,037,011,928	98.82%
1. RMB ordinary shares	3,054,497,604	98.82%				-17,485,676	-17,485,676	3,037,011,928	98.82%
III. Total	3,090,907,356	100.00%				-17,485,676	-17,485,676	3,073,421,680	100.00%

Reason for movements

√ Applicable □ Not Applicable

On December 13, 2024, the Company cancelled 17,485,676 shares that had been repurchased, and upon completion of the cancellation, the total share capital of the Company changed from 3,090,907,356 shares to 3,073,421,680 shares.

Approval on movements in shares

√ Applicable □ Not Applicable

The Company held the Ninth Meeting of the Ninth Session of the Board of Directors on November 18, 2024 and the Second Extraordinary General Meeting of 2024 on December 4, 2024, and considered and passed the “Proposal on Changing the Purpose of the Repurchased Shares and Cancelling Them”, and agreed to change the purpose of the repurchased shares in the proposal for the repurchase of the Company's shares considered and passed on August 18, 2021 from the original proposal of Change the use of the repurchased shares from the original plan of “using the repurchased shares for the implementation of the Share Incentive Scheme or the Employee Share Ownership Scheme” to “using the repurchased shares for the purpose of cancellation and reduction of registered capital”, i.e., canceling 17,485,676 shares in the Company's repurchased special securities account and reducing the Company's registered capital by 17,485,676 shares accordingly. 17,485,676 Yuan. After the cancellation, the total share capital of the Company will be changed from 3,090,907,356 shares to 3,073,421,680 shares. For details, please refer to the relevant announcements published by the Company in the designated information disclosure media and on the Cninfo (<http://www.cninfo.com.cn>).

Transfer of shares

□ Applicable √ Not Applicable

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

□ Applicable √ Not Applicable

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

□ Applicable √ Not applicable

2. Movement in restricted shares

□ Applicable √ Not applicable

II. Issuance and listing of securities**1. Issuance of securities (preferred shares 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

The Company held the Ninth Meeting of the Ninth Session of the Board of Directors on November 18, 2024 and the Second Extraordinary General Meeting of 2024 on December 4, 2024, and considered and passed the “Proposal on Changing the Purpose of the Repurchased Shares and Cancelling Them”, and agreed to change the purpose of the repurchased shares in the proposal for the repurchase of the Company's shares considered and passed on August 18, 2021 from the original proposal of “repurchasing shares for the implementation of the share incentive plan or the employee shareholding plan” to “for cancellation and reduction of registered capital”. Change of the use of the repurchased shares from the original plan to “use the repurchased shares for the implementation of the Share Incentive Scheme or the Employee Stock Ownership Plan” to “use the repurchased shares for the purpose of cancellation and reduction of registered capital”. In other words, 17,485,676 shares in the special securities account of the Company were canceled and the registered capital of the Company was reduced by RMB17,485,676 accordingly. After the cancellation, the total share capital of the Company will be changed from 3,090,907,356 shares to 3,073,421,680 shares. For details, please refer to the relevant announcements published by the Company in the designated information disclosure media and (<http://www.cninfo.com.cn>).

III. Shareholders and actual controllers**1. Number of shareholders of the Company and their shareholding conditions**

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	83,287	Total number of ordinary shareholders at the end of the previous month prior to the date of disclosure of the annual report	77,933	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month prior to the date of disclosure of the annual report	0	
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions								
Shareholders	Nature of shareholders	Holding proportion	Quantity of ordinary shares at the end of the reporting period	Movements during the reporting period	Quantity of restricted shares	Quantity of unrestricted shares	Shares pledged, marked or frozen	
							Condition	Quantity
NHU Holding Group Co., Ltd.	Domestic non-state-owned legal person	50.08%	1,539,232,431	2,823,080	0	1,539,232,431	N/A	0

Hong Kong Securities Clearing Company Limited	Overseas legal person	4.48%	137,823,659	38,340,662	0	137,823,659	N/A	0
National Social Security Fund No.503 Portfolio	Others	1.33%	41,000,000	-100	0	41,000,000	N/A	0
The Company—Employee stock ownership plan phase IV	Others	0.96%	29,528,181	0	0	29,528,181	N/A	0
China Construction Bank Corporation - E Fund Shanghai and Shenzhen 300 Medical and Health Trading Open-end Index Fund	Others	0.93%	28,498,582	5,498,905	0	28,498,582	N/A	0
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	Others	0.88%	26,930,663	-27,141,537	0	26,930,663	N/A	0
Industrial and Commercial Bank of China Limited-Huatai Berry CSI 300 Open-ended Index Fund	Others	0.87%	26,626,541	15,044,382	0	26,626,541	N/A	0
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Caizhi Fund	Others	0.62%	19,150,780	13,961,450	0	19,150,780	N/A	0
China Construction Bank Corporation - Efounda CSI 300 Open-End Index Initiated Fund	Others	0.60%	18,397,231	14,102,000	0	18,397,231	N/A	0
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Juzhi Fund	Others	0.49%	15,096,694	10,685,022	0	15,096,694	N/A	0
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares			Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund became one of the top 10 shareholders with largest holding proportions due to its participation in private placement of shares in 2017.					
Remarks on relationships or concerted action between the top 10 shareholders with largest holding proportions			The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .					
Remarks on proxy voting and waiver of voting right of the above shareholders			N/A					
Special remarks on top 10 shareholders with special repurchase accounts			N/A					
Top 10 shareholders with unrestricted shares (excluding shares lent through transfer facility and shares locked up by executives)								
Shareholders			Quantity of unrestricted shares at the end of the reporting period			Category of shares		
						Category		Quantity
NHU Holding Group Co., Ltd.			1,539,232,431			RMB ordinary shares		1,539,232,431
Hong Kong Securities Clearing Company Limited			137,823,659			RMB ordinary shares		137,823,659

National Social Security Fund Five03 Portfolio	41,000,000	RMB ordinary shares	41,000,000
Zhejiang NHU Company Limited - Fourth Employee Stock Ownership Plan	29,528,181	RMB ordinary shares	29,528,181
China Construction Bank Corporation-Efounda CSI 300 Pharmaceutical and Healthcare Traded Open-End Index Fund	28,498,582	RMB ordinary shares	28,498,582
Shanghai Chongyang Strategic Investment Company Limited - Chongyang Strategic Intelligence Fund	26,930,663	RMB ordinary shares	26,930,663
Industrial and Commercial Bank of China Limited-Huatai Berry CSI 300 Open-ended Index Fund	26,626,541	RMB ordinary shares	26,626,541
Shanghai Chongyang Strategic Investment Company Limited - Chongyang Strategic Caizhi Fund	19,150,780	RMB ordinary shares	19,150,780
China Construction Bank Corporation - Efounda CSI 300 Open-End Index Initiated Fund	18,397,231	RMB ordinary shares	18,397,231
Shanghai Chongyang Strategic Investment Company Limited - Chongyang Strategic Juzhi Fund	15,096,694	RMB ordinary shares	15,096,694
Remarks on relationships or concerted action between the top 10 shareholders with unrestricted shares, and between the top 10 shareholders with unrestricted shares and the top 10 shareholders with largest holding proportions.	Among the above shareholders, Hu Baishan is the director of NHU Holding Group Co., Ltd. Due to participating in Employee stock ownership plan phase IV, Hu Baishan formed an association relationship with The Company—Employee stock ownership plan phase IV. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .		
Remarks on top 10 shareholders of ordinary shares participating in securities margin trading	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund holds 26,930,56 shares through a client account of collateral securities for margin trading of Guotai Junan Securities Co., Ltd.; Shanghai Chongyang Strategic Investment Co., Ltd - Chongyang Strategic Caizhi Fund holds 19,150,780 shares through a client credit transaction guarantee securities account at China Merchants Securities Co; Shanghai Chongyang Strategic Investment Co., Ltd - Chongyang Strategic Juzhi Fund held 15,096,694 shares through a client credit transaction guarantee securities account of China Merchants Securities Co.		

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

√Applicable □ Not applicable

Unit: Share

The participation of shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unlimited shares in circulation in lending of shares in the transfer and financing business								
Shareholder name (full name)	Holdings in ordinary account and credit account at the beginning of the period		Shares borrowed for securities lending at the beginning of the period and have not yet been returned		Holdings in ordinary account and credit account at the end of the period		Shares borrowed for securities lending at the end of the period and have not yet been returned	
	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital
Industrial and Commercial Bank of China Limited - Huatai Berry CSI 300 Index Fund	11,582,159	0.37%	35,600	0.00%	26,626,541	0.87%	0	0.00%
China Construction Bank Corporation - Efounda CSI 300 Open-End Index Initial Investment Fund	4,295,231	0.14%	30,900	0.00%	18,397,231	0.60%	0	0.00%
China Construction	22,999,677	0.74%	252,800	0.01%	28,498,582	0.93%	0	0.00%

The participation of shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders with unlimited shares in circulation in lending of shares in the transfer and financing business								
Shareholder name (full name)	Holdings in ordinary account and credit account at the beginning of the period		Shares borrowed for securities lending at the beginning of the period and have not yet been returned		Holdings in ordinary account and credit account at the end of the period		Shares borrowed for securities lending at the end of the period and have not yet been returned	
	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital	Total quantity	Ratio to total share capital
Bank Corporation - Efonda CSI 300 Pharmaceuticals & Health Care Index Fund								

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

☐ Applicable ☒ Not applicable

2. Controlling shareholders

Nature of shareholders: Natural person holding

Category of shareholders: Legal person

Holding shareholders	Legal representative/Head of the entity	Date of establishment	Unified social credit code	Main business scope
NHU Holding Group Co., Ltd.	Hu Baifan	2/14/1989	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 holding shareholders control or participate in during the reporting period	NHU Holding Group Co., Ltd. directly holds 36.73% of the shares of Front Pharmaceutical PLC. Pharmaceutical Co., Ltd.			

Changes of holding shareholders during the reporting period

☐ Applicable ☒ Not applicable

The Company has no changes of holding 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	Mr. Hu Baifan, Chairman of the Board, is a Chinese born in 1962, who has no permanent		

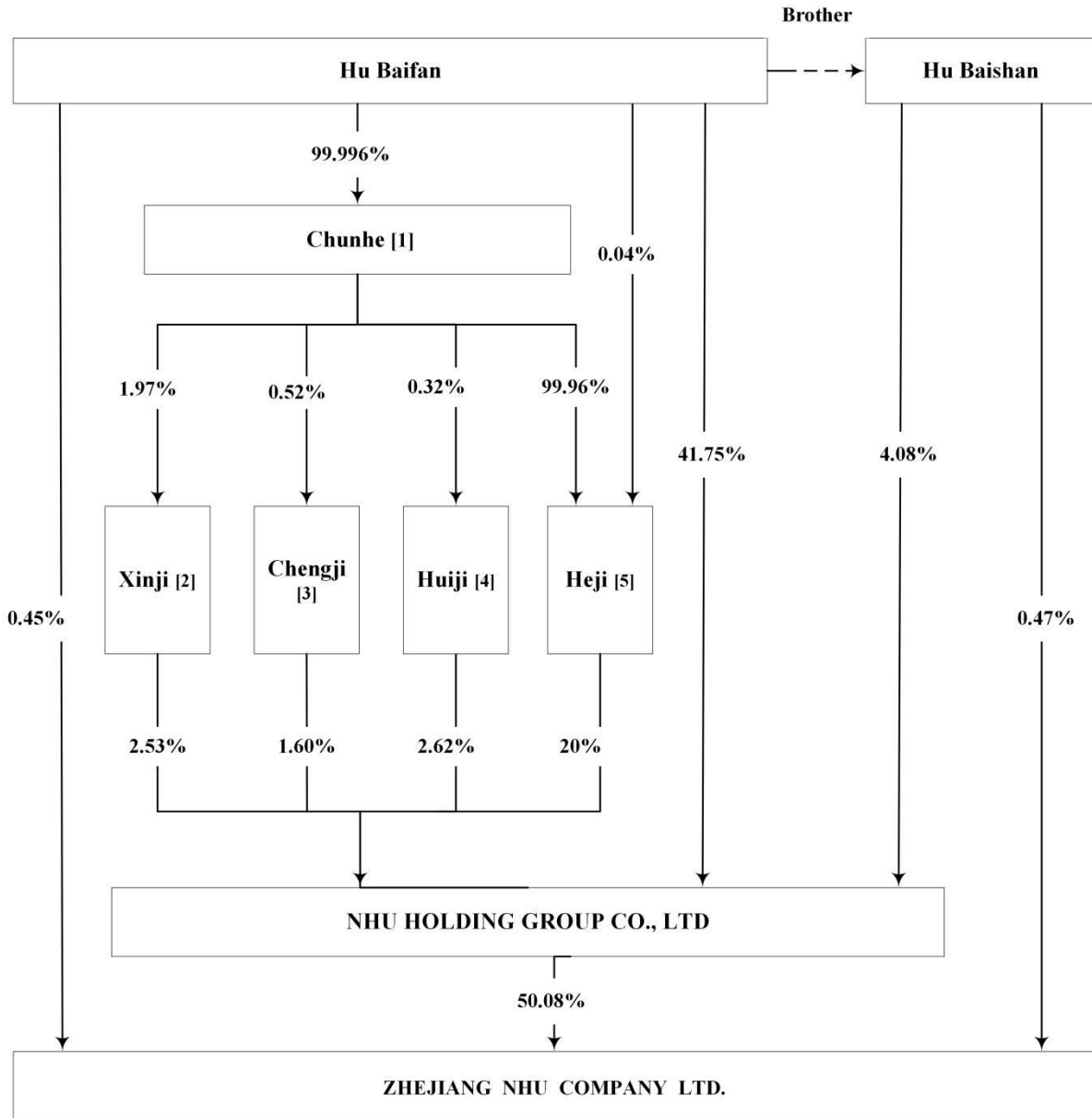
	<p>residence in foreign countries or regions. He has a master's degree in Business Administration from Zhejiang University, and he is Senior Economist, Member of the Communist Party of China. He also serves as the Chairman of NHU Holding Group Co., Ltd. and its holding subsidiary Shaoxing Yuexiu Education Development Co., Ltd., and Director of NHU Real Estate Holding 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 EMBA program of Zhejiang University, and he is 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 main board of Shanghai Stock Exchange in 2022.

Changes of actual controller within the reporting period

☐ Applicable ☒ Not applicable

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

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



[1] Chunhe: County Chunhe Investment Management Partnership (Limited Liability)

[2] Xinji: Xinchang County Xinji Investment Management Partnership (Limited Liability)

[3] Chengji: Xinchang County Chengji Investment Management Partnership (Limited Liability)

[4] Heji: Xinchang County Heji Investment Management Partnership (Limited Liability)

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 legal person shareholders 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

Implementation progress of shareholding reduction for shares repurchased through centralized bidding

☐ Applicable ☒ Not applicable

Section VIII Preferred Shares

☐ Applicable ☒ Not applicable

The Company has no preferred shares during the reporting period.

Section IX Bonds

☐ Applicable ☒ Not applicable

Section X Financial Report

I. Auditor's Report

Audit Opinion	Standard unqualified opinion
Audit signature date	April 11, 2025
Accounting Firm	Pan-China Certified Public Accountants LLP
Number of Auditor's Report	PCCPAAR [2025] No.4218
Signatory Certified Public Accountants	Teng Peibin, Jan Yanhui

Auditor's 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 "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2024, 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 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 Company as at December 31, 2024, 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. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled 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

1. Key audit matters

Please refer to item V 23、VII 40 and XVII 1 of this section for details.

The Company is mainly engaged in manufacturing and sales of nutrition, flavor and fragrance, new polymer materials, etc. In 2024, the operating revenue amounted to 21.61 billion yuan.

As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, 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 of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sale contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (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 by sampling method, including sales contracts, sales invoices, delivery lists, shipping documents, client acceptance receipts, etc.; for revenue from overseas sales, we obtained information from Electron Port and checked it with accounting records, and checked supporting documents including sales contracts, bills of clearance, waybills, sales invoices, etc. by sampling method;
- (5) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;
- (6) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period;
- (7) We obtained the sales return records after the balance sheet date, and checked whether there was any situation that meet the revenue recognition conditions on the balance sheet date
- (8) 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

1. Key audit matters

Please refer to item V 1 of this section for details.

At the balance sheet date, the Company's cash and bank balances amounted to 7,936.50 million yuan, which is one of the main assets of the Company. As the amount of cash and bank balances is significant, the existence and integrity of cash and bank balances have 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 of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked integrity of bank accounts in combination with detail tests based on "List of Opened Bank Settlement Accounts" obtained;
- (3) We obtained and checked bank statements and bank reconciliation statements, and performed confirmation procedures on 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 deposit, and checked whether cash and bank balances have been pledged in combination with enterprise credit reports;

(6) We reviewed interest income, and checked whether interest income was consistent with the amount of cash and bank balances; and

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

(III) Recognition and measurement of fixed assets and construction in progress

1. Key audit matters

Please refer to item V 15、 16 and VII 12、 13 of this section for details.

As of December 31, 2024, the Company's carrying amount of fixed assets and construction in progress totals 22,487.60 million yuan, which is one of the major assets of the Company.

Recognition and measurement of fixed assets and construction in progress involves significant judgement of the Management including the determination of capitalization criteria for expenditures, time point of construction in progress transferred to fixed assets and the beginning of depreciation, estimation on economic useful lives and residual value of fixed assets, etc

As the amount of carrying amount of fixed assets and construction in progress is significant, and reasonableness of judgement mentioned above has significant influence on financial statements, we have identified recognition and measurement of fixed assets and construction in progress as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for recognition and measurement of fixed assets and construction in progress are as follows:

(1) We obtained understandings of key internal controls related to fixed assets and construction in progress, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We checked the accuracy of capitalization amount in combination with the audit of bank borrowings;

(3) We checked acceptance reports related to construction projects or project progress reports, payment documents of construction schedule payments, etc. by sampling method, and decided whether the time point of construction in progress transferred to fixed assets was reasonable;

(4) We checked information such as acceptance reports or project progress reports related to important construction projects and payment vouchers for construction progress to determine whether the point in time when construction in progress is transferred to fixed assets is reasonable;

(5) We checked purchase invoices, insurance policy of sales contracts, delivery lists etc. of fixed assets such as outsourcing machinery, and reviewed the accuracy of their costs;

(6) We obtained supporting documents related to construction in progress increased in the current period, including project application, construction loan contracts, construction contracts, invoices, purchase application for construction materials, payment bills, manufacturing agreements etc., and checked whether their costs and accounting treatment were correct;

(7) We assessed the reasonableness of economic useful lives and residual value of fixed assets estimated by the Management in combination with conditions of the industry;

(8) We checked whether information related to fixed assets and construction in progress had been presented appropriately in the

financial statements.

IV. Other Information

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

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

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

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

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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objective is 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 an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are generally considered material if they could reasonably be expected, individually or in the aggregate, to affect the economic decisions of users of financial statements based on the financial statements.

In performing the audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. Also, we perform the following:

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate to form the basis of 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, intentional omissions, misrepresentation or overriding internal controls.
- (ii) Understand internal control relevant to the audit in order to design appropriate audit procedures.
- (iii) Evaluating the appropriateness of management's selection of accounting policies and the reasonableness of accounting estimates and related disclosures.
- (iv) To draw conclusions about the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether there is a material uncertainty regarding the existence of matters or circumstances

that may cast significant doubt on the ability of Shinwa Sung to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are not adequate, we should express an unqualified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may cause NWS to be unable to continue as a going concern.

(v) Evaluating the overall presentation, structure and content of the financial statements and evaluating whether the financial statements fairly reflect the underlying transactions and events.

(vi) Obtaining sufficient and appropriate audit evidence about the financial information of entities or business activities in NWS to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit and accept full responsibility for the audit opinion.

We communicate with governance on matters such as the scope, timing and significant findings of planned audits, including communicating internal control deficiencies of concern identified in our audits.

We also provide governance with a statement that we have complied with ethical requirements related to independence and communicate with governance all relationships and other matters that may reasonably be perceived to affect our independence, as well as related precautions, if applicable.

From the matters communicated with governance, we determined which matters were most significant to the audit of the current financial statements and therefore constituted key audit matters. We describe these matters in our audit report except where public disclosure of the matters is prohibited by law or regulation or, in rare circumstances, where we determine that a matter should not be communicated in the audit report if the negative consequences of communicating the matter in the audit report could reasonably be expected to outweigh the benefits in the public interest.

II. Financial statements

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

1. Consolidated balance sheet

Prepared by Zhejiang NHU Co., Ltd.

December 31, 2024

Unit: RMB Yuan

Items	December 31, 2024	January 1, 2024
Current assets:		
Cash and bank balances	7,936,504,805.65	4,543,361,146.98
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	745,816.34	173,056,050.95
Derivative financial assets		
Notes receivable	292,562,093.90	116,125,267.70
Accounts receivable	3,653,676,104.37	2,483,266,952.88
Receivables financing	523,913,135.22	331,634,090.61
Advances paid	163,216,512.08	209,274,602.05
Premiums receivable		

Items	December 31, 2024	January 1, 2024
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	225,516,143.49	142,060,705.67
Including: Interest receivable		
Dividend receivable		
Financial assets under reverse repo		
Inventories	4,090,096,841.96	4,318,878,875.34
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	35,969,632.09	68,232,745.03
Total current assets	16,922,201,085.10	12,385,890,437.21
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	865,262,148.36	697,145,200.08
Other equity instrument investments	19,498,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	21,915,984,823.43	21,860,082,637.13
Construction in progress	571,610,643.68	1,621,882,507.56
Productive biological assets		
Oil & gas assets		
Right-of-use assets	13,222,869.09	6,603,631.56
Intangible assets	2,482,899,966.19	2,407,560,753.82
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	3,622,704.97	3,622,704.97
Long-term prepayments	33,059,580.89	11,697,961.72
Deferred tax assets	2,106,046.31	650,079.18
Other non-current assets	159,664,455.40	138,112,803.89
Total non-current assets	26,066,931,385.87	26,770,356,427.46
Total assets	42,989,132,470.97	39,156,246,864.67
Current liabilities:		

Items	December 31, 2024	January 1, 2024
Short-term borrowings	1,162,512,239.04	1,235,688,062.90
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities	11,151,258.46	
Derivative financial liabilities		
Notes payable	159,164,822.28	349,347,472.36
Accounts payable	1,685,979,157.55	1,930,958,598.05
Advances received		
Contract liabilities	237,013,669.77	251,008,240.97
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	473,107,111.45	418,273,203.88
Taxes and rates payable	538,903,915.30	301,794,080.40
Other payables	122,424,090.50	53,671,773.90
Including: Interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,465,378,913.94	1,564,392,458.67
Other current liabilities	53,564,334.90	17,260,124.76
Total current liabilities	6,909,199,513.19	6,122,394,015.89
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	5,327,243,721.25	6,821,643,194.58
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	3,584,791.02	5,240,136.43
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	1,025,834,591.04	1,065,586,274.49

Items	December 31, 2024	January 1, 2024
Deferred tax liabilities	277,719,591.54	221,675,090.41
Other non-current liabilities		
Total non-current liabilities	6,634,382,694.85	8,114,144,695.91
Total liabilities	13,543,582,208.04	14,236,538,711.80
Equity:		
Share capital	3,073,421,680.00	3,090,907,356.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,132,519,968.42	3,613,345,485.13
Less: Treasury shares		500,059,711.25
Other comprehensive income	91,513,343.50	103,920,732.85
Special reserve	106,348,864.91	60,860,818.76
Surplus reserve	1,545,453,678.00	1,545,453,678.00
General risk reserve		
Undistributed profit	21,375,740,194.12	16,890,233,961.50
Total equity attributable to the parent company	29,324,997,728.95	24,804,662,320.99
Non-controlling interest	120,552,533.98	115,045,831.88
Total equity	29,445,550,262.93	24,919,708,152.87
Total liabilities & equity	42,989,132,470.97	39,156,246,864.67

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

2. Parent company balance sheet

Unit: RMB Yuan

Items	December 31, 2024	January 1, 2024
Current assets:		
Cash and bank balances	3,810,717,348.40	2,944,073,209.24
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	292,562,093.90	116,657,645.60
Accounts receivable	1,455,089,726.43	626,644,050.39
Receivables financing		
Advances paid	2,099,814.14	4,143,777.83
Other receivables	1,008,085,932.79	2,908,050,463.81
Including: Interest receivable		
Dividend receivable		
Inventories	400,830,486.99	295,102,427.23
Including: Data resources		
Contract assets		

Items	December 31, 2024	January 1, 2024
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,049,642.27	1,925,459.39
Total current assets	6,972,435,044.92	6,896,597,033.49
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	11,488,137,747.99	10,678,236,147.42
Other equity instrument investments	69,498,147.55	72,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	757,545,856.68	612,700,666.98
Construction in progress	25,813,815.03	71,331,975.01
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,469,722.68	2,630,791.48
Intangible assets	146,947,405.16	145,613,180.34
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term prepayments	389,534.31	1,165,411.93
Deferred tax assets	605,226.35	10,794,527.34
Other non-current assets	55,399,951.70	29,165,952.28
Total non-current assets	12,546,807,407.45	11,624,636,800.33
Total assets	19,519,242,452.37	18,521,233,833.82
Current liabilities:		
Short-term borrowings	304,056,277.79	496,760,409.72
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	62,937,989.99	109,519,196.45
Accounts payable	156,311,918.60	115,590,089.62
Advances received		
Contract liabilities	7,720,715.41	3,836,737.57
Employee benefits payable	89,940,402.47	74,330,678.60
Taxes and rates payable	21,422,158.51	13,608,334.34
Other payables	20,443,244.50	16,876,789.87

Items	December 31, 2024	January 1, 2024
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,817,695,895.34	687,277,786.06
Other current liabilities	6,244,444.91	494,804.24
Total current liabilities	2,486,773,047.52	1,518,294,826.47
Non-current liabilities:		
Long-term borrowings	3,020,447,965.04	4,350,488,292.95
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,603,650.85	2,715,619.54
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	18,171,910.38	11,067,751.34
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,041,223,526.27	4,364,271,663.83
Total liabilities	5,527,996,573.79	5,882,566,490.30
Equity:		
Share capital	3,073,421,680.00	3,090,907,356.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,871,231,553.94	3,353,675,803.74
Less: Treasury shares		500,059,711.25
Other comprehensive income	506,954.43	506,954.43
Special reserve	19,478,463.14	10,583,344.97
Surplus reserve	1,545,453,678.00	1,545,453,678.00
Undistributed profit	6,481,153,549.07	5,137,599,917.63
Total equity	13,991,245,878.58	12,638,667,343.52
Total liabilities & equity	19,519,242,452.37	18,521,233,833.82

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

3. Consolidated income statement

Unit: RMB Yuan

Items	Year2024	Year 2023
I. Total operating revenue	21,609,592,228.45	15,116,537,003.30
Including: Operating revenue	21,609,592,228.45	15,116,537,003.30
Interest income		
Premiums earned		
Revenue from handling charges and commission		
II. Total operating cost	14,833,148,723.72	11,960,861,457.05
Including: Operating cost	12,582,000,646.65	10,131,490,375.45
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	250,745,675.42	166,729,987.78
Selling expenses	190,298,278.24	158,316,813.86
Administrative expenses	595,894,541.26	551,072,291.99
R&D expenses	1,036,161,740.50	887,801,475.02
Financial expenses	178,047,841.65	65,450,512.95
Including: Interest expenses	282,180,513.56	319,906,196.30
Interest income	126,041,480.98	133,145,750.15
Add: Other income	268,057,018.67	202,088,522.53
Investment income (or less: losses)	77,274,370.60	83,054,284.94
Including: Investment income from associates and joint ventures	53,851,462.30	44,130,854.54
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	-13,600,481.19	29,932,484.98
Credit impairment loss	-55,009,881.32	3,551,588.16
Assets impairment loss	-81,957,927.36	-230,600,448.22
Gains on asset disposal (or less: losses)	1,393,189.08	16,404,163.69

Items	Year2024	Year 2023
III. Operating profit (or less: losses)	6,972,599,793.21	3,260,106,142.33
Add: Non-operating revenue	5,472,411.83	7,931,135.56
Less: Non-operating expenditures	34,491,018.05	14,502,738.61
IV. Profit before tax (or less: total loss)	6,943,581,186.99	3,253,534,539.28
Less: Income tax	1,046,710,979.40	528,125,637.05
V. Net profit (or less: net loss)	5,896,870,207.59	2,725,408,902.23
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	5,896,870,207.59	2,725,408,902.23
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	5,868,545,988.62	2,704,238,767.54
2. Net profit attributable to non-controlling shareholders	28,324,218.97	21,170,134.69
VI. Other comprehensive income after tax	-21,417,073.44	33,929,099.01
Items attributable to the owners of the parent company	-12,407,389.35	27,343,168.68
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-12,407,389.35	27,343,168.68
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-12,407,389.35	27,343,168.68
7. Others		
Items attributable to non-controlling shareholders	-9,009,684.09	6,585,930.33
VII. Total comprehensive income	5,875,453,134.15	2,759,338,001.24

Items	Year2024	Year 2023
Items attributable to the owners of the parent company	5,856,138,599.27	2,731,581,936.22
Items attributable to non-controlling shareholders	19,314,534.88	27,756,065.02
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.91	0.87
(II) Diluted EPS (yuan per share)	1.91	0.87

Net profit realized by the combined party in business combination under common control before the business combination in the current period was 0.00 yuan, and net profit realized by the combined party in the previous period was 0.00 yuan.

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

4. Parent company income statement

Unit: RMB Yuan

Items	Year 2024	Year 2023
I. Operating revenue	4,443,985,667.77	2,800,974,043.80
Less: Operating cost	3,422,591,909.49	2,516,550,050.27
Taxes and surcharges	15,902,824.62	17,900,647.81
Selling expenses	43,445,215.30	36,688,214.04
Administrative expenses	169,928,788.65	168,615,260.60
R&D expenses	224,541,489.04	249,169,737.63
Financial expenses	76,838,195.16	74,811,854.41
Including: Interest expenses	158,660,246.18	168,273,675.71
Interest income	83,523,057.29	95,067,720.22
Add: Other income	33,355,311.23	34,542,333.84
Investment income (or less: losses)	2,174,759,454.72	1,549,382,083.45
Including: Investment income from associates and joint ventures	34,040,307.12	24,434,009.92
Gains from derecognition of financial assets at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		
Credit impairment loss (or less: losses)	58,079,817.91	-33,430,454.86
Assets impairment loss (or less: losses)	-9,821,857.49	-22,771,080.59
Gains on asset disposal (or less: losses)	201,235.37	14,085,495.86
II. Operating profit (or less: losses)	2,747,311,207.25	1,279,046,656.74
Add: Non-operating revenue	722,089.07	2,729,472.22

Items	Year 2024	Year 2023
Less: Non-operating expenditures	4,015,788.77	735,574.35
III. Profit before tax (or less: total loss)	2,744,017,507.55	1,281,040,554.61
Less: Income tax	17,424,120.11	-4,385,111.58
IV. Net profit (or less: net loss)	2,726,593,387.44	1,285,425,666.19
(I) Net profit from continuing operations (or less: net loss)	2,726,593,387.44	1,285,425,666.19
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	2,726,593,387.44	1,285,425,666.19
VII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

5. Consolidated cash flow statement

Unit: RMB Yuan

Items	Year 2024	Year 2023
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	19,053,643,873.01	15,114,302,982.05
Net increase of client deposit and interbank deposit		

Items	Year 2024	Year 2023
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	458,848,003.09	809,452,548.86
Other cash receipts related to operating activities	317,657,192.98	340,383,499.80
Subtotal of cash inflows from operating activities	19,830,149,069.08	16,264,139,030.71
Cash payments for goods purchased and services received	8,751,457,054.03	8,199,010,919.39
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	2,045,076,828.25	1,857,883,629.25
Cash payments for taxes and rates	1,589,158,602.36	772,137,083.65
Other cash payments related to operating activities	371,392,401.11	315,736,535.10
Subtotal of cash outflows from operating activities	12,757,084,885.75	11,144,768,167.39
Net cash flows from operating activities	7,073,064,183.33	5,119,370,863.32
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	3,500,000.00	
Cash receipts from investment income	43,014,111.55	80,104,340.27
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	73,224,210.59	39,486,013.26
Net cash receipts from the disposal of subsidiaries & other business units	80,926,928.19	

Items	Year 2024	Year 2023
Other cash receipts related to investing activities	145,000,000.00	830,752,957.52
Subtotal of cash inflows from investing activities	345,665,250.33	950,343,311.05
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,599,799,315.13	4,445,521,671.75
Cash payments for investments	155,672,000.00	237,508,000.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	2,364,056,616.43	145,000,000.00
Subtotal of cash outflows from investing activities	4,119,527,931.56	4,828,029,671.75
Net cash flows from investing activities	-3,773,862,681.23	-3,877,686,360.70
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	1,941,199.07	
Including: Cash received by subsidiaries from non-controlling shareholders as investments	1,941,199.07	
Cash receipts from borrowings	4,330,592,177.82	5,996,318,716.61
Other cash receipts related to financing activities	108,750,334.91	
Subtotal of cash inflows from financing activities	4,441,283,711.80	5,996,318,716.61
Cash payments for the repayment of borrowings	4,996,888,657.03	6,198,516,255.00
Cash payments for distribution of dividends or profits and for interest expenses	1,677,551,933.66	1,833,426,559.71
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	14,142,695.44	
Other cash payments related to financing activities	29,860,119.89	17,387,029.07
Subtotal of cash outflows from financing activities	6,704,300,710.58	8,049,329,843.78
Net cash flows from financing activities	-2,263,016,998.78	-2,053,011,127.17
IV. Effect of foreign exchange rate changes on cash & cash equivalents	38,697,747.85	106,055,107.99
V. Net increase in cash and cash equivalents	1,074,882,251.17	-705,271,516.56
Add: Opening balance of cash and cash equivalents	4,446,570,415.30	5,151,841,931.86
VI. Closing balance of cash and cash equivalents	5,521,452,666.47	4,446,570,415.30

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

6. Parent company cash flow statement

Unit: RMB Yuan

Items	Year 2024	Year 2023
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	3,521,086,251.53	2,986,881,221.91
Receipts of tax refund	88,706,403.65	95,053,714.28
Other cash receipts related to operating activities	121,346,508.65	141,034,122.88
Subtotal of cash inflows from operating activities	3,731,139,163.83	3,222,969,059.07
Cash payments for goods purchased and services received	3,622,675,768.59	2,542,919,770.85
Cash paid to and on behalf of employees	362,197,711.22	346,310,819.49
Cash payments for taxes and rates	17,629,133.53	13,418,034.19
Other cash payments related to operating activities	118,754,035.38	149,457,603.83
Subtotal of cash outflows from operating activities	4,121,256,648.72	3,052,106,228.36
Net cash flows from operating activities	-390,117,484.89	170,862,830.71
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	86,291,000.00	
Cash receipts from investment income	2,075,920,000.00	1,438,109,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	18,949,197.67	30,696,077.98
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	2,412,265,557.83	1,260,748,671.65
Subtotal of cash inflows from investing activities	4,593,425,755.50	2,729,553,749.63
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	210,763,519.36	144,285,480.21
Cash payments for investments	855,672,000.00	1,267,508,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	2,405,200,000.00	1,422,350,000.01
Subtotal of cash outflows from investing activities	3,471,635,519.36	2,834,143,480.22
Net cash flows from investing activities	1,121,790,236.14	-104,589,730.59
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	2,000,000,000.00	2,995,000,000.00
Other cash receipts related to financing activities		

Items	Year 2024	Year 2023
Subtotal of cash inflows from financing activities	2,000,000,000.00	2,995,000,000.00
Cash payments for the repayment of borrowings	2,394,000,000.00	2,507,000,000.00
Cash payments for distribution of dividends or profits and for interest expenses	1,539,258,046.63	1,704,462,267.78
Other cash payments related to financing activities	1,405,443.74	1,690,292.10
Subtotal of cash outflows from financing activities	3,934,663,490.37	4,213,152,559.88
Net cash flows from financing activities	-1,934,663,490.37	-1,218,152,559.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents	16,333.73	848,445.34
V. Net increase in cash and cash equivalents	-1,202,974,405.39	-1,151,031,014.42
Add: Opening balance of cash and cash equivalents	2,903,317,341.85	4,054,348,356.27
VI. Closing balance of cash and cash equivalents	1,700,342,936.46	2,903,317,341.85

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Zhang Lijin

7. Consolidated statement of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2024														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Balance at the end of prior 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: Cumulative changes of accounting policies															
Error correction of prior period															
Others															
II. Balance at the beginning of current 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. Current period increase (or less: 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 income							-12,407,389.35				5,868,545,988.62		5,856,138,599.27	19,314,534.88	5,875,453,134.15
(II) Capital contributed or withdrawn by owners	-17,485,676.00				-482,574,035.25	-500,059,711.25								1,941,199.07	1,941,199.07
1. Ordinary shares contributed by owners														1,941,199.07	1,941,199.07
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in 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. Appropriation of profit to owners											-1,383,039,756.00		-1,383,039,756.00	-14,142,695.44	-1,397,182,451.44
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															

Items	Year 2024														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								45,488,046.15					45,488,046.15		45,488,046.15
1. Appropriation of current period								83,884,085.07					83,884,085.07		83,884,085.07
2. Application of 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 current 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

Preceding period comparative

Unit: RMB Yuan

Items	Year 2023														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
Preferred shares	Perpetual bonds	Others													
I. Balance at the end of prior year	3,090,907,356.00				3,613,097,510.81	500,059,711.25	76,577,564.17	26,196,894.55	1,444,414,900.05		15,823,744,811.91		23,574,879,326.24	87,289,766.85	23,662,169,093.09
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	3,090,907,356.00				3,613,097,510.81	500,059,711.25	76,577,564.17	26,196,894.55	1,444,414,900.05		15,823,744,811.91		23,574,879,326.24	87,289,766.85	23,662,169,093.09
III. Current period increase (or less: decrease)					247,974.32		27,343,168.68	34,663,924.21	101,038,777.95		1,066,489,149.59		1,229,782,994.75	27,756,065.03	1,257,539,059.78
(I) Total comprehensive income							27,343,168.68				2,704,238,767.54		2,731,581,936.22	27,756,065.03	2,759,338,001.25
(II) Capital contributed or withdrawn by owners															
1. Ordinary shares contributed by owners															

Items	Year 2023														
	Equity attributable to parent company												Non-controlling interest	Total equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others															
(III) Profit distribution									101,038,777.95		-1,637,749,617.95		-1,536,710,840.00		-1,536,710,840.00
1. Appropriation of surplus reserve									101,038,777.95		-101,038,777.95				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-1,536,710,840.00		-1,536,710,840.00		-1,536,710,840.00
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								34,663,924.21					34,663,924.21		34,663,924.21
1. Appropriation of current period								85,571,248.53					85,571,248.53		85,571,248.53
2. Application of current period								-50,907,324.32					-50,907,324.32		-50,907,324.32
(VI) Others					247,974.32								247,974.32		247,974.32
IV. Balance at the end of current period	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

8. Parent company statements of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior 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: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current 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. Current period increase (or less: 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
(I) Total comprehensive income										2,726,593,387.44		2,726,593,387.44
(II) Capital contributed or withdrawn by owners	-17,485,676.00				-482,574,035.25	-500,059,711.25						
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in 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. Appropriation of profit to owners										-1,383,039,756.00		-1,383,039,756.00
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve								8,895,118.17				8,895,118.17
1. Appropriation of current period								10,897,162.63				10,897,162.63
2. Application of current period								-2,002,044.46				-2,002,044.46
(VI) Others					129,785.45							129,785.45
IV. Balance at the end of current 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

Preceding period comparative

Unit: RMB Yuan

Items	Year 2023										
	Share capital	Preferred shares	Other equity instruments Perpetual bonds Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
I. Balance at the end of prior year	3,090,907,356.00			3,353,427,829.42	500,059,711.25	506,954.43		1,444,414,900.05	5,489,923,869.39		12,879,121,198.04
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	3,090,907,356.00			3,353,427,829.42	500,059,711.25	506,954.43		1,444,414,900.05	5,489,923,869.39		12,879,121,198.04
III. Current period increase (or less: decrease)				247,974.32			10,583,344.97	101,038,777.95	-352,323,951.76		-240,453,854.52
(I) Total comprehensive income									1,285,425,666.19		1,285,425,666.19
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution								101,038,777.95	-		-1,536,710,840.00
1. Appropriation of surplus reserve								101,038,777.95	-101,038,777.95		
2. Appropriation of profit to owners									-		-1,536,710,840.00
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve							10,583,344.97				10,583,344.97
1. Appropriation of current period							12,377,758.42				12,377,758.42
2. Application of current period							-1,794,413.45				-1,794,413.45
(VI) Others				247,974.32							247,974.32
IV. Balance at the end of current period	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. Company profile

Zhejiang NHU Co., Ltd. (the “Company”) was jointly established by Xinchang County Synthetic Chemical Plant, renamed as NHU Holding Group Co., Ltd. on November 17, 2009) and 9 natural persons including Zhang Pingyi, Yuan Yizhong, Shi Cheng, Hu Baishan, Shi Guanqun, Wang Xuwen, Shi Sanfu, Cui Xinrong, and Wang Xulin under the document of approval numbered Zhe Zheng Wei [1999] 9 issued by the former Securities Commission of the People’s Government of Zhejiang Province. Headquartered in Shaoxing City, Zhejiang Province, the Company was registered at Zhejiang Administration for Industry and Commerce on April 5, 1999. Currently, the Company holds a business license with unified social credit code of 91330000712560575G, with registered capital of 3,073,421,680 yuan, total share of 3,073,421,680 shares (each with par value of one yuan), of which, 36,374,202 shares are restricted outstanding shares, and 3,037,011,928 shares are unrestricted outstanding shares. The Company’s shares were listed on Shenzhen Stock Exchange on June 25, 2004.

The Company belongs to pharmaceutical manufacturing industry and is mainly engaged in manufacturing and sales of nutrition, flavor and fragrance, and new polymer materials. The Company’s main products are nutrition, flavor and fragrance, and new polymer materials.

These financial statements were approved for public reporting by the Corporation at the Eleventh Meeting of the Ninth Board of Directors on April 11, 2025, and have been approved for public reporting.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements have been prepared on the basis of going concern.

2. The ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

V. Significant accounting policies and estimates

Specific Accounting Policies and Accounting Estimates Reminder:

Note to specific accounting policies and estimates: The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, and revenue recognition, etc. based on the Company’s actual production and operation features.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

2. Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

3. Operating cycle

Except for the real estate industry, the Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months. The operating cycle for real estate industry starts from the development of property and ends at sales, which normally extends over 12 months and is subject to specific projects, therefore, an asset or a liability is classified as current if it is expected to be realized or due within such operating cycle.

4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations including NHU (Hong Kong) Trading Co., Ltd., NHU Europe GmbH and NHU Singapore PTE. LTD. , NHU/CHR. OLESEN LATIN AMERICA A/S , NHU JAPAN CO. LTD. is the currency of the primary economic environment in which they operate.

5. Methodology for determining materiality criteria and basis for selection

√ Applicable □ Not applicable

Items	Materiality criteria
Significant write-offs of receivables	0.5% of total assets
Significant prepayments aged over 1 year	0.5% of total assets
Significant construction projects in progress	0.5% of total assets
Significant accounts payable aged over 1 year	0.5% of total assets
Significant other accounts payable aged over 1 year	0.5% of total assets
Significant contractual liabilities older than 1 year	0.5% of total assets
Significant cash flows from investing activities	10.00% of total assets
Significant offshore operating entities	The Company identifies overseas operating entities whose total assets/total revenues/total profits exceed 15% of the Group's total assets/total revenues/total profits as significant overseas operating entities
Significant capitalized R&D projects, outsourced R&D projects	0.5% of total assets
Significant subsidiaries, non-wholly owned subsidiaries	The Company identifies subsidiaries with total assets/total revenues/total profits exceeding 15% of the Group's total assets/total revenues/total profits as important subsidiaries, important non-wholly owned subsidiaries
Significant Joint Ventures, Associates, Co-Operations	The company identifies joint ventures, associates, and joint operations whose total assets/total revenues/total profits exceed 15% of the group's total assets/total revenues/total profits as significant joint ventures, associates, and joint operations

6. Accounting treatments of business combination under and not under common control

(1) Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

7. Criteria for judging control and preparation of consolidated financial statements

(1) Controlled judgment

A parent company is recognized as controlling if it has power over the investee, enjoys variable returns through participation in the investee's relevant activities, and has the ability to use its power over the investee to affect the amount of its variable returns.

(2) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

8. Classification of joint venture arrangements and accounting treatment of joint operations

(1) Joint arrangements are categorized as joint operations and joint ventures.

(2) When the company is a joint venture partner in a joint operation, the following items related to the share of interest in the joint operation are recognized:

- 1) Recognize assets held separately and assets held jointly in proportion to the share held;
- 2) Recognize liabilities assumed individually, and liabilities assumed jointly in proportion to the share held;
- 3) Recognize revenues from the sale of the company's share of joint operating outputs;
- 4) Recognize income from joint operations arising from the sale of assets based on the company's share of ownership;
- 5) Recognition of expenses incurred individually, as well as expenses incurred by the joint operation based on the company's share of ownership.

9. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

10. Foreign currency translation

(1) Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the approximate exchange rate similar to the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the approximate exchange rate similar to the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(2) Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

11. Financial instruments

(1) Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: 1) financial assets at amortized cost; 2) financial assets at fair value through other comprehensive income; 3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: 1) financial liabilities at fair value through profit or loss; 2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; 3) financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1); 4) financial liabilities at amortized cost.

(2) Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company measures the transaction price in accordance with “CASBE 14 – Revenues”.

2) Subsequent measurement of financial assets

① Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

② Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

③ Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

④ Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

3) Subsequent measurement of financial liabilities

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

② Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with “CASBE 23 – Transfer of Financial Assets”.

③ Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with “CASBE 14 – Revenues”.

④ Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

4) Derecognition of financial assets and financial liabilities

① Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire; or

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

② Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

(3) Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: 1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; 2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: 1) the carrying amount of the transferred financial asset as of the date of derecognition; 2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: 1) the carrying amount of the portion which is derecognized; 2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value

originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

(4) Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

- 1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;
- 3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

(5) Impairment of financial instruments

The Company uses expected credit losses as the basis for impairment of financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, loan commitments classified as other than financial liabilities at fair value through profit or loss, financial liabilities that are not classified as financial liabilities at fair value through profit or loss, or financial guarantee contracts that do not meet the conditions for derecognition or for which there is a continuing involvement in the financial liability arising from the transferred financial asset are treated as impaired and a loss provision is recognized.

Expected credit losses, the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses are the difference between all contractual cash flows receivable by the company under the contract discounted at the original effective interest rate and all cash flows expected to be collected, i.e. the present value of all cash shortfalls. In particular, for financial assets purchased or originated by the company that are credit impaired, they are discounted at the credit-adjusted effective interest rate of the financial asset.

For purchased or originated financial assets that have been subject to credit impairment, the Company recognizes only the cumulative change in expected credit losses over the entire period of existence from initial recognition as a provision for losses at the balance sheet date.

For lease receivables, receivables resulting from transactions regulated by ASBE No. 14 - Revenue and contract assets, the Company applies a simplified measurement approach and measures the allowance for losses at an amount equal to the expected credit losses over the entire duration.

For financial assets other than those measured above, the Company assesses at each balance sheet date whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses based on the amount of expected credit losses over the entire duration of the financial instrument; if there has not been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses based on the amount of expected credit losses of the financial instrument over the next 12 months.

The company determines whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition, using reasonably available and supportable information, including forward-looking information.

At the balance sheet date, if the company determines that a financial instrument has only a low credit risk, it assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

The company assesses expected credit risk and measures expected credit losses on the basis of an individual financial instrument or a portfolio of financial instruments. When a portfolio of financial instruments is used as the basis, the company classifies the financial instruments into different portfolios based on common risk characteristics.

The company remeasures expected credit losses at each balance sheet date, and the resulting increase or reversal of the amount of loss provision is recognized as an impairment loss or gain in profit or loss for the period. For financial assets carried at amortized cost, the allowance for losses is offset against the carrying amount of the financial asset as stated in the balance sheet; for debt investments carried at fair value through other comprehensive income, the Company recognizes its allowance for losses in other comprehensive income, without offsetting the carrying amount of the financial asset.

(6) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, the company presents them in the balance sheet at the net amount after offsetting each other if the following conditions are simultaneously met: 1) the company has a legal right to offset the recognized amount and such legal right is currently enforceable; 2) the company plans to settle the net amount, or to realize the financial asset and settle the financial liability at the same time.

For transfers of financial assets that do not meet the conditions for derecognition, the company does not offset the transferred financial assets and related liabilities.

12. Criteria for recognizing and providing for expected credit losses on receivables

(1) Receivables with expected credit losses based on a combination of credit risk characteristics

Portfolio Type	Basis for determining the portfolio	Methodology for measuring expected credit losses
Bankers' acceptances receivable	Type of notes	Expected credit losses are calculated by reference to historical credit loss experience, taking into account current conditions and projections of future economic conditions, through default exposures and expected credit loss rates over the entire duration
Commercial acceptances receivable		
Accounts receivable – Portfolio grouped with ages	age of accounts	Prepare a table of accounts receivable aging versus expected credit loss rates to calculate expected credit losses, taking into account historical credit loss experience, current conditions and projections of future economic conditions
Other receivables - export tax refund receivable portfolio	Nature of payment	Expected credit losses are calculated by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through default exposures and expected credit loss rates over the next 12 months or the entire duration
Other receivables - VAT refund receivable portfolio		
Other receivables - land bond receivable portfolio		
Other receivables - portfolio of security deposits receivable from customs and tax authorities		
Other receivables -- special injection portfolio		

Portfolio Type	Basis for determining the portfolio	Methodology for measuring expected credit losses
Other receivables - ageing portfolio	Ages	Calculate expected credit losses by reference to historical credit loss experience and by preparing a table of the ageing of other receivables against the expected credit loss rate, taking into account current conditions and forecasts of future economic conditions

(2) Accounts receivable – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

Ages	Accounts Receivable Expected credit loss ratio (%)	Other receivables Expected credit loss ratio (%)
Within 1 year (inclusive, the same hereinafter)	5.00	5.00
1-2 years	20.00	20.00
2-3 years	80.00	80.00
Over 3 years	100.00	100.00

The ageing of accounts receivable/other receivables is calculated from the month in which the amounts are actually incurred.

(3) Criteria for identifying receivables for which expected credit losses are provided on an individual basis

For receivables and contract assets with credit risk significantly different from that of the portfolio, the Company accrues expected credit losses on an individual basis.

13. Inventories

(1) Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials or supplies, etc. to be consumed in the production process or in the rendering of services.

(2) Accounting method for dispatching inventories:

- 1) Inventories other than development products are issued using the month-end lump-sum weighted-average method.
- 2) When a project is developed, the land used for development is included in the development cost of the project by calculating the apportionment based on the floor area of the development products.
- 3) Issuance of similar development products is accounted for by the average floor area method.
- 4) If the public ancillary facilities are completed earlier than the relevant development products, after the public ancillary facilities are completed and finalized, they are allocated to the development costs of the relevant development projects according to the budgeted costs of the relevant development projects; if the public ancillary facilities are completed later than the relevant development products, the public ancillary facilities fees are first withheld from the relevant development products, and then adjusted according to the difference between the actual number of fees incurred and the number of fees withdrawn after the completion and finalization of the public ancillary facilities. If the public facilities are later than the completion of the relevant development products, the public facilities fees will be withheld by the relevant development products first, and the difference between the actual amount incurred and the amount withheld will be adjusted according to the final account after the completion of the public facilities.

(3) Inventory system

Perpetual inventory method is adopted.

(4) Amortization method of low-value consumables and packages

1) Low-value consumables

Low-value consumables are amortized with one-off method.

2) Packages

Packages are amortized with one-off method.

(5) Criteria for recognizing and providing for provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and provision for decline in value of inventories is made for the difference between cost and net realizable value. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation by the estimated selling price of the inventories less estimated selling expenses and related taxes; the net realizable value of inventories requiring processing is determined in the normal course of production and operation by the estimated selling price of the finished goods produced less estimated costs to be incurred up to the time of completion, estimated selling expenses and related taxes; At the balance sheet date, if there is a contract price agreed for one part of the same inventory and no contract price exists for the other part, the net realizable value is determined separately and compared with its corresponding cost, and the amount of provision or reversal of allowance for decline in value of inventories is determined separately.

14 .Long-term equity investments

(1) Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

(2) Determination of investment cost

1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

a. In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

b. In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”

(3) Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

(4) Disposal of a subsidiary in stages resulting in the Company’s loss of control

1) Principles for determining whether or not a transaction is a "package deal"

In the case of a step-by-step disposal of equity investments in subsidiaries through multiple transactions until loss of control, the Company determines whether a step-by-step transaction is a "package deal" by taking into account the terms and conditions of the transaction agreement for each step of the step-by-step transaction, the respective disposal consideration, the target of the disposal, the method of disposal, and the point of time of the disposal, among other information. If the terms, conditions and economic impacts of each transaction meet one or more of the following conditions, it is generally recognized that multiple transactions are "package deals":

- a. The transactions are entered into at the same time or in consideration of the effects of each other;
- b. The transactions as a whole achieve a complete business result;
- c. the occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- d. a transaction is uneconomic when viewed in isolation, but is economic when considered in conjunction with other transactions.

2) Accounting treatment for transactions that are not "package deals"

a. Individual financial statements

For equity interests disposed of, the difference between the book value and the actual acquisition price is recognized in profit or loss for the current period. For the remaining equity interest, if it still has significant influence over the investee unit or exercises joint control with other parties, it is transferred to the equity method of accounting; if it can no longer exercise control, joint control or significant influence over the investee unit, it is accounted for in accordance with the relevant provisions of "Accounting Standard for Business Enterprises (ASBE) No. 22 - Recognition and Measurement of Financial Instruments".

b. Consolidated financial statements

Prior to the loss of control, the difference between the disposal price and the disposal long-term equity investment's corresponding share of the subsidiary's net assets calculated on a continuous basis from the date of purchase or the date of consolidation is adjusted to capital surplus (capital premium), and if capital premium is not sufficient to be eliminated, it is eliminated to retained earnings.

Upon loss of control over Atomics, the remaining equity interest is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the original subsidiary's net assets continuously measured from the date of purchase or the date of consolidation based on the original shareholding ratio, is recognized as investment income in the period in which control is lost, and goodwill is also eliminated. Other comprehensive income, such as other comprehensive income related to equity investments in the original subsidiaries, should be transferred to investment income in the current period when control is lost.

3) Accounting treatment of "package transactions"

a. Individual financial statements

Each transaction is accounted for as a disposal of a subsidiary and loss of control. However, the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the disposal of the investment in each case before the loss of control is recognized as other comprehensive income in the individual financial statements and transferred to profit or loss in the period of the loss of control when the loss of control occurs.

b. Consolidated financial statements

Each transaction is accounted for as a disposal of a subsidiary and loss of control. However, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment in each case before the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period of loss of control when the control is lost.

15. Fixed assets

(1) Recognition principles

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

(2) Depreciation method

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	7-70	5	13.57-1.36
General equipment	Straight-line method	5-10	5	19.00-9.50
Special equipment	Straight-line method	5-15	5	19.00-6.33
Transport facilities	Straight-line method	5-7	5	19.00-13.57

16. Construction in progress

(1) Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

(2) Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Criteria and point in time for carrying forward construction in progress to fixed assets
Buildings and structures	Construction works reach the state of intended use from the date of reaching the state of intended use
General equipment	After installation and commissioning to meet the design requirements or contractual standards
Special equipment	After installation and commissioning to meet the design requirements or contractual standards

17、Borrowing costs

(1) Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

(2) Borrowing costs capitalization period

1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

(3) Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

18. Intangible assets

(1) Measurement method, useful lives and impairment test

1) Intangible assets include land use right, patent right, non-patented technology, etc. The initial measurement of intangible assets is based on its cost.

2) For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and the basis for its determination	Amortization method
Land use right	50、70、(Based on the number of years contained in the warrants)	linear method

Items	Useful life and the basis for its determination	Amortization method
Software	10,(Based on projected years of benefit)	linear method
Patent right	10, (Based on projected years of benefit)	linear method
Non-patented technology	15, (Based on projected years of benefit)	linear method

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

1) The scope of R&D expenditures to be pooled

①Personnel labor costs

Personnel labor costs include wages and salaries, basic pension insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work injury insurance premiums, maternity insurance premiums and housing fund of the Company's research and development personnel, as well as labor costs of external research and development personnel.

Where research and development personnel serve on multiple research and development projects at the same time, labor costs are recognized on the basis of the records of hours worked by research and development personnel for each research and development project provided by the Company's management, and are allocated on a pro rata basis among the different research and development projects.

Where personnel directly engaged in research and development activities and external research and development personnel are simultaneously engaged in non-research and development activities, the Company allocates the personnel labor costs actually incurred by the research and development personnel between research and development expenses and production and operating expenses based on the records of their working hours in different positions, in accordance with the proportion of their actual working hours and other reasonable methods.

②Direct input costs

Direct input costs refer to the relevant expenditures actually incurred by the Company for the implementation of research and development activities. It includes:

- a. directly consumed materials, fuel and power costs;
- b. the development and manufacturing costs of molds and process equipment used for intermediate tests and product trial production, the purchase costs of samples, prototypes and general testing means that do not constitute fixed assets, and the inspection costs of trial products;
- c.) the costs of operating and maintaining, adjusting, inspecting, testing and repairing instruments and equipment used for research and development activities.

③Depreciation expense and long-term amortization expense

Depreciation expense refers to the depreciation of instruments, equipment and buildings in use used in research and development activities.

If instruments, equipment and buildings in use are used for research and development activities and are also used for non-research and development activities, necessary records are kept of the use of such instruments, equipment and buildings in use, and the depreciation expense actually incurred is allocated between research and development expenses and production and operating expenses using a reasonable method based on factors such as actual man-hours worked and square footage of space utilized.

Long-term amortized expenses are long-term amortized expenses incurred in the course of alteration, modification, renovation and repair of research and development facilities, which are summarized on the basis of actual expenditures and amortized equally over a specified period of time.

④ Amortization expense of intangible assets

Amortization expense of intangible assets is the amortization expense of software, intellectual property, and non-patented technologies (know-how, licenses, designs and calculation methods, etc.) used in research and development activities.

⑤ Design costs

Design expenses are expenses incurred for the conception, development and manufacture of new products and processes, design of processes, technical specifications, formulation of protocols, operational characteristics, etc., including expenses related to creative design activities for obtaining innovative, creative and breakthrough products.

⑥ Equipment debugging costs and test costs

Equipment debugging costs are costs incurred for research and development activities in the process of preparing workpieces, including costs incurred for activities such as the development of special, specialized production machines, changes in production and quality control procedures, or the development of new methods and standards.

Costs incurred for routine tooling preparation and industrial engineering for mass production and commercialization are not included in the scope of collection.

⑦ Commissioned external research and development costs

Entrusted external research and development expenses are expenses incurred by the Company for research and development activities entrusted to other organizations or individuals inside or outside the country (the results of the research and development activities are owned by the Company and are closely related to the Company's main business operations).

⑧ Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to research and development activities, including technical library and data fees, data translation fees, expert consultation fees, insurance fees for high-tech research and development, search, demonstration, evaluation, appraisal and acceptance fees for research and development results, application fees, registration fees and agency fees for intellectual property rights, meeting fees, travel fees and communication fees.

2) Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: 1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; 2) its intention to complete the intangible asset and use or sell it; 3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; 4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and 5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

19. Impairment of part of long-term assets

For long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication

of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

20. Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

21. Employee benefits

(1) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

- ① In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;
- ② When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;
- ③ At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

(4) Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

22. projected liability

(1) When an obligation arising from contingencies such as guarantees given to others, litigation matters, product quality assurance, loss contracts, etc. becomes a present obligation of the company, and it is probable that the performance of the obligation will result in an outflow of economic benefits to the company and the amount of the obligation can be measured reliably, the company recognizes the obligation as a projected liability.

(2) The company initially measures a projected liability on the basis of the best estimate of the expenditure required to settle the relevant present obligation and reviews the carrying amount of the projected liability at the balance sheet date.

23. Revenue

Accounting policies on revenue recognition and measurement

(1) Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: 1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; 2) the customer can control goods as they are created by the Company's performance; 3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: 1) the Company has a

present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other evidence indicating the customer has obtained control over the goods.

(2) Revenue measurement principle

1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

Different operating models for the same type of business involving different revenue recognition and measurement methods

(1) Revenue from sales of products

The Company's main products are nutrition, flavor and fragrance, new polymer materials, etc. Sales of products are performance obligations satisfied at a point in time. Revenue from domestic sales is recognized when the Company has delivered goods to the customer as agreed by contract and has obtained delivery note signed by the customer, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Revenue from overseas sales is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

(2) Revenue from real estate sales

Real estate sales are performance obligations satisfied at a point in time. Revenue from real estate sales is recognized when the Company has delivered properties to the customer as agreed by contract and has obtained the client acceptance receipts signed by the customer, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

24. Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

25. Government grants

(1) Government grants shall be recognized if, and only if, the following conditions are all met:

- 1) the Company will comply with the conditions attaching to the grants;
- 2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

(2) Basis of judgment and accounting treatment of government grants related to assets

Government grants that are stipulated in government documents to be used for the purchase, construction or other formation of long-term assets are classified as asset-related government grants. If the government documents are unclear, the government grants are judged on the basis of the basic conditions that must be met in order to obtain the grants, and those that are based on the basic conditions of purchasing, constructing or otherwise forming long-term assets are classified as asset-related government grants. Government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. If the government grants related to assets are recognized as deferred income, they are recognized in profit or loss in a reasonable and systematic manner over the useful lives of the related assets. Government grants that are measured at a nominal amount are recognized directly in profit or loss. If the related assets are sold, transferred, retired or destroyed before the end of their useful lives, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the assets are disposed of.

(3) Basis of judgment and accounting treatment of government grants related to revenues

Government grants other than asset-related government grants are classified as revenue-related government grants. For government grants that contain both asset-related and revenue-related components, if it is difficult to distinguish between asset-related and revenue-related government grants, the entire government grant is categorized as revenue-related government grants. Government grants related to income that are used to compensate for related costs or losses in future periods are recognized as deferred income and are credited to current profit or loss or charged to current cost in the period in which the related costs or losses are recognized; those that are used to compensate for related costs or losses that have already been incurred are directly credited to current profit or loss or charged to current cost.

(4) Government grants that are related to the Company's daily operations are recognized in other income or offset against related costs and expenses in accordance with the substance of the economic operations. Government grants that are not related to the Company's daily activities are recognized as non-operating income or expenses.

(5) Policy interest subvention

1) If the treasury disburses the subsidized interest funds to a lending bank, and the lending bank provides loans to the Company at a policy preferential interest rate, the actual amount of the loan received is used as the recorded value of the loan, and the related borrowing costs are calculated based on the principal amount of the loan and the policy preferential interest rate.

2) If the subsidized interest rate funds are directly allocated to the company by the treasury, the corresponding subsidized interest rate shall be offset against the relevant borrowing costs.

26. Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

(2) A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

(3) At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

(4) The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: 1) business combination; and 2) the transactions or items directly recognized in equity.

(5) Deferred income tax assets and deferred income tax liabilities are stated at net amounts after offsetting when the following conditions are simultaneously met: 1) there is a legal right to settle current income tax assets and current income tax liabilities on a net basis; 2) the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxpaying entity, or relate to different taxpaying entities but are not realized or settled during each significant future period in which the deferred income tax assets and deferred income tax liabilities are reversed. each future period in which the deferred income tax assets and deferred income tax liabilities are reversed to the extent that the taxable entity involved intends to either settle the current income tax assets and current income tax liabilities on a net basis or to acquire the assets and settle the liabilities at the same time.

27. Leases

(1) Accounting treatment of leases as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low

value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method/unit-of-production method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

1) Right-of-use assets

A right-of-use asset is initially measured at cost, which consists of: ①the initial measurement amount of the lease liability; ② lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives received, if any; ③ initial direct costs incurred by the lessee; and ④ costs expected to be incurred by the lessee in order to dismantle and remove the leased asset, to rehabilitate the site where the leased asset is located, or to restore the leased asset to the agreed-upon condition under the terms of the lease. ⑤Costs expected to be incurred by the lessee for dismantling and removing the leased asset or restoring the leased asset to the agreed state under the lease terms.

The Company depreciates right-of-use assets on a straight-line basis. If ownership of the leased assets can be reasonably determined at the end of the lease term, depreciation is provided over the remaining useful life of the leased assets. If it is not reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset.

2) Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: a. actual fixed payments; b. amounts expected to be payable under residual value guarantees; c. an index or a rate used to determine lease payments; d. assessment result or exercise of purchase option, extension option or termination option., the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

(2) Accounting for leases as lessor

At the inception date of a lease, the Company classifies leases that transfer substantially all the risks and rewards associated with ownership of the leased asset as finance leases, and all other leases as operating leases.

1) Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis in each period of the lease term. Initial direct costs incurred are capitalized and amortized on the same basis as rental income and recognized in profit or loss in the current period. Variable lease payments related to operating leases that are not recognized as lease receipts are recognized in profit or loss when they are actually incurred.

2) Finance leases

At the commencement date of the lease term, the Company recognizes a finance lease receivable based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease) and derecognizes the asset under a finance lease. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate embedded in the lease.

Variable lease payments acquired by the Company that are not included in the measurement of the net investment in the lease are recognized in profit or loss when they are actually incurred.

28. Work safety fund

Safety production fees extracted by the Company in accordance with the Administrative Measures for the Extraction and Use of Enterprise Production Safety Expenses (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Response are included in the cost of the relevant products or in current profit or loss, and are also recorded in the account of "special reserve". When the safety production fee is used, if it is an expense, it is directly deducted from the special reserve. If a fixed asset is formed, the expenditure incurred is summarized under the "construction in progress" account and recognized as a fixed asset when the safety project is completed and reaches the intended state of use; at the same time, the special reserve is deducted in accordance with the cost of forming the fixed asset and accumulated depreciation of the same amount is recognized, and no depreciation will be provided for the fixed asset in the subsequent period.

29. Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

- (1) that engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
- (3) for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

30. Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total par value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

31. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

☒ Applicable ☐ Not Applicable

Unit: RMB Yuan

Contents and reasons	Statement Items Significantly Affected
Effective January 1, 2024, the Company implemented the provisions of Interpretation No. 17 of the Accounting Standards for Business Enterprises (ASBE), "Classification of Current and Noncurrent Liabilities," issued by the Ministry of Finance (MOF).	unaffected
Effective January 1, 2024, the Company implemented the provisions of Accounting Standards	unaffected

Interpretation No. 17, “Disclosures about Vendor Financing Arrangements,” issued by the Ministry of Finance.	
Effective January 1, 2024, the Company implemented the provisions of “Accounting Standard Interpretation No. 17 on Accounting for Sale and Leaseback Transactions” issued by the Ministry of Finance, and made retrospective adjustments for sale and leaseback transactions conducted after January 1, 2021.	unaffected
Effective January 1, 2024, the Company implemented the provisions of ASBE Interpretation No. 18, “Accounting for Guarantees that Are Not Individual Performance Obligations,” issued by the Ministry of Finance.	unaffected

(2) Significant changes in accounting estimates

☐ Applicable ☒ Not Applicable

(3) Adjustments to items related to financial statements at the beginning of the year of first-time implementation of new accounting standards from 2024 onwards

☐ Applicable ☒ Not Applicable

VI. Taxes

1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5% and 19%; export goods enjoy the “exemption, credit and refund” policy and the refund rate ranges from 0% to 13%; the subsidiary Zhejiang NHU Import & Export Co., Ltd. enjoys the “refund upon collection” policy and the refund rate ranges from 0% to 13%.
Urban maintenance and construction tax	Turnover tax actually paid	5%、7%
Enterprise income tax	Taxable income	8.25%、15%、16.5%、17%、20%、22%、25%、25.5%、34%、34.6%
Land appreciation tax	The incremental amount arising from the transfer of state-owned land use right and the buildings and structures that are constructed on the land	A four-grade progressive tax system is adopted. The rates are: 30% for appreciated value not over 50% of total deductible amount; 40% for appreciated value over 50% but not over 100% of total deductible amount; 50% for appreciated value over 100% but not over 200% of total deductible amount; and 60% for appreciated value over 200% of total deductible amount.
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%、12%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Solidarity surcharge [Note]	Income tax payable	5.5%
Trade tax [Note]	Taxable income	13.3%

Note: The subsidiaries NHU EUROPE GmbH, NHU PERFORMANCE MATERIALS GMBH and Bardoterminal GmbH are subject to these rates.

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Shangyu NHU Bio-Chem Co., Ltd.	15%
Shandong NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Vitamins Co., Ltd.	15%
Shandong NHU Amino-acids Co., Ltd.	15%
Zhejiang NHU Special 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.	Adoption of the territorial source principle of taxation, with profits tax rate of 8.25% for the first HK\$2 million of Hong Kong-sourced profits and 16.5% for the subsequent Hong Kong-sourced profits, while profits sourced elsewhere are not subject to Hong Kong profits tax
NHU EUROPE GMBH	15%
NHU Performance Materials GMBH	15%
Bardoterminal GmbH	15%
NHU LIFE SCIENCE GmbH	15%
NHU Singapore PTE. LTD.	17%
Shandong New Shuang'an Biotechnology Co., Ltd	20%
NHU/Chr. Olesen Latin America A/S	22%
NHU/CHR. OLESEN MEXICO SAPI DE CV	25.5%
NHU/CHR. OLESEN BRASIL LTDA	34%
CONG TY TNHH NHU VIETNAM	20%
NHU Japan Co., Ltd	34.6%
Subjects of taxation other than those mentioned above	25%

2. Tax preferential policies

(1) Enterprise income tax

1) Tax incentives for high-tech enterprises

① According to the Hi-Tech Enterprise Certificate (GR202333009429) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (STA), the Company is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2023 to 2025. It is subject to the rate of 15% for enterprise income tax in 2024.

② According to the Hi-Tech Enterprise Certificate (GR202233002530) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Shangyu NHU Bio-Chem Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2022 to 2024. It is subject to the rate of 15% for enterprise income tax in 2024.

③According to the Hi-Tech Enterprise Certificate (GR202337003609) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2023 to 2025. It is subject to the rate of 15% for enterprise income tax in 2024.

④ According to the Hi-Tech Enterprise Certificate (GR202337002254) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the grandson Shandong NHU Vitamins Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2023 to 2025. It is subject to the rate of 15% for enterprise income tax in 2024.

⑤According to the Hi-Tech Enterprise Certificate (GR202437003425) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Amino Acid Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2024to 2026. It is subject to the rate of 15% for enterprise income tax in 2024.

⑥According to the Hi-Tech Enterprise Certificate (GR202433008150)) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Zhejiang NHU Special Materials Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2024to 2026. It is subject to the rate of 15% for enterprise income tax in 2024.

⑦According to the Hi-Tech Enterprise Certificate (GR202423000652) issued by Heilongjiang Provincial Department of Science and Technology, Heilongjiang Provincial Department of Finance and Heilongjiang Provincial Tax Service, STA, the subsidiary Heilongjiang NHU Biotechnology Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2024 to 2026. It is subject to the rate of 15% for enterprise income tax in 2024.

⑧ According to the Hi-Tech Enterprise Certificate (GR202233004365) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Zhejiang NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2022 to 2024. It is subject to the rate of 15% for enterprise income tax in 2024.

⑨According to the Hi-Tech Enterprise Certificate (GR202237005690) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Fine ChemicalScience and Technology Co. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2024.

2) Tax incentives for small and micro enterprises

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Entrepreneurs in Relation to Tax Policies (Announcement of the Ministry of Finance and the State Administration of Taxation No. 12 of 2023): the policy of reducing the calculation of taxable income by 25% for small and micro-profit enterprises, and paying the enterprise income tax at a rate of 20%, was extended to December 31, 2027 for implementation. Ltd., a subsidiary of the Company, is subject to enterprise income tax at the corresponding preferential tax rate.

3) Overseas Enterprise income tax

According to Section 14 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong, Hong Kong adopts the territorial source principle of taxation, i.e. only profits derived from Hong Kong are subject to Hong Kong tax, whereas profits derived from elsewhere are not subject to Hong Kong profits tax. The subsidiary, Sun Woo Shing (Hong Kong) Trading Company Limited, is subject to enterprise income tax at the corresponding preferential tax rate.

(2) VAT

Pursuant to the "Announcement of the Ministry of Finance and the State Administration of Taxation on the Policy of Value-added Tax Credits for Enterprises in the Advanced Manufacturing Sector" (Announcement of the Ministry of Finance and the State Administration of Taxation No. 43 of 2023), from 1 January 2023 to 31 December 2027, enterprises in the advanced manufacturing sector are permitted to offset the value-added tax payable against the current period's creditable input tax by adding a 5% credit to the current period's creditable input tax amount. The Company and its subsidiaries, Shangyu NHU Bio-Chem Co., Ltd, Zhejiang NHU Pharmaceutical Co.,Ltd.,Zhejiang NHU Special Materials Co.,Ltd.,Shaoxing Yuchen New Materials Co.,Ltd., Shandong NHU Vitamins Co.,Ltd, Shandong NHU Amino Acid Co., Ltd, Shangdong NHU Pharmaceutical Co.,Ltd., Shandong NHU Fine ChemicalScience and Technology Co., Ltd, Heilongjiang NHU Biotechnology Co., Ltd., are entitled to the Preferential policy of input tax credit.

VII. Notes to items of consolidated financial statements

1. Cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Cash on hand	12,825.19	21,747.98
Cash in bank	7,880,453,812.72	4,445,046,788.85
Other cash and bank balances	56,038,167.74	97,192,582.33
Digital Currency - RMB		1,100,027.82
Total	7,936,504,805.65	4,543,361,146.98
Including: Deposited overseas	464,483,762.87	89,207,212.60

Other remarks: Other cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deposit for bank acceptance	30,809,898.16	77,905,369.24
Forex Option Margin	8,800,000.00	
Letter of Guarantee Deposit	8,183,592.83	500,000.00
Deposit for letters of credit	1,458,021.83	12,048,779.84
Deposit for water fees	1,263,178.80	661,215.83
Deposit for construction safety	875,023.57	870,050.56
Deposit for engineering labor costs	854,699.63	853,216.21
Deposit for ETC	22,500.00	22,500.00
Alipay balance	8,401.07	8,401.07

Deposited investment fund	1.85	393,449.58
Customs Margin	3,762,850.00	3,929,600.00
Total	56,038,167.74	97,192,582.33

2. Held-for-trading financial assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	745,816.34	173,056,050.95
Including:		
Including: Financial products with guaranteed principal and floating income		145,000,000.00
Derivative financial assets	745,816.34	28,056,050.95
Total	745,816.34	173,056,050.95

3. Notes receivable

(1) Details on categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	292,562,093.90	116,125,267.70
Total	292,562,093.90	116,125,267.70

(2) Disclosure by bad debt accrual method

Unit: RMB Yuan

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Notes receivable with provision for bad debts made on a collective basis	292,562,093.90	100.00%			292,562,093.90
Including:					
Bank acceptance	292,562,093.90	100.00%			292,562,093.90
Commercial Acceptance					
Total	292,562,093.90	100.00%			292,562,093.90

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Notes receivable with provision for bad debts made on a collective basis	116,125,267.70	100.00%			116,125,267.70
Including:					

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Bank acceptance	116,125,267.70	100.00%			116,125,267.70
Commercial Acceptance					
Total	116,125,267.70	100.00%			116,125,267.70

Provision for bad debts is made on a portfolio basis:

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Bankers' acceptances portfolio	292,562,093.90		
Total	292,562,093.90		

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

☐Applicable ☒Not applicable

(3) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	99,511,561.32
Total	99,511,561.32

(4) Endorsed or discounted but undue notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	161,456,130.48	
Total	161,456,130.48	

The acceptors of these bankers' acceptances are commercial banks with high creditworthiness, and the probability of non-payment of bankers' acceptances accepted by them at maturity is relatively low, therefore, the Company will derecognize these bankers' acceptances that have been endorsed or discounted. However, if the notes are not paid when due, the Company will still be jointly and severally liable to the bearer in accordance with the provisions of the Bills of Exchange Act.

4. Accounts receivable

(1) Age analysis

Unit: RMB Yuan

Ages	Closing balance	Opening balance
Within 1 year (inclusive)	3,820,258,543.87	2,540,372,908.81
1-2 years	30,298,898.20	87,390,861.85
2-3 years	956,846.12	
Over 3 years	2,106,280.80	2,106,280.80
3-4 years		57,000.00

4-5 years	57,000.00	203,200.00
Over 5 years	2,049,280.80	1,846,080.80
Total	3,853,620,568.99	2,629,870,051.46

(2) Details on categories

Unit: RMB Yuan

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Accounts receivable with provision for bad debts made on a collective basis	3,853,620,568.99	100.00%	199,944,464.62	5.19%	3,653,676,104.37
Total	3,853,620,568.99	100.00%	199,944,464.62	5.19%	3,653,676,104.37

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Accounts receivable with provision for bad debts made on a collective basis	2,629,870,051.46	100.00%	146,603,098.58	5.57%	2,483,266,952.88
Total	2,629,870,051.46	100.00%	146,603,098.58	5.57%	2,483,266,952.88

Provision for bad debts is made on a portfolio basis:

Unit: RMB Yuan

Ages	Closing balance		
	Closing balance	Closing balance of provision for bad debts	Proportion to the total balance of receivables (%)
Within 1 year (inclusive)	3,820,258,543.87	191,012,927.28	5.00%
1-2 years	30,298,898.20	6,059,779.64	20.00%
2-3 years	956,846.12	765,476.90	80.00%
Over 3 years	2,106,280.80	2,106,280.80	100.00%
Total	3,853,620,568.99	199,944,464.62	

A description of the basis for determining the portfolio:

Provision for bad debts using an ageing portfolio

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

☐Applicable ☒Not applicable

(3) Provisions made, collected or reversed in the current period

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	146,603,098.58	53,341,366.04				199,944,464.62
Total	146,603,098.58	53,341,366.04				199,944,464.62

Of which the amount of bad debt provision recovered or reversed during the period was significant: None

(4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Closing balance	Proportion to the total balance of receivables (%)	Closing balance of provision for bad debts
Client A	540,192,458.89	14.02%	27,009,622.94
Client B	368,239,928.58	9.56%	22,612,940.67
Client C	76,002,931.63	1.97%	3,800,146.58
Client D	64,069,328.62	1.66%	3,203,466.43
Client E	52,462,604.98	1.36%	2,623,130.25
Total	1,100,967,252.70	28.57%	59,249,306.87

5. Receivables financing**(1) Presentation of receivable financing classifications**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	523,913,135.22	331,634,090.61
Total	523,913,135.22	331,634,090.61

(2) Pledged notes at the balance sheet date

Unit: RMB Yuan

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Provision for bad debts by portfolio	523,913,135.22	100.00%			523,913,135.22
Including:					
Bank acceptance	523,913,135.22	100.00%			523,913,135.22
Total	523,913,135.22	100.00%			523,913,135.22

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Provision for bad debts by portfolio	331,634,090.61	100.00%			331,634,090.61
Including:					
Bank acceptance	331,634,090.61	100.00%			331,634,090.61
Total	331,634,090.61	100.00%			331,634,090.61

Provision for bad debts by portfolio: 0

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Bank acceptance	523,913,135.22		
Total	523,913,135.22		

Provision for bad debts based on the general model of expected credit losses: none

(3) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	36,038,583.82
Subtotal	36,038,583.82

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

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	1,072,215,565.26	
Total	1,072,215,565.26	

6. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	225,516,143.49	142,060,705.67
Total	225,516,143.49	142,060,705.67

(1) Dividend receivable**1) Classification of dividends receivable**

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
Export tax refund	155,510,799.79	59,999,917.27
Security deposits	28,016,052.55	26,223,295.23
Refundable VAT	22,474,837.60	49,708,056.90
Employee petty cash	19,683,594.24	5,892,932.02
Temporary advance payment receivable		5,105,463.95
special injection	3,698,633.08	
Others	4,326,094.50	2,290,423.97
Total	233,710,011.76	149,220,089.34

2) Ages analysis

Unit: RMB Yuan

Ages	Closing book balance	Opening book balance
Within 1 year (inclusive)	205,033,057.78	121,257,098.80
1-2 years	4,490,776.06	4,774,411.02
2-3 years	3,096,856.11	5,220,071.25
Over 3 years	21,089,321.81	17,968,508.27
3-4 years	5,158,410.73	1,111,491.23
4-5 years	910,984.75	3,390,964.34
Over 5 years	15,019,926.33	13,466,052.70
Total	233,710,011.76	149,220,089.34

3) Disclosure by bad debt accrual method

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Provision for bad debts by portfolio	233,710,011.76	100.00%	8,193,868.27	3.51%	225,516,143.49
Total	233,710,011.76	100.00%	8,193,868.27	3.51%	225,516,143.49

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Provision for bad	149,220,089.34	100.00%	7,159,383.67	4.80%	142,060,705.67

debts by portfolio					
Total	149,220,089.34	100.00%	7,159,383.67	4.80%	142,060,705.67

Provision for bad debts by portfolio: 8,193,868.27

Unit: RMB Yuan

Ages	Closing balance		
	Amount	Carrying amount	% to total
Export Refund Receivable Portfolio	155,510,799.79		
VAT refund receivable portfolio	22,474,837.60		
Land deposit receivable portfolio	17,354,493.50		
Customs and tax agency deposits receivable portfolio	255,384.63		
special injection	3,698,633.08		
Ages	34,415,863.16	8,193,868.27	23.81%
Within 1 year (inclusive)	23,348,787.31	1,167,439.35	5.00%
1-2 years	4,290,329.04	858,065.81	20.00%
2-3 years	3,041,918.50	2,433,534.80	80.00%
Over 3 years	3,734,828.31	3,734,828.31	100.00%
Total	233,710,011.76	8,193,868.27	

Provision for bad debts is made on the basis of a general model of expected credit losses:

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	603,066.99	799,098.71	5,757,217.97	7,159,383.67
Opening balance in the current period				
--Transferred to phase II	-214,516.45	214,516.45		
--Transferred to phase III		-608,383.70	608,383.70	
Provision made in the current period	778,888.81	452,834.35	-197,238.56	1,034,484.60
Closing balance	1,167,439.35	858,065.81	6,168,363.11	8,193,868.27

Classification of stages and bad debt provisioning ratio

The basis of classification by stages: Accounts aged less than one year are classified as stage I, accounts aged 1 to 2 years are classified as stage II, and accounts aged more than 2 years are classified as stage III.

Changes in carrying amounts for which the amount of change in the provision for losses during the period is material.

☐ Applicable ☒ Not applicable

4) Provisions made, collected or reversed in the current period

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	7,159,383.67	1,034,484.60				8,193,868.27
Total	7,159,383.67	1,034,484.60				8,193,868.27

Of which the amount of provision for bad debts reversed or recovered during the period was significant: None

5) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
National Revenue Service (export tax refunds receivable)	export tax rebate	155,510,799.79	Within 1 year (inclusive)	66.54%	
Servicio de Administración Tributaria	Refundable VAT	20,203,079.29	Over 3 years	8.64%	
Weifang Municipal Bureau of Land and Resource, Binhai District Branch	Security deposits	17,354,493.50	Within 1 year (inclusive)	7.43%	
Hauptzollamt Hannover	Security deposits	677,313.00	Within 1 year (inclusive)	0.29%	33,865.65
		677,313.00	1-2 years	0.29%	135,462.60
		1,049,835.15	2-3 years	0.45%	839,868.12
		2,374,358.35	Over 3 years	1.02%	2,374,358.35
CHURIN GAIKOKUHOJIMU	special injection	3,698,633.08	Within 1 year (inclusive)	1.58%	
Total		201,545,825.16		86.24%	3,383,554.72

7. Advances paid**(1) Age analysis**

Unit: RMB Yuan

Ages	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	162,128,120.14	99.33%	206,538,373.94	98.69%
1-2 years	627,814.76	0.38%	2,623,068.38	1.25%

2-3 years	369,577.18	0.23%	97,159.73	0.05%
Over 3 years	91,000.00	0.06%	16,000.00	0.01%
Total	163,216,512.08		209,274,602.05	

Explanation of the reasons for untimely settlement of prepayments aged more than one year and of significant amount: None

(2) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	20,017,701.69	12.26%
Supplier B	19,703,978.24	12.07%
Supplier C	14,539,902.94	8.91%
Supplier D	11,591,723.54	7.10%
Supplier E	7,790,000.00	4.77%
Subtotal	73,643,306.41	45.11%

8. Inventories

Is the company subject to disclosure requirements for the real estate industry

No

(1) Inventory classification

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount
Raw materials	442,728,793.37	6,460,736.28	436,268,057.09	527,624,081.09	6,293,242.29	521,330,838.80
Work in process	1,121,647,464.74	6,519,042.73	1,115,128,422.01	1,178,294,229.77	6,519,042.73	1,171,775,187.04
Goods on hand	2,419,984,677.77	140,206,380.43	2,279,778,297.34	2,417,138,791.32	216,472,992.13	2,200,665,799.19
Goods dispatched	100,921,025.52		100,921,025.52	108,180,564.86		108,180,564.86
Development cost	54,960,480.22		54,960,480.22	98,068,949.58		98,068,949.58
Developed products				122,563,022.12		122,563,022.12
Materials on consignment for further processing	4,971,296.82		4,971,296.82	5,430,259.53		5,430,259.53
Packages	18,485,345.27		18,485,345.27	17,397,177.94		17,397,177.94

Low-value consumables	79,583,917.69		79,583,917.69	73,467,076.28		73,467,076.28
Total	4,243,283,001.40	153,186,159.44	4,090,096,841.96	4,548,164,152.49	229,285,277.15	4,318,878,875.34

(2) Inventories – Development cost

Unit: RMB Yuan

Items	Estimated total investment	Opening balance	Closing balance
Boao NHU Resort[note]	550 million	43,108,469.36	
Weifang NHU Town Phase II	398.53 million	54,960,480.22	54,960,480.22
Subtotal		98,068,949.58	54,960,480.22

[Note] The Company's subsidiary, v was transferred on June 21, 2024, and its inventory-development cost was transferred out accordingly.

(3) Inventories – Developed products

Unit: RMB Yuan

Items	Date of completion	Opening balance	Increase	Decrease	Closing balance
Boao NHU Resort Center	2014.12	122,563,022.12		122,563,022.12	
Subtotal		122,563,022.12		122,563,022.12	

[Note] The Company's subsidiary, Qionghai Boao Lido Real Estate Co., Ltd. was transferred on June 21, 2024, and its inventory-development products were transferred out accordingly.

(4) Provision for inventory write-down and provision for impairment of cost to fulfill a contract

Unit: RMB Yuan

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Recovery/ Reversal	Others	
Raw materials	6,293,242.29	212,292.03		44,798.04		6,460,736.28
Work in process	6,519,042.73					6,519,042.73
Goods on hand	216,472,992.13	48,940,452.74		125,207,064.44		140,206,380.43
Total	229,285,277.15	49,152,744.77		125,251,862.48		153,186,159.44

Specific basis for determining net realizable value, reasons for reversal or write-off of provision for decline in value of inventories in the period

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down	Reasons for reversal of provision for decline in value of inventories
Raw materials	Net realizable value is determined as the estimated selling price of the relevant finished goods, less costs estimated to be incurred to completion, estimated selling expenses and related taxes.	Increase in net realizable value of inventories for which provision for decline in value of inventories was made in prior periods	Consumption of inventories for which provision for decline in value of inventories has been made during the period
Work in process	Net realizable value is determined as the estimated selling price of the relevant finished goods, less costs	Increase in net realizable value of inventories for which provision for decline in value of	Inventories for which provision for inventory write-downs was made at the beginning of the

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down	Reasons for reversal of provision for decline in value of inventories
	estimated to be incurred to completion, estimated selling expenses and related taxes.	inventories was made in prior periods	period were depleted during the period.
Goods on hand	Net realizable value is determined as the estimated selling price of the relevant finished goods, less estimated selling expenses and related taxes.	Increase in net realizable value of inventories for which provision for decline in value of inventories was made in prior periods	Inventories for which provision for decline in value of inventories was made at the beginning of the period were sold during the period

Provision for decline in value of inventories by portfolio: None

9. Other current assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Prepaid VAT or input VAT to be credited	28,566,490.04	47,538,826.76
Prepaid enterprise income tax		5,070,275.22
Prepaid insurance premiums	4,885,881.13	4,738,519.69
Amortized service charges	2,184,667.56	
Amortized rent costs	332,593.36	
Prepaid urban maintenance and construction tax		13,194.85
Prepaid education surcharge		7,916.74
Prepaid local education surcharge		5,278.11
Amortized catalyst costs		10,858,733.66
Total	35,969,632.09	68,232,745.03

10. Other equity instrument investments

Unit: RMB Yuan

Items	Closing balance	Opening balance	Profit recognized in other comprehensive income for the period	Loss for the period charged to other comprehensive income	Profit accumulated in other comprehensive income at the end of the period	Losses accumulated in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as at fair value through other comprehensive income
Zhejiang Second Pharma Co., Ltd.	7,790,147.55	7,790,147.55						
Shanghai NewMargin Yongjin Equity Enterprise (LP)	11,708,000.00	15,208,000.00						
Total	19,498,147.55	22,998,147.55						

Existence of derecognition during the period: None

Other notes: None

11. Long-term equity investments

Unit: RMB Yuan

Investees	Opening carrying amount	Closing carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment
			Investments increased	Investments decreased	Investment income/losses recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
I. Joint ventures												
Ningbo ZRCC NHU Biotechnology Co., Ltd.	216,166,978.49		155,672,000.00		-13,194,048.59						358,644,929.90	
Subtotal	216,166,978.49		155,672,000.00		-13,194,048.59						358,644,929.90	
II. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	281,395,724.54				46,816,896.41			25,920,000.00		129,785.45	302,422,406.40	
Envalior NHU Engineering Materials (Zhejiang) Co.,Ltd.	27,298,340.00				10,604,288.00					-1,331,715.21	36,570,912.79	
Zhejiang sanbo polymer Co., Ltd												
Zhejiang Saiya Chemical Materials Co., Ltd.	131,603,201.04				12,923,009.90			14,700,000.00		-22,536.72	129,803,674.22	
CysBio ApS	31,028,778.21				-2,681,188.72					437,952.46	28,785,541.95	
Shandong Bin'an Vocational Training School Co., Ltd. [Note]	5,057,575.53				-1,034,954.00						4,022,621.53	
Anhui Innovation Technology Co., Ltd	4,594,602.27				417,459.30						5,012,061.57	
Subtotal	480,978,221.59				67,045,510.89			40,620,000.00		-786,514.02	506,617,218.46	
Total	697,145,200.08		155,672,000.00		53,851,462.30			40,620,000.00		-786,514.02	865,262,148.36	

[Note] Zhejiang Sanbo Polymer Co., Ltd. was cancelled on November 6, 2024

Recoverable amount determined as fair value less costs of disposal, net

☐ Applicable ☒ Not applicable

Recoverable amount is determined as the present value of the expected future cash flows

☐ Applicable ☒ Not applicable

12. Fixed assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	21,915,984,823.43	21,860,082,637.13
Total		
Fixed assets	21,915,984,823.43	21,860,082,637.13

(1) Details

Unit: RMB Yuan

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Cost:					

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
1. Opening balance	8,220,153,443.34	246,508,090.08	21,354,530,121.42	31,963,168.08	29,853,154,822.92
2. Increase	257,448,661.36	20,647,437.30	2,026,657,384.89	3,183,280.88	2,307,936,764.43
(1) Acquisition	34,247,738.00	7,745,115.08	383,128,006.36	3,183,280.88	428,304,140.32
(2) Transferred in from construction in progress	223,200,923.36	12,902,322.22	1,643,529,378.53		1,879,632,624.11
3. Decrease	23,535,163.85	2,525,703.73	101,823,038.58	6,684,199.85	134,568,106.01
(1) Disposal/ Scrapping	23,535,163.85	2,272,889.73	101,823,038.58	5,911,657.85	133,542,750.01
(2) Disposal of subsidiaries		252,814.00		772,542.00	1,025,356.00
4. Closing balance	8,454,066,940.85	264,629,823.65	23,279,364,467.73	28,462,249.11	32,026,523,481.34
II. Accumulated depreciation					
1. Opening balance	1,071,234,328.09	156,415,458.02	6,719,751,917.92	16,912,727.74	7,964,314,431.77
2. Increase	243,001,912.57	29,943,894.75	1,877,597,535.26	3,759,432.21	2,154,302,774.79
(1) Accrual	243,001,912.57	29,943,894.75	1,877,597,535.26	3,759,432.21	2,154,302,774.79
3. Decrease	6,656,514.80	2,132,990.00	54,771,803.61	6,001,261.51	69,562,569.92
(1) Disposal/ Scrapping	6,656,514.80	1,903,503.19	54,771,803.61	5,271,768.64	68,603,590.24
(2) Business combinations or reductions		229,486.81		729,492.87	958,979.68
4. Closing balance	1,307,579,725.86	184,226,362.77	8,542,577,649.57	14,670,898.44	10,049,054,636.64
III. Provision for impairment					
1. Opening balance	20,980,481.81	7,112.74	7,770,159.47		28,757,754.02
2. Increase			32,805,182.59		32,805,182.59
(1) Accrual			32,805,182.59		32,805,182.59
3. Decrease	5,046.00		73,869.34		78,915.34
(1) Disposal/ Scrapping	5,046.00		73,869.34		78,915.34
4. Closing balance	20,975,435.81	7,112.74	40,501,472.72		61,484,021.27
IV. Carrying amount					
1. Closing balance	7,125,511,779.18	80,396,348.14	14,696,285,345.44	13,791,350.67	21,915,984,823.43
2. Opening balance	7,127,938,633.44	90,085,519.32	14,627,008,044.03	15,050,440.34	21,860,082,637.13

(2) Fixed assets temporarily idle

Unit: RMB Yuan

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	168,714,514.34	51,664,057.74	20,975,435.81	96,075,020.79	
General equipment	66,417.27	45,724.46	2,420.51	18,272.30	
Special equipment	516,230,479.09	407,284,453.72	39,273,709.19	69,672,316.18	

Subtotal	685,011,410.70	458,994,235.92	60,251,565.51	165,765,609.27	
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(3) Fixed assets leased out under operating leases

Unit: RMB Yuan

Items	Closing carrying amount
Buildings and structures	36,635,906.25
Subtotal	36,635,906.25

(4) Fixed assets with certificate of titles being unsettled

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	962,742,816.20	Relevant procedures have not yet been completed.
Subtotal	962,742,816.20	

(5) Impairment testing of fixed assets☒Applicable ☐ Not applicable

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

☐Applicable ☒ Not applicable

Recoverable amount is determined as the present value of the expected future cash flows

☒Applicable ☐ Not applicable

Unit: RMB Yuan

Items	carrying amount	recoverable amount	Amount of impairment	Years of the projection period	Key parameters for the forecast period	Key parameters of the stabilization period	Basis for determining key parameters for the stabilization period
Part of the assets of 520 Workshop of Zhejiang NHU Pharmaceutical Co., Ltd	29,694,867.18	0.00	29,694,867.18	9	① Forecast life: the economic life of the core equipment in the asset group. ② Revenue forecast data: on the basis of historical operating statistics, actual operating conditions and the commissioned asset group business development plan, taking into account the market development trend, by predicting the future sales of each product and sales unit price of its future revenue. ③ Cost forecast data: raw material procurement costs are determined by comprehensive analysis with reference to the calendar level and industry quotation data; labor costs are calculated after considering the number of workshop personnel to be	not applicable	not applicable

					increased with the expansion of the company's scale and the increase in per capita wage level; other cost data are mainly forecasted by using the proportional forecasting method. ④ Cost forecast data: The proportion forecast method is mainly used for forecasting.		
Total	29,694,867.18	0.00	29,694,867.18				

13. Construction in progress

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	571,610,643.68	1,621,882,507.56
Total	571,610,643.68	1,621,882,507.56

(1) Details

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shandong Industrial Park HA Project				601,552,381.89		601,552,381.89
Daming Life and Health Industry Project				180,316,245.04		180,316,245.04
Workshop 617 West Project				40,846,076.50		40,846,076.50
Series Aldehyde Switching Production Project of 1500 tons in Workshop 615	68,706,885.55		68,706,885.55	41,051,446.96		41,051,446.96
Project A4				232,798,676.59		232,798,676.59
Annual production capacity of 300 tons of ketone technology reform and production expansion project				30,141,232.47		30,141,232.47
Process and legitimacy project with annual production capacity of 0.02 million of glufosinate ammonium chloride	49,623,769.12		49,623,769.12	29,410,485.13		29,410,485.13
311 Workshop Phase II VA Expansion Project				21,645,004.53		21,645,004.53
Public Multifunctional Productive Services Integrated Platform Construction Project				37,345,453.89		37,345,453.89
Project with an annual production capacity of 30 tons of Apolyester				43,287,282.66		43,287,282.66
Multi-functional production workshop construction project				65,875,103.23		65,875,103.23
New Material Industry Chain Project	24,534,038.09		24,534,038.09			
1500 tons/year aniseed brain project	55,770,423.77		55,770,423.77			
Citral New Process Expansion Project	37,142,112.68		37,142,112.68			
Annual output of 1000 tons of calcium hydroxymethionine project	33,944,620.16		33,944,620.16			
Workshop 520 asset revitalization project	24,035,797.86		24,035,797.86			
2024 Menthol Expansion Technical Reform Project	16,854,381.08		16,854,381.08			
Other piecemeal projects	260,998,615.37		260,998,615.37	297,613,118.67		297,613,118.67
Total	571,610,643.68		571,610,643.68	1,621,882,507.56		1,621,882,507.56

(2) Changes in significant projects

Unit: RMB Yuan

Projects	Budgets RMB 0000 Yuan	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Including: Amount of borrowing cost capitalization in current period	Annual capitalization rate	Fund source
Series Aldehyde Switching Production Project of 1500 tons in Workshop 615	11,687.27	41,051,446.96	27,655,438.59			68,706,885.55	58.79	85.00				Others
Project A4	40,067.95	232,798,676.59	112,118,115.37	344,916,791.96			86.08	100.00				Others
Shandong Industrial Park HA Project	97,991.14	601,552,381.89	76,209,824.59	677,762,206.48			69.58	100.00	3,392,133.35	3,392,133.35	2.60	Others
Daming Life and Health Industry Project	76,203.56	180,316,245.04	23,503,863.12	203,820,108.16			82.25	100.00	4,857,357.99	463,324.72	3.94	Others
New Material Industry Chain Project	403,624.00		24,534,038.09			24,534,038.09	0.61	0.00				Others
1500 tons/year aniseed brain project	7,966.00		55,770,423.77			55,770,423.77	70.01	90.00	208,866.88	208,866.88	2.36	Others
Total	637,539.92	1,055,718,750.48	319,791,703.53	1,226,499,106.60		149,011,347.41			8,458,358.22	4,064,324.95		--

(3) Impairment testing of construction in progress□Applicable ☒Not applicable**14. Right-of-use assets****(1) Details**

Unit: RMB Yuan

Items	Buildings and structures	Total
I. Cost		
1. Opening balance	8,430,844.79	8,430,844.79
2. Increase	8,502,528.92	8,502,528.92
(1) Leased in	8,502,528.92	8,502,528.92
3. Decrease	320,953.83	320,953.83
(1) Disposal	320,953.83	320,953.83
4. Closing balance	16,612,419.88	16,612,419.88
II. Accumulated depreciation		
1. Opening balance	1,827,213.23	1,827,213.23
2. Increase	1,683,308.27	1,683,308.27
(1) Accrual	1,683,308.27	1,683,308.27
3. Decrease	120,970.71	120,970.71
(1) Disposal	120,970.71	120,970.71
4. Closing balance	3,389,550.79	3,389,550.79
III. Carrying amount		
1. Closing balance	13,222,869.09	13,222,869.09
2. Opening balance	6,603,631.56	6,603,631.56

(2) Impairment testing of right-of-use assets□Applicable ☒Not applicable**15. Intangible assets****(1) Details**

Unit: RMB Yuan

Items	Land use right	Patent right	Non-patented technology	Software	Total
I. Cost					
1. Opening balance	2,539,212,600.22	37,310,535.25	65,368,458.25	69,814,952.59	2,711,706,546.31
2. Increase	96,685,543.80	258,006.37	25,212,483.96	20,459,354.89	142,615,389.02
(1) Acquisition	96,685,543.80	258,006.37	25,212,483.96	1,064,697.56	123,220,731.69
(2) Transfer from construction in progress				19,394,657.33	19,394,657.33
3. Decrease				104,632.58	104,632.58
(1) Disposal				104,632.58	104,632.58
4. Closing balance	2,635,898,144.02	37,568,541.62	90,580,942.21	90,169,674.90	2,854,217,302.75
II. Accumulated amortization					
1. Opening balance	265,286,407.60	8,156,816.64	6,299,039.16	24,403,529.09	304,145,792.49
2. Increase	50,572,434.25	2,980,837.44	7,031,611.74	6,691,277.76	67,276,161.19
(1) Accrual	50,572,434.25	2,980,837.44	7,031,611.74	6,691,277.76	67,276,161.19
3. Decrease				104,617.12	104,617.12
(1) Disposal				104,617.12	104,617.12
4. Closing balance	315,858,841.85	11,137,654.08	13,330,650.90	30,990,189.73	371,317,336.56
III. Carrying amount					
1. Closing balance	2,320,039,302.17	26,430,887.54	77,250,291.31	59,179,485.17	2,482,899,966.19
2. Opening balance	2,273,926,192.62	29,153,718.61	59,069,419.09	45,411,423.50	2,407,560,753.82

Intangible assets formed through in-house research and development accounted for 0.78% of the balance of intangible assets at the end of the period.

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

16. Goodwill**(1) Original carrying amount of goodwill**

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Business combination	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,259,627.83		-95,885.83			2,163,742.00
NHU/Chr. Olesen Latin America A/S	3,622,704.97					3,622,704.97
Total	5,882,332.80		-95,885.83			5,786,446.97

(2) Provision for impairment

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Accrual	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,259,627.83		-95,885.83			2,163,742.00
Total	2,259,627.83		-95,885.83			2,163,742.00

(3) Information about the asset group or combination of asset groups in which goodwill is located

name (of an organization)	Composition and basis of the asset group or portfolio to which it belongs	Operating segments and basis	Consistency with prior years
Bardoterminal GmbH	Offshore self-accounting warehousing and logistics companies, which management recognizes as an asset group in its entirety from the point of acquisition	Independent warehousing and logistics company	Yes
NHU/Chr. Olesen Latin America A/S	Foreign self-accounting sales entities, which management recognizes in their entirety as an asset group from the point of acquisition	Independent sales agents	Yes

Changes in asset groups or combinations of asset groups: none

(4) Specific determination of recoverable amount

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

☐Applicable ☒Not applicable

Recoverable amount is determined as the present value of estimated future cash flows

☐Applicable ☒Not applicable

17. Long-term prepayments

Unit: RMB Yuan

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Decoration fees	6,343,215.51	2,733,040.39	3,989,529.43		5,086,726.47
Catalysts	5,354,746.21	28,807,140.47	6,189,032.26		27,972,854.42
Total	11,697,961.72	31,540,180.86	10,178,561.69		33,059,580.89

18. Deferred tax assets and deferred tax liabilities**(1) Deferred tax assets before offset**

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	82,764,678.65	13,331,701.98	71,881,471.48	11,135,696.68
Unrealized profit from internal transactions	106,224,182.31	15,933,627.32	71,231,525.39	10,684,728.85
Deferred income	182,140,134.06	27,321,020.11	193,224,271.51	28,983,640.72
Difference in depreciation of fixed assets			287,023.76	43,053.56
Lease liabilities	2,715,619.54	407,342.93	2,822,404.05	423,360.61
Total	373,844,614.56	56,993,692.34	339,446,696.19	51,270,480.42

(2) Deferred tax liabilities before offset

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference due to one-off pre-tax deduction of fixed assets	1,544,604,208.17	241,027,455.22	1,575,781,538.31	247,043,712.25
Profit before tax of NHU (Hong Kong) Trading Co., Ltd.	598,372,110.33	89,755,816.55	164,156,999.23	24,623,549.88
usufructuary assets	10,916,744.74	1,637,511.71	2,630,791.48	394,618.72
Changes in fair value of trading financial instruments, derivative financial instruments	745,816.34	186,454.09	934,443.21	233,610.80
Total	2,154,638,879.58	332,607,237.57	1,743,503,772.23	272,295,491.65

(3) Deferred tax assets or liabilities after offset

Unit: RMB Yuan

Items	Closing balance of deferred tax assets offset by deferred tax liabilities	Closing balance of deferred tax assets/ liabilities after offset	Opening balance of deferred tax assets offset by deferred tax liabilities	Opening balance of deferred tax assets/ liabilities after offset
Deferred tax assets	54,887,646.03	2,106,046.31	50,620,401.24	650,079.18
Deferred tax liabilities	54,887,646.03	277,719,591.54	50,620,401.24	221,675,090.41

(4) Details of unrecognized deferred tax assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary difference	904,662,832.02	436,744,796.84
Deductible losses	3,375,918,624.25	3,044,096,175.08
Total	4,280,581,456.27	3,480,840,971.92

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Unit: RMB Yuan

Maturity years	Closing balance	Opening balance	Remarks
Year 2025	23,414,489.87		
Year 2026	36,440,047.05		
Year 2027	165,841,662.42	4,380,243.82	
Year 2028	97,699,902.16	34,126,279.57	
Year 2029	169,350,596.82	68,271,533.21	
Year 2030	198,032,265.79	232,539,024.92	
Year 2031	240,693,205.88	284,461,823.88	
Year 2032	898,257,207.22	1,081,974,270.06	
Year 2033	781,328,690.97	1,338,342,999.62	
Year 2034	764,860,556.07		
Total	3,375,918,624.25	3,044,096,175.08	

19. Other non-current assets

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Pollution emission trading fees	12,404,429.26		12,404,429.26	15,360,572.70		15,360,572.70
Payments for coal quota	72,113,200.00		72,113,200.00	78,962,800.00		78,962,800.00
Prepayments for long-term assets	75,146,826.14		75,146,826.14	43,789,431.19		43,789,431.19
Total	159,664,455.40		159,664,455.40	138,112,803.89		138,112,803.89

20. Restrictions on assets as of the end of the reporting period

Unit: RMB Yuan

Items	Closing balance				Opening balance			
	Book balance	Carrying amount	Type of restriction	Restrictions	Book balance	Carrying amount	Type of restriction	Restrictions
Cash and bank balances	56,029,764.82	56,029,764.82	pledges	Banker's acceptance deposit	96,790,731.68	96,790,731.68	pledges	Banker's acceptance deposit
Notes receivable	99,511,561.32	99,511,561.32	pledges	Opening a pledge of banker's acceptances	94,097,743.14	94,097,743.14	pledges	Opening a pledge of banker's acceptances
Fixed assets	93,273,121.97	75,137,838.29	collateral	Mortgage to a bank for the purpose of obtaining a loan	97,257,595.52	81,371,634.23	collateral	Mortgage to a bank for the purpose of obtaining a loan
Intangible assets	9,864,599.74	9,864,599.74	collateral	Mortgage to a bank for the purpose of obtaining a loan	10,301,747.64	10,301,747.64	collateral	Mortgage to a bank for the purpose of obtaining a loan
Receivables financing	36,038,583.82	36,038,583.82	pledges	Opening a pledge of banker's acceptances	143,872,489.15	143,872,489.15	pledges	Opening a pledge of banker's acceptances
Total	294,717,631.67	276,582,347.99			442,320,307.13	426,434,345.84		

21. Short-term borrowings**(1) Details on categories**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowings	16,626,789.02	12,686,706.84
Credit borrowings	1,145,885,450.02	1,223,001,356.06
Total	1,162,512,239.04	1,235,688,062.90

22. Held-for-trading financial liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Held-for-trading financial liabilities	11,151,258.46	
Including:		
Derivative financial liabilities	11,151,258.46	
Total	11,151,258.46	

23. Notes payable

Unit: RMB Yuan

Categories	Closing balance	Opening balance
Bank acceptance	159,164,822.28	349,347,472.36
Total	159,164,822.28	349,347,472.36

The total amount of notes payable due and unpaid at the end of the period was \$0.00.

24. Accounts payable**(1) Details**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor costs	785,807,160.73	692,476,954.09
Payments for engineering and equipment	900,171,996.82	1,238,481,643.96
Total	1,685,979,157.55	1,930,958,598.05

25. Other payables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	122,424,090.50	53,671,773.90
Total	122,424,090.50	53,671,773.90

(1) Other payables**1) Categorized by nature**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Security deposits	19,802,441.12	22,235,033.12
Unpaid expenses payable	83,120,582.74	12,568,235.33
Temporary receipts payable	9,926,159.87	13,765,955.47
Earnest money for housing purchase (Boao NHU Resort Center)		600,000.00
Others	9,574,906.77	4,502,549.98
Total	122,424,090.50	53,671,773.90

26. Contract liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Payments for goods received in advance	237,013,669.77	251,008,240.97
Total	237,013,669.77	251,008,240.97

27. Employee benefits payable**(1) Details**

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	418,273,203.88	1,987,025,183.61	1,932,191,276.04	473,107,111.45
II. Post-employment benefits – defined contribution plan		133,416,978.14	133,416,978.14	
Total	418,273,203.88	2,120,442,161.75	2,065,608,254.18	473,107,111.45

(2) Details of short-term employee benefits

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	393,259,909.40	1,750,924,263.98	1,692,104,992.98	452,079,180.40
2. Employee welfare fund		89,648,012.63	89,648,012.63	
3. Social insurance premium		66,492,847.57	66,492,847.57	
Including: Medicare premium		57,980,675.63	57,980,675.63	
Occupational injuries premium		8,251,124.98	8,251,124.98	
Maternity premium		261,046.96	261,046.96	
4. Housing provident fund		63,059,559.36	63,059,559.36	
5. Trade union fund and employee education fund	25,013,294.48	16,900,500.07	20,885,863.50	21,027,931.05
Total	418,273,203.88	1,987,025,183.61	1,932,191,276.04	473,107,111.45

(3) Details of defined contribution plan

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium		129,003,603.50	129,003,603.50	
2. Unemployment insurance premium		4,413,374.64	4,413,374.64	
Total		133,416,978.14	133,416,978.14	

28. Taxes and rates payable

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	82,104,457.53	25,412,719.25
Enterprise income tax	383,826,117.39	205,149,607.58
Individual income tax withheld for tax authorities	12,121,593.63	12,600,229.27
Urban maintenance and construction tax	10,830,229.90	2,768,413.70

Items	Closing balance	Opening balance
Land appreciation tax	21,150,454.52	19,557,360.54
Housing property tax	20,979,824.95	18,825,864.81
Land use tax		15,427,321.94
Education surcharge (local education surcharge)	7,891,237.38	2,052,563.31
Total	538,903,915.30	301,794,080.40

29. Non-current liabilities due within one year

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term borrowings due within one year	2,463,866,907.63	1,562,730,340.48
Lease liabilities due within one year	1,512,006.31	1,662,118.19
Total	2,465,378,913.94	1,564,392,458.67

30. Other current liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Output VAT to be recognized	25,698,183.73	17,260,124.76
Withholding Rebate	27,866,151.17	
Total	53,564,334.90	17,260,124.76

31. Long-term borrowings

(1) Categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgaged borrowings	18,036,415.25	26,217,293.08
Guaranteed borrowings		748,822,433.32
Credit borrowings	5,309,207,306.00	6,046,603,468.18
Total	5,327,243,721.25	6,821,643,194.58

32. Lease liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Unpaid lease payments	4,602,267.00	6,464,449.62
Less: Unrealized financing expenses	1,017,475.98	1,224,313.19
Total	3,584,791.02	5,240,136.43

33. Deferred income

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	1,065,586,274.49	103,294,003.66	143,045,687.11	1,025,834,591.04	The Company received government grants related to assets, which were amortized based on the depreciation progress of corresponding assets.
Total	1,065,586,274.49	103,294,003.66	143,045,687.11	1,025,834,591.04	--

34. Share capital

Unit: RMB Yuan

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	3,090,907,356.00				-17,485,676.00	-17,485,676.00	3,073,421,680.00

Other remarks:

The company held the 9th meeting of the 9th Board of Directors on November 18, 2024, and the 2024 Second Extraordinary General Meeting on December 4, 2024, during which the Proposal on Changing the Purpose of Repurchased Shares and Canceling Them was reviewed and approved. It was agreed to modify the purpose of the share repurchase plan approved on August 18, 2021, changing it from the original plan of "repurchasing shares for implementing equity incentive plans or employee stock ownership plans" to "canceling them and reducing the registered capital." Specifically, 17,485,676 shares in the company's special securities account for repurchases would be canceled, and the registered capital would be reduced by 17,485,676 yuan accordingly.

During this period, the company reduced treasury stock by 500,059,711.25 yuan, simultaneously decreasing the registered capital by 17,485,676.00 yuan and reducing capital surplus (share premium) by 482,574,035.25 yuan.

35. Capital reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	3,334,992,617.92	1,606,336.41	482,574,035.25	2,854,024,919.08
Other capital reserve	278,352,867.21	142,182.13		278,495,049.34
Total	3,613,345,485.13	1,748,518.54	482,574,035.25	3,132,519,968.42

Other Notes, Including Changes During the Reporting Period and Reasons for the Changes:

- (1) The decrease in capital surplus (share premium) during this period is detailed in Section VII.34 of the financial report.
- (2) The capital surplus (share premium) increased by 1,606,336.41 yuan during the reporting period, attributable to additional capital contributions by the minority shareholders of subsidiaries, NHU Performance Materials GmbH, resulting in changes to the company's share of net assets. Additionally, other capital reserves increased by 129,785.45 yuan, due to an increase in special reserves by the company's equity-method investee, Zhejiang Chunhui Environmental Energy Co., Ltd., leading to a corresponding adjustment in the company's share of net assets. Furthermore, 12,396.68 yuan was derecognized from capital reserves during the reporting period as a result of the company's disposal of its subsidiary, Qionghai Bo'ao Lidu Real Estate Co., Ltd.

36. Treasury shares

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares	500,059,711.25		500,059,711.25	
Total	500,059,711.25		500,059,711.25	

Other Notes, Including Changes and Reasons for the Changes During the Reporting Period: The decrease in treasury stock during this period is detailed in Section VII.34 of the financial report.

37 Other comprehensive income (OCI)

Unit: RMB Yuan

Items	Opening balance	Current period cumulative						Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
Items not to be reclassified subsequently to profit or loss	103,920,732.85	-21,417,073.44				-12,407,389.35	-9,009,684.09	91,513,343.50
Including: Other comprehensive income to be transferred to profit or loss under equity method	506,954.43							506,954.43
Translation reserves	103,413,778.42	-21,417,073.44				-12,407,389.35	-9,009,684.09	91,006,389.07
Total	103,920,732.85	-21,417,073.44				-12,407,389.35	-9,009,684.09	91,513,343.50

38. Special reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	60,860,818.76	83,884,085.07	38,396,038.92	106,348,864.91
Total	60,860,818.76	83,884,085.07	38,396,038.92	106,348,864.91

Other remarks, including remarks on current movements and reasons for movements:

According to the “enterprise safety production costs and the use of management practices,” the production and storage of dangerous goods enterprises based on the actual business income of the previous year, the adoption of the regressive approach to the average monthly withdrawal in accordance with the following standards: 1) operating income of up to 10 million yuan, in accordance with 4.5%; 2) operating income of more than 10 million yuan to 100 million yuan, in accordance with 2.25% extraction; 3) operating income of more than 100 million to 1 billion yuan, in accordance with 0.55% extraction; 4) 0.2% for the part of business income exceeding RMB 1 billion.

According to the “Electricity production and supply enterprises,” the production and storage of dangerous goods enterprises based on the actual business income of the previous year, the adoption of the regressive approach to the average monthly withdrawal in accordance with the following standards: 1) operating income of up to 10 million yuan, in accordance with 3%; 2) operating income of more than 10 million yuan to 100 million yuan, in accordance with 1.5% extraction; 3) 0.8% for the part of business income exceeding 100 million to 1 billion; 4) 0.6% for the part of business income exceeding RMB 1 billion.

39. Surplus reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,545,453,678.00			1,545,453,678.00
Total	1,545,453,678.00			1,545,453,678.00

Other remarks, including remarks on current movements and reasons for movements:

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Incorporation, the Company is required to set aside 10% of the net profit of the parent company as legal reserve, which may be discontinued when the accumulated legal reserve reaches 50% of the registered capital.

40. Undistributed profit

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Unallocated earnings at the end of the previous period before adjustment	16,890,233,961.50	15,823,744,811.91
Adjustments to total unappropriated earnings at the beginning of the period (increase +, decrease -)		
Adjustment to unappropriated earnings at the beginning of the period	16,890,233,961.50	15,823,744,811.91
Add: Net profit attributable to owners of the parent company	5,868,545,988.62	2,704,238,767.54
Less: Appropriation of statutory surplus reserve		101,038,777.95
Dividend payable on ordinary shares	1,383,039,756.00	1,536,710,840.00
Closing balance	21,375,740,194.12	16,890,233,961.50

Adjustments to the opening balance of retained earnings: None

41. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	21,477,281,729.13	12,519,749,560.87	14,959,309,948.92	10,035,023,830.93
Other operations	132,310,499.32	62,251,085.78	157,227,054.38	96,466,544.52
Total	21,609,592,228.45	12,582,000,646.65	15,116,537,003.30	10,131,490,375.45
Including: Revenue from contracts with customers	21,603,602,684.29	12,581,115,525.59	15,113,068,097.55	10,130,630,010.13

Whether the lower of audited net profit before deducting non-recurring profit or loss and that after deducting non-recurring profit or loss is negative?

☐ Yes ☒ No

Details of revenue:

Unit: RMB Yuan

Categories of contracts	Revenue	Cost
By product		
Including:		
Nutrition	15,054,507,596.05	8,554,219,175.76
Flavor and fragrance	3,916,222,222.32	1,886,180,859.36
New materials	1,676,206,286.32	1,309,345,637.91
Others	956,666,579.60	831,369,852.56
Subtotal	21,603,602,684.29	12,581,115,525.59
By operating region		
Including:		
Domestic	9,550,379,792.87	6,113,325,335.66
Overseas	12,053,222,891.42	6,467,790,189.93
Subtotal	21,603,602,684.29	12,581,115,525.59
By revenue recognition time		
Including:		
Goods (transferred at a point in time)	21,603,602,684.29	12,581,115,525.59
Subtotal	21,603,602,684.29	12,581,115,525.59
By sales channel		
Including:		
Direct sales	16,472,457,321.31	9,593,760,099.92
Agent sales	5,131,145,362.98	2,987,355,425.67
Subtotal	21,603,602,684.29	12,581,115,525.59

Information on Transaction Prices Allocated to Remaining Performance Obligations:

As of December 31, 2024 revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 3,488.24 million yuan, of which, 3,488.24 million yuan is expected to be recognized as revenue in 2025.

42. Taxes and surcharges

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	76,045,794.92	36,193,464.64
Education surcharge (local education surcharge)	57,219,416.96	28,181,033.35
Housing property tax	50,835,205.44	46,262,946.80
Land use tax	51,508,833.39	42,541,470.88
Vehicle and vessel use tax	55,046.69	59,709.62
Stamp duty	12,705,079.71	11,682,808.90
Environmental protection tax	2,277,631.64	1,808,553.59
Land appreciation tax	98,666.67	
Total	250,745,675.42	166,729,987.78

43. Administrative expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	304,833,632.86	289,396,666.51
Depreciation, amortization of intangible assets	118,011,455.24	112,070,187.88
Office expenses, business traveling expenses	63,956,466.67	59,651,384.82
Business entertainment expenses	22,671,117.76	21,812,291.14
Consulting fees	18,007,434.45	16,308,436.60
Insurance premiums	16,466,676.52	15,294,561.41
Disability Employment Guarantee Fund	15,587,637.01	15,189,147.67
Others	36,360,120.75	21,349,615.96
Total	595,894,541.26	551,072,291.99

44. Selling expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	96,764,617.15	78,293,653.26
Office expenses, business traveling expenses	35,533,327.84	32,438,096.50
Sales commission and customs declaration charges	33,006,654.41	26,768,204.05
Advertising and promotion expenses, business entertainment expenses	14,466,757.92	10,599,777.15
Others	10,526,920.92	10,217,082.90
Total	190,298,278.24	158,316,813.86

45. R&D expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	457,801,674.45	400,415,932.53
Direct input	414,653,178.46	321,079,990.14
Depreciation, amortization of intangible assets	82,056,953.92	80,744,547.58
Office expenses, business traveling expenses	45,365,827.25	55,869,894.26
Outsourcing expenses	14,657,098.53	14,660,221.42
Others	21,627,007.89	15,030,889.09
Total	1,036,161,740.50	887,801,475.02

46. Financial expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest expenses	282,180,513.56	319,906,196.30
Interest income	-126,041,480.98	-133,145,750.15
Losses on foreign exchange (or less: gains)	13,241,698.29	-128,139,758.40
Others	8,667,110.78	6,829,825.20
Total	178,047,841.65	65,450,512.95

47. Other income

Unit: RMB Yuan

Sources of Other Income/Gains	Current period cumulative	Preceding period comparative
Government grants related to assets	138,798,244.94	123,715,135.70
Government grants related to income	62,323,920.04	64,789,047.78
Value-added tax credits	65,698,515.38	12,067,795.91
Refund of handling fees for withholding individual income tax	1,236,338.31	1,516,543.14
Total	268,057,018.67	202,088,522.53

48 . Gains on changes in fair value

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	17,475,998.10	44,460,570.82
Including: Gains on changes in fair value arising from financial assets classified as at fair value through profit or loss	17,475,998.10	44,460,570.82
Held-for-trading financial liabilities	-31,076,479.29	-14,528,085.84
Including: Gains on changes in fair value arising from financial liabilities classified as at fair value through profit or loss	-31,076,479.29	-14,528,085.84
Total	-13,600,481.19	29,932,484.98

49. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	53,851,462.30	44,130,854.54
Investment Income from Disposal of Long-term Equity Investments	47,569,632.62	
Investment income from disposal of financial instruments	-23,323,516.77	4,526,003.79

Items	Current period cumulative	Preceding period comparative
Dividend income earned on investments in other equity instruments during the holding period		24,473,000.00
Gain on debt restructuring		-847,442.05
Interest on discounted bills	-1,631,336.27	-2,409,421.07
Investment income from bank financial products and structured deposits	808,128.72	12,715,401.91
Interest income from split loans		465,887.82
Total	77,274,370.60	83,054,284.94

50. Credit impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Bad debts	-55,009,881.32	3,551,588.16
Total	-55,009,881.32	3,551,588.16

51. Assets impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Inventory Write-down Losses and Impairment Losses on Contract Fulfillment Costs	-49,152,744.77	-230,600,448.22
II. Impairment Losses on Fixed Assets	-32,805,182.59	
Total	-81,957,927.36	-230,600,448.22

52. Gains on asset disposal

Unit: RMB Yuan

Sources	Current period cumulative	Preceding period comparative
Gains on disposal of non-current assets	1,393,189.08	16,404,163.69
Total	1,393,189.08	16,404,163.69

53. Non-operating revenue

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Indemnity income	3,980,828.25	6,995,674.96	3,980,828.25
Gains on damage or retirement of non-current assets	1,291,804.52	433,987.27	1,291,804.52
Gains on Disposal or Retirement of Non-Current Assets	4,000.00		4,000.00
Others	195,779.06	501,473.33	195,779.06
Total	5,472,411.83	7,931,135.56	5,472,411.83

54. Non-operating expenditures

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	2,561,503.79	1,709,683.40	2,561,503.79
Losses on damage or retirement of non-current assets	29,676,950.00	10,977,630.48	29,676,950.00
Others	2,252,564.26	1,815,424.73	2,252,564.26
Total	34,491,018.05	14,502,738.61	34,491,018.05

55. Income tax expenses**(1) Details**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	992,122,445.40	534,585,273.11
Deferred income tax expenses	54,588,534.00	-6,459,636.06
Total	1,046,710,979.40	528,125,637.05

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB Yuan

Items	Current period cumulative
Profit before tax	6,943,581,186.99
Income tax expenses based on statutory/applicable tax rate	1,041,537,178.05
Effect of different tax rate applicable to subsidiaries	208,444,891.18
Effect of prior income tax reconciliation	-3,708,706.20
Effect of non-taxable income	454,434.33
Effect of non-deductible costs, expenses and losses	6,894,550.79
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-59,761,517.18
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	9,223,692.51
Effect of extra deduction of R&D expenses	-156,153,370.45
Additional deduction for wages paid for the placement of disabled persons and other employment encouraged by the state	-220,173.63
Income tax expenses	1,046,710,979.40

56. Other comprehensive income

Please refer to item VII 37 of this section for details.

57. Notes to items of the cash flow statement**(1) Cash related to operating activities**

Other cash receipts related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest income from cash in bank	117,019,106.62	133,145,750.15
Receipt of government grants	175,778,850.00	171,654,889.48
Recovery of temporary borrowings and security deposits	14,563,272.60	19,497,545.66
Receipt of temporary receipts payable	1,068,383.22	1,440,627.59
Other receipts and net current accounts	9,227,580.54	14,644,686.92
Total	317,657,192.98	340,383,499.80

Other cash payments related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
R&D expenditures in the form of cash	109,818,805.43	78,682,491.15
Office expenses and business traveling expenses	106,142,740.79	83,191,829.19
Advertising and promotion expenses, business entertainment expenses	37,137,875.68	32,412,068.29
Sales commission and customs declaration charges	18,421,398.35	26,768,204.05
Insurance expenses	16,614,037.96	15,702,592.83
Consulting fees	18,007,434.45	16,308,436.60
Other payments and net current accounts	65,250,108.45	62,670,912.99
Total	371,392,401.11	315,736,535.10

(2) Cash related to investing activities

Other cash receipts related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	145,000,000.00	720,000,000.00
Recovery of land bond		21,564,394.06
Recovery of land deposit		88,796,037.50
Redemption of financial assets for trading		392,525.96
Total	145,000,000.00	830,752,957.52

Significant Cash Flows Related to Investing Activities Received: None

Other cash payments related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Purchase of Wealth Management Products and Large-Denomination Certificates of Deposit (CDs)	2,350,000,000.00	145,000,000.00
Payment of Forex Option Margin Deposits	8,800,000.00	
Payment of Deposits for Engineering Equipment	5,250,160.00	

Items	Current period cumulative	Preceding period comparative
Payment of Project Labor Wage Guarantee Deposits	6,456.43	
Total	2,364,056,616.43	145,000,000.00

Significant Cash Outflows Related to Investing Activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Cash Payments for Acquisition and Construction of Fixed Assets and Construction-in-Progress	1,422,887,954.55	3,709,325,702.77
Cash Payments for Acquisition of Land Use Rights	96,685,543.79	692,186,861.45
Cash Payments for Acquisition of Other Intangible Assets	48,685,635.93	41,562,123.42
Cash Payments for Acquisition of Other Long-Term Assets	31,540,180.86	2,446,984.11
Total	1,599,799,315.13	4,445,521,671.75

(3) Cash related to financing activities

Other cash receipts related to financing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Cash received form loans	108,750,334.91	
Total	108,750,334.91	

Other cash payments related to financing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for bank financing handling charges	2,003,808.29	2,048,045.72
Payments of handling charges for issuing letters of guarantee for borrowings		200,900.43
Repayments of principal and interest of leases	10,546,764.39	1,377,634.28
Repayments of call loans and interest	17,309,547.21	13,760,448.64
Total	29,860,119.89	17,387,029.07

Changes in Liabilities Arising from Financing Activities

☒Applicable ☐Not applicable

Unit: RMB Yuan

Items	Opening balance	Increase		Decrease		Closing balance
		Cash movements	Non-cash changes	Cash movements	Non-cash changes	
Short-term borrowings	1,235,688,062.90	2,045,395,387.98	38,263,555.42	2,156,834,767.26		1,162,512,239.04
Long-	8,384,373,535.06	2,285,196,789.84	241,963,675.97	3,120,423,371.99		7,791,110,628.88

Items	Opening balance	Increase		Decrease		Closing balance
		Cash movements	Non-cash changes	Cash movements	Non-cash changes	
term borrowings (including long-term loans due within one year)						
Lease liabilities (including lease liabilities due within one year)	6,902,254.62		8,729,402.35	10,534,859.64		5,096,797.33
dividend payable			1,397,182,451.44	1,397,182,451.44		
Other accounts payable	14,858,932.78	108,750,334.91	83,482.45	17,309,547.21	106,383,202.93	
Total	9,641,822,785.36	4,439,342,512.73	1,686,222,567.63	6,702,284,997.54	106,383,202.93	8,958,719,665.25

(4) Net presentation of cash flows

Items	Relevant factual circumstances	Basis for adopting a net presentation	Financial impact
Other cash received related to investing activities	Redemption of financial products and structured deposits	Cash flows related to the Company's investment business are the cash inflows and outflows of fast-turnover, large-amount and short-term projects, and the presentation of the above cash flows on a net basis is more indicative of their impact on the Company's ability to pay and solvency, and is more useful for evaluating the Company's ability to pay and solvency, and for analyzing the Company's future cash flows; thus, the Company has presented the cash flows related to the above business on a net basis.	10,423,500,000.00
Other cash paid related to investing activities	Purchase of financial products and structured deposits		10,423,500,000.00

58. Supplement information to the cash flow statement

(1) Supplementary information on the statement of cash flows

Unit: RMB Yuan

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	5,896,870,207.59	2,725,408,902.23
Add: Provision for assets impairment loss	136,967,808.68	227,048,860.06
Depreciation of fixed assets, oil and gas assets, productive biological assets	2,154,249,275.58	1,644,749,644.57
Depreciation of right-of-use assets	1,683,308.27	1,234,171.43
Amortization of intangible assets	67,116,768.27	57,903,454.84
Amortization of long-term prepayments	10,178,561.69	7,857,663.93
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-1,393,189.08	-16,404,163.69
Fixed assets retirement loss (Less: gains)	29,672,950.00	10,977,630.48
Losses on changes in fair value (Less: gains)	13,600,481.19	-29,932,484.98
Financial expenses (Less: gains)	232,201,082.89	260,056,823.19
Investment losses (Less: gains)	-78,905,706.87	-83,054,284.94
Decrease of deferred tax assets (Less: increase)	-1,455,967.13	49,181,951.16
Increase of deferred tax liabilities (Less: decrease)	56,044,501.13	-55,641,587.22
Decrease of inventories (Less: increase)	26,432,933.95	-401,782,933.20
Decrease of operating receivables (Less: increase)	-1,963,541,281.38	112,781,434.03
Increase of operating payables (Less: decrease)	447,854,402.40	574,321,857.22
Others	45,488,046.15	34,663,924.21
Net cash flows from operating activities	7,073,064,183.33	5,119,370,863.32
2. Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents:		
Cash at the end of the period	5,521,452,666.47	4,446,570,415.30
Less: Cash at the beginning of the period	4,446,570,415.30	5,151,841,931.86
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	1,074,882,251.17	-705,271,516.56

(2) Net cash received for disposal of subsidiaries during the period

Unit: RMB Yuan

Items	Current period cumulative
Cash or cash equivalents received during the period from the	82,791,000.00

Items	Current period cumulative
disposal of subsidiaries during the period	
Net cash received on disposal of subsidiaries	82,791,000.00

(3) Composition of cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	5,521,452,666.47	4,446,570,415.30
Including: Cash on hand	12,825.19	21,747.98
Cash in bank on demand for payment	5,521,431,438.36	4,445,046,788.85
Other cash and bank balances on demand for payment	8,402.92	1,501,878.47
II. Cash and cash equivalents at the end of the period	5,521,452,666.47	4,446,570,415.30
Including: use of restricted cash and cash equivalents by the parent company or group subsidiaries	464,483,762.87	442,476,066.13

(4) Restricted use but still cash and cash equivalents presentation

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Reasons for remaining cash and cash equivalents
Cash and bank balances	464,483,762.87	89,207,212.60	Currency funds held abroad
		353,268,853.53	raise funds
Total	464,483,762.87	442,476,066.13	

(5) Monetary funds other than cash and cash equivalents

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Reasons for not being cash and cash equivalents
Cash and bank balances	2,359,022,374.36		Large Certificates of Deposit and Interest
	30,809,898.16	77,905,369.24	Banker's acceptance deposit
	8,800,000.00		Forex Option Margin
	8,183,592.83	500,000.00	Letter of Guarantee Deposit
	3,762,850.00	3,929,600.00	customs Deposit
	1,458,021.83	12,048,779.84	Letter of Credit Deposit
	1,263,178.80	661,215.83	Water deposit
	875,023.57	870,050.56	Safety Construction deposit
	854,699.63	853,216.21	Project works labor wage deposit
	22,500.00	22,500.00	ETC deposit
Total	2,415,052,139.18	96,790,731.68	

59 Monetary items in foreign currencies

(1) Details

Unit: RMB Yuan

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			555,840,001.29
Including: USD	30,083,978.32	7.188400	216,255,669.76
EUR	42,266,145.39	7.525700	318,082,330.36
HKD	761,582.70	0.926040	705,256.04
JPY	13,255,266.00	0.046233	612,830.71
BRL	13,375,620.95	1.171300	15,666,864.82
MXN	7,420,751.94	0.349770	2,595,556.41
PLN	3,584.48	0.568270	2,036.95
SGD	358,952.33	5.321400	1,910,128.93
VND	31,575,198.00	0.0002954	9,327.31
Accounts receivable			2,759,097,554.44
Including: USD	307,615,495.71	7.188400	2,211,263,229.36
EUR	54,047,436.74	7.525700	406,744,794.67
GBD	535,930.50	9.076500	4,864,373.18
BRL	116,302,533.28	1.171300	136,225,157.23
Long-term borrowings			18,036,415.25
Including: USD	2,396,642.87	7.525700	18,036,415.25
Other receivables			33,144,833.96
Including: USD	1,572.00	7.188400	11,300.16
EUR	1,063,856.25	7.525700	8,006,262.98
JPY	80,000,000.00	0.046233	3,698,640.00
HKD	31,700.00	0.926040	29,355.47
BRL	717,136.08	1.171300	839,981.49
MXN	57,860,318.08	0.349770	20,237,803.45
SGD	60,414.63	5.321400	321,490.41
Short-term borrowings			10,613,241.61
Including: USD	121,287.53	7.188400	871,863.28
EUR	1,160,338.14	7.525700	8,732,356.74
DKK	6,952,536.26	0.145130	1,009,021.59
Accounts payable			17,744,492.46
Including: USD	301,832.75	7.188400	2,169,694.54
EUR	1,208,013.58	7.525700	9,091,147.80
DKK	275,363.75	0.145130	39,963.54
BRL	1,702,448.42	1.171300	1,994,077.83

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
MXN	12,721,527.71	0.349770	4,449,608.75
Other payables			77,631,913.52
Including: USD	8,265,151.93	7.188400	59,413,218.13
EUR	2,361,363.19	7.525700	17,770,910.96
HKD	31,312.90	0.926040	28,997.00
BRL	198,369.33	1.171300	232,350.00
SGD	35,035.41	5.321400	186,437.43
Non-current liabilities due within one year			8,705,894.27
Including: EUR	972,667.18	7.525700	7,320,001.40
BRL	278,921.19	1.171300	326,700.39
SGD	199,043.95	5.321400	1,059,192.48
Lease liabilities			981,140.17
Including: SGD	119,833.13	5.321400	637,680.02
BRL	293,229.87	1.171300	343,460.15

(2) A description of the foreign operating entity, including, in the case of a significant foreign operating entity, a disclosure of its principal place of business outside the country, the local currency of its accounts and the basis for its selection, and the reasons for any change in the local currency of its accounts.

☐Applicable ☒ Not applicable

60. Leasing

(1) The Company as a lessee

☐Applicable ☒ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐Applicable ☒ Not applicable

Lease costs for short-term leases or low-value assets with simplified treatment

☒ Applicable ☐ Not applicable

Situations involving sale and leaseback transactions

1) Information on right-to-use assets Please refer to item VII 14 of this section for details

2) The Company's accounting policies for short-term leases and leases of low-value assets Please refer to item V 27 of this section for details. The amounts of short-term lease charges and lease charges for low-value assets recognized in profit or loss are as follows:

Unit: RMB Yuan

Items	Current period Increase	Preceding period Decrease
Short-term rental costs	3,544,502.58	6,542,273.66
Total	3,544,502.58	6,542,273.66

3) Current profit or loss and cash flows related to leases

Unit: RMB Yuan

Items	Current period Increase	Preceding period Decrease
Interest expense on lease liabilities	288,503.24	270,011.27
Total cash outflows related to leases	14,303,937.12	8,312,444.36

4) The maturity analysis of lease liabilities and the corresponding liquidity risk management Please refer to item XII 1 of this section for details.

(2) The Company as lessor

Operating leases as lessor

☒Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Rental income	Of which: Income related to variable lease payments not included in lease receipts
Rental income	5,989,544.16	
Total	5,989,544.16	

Financial leases as lessor

☐Applicable ☒ Not applicable

Undiscounted lease receipts for each of the next five years

☒Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Annual undiscounted lease receipts	
	Closing balance	Opening balance
First year	1,028,642.20	349,330.00
Second year	330,275.23	41,520.00
Third year	330,275.23	
Total undiscounted lease receipts after five years	1,689,192.66	390,850.00

(3) Recognition of gains and losses on sales under finance leases as a manufacturer or distributor

☐Applicable ☒ Not applicable

VIII. R&D expenses

Unit: RMB Yuan

Items	Current period Increase	Preceding period Decrease
Employee benefits	457,801,674.45	400,415,932.53
Direct input	414,653,178.46	321,079,990.14
Depreciation, amortization of intangible assets	82,056,953.92	80,744,547.58
Office expenses, business traveling expenses	45,365,827.25	55,869,894.26
Outsourcing expenses	14,657,098.53	14,660,221.42
Others	21,627,007.89	15,030,889.09
Employee benefits	1,036,161,740.50	887,801,475.02

Items	Current period Increase	Preceding period Decrease
Of which: Expensed research and development expenditure	1,036,161,740.50	887,801,475.02

IX. Changes in the scope of consolidation

1. Disposal of subsidiaries

Whether there is any transaction or event of losing control of subsidiaries during the period

☒ Yes ☐ No

Unit: RMB Yuan

Name of Subsidiary	Disposal price at point of loss of control	Percentage of disposals at point of loss of control	Disposal at the point of loss of control	Point of loss of control	Basis for determining the point of loss of control	Difference between the disposal price and the share of net assets of the subsidiary at the level of the consolidated financial statements corresponding to the disposal of the investment	Percentage of remaining equity at date of loss of control	Carrying value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Fair value of the remaining equity interest at the consolidated financial statement level at the date of loss of control	Gains or losses arising from the remeasurement of the remaining equity at fair value	Method of determining the fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control and key assumptions	Amount of other comprehensive income related to equity investments in atomic companies transferred to investment profit or loss or retained earnings
Qionghai Boao Lido Real Estate Co., Ltd.	82,791,000.00	100.00%	sell	June 21, 2024	All effective terms of the Equity Transfer Agreement have been fulfilled and industrial and commercial changes have been completed	47,569,632.62	0.00%					

Whether there is a step-by-step disposal of investments in subsidiaries through multiple transactions and loss of control during the period

☐ Yes ☒ No

2. Changes in the scope of consolidation for other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

company identification	Methods of equity acquisition	Point of acquisition	capital contribution	percentage of contribution
Tianjin NHU Materials Technology Co., Ltd.	establish	June 7, 2024	RMB 100 million	100.00%
Cong Ty TNHH NHU Vietnam	establish	October 7, 2024	USD 150,000	100.00%
NHU Life Science GmbH	establish	October 31, 2024	Euro 0.5 million	100.00%
NHU JAPAN CO. LTD.	establish	November 8, 2024	JPY 80 million	100.00%

X. Interest in other entities

1. Interest in subsidiaries

(1) Composition of the group

Subsidiaries	registered capital	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
					Direct	Indirect	
NHU (Hong Kong) Trading Co., Ltd.	US2.40million	Hong Kong, China	Hong Kong, China	Commerce	100.00%	0.00%	Establishment
Shandong NHU Amino-acids Co., Ltd.	1,100million(yuan)	Weifang, Shandong	Weifang, Shandong	Manufacturing	100.00%	0.00%	Establishment
Heilongjiang NHU Biotechnology Co., Ltd.	1,000million(yuan)	Suihua, Heilongjiang	Suihua, Heilongjiang	Manufacturing	100.00%	0.00%	Establishment

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

(1) Changes in the share of ownership interest in subsidiaries

Subsidiaries	Time of change	Shareholding before change	Shareholding after change
NHU PERFORMANCE MATERIALS GMBH	May 2024	100.00%	85.00%

(2) Effect of the transaction on minority interests and equity attributable to the parent company

The minority shareholders of NHU Performance Materials GmbH increased the capital of NHU Performance Materials GmbH, resulting in a change in the Company's share of the net assets of NHU Performance Materials GmbH of \$1,606,336.41, which was credited to capital surplus-capital premium.

3. Interests in joint arrangements or associates

(1) Aggregated financial information of insignificant joint ventures and associates

Unit: RMB Yuan

Item	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures:		
Total carrying amount of investments	358,644,929.90	216,166,978.49
Total of the following by percentage of shareholding		
-- Net profit	-13,194,048.59	-17,341,021.51
-- Total comprehensive income	-13,194,048.59	-17,341,021.51
Associates:		
Total carrying value of investments	506,617,218.46	480,978,221.59
Total of the following by percentage of shareholding		
-- Net profit	65,807,336.48	43,633,175.81
-- Other comprehensive income		841,477.30
-- Total comprehensive income	65,807,336.48	44,474,653.11

XI. Government grants

1. Government grants recognized at the end of the reporting period at the amount receivable

☐Applicable ☒ Not applicable

Reasons for not receiving the projected amount of government grants at the projected point in time

☐Applicable ☒ Not applicable

2. Government grants related to assets

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Opening balance	Increase	non-operating income	Decrease	other	Closing balance	Asset/revenue related
Deferred income	1,065,586,274.49	103,294,003.66		138,798,244.94	-4,247,442.17	1,025,834,591.04	Asset related
Total	1,065,586,274.49	103,294,003.66		138,798,244.94	-4,247,442.17	1,025,834,591.04	

3. Government grants related to income

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Current period Increase	Preceding period Decrease
Government grants related to income	201,122,164.98	188,504,183.48
Amount of impact of fiscal subsidies on total profits	10,691,017.53	
Total	211,813,182.51	188,504,183.48

XII. Risks related to financial instruments

1. Various types of risks arising from financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are as follows.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to item VII 3、4、5、 and 6 of this section for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2024, the Company has certain concentration of credit risk, and 28.57% (December 31, 2023: 22.95%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Unit: RMB Yuan

Items	December 31, 2024				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	8,953,622,867.92	9,265,719,511.92	3,821,786,544.74	5,361,753,527.03	82,179,440.15
Notes payable	159,164,822.28	159,164,822.28	159,164,822.28		
Accounts payable	1,685,979,157.55	1,685,979,157.55	1,685,979,157.55		
Other payables	122,424,090.50	122,424,090.50	122,424,090.50		
Lease liabilities	5,096,797.33	6,313,749.85	1,711,482.85	1,711,886.07	2,890,380.93
Subtotal	10,926,287,735.58	11,239,601,332.10	5,791,066,097.92	5,363,465,413.10	85,069,821.08

(Continued)

Unit: RMB Yuan

Items	December 31, 2023				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	9,620,061,597.96	10,115,809,381.27	3,052,860,592.80	6,305,307,508.57	757,641,279.90
Notes payable	349,347,472.36	349,347,472.36	349,347,472.36		
Accounts payable	1,930,958,598.05	1,930,958,598.05	1,930,958,598.05		

Items	December 31, 2023				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Other payables	53,671,773.90	53,671,773.90	53,671,773.90		
Lease liabilities	6,902,254.62	8,401,587.43	1,937,137.81	3,097,878.18	3,366,571.44
Subtotal	11,960,941,696.89	12,458,188,813.01	5,388,775,574.92	6,308,405,386.75	761,007,851.34

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2023, balance of borrowings with interest accrued at floating interest rate totaled 4,534.01 million yuan (December 31, 2023: 9,620.06 million yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit before tax and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to item VII 58(1) of the notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

2. Hedging

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

☒Applicable ☐Not applicable

1) During the period under review, the Company carried out foreign exchange hedging business, using forward settlement and other derivative contracts as hedging instruments, and some of the expected purchases and sales transactions involving foreign exchange cash flows as hedged items, as a means of hedging the risk of fluctuations in expected future cash flows arising from expected purchases and sales borne by the Company as the prices in the foreign exchange market fluctuate.

2) During the period under review, the Company conducted foreign exchange hedging business, using forward settlement and other derivative contracts as hedging instruments and certain foreign exchange deposits as hedged items, as a means of hedging the Company's exposure to the risk of fluctuations in existing foreign exchange deposits in response to fluctuations in foreign exchange market prices.

(2) The Company conducts eligible hedging operations and applies hedge accounting

☐ Applicable ☒ Not applicable

(3) The Company conducts hedging operations for risk management and expects to achieve its risk management objectives, but does not apply hedge accounting

☒ Applicable ☐ Not applicable

Items	Reasons for not applying hedge accounting	Effect on the financial statements
foreign exchange swap (FX) contract	The Company extensively uses foreign exchange forward contracts and other tools for foreign exchange risk management between USD, EUR, CNY, and JPY on a global scale; because there is a certain offsetting relationship between the exchange rate changes between different currencies, which can, to a certain extent, have the same effect as that of hedge accounting, hedge accounting has not been applied.	Derivative financial assets: 745,816.34yuan Derivative financial liabilities: 11,151,258.46 yuan Investment income: -23,323,516.77yuan Gains on changes in fair value: - 13,600,481.19 yuan

3. Financial assets

(1) Classification of transfer methods

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for determining derecognition
Endorsement, discounting	Receivables financing	1,072,215,565.26	Full derecognition	The main risks and rewards, such as the related interest rate risk and credit risk, have been transferred to banks and third parties
Endorsement, discounting	notes receivable	161,456,130.48	Full derecognition	The main risks and rewards, such as the related interest rate risk and credit risk, have been transferred to banks and third parties
Total		1,233,671,695.74		

(2) Financial assets derecognized due to transfers

☒ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Modalities for the transfer of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Receivables financing	Endorsement, discounting	1,072,215,565.26	-1,631,336.27
notes receivable	Endorsement, discounting	161,456,130.48	-642,179.55
Total		1,233,671,695.74	-2,273,515.82

(3) Transfer of financial assets with continuing involvement in assets

☐ Applicable ☒ Not applicable

XIII. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: RMB Yuan

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
(i) Financial assets held for trading		745,816.34		745,816.34
1. Financial assets at fair value through profit or loss		745,816.34		745,816.34
(1) Derivative financial assets		745,816.34		745,816.34
2. Receivables financing			523,913,135.22	523,913,135.22
3. Other investments in equity instruments			19,498,147.55	19,498,147.55
Total assets measured at fair value on an ongoing basis		745,816.34	543,411,282.77	544,157,099.11
(ii) Trading financial liabilities		11,151,258.46		11,151,258.46
Derivative financial liabilities		11,151,258.46		11,151,258.46
Total liabilities measured at fair value on an ongoing basis		11,151,258.46		11,151,258.46
II. Non-continuing fair value measurements	--	--	--	--

2. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair measurement

Derivative financial assets/liabilities held by the Company for fair value measurement in Level 2 are forward foreign exchange contracts, and the Company uses the present value of the difference between the agreed delivery rate of the forward foreign exchange contract and the forward foreign exchange rate in the market at the balance sheet date to determine its fair value.

3. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

(1) The receivable financing held by the Company for Level 3 fair value measurement is bank acceptance receivables, which have low credit risk and short remaining maturity, and the Company determines the fair value of these receivables based on their face balances.

(2) The Company's investments in other equity instruments measured at fair value in Level 3 are equity in unlisted companies. For unlisted investments in equity instruments, the Company estimates the fair value using a combination of market approach and discounted future cash flows. The Company measures the investment cost as a reasonable estimate of fair value because the business environment and operating conditions and financial conditions of the investee companies, Zhejiang Second Pharma Co., Ltd. and Shanghai NewMargin Yongjin Equity Enterprise (LP), have not undergone any significant changes.

XIV Related parties and related party transactions

1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
NHU Holding Group Co., Ltd.	Xinchang, Zhejiang	Manufacturing	120.00 million yuan	50.08%	50.08%

Remarks on the parent company

The Company's ultimate controlling party is the natural person Hu Baifan.

2. Subsidiaries of the Company

Please refer to item X 1(1) of the notes to the financial statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to item VII 11 of the notes to the financial statements for details on the Company's significant joint ventures and associates.

4. Other related parties of the Company

Related parties	Relationships with the Company
Beijing Front Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Asen Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Front Pharmaceutical PLC.	Controlled by NHU Holding Group Co., Ltd.
Weifang NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Jingshi Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Yuexiu Education Development Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Jinghe Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Shangyu NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Yuexiu University of Foreign Languages	Controlled by NHU Holding Group Co., Ltd.
Changbai Mountain Nature Reserve and Yuehe Real Estate Development Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Heilongjiang Haotian Corn Development Co., Ltd.	Minority shareholders of subsidiaries
Fuyuan Pharmaceutical Co., Ltd. Cangzhou Branch	Branch of Beijing Winsunny Pharmaceutical Co., Ltd.
Shaoxing Heyue Property Service Co., Ltd. Shangyu Branch	Branch of Shaoxing Heyue Property Services Co., Ltd.

Other remarks:

As Client B holds 25% equity of NHU Europe GmbH, the holding subsidiary of the Company's subsidiary NHU (Hong Kong) Trading Co., Ltd., the Company discloses transactions between Client B and NHU Europe GmbH as well as balances in related party transactions for the sake of prudence.

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Catering and accommodation services	57,124.58	4,290,000.00	Yes	278,019.64
Qionghai Heyue Property Services Co., Ltd.	Catering and accommodation services	215,267.33			615,003.21
Shaoxing Heyue Property Services Co., Ltd.	Catering and accommodation services	199,560.00			203,704.00
Shaoxing Heyue Property Service Co., Ltd. Shangyu Branch	Catering and accommodation services	1,047,605.30			1,027,168.03
Shaoxing Jinghe Hotel Management Co., Ltd.	Catering and accommodation services	1,613,799.89			1,502,395.50
Shaoxing Yuexiu Education Development Co., Ltd.	Receiving of services	51,634.62			21,473.58
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchase of goods	153,798.40			851,758.27
Zhejiang Yuexiu University of Foreign Languages	Catering and accommodation services	3,000.00			7,780.00
Shaoxing Heyue Property Service Co., Ltd. Shangyu Branch	maintenance fund	687,262.27			
Zhejiang Jingshi Real Estate Co., Ltd.	Receiving of services	47,917.91			
NHU Holding Group Co., Ltd.	Receiving of services	226,858.68			
Changbai Mountain Nature Reserve and Yuehe Real Estate Development Co., Ltd	Catering and Accommodation Services	17,368.50			
Anhui Innovation Technology Co., Ltd	Fees for consultancy services				4,716,980.95
Heilongjiang Haotian Corn Development Co.,	Purchase of goods	12,603,362.84			209,059.75
	Buy Steam				1,251,926.61

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Ltd.					
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Buy Steam	104,188,675.73			98,139,205.41
	Receiving of services	601,925.09			353,052.42
Zhejiang Deli Equipment Co., Ltd.	Purchase of goods	101,971,070.78	126,000,000.00	No	197,047,387.05
	Receiving of services	1,276,976.10			5,332,882.32
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchase of goods	262,798,027.33	257,890,000.00	No	243,288,750.67
CysBio ApS	Fees for consultancy services				7,899,201.50
Shandong Bin'an Vocational Training School Co., Ltd.	Receiving of services				36,698.11
	training fee	734,243.51			1,083,870.86
Total		488,495,478.86	388,180,000.00		563,866,317.88

Sale of goods and rendering of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Beijing Winsunny Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, testing fees		47,169.81
Envalior NHU Engineering Materials (Zhejiang) Co.,Ltd.	Labor costs, etc.		6,735.85
	Utilities	1,683,610.39	1,629,290.16
	Utilities fees	20,059.77	43,789.59
	Scrapped materials	131,826,245.23	139,102,756.74
Front Pharmaceutical PLC.	Pharmaceutical intermediates, testing fees	1,247,787.63	1,150,631.16
Shandong Bin'an Vocational Training School Co., Ltd.	Waste and scrap materials		23,372.54
	Management Service Fee	226,415.09	226,415.10
Shaoxing Heyue Property Services Co., Ltd.	waste materials		16,880.73
NHU Holding Group Co., Ltd.	training fee		46,317.42
Zhejiang Asen Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, test fees	17,462.26	6,735.85
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Pharmaceutical intermediates	136,283.19	53,097.35
Zhejiang Deli Equipment Co., Ltd.	training fee		20,895.92
	installations		42,477.88
	new material	220,884.94	424,663.96
Zhejiang Second Pharma Co., Ltd.	Pharmaceutical intermediates, test fees	5,603.77	1,415.09
Fuyuan Pharmaceutical Co.,	installations	2,300.89	

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Ltd. Cangzhou Branch	Pharmaceutical intermediates, test fees	188,679.25	
Ningbo ZRCC NHU Biotechnology Co., Ltd.	Provision of labor	17,514,318.25	
	Sales of goods	375,238.75	
	installations	420,242.32	
Total		153,885,131.73	142,842,645.15

(2) Related party leases

The Company as the lessor:

Unit: RMB Yuan

Lessees	Types of assets leased	Lease income recognized in the current period	Lease income recognized in preceding period
Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use right and buildings	1,062,552.19	1,053,619.11
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Land use right and buildings	312,000.00	480,000.00
Zhejiang Jingshi Real Estate Co., Ltd.	Land use right and buildings	326,238.53	336,024.47
Zhejiang Deli Equipment Co., Ltd.	Land use right and buildings	77,064.23	77,064.23
NHU Holding Group Co., Ltd.	Land use right and buildings	16,513.76	16,513.76
Weifang NHU Real Estate Co., Ltd.	Land use right and buildings	10,285.72	10,285.72

The Company as the lessee:

Unit: RMB Yuan

Lessors	Types of assets leased	Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)	
		Lease expenses recognized in the current period	Lease expenses recognized in preceding period
NHU Holding Group Co., Ltd.	Land use right and buildings	684,581.48	1,206,513.24

(3) Related party guarantees

The Company as a guaranteed party

Unit: RMB Yuan

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
NHU Holding Group Co., Ltd.	248,000,000.00	December 03, 2020	September 21, 2025	No
	200,000,000.00	November 17, 2022	November 14, 2025	No
Total	448,000,000.00			

(4) Borrowings from related parties

Unit: RMB Yuan

related party	amount of	starting date	maturity date	Remarks
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	money on loan			
Interbank Borrowing				
NHU Holding Group Co., Ltd.	91,524,270.15	June 19, 2024	June 19, 2025	The subsidiary Qionghai Bo'ao Lido Real Estate Co., Ltd. engaged in intra-group borrowing of funds from Xinhecheng Holding Group Co., Ltd. Following the transfer of ownership of Qionghai Bo'ao Lido Real Estate Co., Ltd. on June 21, 2024, the outstanding balance of the borrowed funds was correspondingly assumed by the transferee.
Total	91,524,270.15			

(5) Key management's emoluments

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	31,615,876.34	26,515,745.04

(6) Other related party transactions

(1) During the current period, the subsidiary NHU Europe GmbH sold goods amounting to RMB 187,246,146.36 (excluding tax) to CHR.Olesen A/S, with an ending accounts receivable balance of RMB 49,691,804.18 as of the reporting date.

(2) The Company divested 100% equity interest in its wholly-owned subsidiary Qionghai Bo'ao Lido Real Estate Co., Ltd. to NHU Holding Group Co., Ltd. at a transaction price of RMB 82,791,000.00. The net asset value of Qionghai Bo'ao Lido Real Estate Co., Ltd. as of April 30, 2024 was assessed by Kunyuan Asset Appraisal Co., Ltd. using the asset-based approach, with an appraised net asset value of RMB 82,791,016.25, as documented in the Asset Appraisal Report (Kunyuan Report No. [2024] 491) issued on June 13, 2024., The transaction price was determined with reference to this appraised value.

6. Balance due to or from related parties

(1) Balance due from related parties

Unit: RMB Yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Envalior NHU Engineering Materials (Zhejiang) Co.,Ltd.	33,814,553.47	1,690,727.67	41,837,233.16	2,091,861.66
Subtotal		33,814,553.47	1,690,727.67	41,837,233.16	2,091,861.66
Advance paid	Zhejiang Deli Equipment Co., Ltd.			45,926,357.35	
Subtotal				45,926,357.35	
Other receivables	Ningbo ZRCC NHU Biotechnology Co., Ltd.	2,000,000.00	100,000.00		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	1,000.00	20,000.00	16,000.00
	Shaoxing Heyue Property			18,400.00	920.00

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Services Co., Ltd.				
	Envalior NHU Engineering Materials (Zhejiang) Co., Ltd.			711.08	35.55
Subtotal		2,020,000.00	101,000.00	39,111.08	16,955.55

(2) Balance due to related parties

Unit: RMB Yuan

Items	Related parties	Closing book balance	Opening book balance
Accounts payable	Zhejiang Deli Equipment Co., Ltd.	11,421,085.71	13,573,871.90
	Zhejiang Saiya Chemical Materials Co., Ltd.		199,699.11
	Zhejiang Second Pharma Co., Ltd.	6,408.00	6,408.00
	Heilongjiang Haotian Corn Development Co., Ltd.	852,650.48	110,873.46
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	11,789,009.62	12,040,573.60
Subtotal		24,069,153.81	25,931,426.07
Contract liabilities	Zhejiang Deli Equipment Co., Ltd.	13,009.64	13,009.64
	Ningbo ZRCC NHU Biotechnology Co., Ltd.	119,219,670.23	178,858,243.73
Subtotal		119,232,679.87	178,871,253.37
Other payables	Zhejiang Deli Equipment Co., Ltd.	4,190.00	3,740.00
	Ningbo ZRCC NHU Biotechnology Co., Ltd.	1,650.00	12,750.00
Subtotal		5,840.00	16,490.00
Other current liabilities	Zhejiang Deli Equipment Co., Ltd.	1,691.25	1,691.25
	Ningbo ZRCC NHU Biotechnology Co., Ltd.	15,498,557.13	13,180,653.87
Subtotal		15,500,248.38	13,182,345.12

XV. Commitments and contingencies**1. Significant commitments**

Significant commitments as at the balance sheet date

(1) Forward exchange settlement contracts

Pursuant to “ISDA 2002 MASTER AGREEMENT” entered into between the Company and Bank of China (Hong Kong) Limited, “ISDA 2002 MASTER AGREEMENT” entered into with DBS Bank (China) Limited, the GLOBAL CAPITAL MARKETS TRANSACTION and the related transaction application form entered into with HSBC Bank (China) Limited Hangzhou Branch, the NAFMII Master Agreement and Supplemental Agreement (No. Y161136) with the Bank of China Limited, Zhejiang Branch, NAFMII

Master Agreement and Supplemental Agreement (No. Y161136), as of December 31, 2024, the details of the Company's undelivered forward settlement contracts are as follows:

Unit: USD

Currency	Forms of settlement and sale of foreign exchange	Amount	Exchang Rate	Settlement Date
USD	purchase of foreign currency	10,000,000.00	7.0542	12/30/2025
	settle foreign exchange	10,000,000.00	7.1534	1/9/2025
	settle foreign exchange	10,000,000.00	7.1506	1/16/2025
	settle foreign exchange	5,000,000.00	7.1442	1/21/2025
	settle foreign exchange	5,000,000.00	7.1441	1/14/2025
	settle foreign exchange	5,000,000.00	7.1588	1/14/2025
	settle foreign exchange	5,000,000.00	7.1695	1/21/2025
	settle foreign exchange	5,000,000.00	7.1785	1/24/2025
	settle foreign exchange	10,000,000.00	7.1500	1/23/2025
	settle foreign exchange	10,000,000.00	7.2000	3/21/2025
	settle foreign exchange	10,000,000.00	7.2000	4/23/2025
	settle foreign exchange	10,000,000.00	7.2000	3/26/2025
小 计		95,000,000.00		

(2) Letters of guarantee issued but undue

As of December 31, 2024, the undue letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Type of L/G	Amount	Conditions for issuing
Bank of China Limited Xinchang Sub-branch	The Company	Performance Guarantee	USD 148,000.00	Occupying credit line
		Performance Guarantee	USD 70,900.00	Occupying credit line
		Performance Guarantee	USD 52,000.00	Occupying credit line
Bank of China Limited Weifang Binhai Branch	Shandong NHU Amino-acids Co., Ltd.	quality Guarantee	CNY 8,183,592.83	Deposit of 8,183,592.83 yuan

(3) Letters of credit issued but undue

As of December 31, 2024, the undue letters of credit issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Balance of L/C	Conditions
Bank of China Limited Xinchang Branch	The Company	JPY 540,000,000.00	Occupying credit line
		USD 167,824.80	Occupying credit line
		USD 232,584.30	Occupying credit line

Issuing banks	Applicants	Balance of L/C	Conditions
Bank of China Limited Xinchang Branch	Zhejiang NHU Imports & Exports Co., Ltd.	EUR 185,500.00	Deposits in the amount of Euro 185,500.00
Bank of China Limited Shangyu Sub-branch	Zhejiang NHU Special Materials Co., Ltd.	JPY 1,180,000.00	Deposit of 62,000.00 yuan

(4) The “notes pool” business

Pursuant to the “Notes Pool Service Agreement on Yuntong Account of Bank of Communications” entered into between the Company and Bank of Communications Co., Ltd., the Company pledged and endorsed bank acceptance to the depositary bank, forming a pledged notes pool; the Company also opened a notes pool deposit account to provide guarantee for the credit granted under the note pledge and to deposit the pledged bank acceptance for payments. The available credit line for pledge is the sum of pledged notes and the actual balance of deposit account less pledged notes used. As stipulated in the agreement, the sum of pledged notes and the balance of deposit account shall not be less than the pledged amount used for issuing notes. Pursuant to the “Notes Pool Cooperation Agreement” entered into among the Company, its subsidiaries Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Special Materials Co., Ltd., Shaoxing Yuchen New Materials Co., Ltd., Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Vitamins 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 Vitiesun Animal Nutrition and Health Co., Ltd, Zhejiang NHU Imports & Exports Co., Ltd. and China Zheshang Bank Co., Ltd., the Company pledged assets pool or notes pool for guarantee, and opened a notes deposit account to pay deposits at a certain percentage, with no specific agreement on the amount of deposits. As of December 31, 2024, balance of pledged bank acceptance amounted to 135,550,145.14 yuan, deposits of notes pool in China Zheshang Bank Co., Ltd. amounted to 30,809,898.16 yuan.

(5) Besides the aforementioned events and assets with title or use right restrictions as stated in this section, the Company has no other significant commitments to be disclosed as of the balance sheet date.

2. Contingencies

(1) There are no material contingencies that the Company is required to disclose, which should also be explained

In accordance with the Derivative Trading Mandate submitted by the Company and its subsidiaries to China Merchants Bank, the details of outstanding option contracts held by the Company and its subsidiaries as of December 31, 2024 are outlined below:

Authorized Bank	Applicant	Currency	Contingent Notional Amount	Strike Rate	Settlement Date	Collateral Requirement
CMB Hangzhou Branch	Zhejiang NHU Pharmaceutical Co., Ltd.	USD	2,000,000.00	7.6500	2025/6/30	Margin deposit: RMB 1,000,000.00
CMB Weifang Branch	Shandong NHU Pharmaceutical Co., Ltd.	USD	2,000,000.00	7.6500	2025/6/30	Margin deposit: RMB 1,000,000.00
CMB Weifang Branch	Shandong NHU Fine Chemical Technology Co., Ltd.	USD	2,000,000.00	7.6500	2025/6/30	Margin deposit: RMB 1,000,000.00
CMB Hangzhou Branch	Heilongjiang NHU Biotechnology Co., Ltd.	USD	2,000,000.00	7.6500	2025/6/30	Margin deposit: RMB 1,000,000.00
CMB Hangzhou Branch	The Company	USD	2,000,000.00	7.7600	2025/12/30	Margin deposit: RMB 1,200,000.00
CMB Hangzhou Branch	Shangyu NHU Biochemical Co., Ltd.	USD	2,000,000.00	7.7600	2025/12/30	Margin deposit: RMB 1,200,000.00
CMB Hangzhou Branch	Zhejiang NHU Special Materials Co., Ltd.	USD	2,000,000.00	7.7600	2025/12/30	Margin deposit: RMB 1,200,000.00

Authorized Bank	Applicant	Currency	Contingent Notional Amount	Strike Rate	Settlement Date	Collateral Requirement
CMB Hangzhou Branch	Shandong NHU Amino Acid Co., Ltd.	USD	2,000,000.00	7.7600	2025/12/30	Margin deposit: RMB 1,200,000.00

(2) Disclosure of Significant Contingencies

The Company hereby confirms that there are no material contingent liabilities requiring disclosure as of the reporting date.

XVI. Events after the balance sheet date

1. Profit distribution

Proposed cash dividend per 10 shares (RMB)	5
Proposed bonus share issue per 10 shares (share)	0
Proposed capital conversion per 10 shares (share)	0
Approved cash dividend per 10 shares (RMB)	1,536,710,840.00
Approved bonus share issue per 10 shares (share)	0
Approved capital conversion per 10 shares (share)	0
Profit distribution plan	Based on the existing total share capital of 3,073,421,680 shares, a cash dividend of RMB5 (inclusive of tax) for every 10 shares will be paid to all shareholders, 0 bonus shares will be distributed (inclusive of tax), and no capitalization will be made from capital reserve. A total of RMB1,536,710,840.00 is distributed in cash, and the remaining profits available for distribution by shareholders are carried forward to the next year.

2. Description of other events after the balance sheet date

As of the date of approval for issuing the financial statements, the Company has no other significant events after the balance sheet date to be disclosed.

XVII. Other significant events

1. Segment information

(1) Identification basis and accounting policies for reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on business segments. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

(2) Financial information of reportable segments

Unit: RMB Yuan

Items	Pharmaceutical chemicals	Others	Inter-segment offsetting	Total
Operating revenue	19,702,494,096.15	2,125,142,633.98	218,044,501.68	21,609,592,228.45
Including: Revenue from contracts with customers	19,697,890,762.30	2,109,645,575.01	203,933,653.02	21,603,602,684.29
Operating cost	11,108,068,530.24	1,692,001,593.10	218,069,476.69	12,582,000,646.65
Total assets	39,882,866,566.81	3,995,854,890.62	889,588,986.46	42,989,132,470.97
Total liabilities	12,114,386,797.57	1,879,176,178.38	449,980,767.91	13,543,582,208.04

XVIII. Notes to the main items of the parent company's financial statements**1. Accounts receivable****(1) Age analysis**

Unit: RMB Yuan

Ages	Closing balance	Opening balance
Within 1 year	1,531,673,396.24	659,625,316.20
Total	1,531,673,396.24	659,625,316.20

(2) Details on categories

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion		Amount	% to total	Amount	Provision proportion	
Including:										
Receivables with provision made on a collective basis	1,531,673,396.24	100.00%	76,583,669.81	5.00%	1,455,089,726.43	659,625,316.20	100.00%	32,981,265.81	5.00%	626,644,050.39
Total	1,531,673,396.24	100.00%	76,583,669.81	5.00%	1,455,089,726.43	659,625,316.20	100.00%	32,981,265.81	5.00%	626,644,050.39

Provision made on a collective basis using age analysis method:

Unit: RMB Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	1,531,673,396.24	76,583,669.81	5.00%
Total	1,531,673,396.24	76,583,669.81	

Provision for bad debts on accounts receivable is made in accordance with the general model of expected credit losses, if any:

☐ Applicable ☒ Not applicable

(3) Provisions made, collected or reversed in the current period

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	32,981,265.81	43,602,404.00				76,583,669.81
Total	32,981,265.81	43,602,404.00				76,583,669.81

(4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Client 1	1,112,142,143.44	72.61%	55,607,107.17
Client 2	138,024,638.68	9.01%	6,901,231.93
Client 3	50,083,032.17	3.27%	2,504,151.61
Client 4	20,949,575.56	1.37%	1,047,478.78
Client 5	18,099,300.00	1.18%	904,965.00
Total	1,339,298,689.85	87.44%	66,964,934.49

2. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other receivables	1,008,085,932.79	2,908,050,463.81
Total	1,008,085,932.79	2,908,050,463.81

(1) Other receivables

1) Details on categories

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
loan splitting	995,850,000.00	3,038,350,000.01
Deposit Guarantee	13,368,946.50	13,376,459.00
Export Tax Refund	41,117,094.74	5,735,604.80
Employee reserve fund	5,580,822.60	2,436,000.00
Other	3,670,632.73	1,336,185.69
Total	1,059,587,496.57	3,061,234,249.50

2) Age analysis

Unit: RMB Yuan

Ages	Closing book balance	Opening book balance
Within 1 year (inclusive)	1,044,830,990.72	3,047,240,876.60
1-2 years	1,070,952.85	457,610.37
2-3 years	325,560.47	
Over 3 years	13,359,992.53	13,535,762.53
3-4 years		25,770.00
4-5 years		162,455.81
Over 5 years	13,359,992.53	13,347,536.72
Total	1,059,587,496.57	3,061,234,249.50

3) Disclosure by bad debt accrual method

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion		Amount	% to total	Amount	Provision proportion	
Including:										
Receivables with provision made on a collective basis	1,059,587,496.57	100.00%	51,501,563.78	4.86%	1,008,085,932.79	3,061,234,249.50	100.00%	153,183,785.69	5.00%	2,908,050,463.81
Including:										
Total	1,059,587,496.57	100.00%	51,501,563.78	4.86%	1,008,085,932.79	3,061,234,249.50	100.00%	153,183,785.69	5.00%	2,908,050,463.81

Provision for bad debts by portfolio: 51,501,563.78

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Receivables with provision made on a collective basis	1,059,587,496.57	51,501,563.78	4.86%
Total	1,059,587,496.57	51,501,563.78	

Provision for bad debts is made on the basis of the general model of expected credit losses:

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	152,075,263.59	91,522.07	1,017,000.03	153,183,785.69
Opening balance in the current period				
--Transferred to phase II	-53,547.64	53,547.64		
--Transferred to phase III		-65,112.09	65,112.09	
Provision made in the current period	-101,836,021.15	134,232.95	19,566.29	-101,682,221.91
Closing balance	50,185,694.80	214,190.57	1,101,678.41	51,501,563.78

The basis for the classification of each stage and the percentage of provision for bad debts:

Accounts aged less than one year are classified as stage I, those aged 1-2 years are classified as stage II, and those aged more than 2 years are classified as stage III.

Changes in the carrying amount of the provision for losses that are significant in terms of the amount of change during the period.

☐Applicable ☒Not Applicable

4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Call loans	404,850,000.00	Within 1 year (inclusive)	38.21%	20,242,500.00
Heilongjiang Xinhao Thermal Power Co., Ltd.	Call loans	225,000,000.00	Within 1 year (inclusive)	21.23%	11,250,000.00
Xinchang NHU Vitamins Co.	Call loans	185,000,000.00	Within 1 year (inclusive)	17.46%	9,250,000.00
Heilongjiang NHU Biotechnology Co., Ltd.	Call loans	181,000,000.00	Within 1 year (inclusive)	17.08%	9,050,000.00
National Revenue Service (export tax refunds receivable)	Export tax refund	41,117,094.74	Within 1 year (inclusive)	3.88%	
Total		1,036,967,094.74		97.86%	49,792,500.00

3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	10,822,058,350.12		10,822,058,350.12	10,176,078,842.12		10,176,078,842.12
Investments in associates and joint ventures	666,079,397.87		666,079,397.87	502,157,305.30		502,157,305.30
Total	11,488,137,747.99		11,488,137,747.99	10,678,236,147.42		10,678,236,147.42

(1) Investments in subsidiaries

Unit: RMB Yuan

Investees	Opening carrying amount	Opening balance of provision for impairment	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
			Investments increased	Investments decreased	Provision for impairment	Others		
Xinchang NHU Vitamins Co., Ltd.	149,407,990.15						149,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00						13,500,000.00	
Xinchang NHU Vitamins Co., Ltd.	54,020,492.00					-54,020,492.00		
Zhejiang NHU Import & Export 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 Special 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	

Investees	Opening carrying amount	Opening balance of provision for impairment	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
			Investments increased	Investments decreased	Provision for impairment	Others		
Heilongjiang NHU Biotechnology Co., Ltd.	1,300,000,000.00		600,000,000.00				1,900,000,000.00	
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						12,800,000.00	
Tianjin NHU Materials Technology Co., Ltd.			100,000,000.00				100,000,000.00	
Total	10,176,078,842.12		700,000,000.00			-54,020,492.00	10,822,058,350.12	

(2) Investments in associates and joint ventures

Unit: RMB Yuan

Investees	Opening carrying amount	Opening balance of provision for impairment	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment
			Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		
I. joint venture												
Ningbo Zhenhai Refining and Chemical Xinhecheng Biotechnology Co., Ltd	216,166,978.49		155,672,000.00		-13,194,048.59						358,644,929.90	
Subtotal	216,166,978.49		155,672,000.00		-13,194,048.59						358,644,929.90	
II. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	281,395,724.54				46,816,896.41			25,920,000.00		129,785.45	302,422,406.40	
Zhejiang Sanbo Polymer Co., Ltd												
Anhui Yingna Weixun Technology Co., Ltd	4,594,602.27				417,459.30						5,012,061.57	
Subtotal	285,990,326.81				47,234,355.71			25,920,000.00		129,785.45	307,434,467.97	
Total	502,157,305.30		155,672,000.00		34,040,307.12			25,920,000.00		129,785.45	666,079,397.87	

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

☐Applicable ☒Not applicable

Recoverable amount is determined as the present value of the expected future cash flows

☐Applicable ☒Not applicable

4. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	4,395,233,030.30	3,384,769,776.39	2,746,466,236.75	2,473,248,472.64
Other operations	48,752,637.47	37,822,133.10	54,507,807.05	43,301,577.63
Total	4,443,985,667.77	3,422,591,909.49	2,800,974,043.80	2,516,550,050.27
Including: Revenue from contracts with customers	4,440,981,266.26	3,421,227,216.06	2,797,508,880.19	2,515,058,317.60

Details of revenue

Unit: RMB Yuan

合同分类	Revenue	Cost
By product		
Including:		
Nutrition	4,426,394,756.93	3,415,402,555.01
Others	14,586,509.33	5,824,661.05
Subtotal	4,440,981,266.26	3,421,227,216.06
By operating region		
Including:		
Domestic	2,554,092,706.82	2,006,360,993.14
Overseas	1,886,888,559.44	1,414,866,222.92
Subtotal	4,440,981,266.26	3,421,227,216.06
By revenue recognition time		
Including:		
Transferred at a point in time	4,440,981,266.26	3,421,227,216.06
Subtotal	4,440,981,266.26	3,421,227,216.06

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

As of December 31, 2024, revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 791.89 million yuan, of which, 791.89 million yuan is expected to be recognized as revenue in 2025.

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	139,541,459.29	137,202,860.17
Outsourcing expenses	26,652,714.85	28,647,554.99
Depreciation, amortization of intangible assets	24,841,809.99	44,232,422.63
Direct input	23,030,174.05	27,154,541.33
Office expenses, business traveling expenses	4,377,704.22	5,717,143.51
Others	6,097,626.64	6,215,215.00
Total	224,541,489.04	249,169,737.63

6. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	2,050,000,000.00	1,390,000,000.00
Investment income from long-term equity investments under equity method	34,040,307.12	24,434,009.92
Investment income from disposal of long-term equity investments	28,770,508.00	
Investment income from disposal of financial assets held for trading		41.56
Dividend income earned on investments in other equity instruments during the holding period		24,473,000.00
Interest income from call loans	61,948,639.60	108,635,176.65
Interest on discounted bills		-186,142.03
Investment income from bank financial products and structured deposits		2,735,849.06
Investment income from debt restructuring		-709,851.71
Total	2,174,759,454.72	1,549,382,083.45

XIX. Supplementary information**1. Schedule of non-recurring profit or loss**√ Applicable ☐ Not applicable

Unit: RMB Yuan

Items	Amount	Remarks
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	19,289,871.70	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company,	71,547,646.34	

Items	Amount	Remarks
satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)		
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-36,923,997.96	
Gains and losses on entrusted investments or management of assets	808,128.72	
Other non-operating revenue or expenditures	654,343.78	
Less: Enterprise income tax affected	8,827,724.99	
Non-controlling interest affected (after tax)	6,940,773.30	
Total	39,607,494.29	--

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. ROE and EPS

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	21.78%	1.91	1.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	21.63%	1.90	1.90

3. Calculation process for weighted average return on net assets

Unit: RMB Yuan

Items	Serial number	Current period cumulative
Net profit attributable to shareholders of listed company	A	5,868,545,988.62
Non-recurring profit or loss	B	39,607,494.29

Items		Serial number	Current period cumulative
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss		C=A-B	5,828,938,494.33
Opening net assets attributable to the Company's ordinary shareholders		D	24,804,662,320.99
Net assets attributable to the Company's common shareholders added by the issuance of new shares or conversion of debt to shares, etc.		E	
Cumulative number of months from the month following the addition of net assets to the end of the reporting period		F	
Decrease in net assets attributable to the Company's common shareholders as a result of repurchases or cash dividends, etc.		G	1,383,039,756.00
Cumulative number of months from the month following the month in which net assets were reduced to the end of the reporting period		H	
other	Foreign currency translation differences	I1	-12,407,389.35
	Accumulated months from the month following equity change to reporting date	J1	6
	Special reserves	I2	45,488,046.15
	Cumulative number of months from the month following the month of increase or decrease in net assets to the end of the reporting period	J2	6
	Impact from minority shareholders' capital contributions	I3	1,606,336.41
	Cumulative number of months from the month following the month of increase or decrease in net assets to the end of the reporting period	J3	7
	Other capital surplus changes (Type 1)	I4	129,785.45
	Cumulative number of months from the month following the month of increase or decrease in net assets to the end of the reporting period	J4	6
	Other capital surplus changes (Type 2)	I5	12,396.68
	Cumulative number of months from the month following the month of increase or decrease in net assets to the end of the reporting period	J5	6
Number of months in the reporting period		K	12
Weighted average net assets		$L = D + A/2 + E \times F/K - G \times H/K \pm J/K$	26,949,710,573.34
Weighted average ROE		$M = A/L$	21.78%
Weighted average ROE after extraordinary gains and losses		$N = C/L$	21.63%

4. Calculation process of basic earnings per share and diluted earnings per share

(1) Basic earnings per share calculation process

Unit: RMB Yuan

Items	Serial number	Current period cumulative
Net profit attributable to shareholders of listed company	A	5,868,545,988.62
Non-recurring profit or loss	B	39,607,494.29
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	C=A-B	5,828,938,494.33
Total number of shares at the beginning of the period	D	3,073,421,680.00
Increase in number of shares due to capitalization of provident fund or distribution of stock dividends, etc.	E	

Items	Serial number	Current period cumulative
Increase in the number of shares by issuing new shares or converting debt to equity, etc.	F	
Cumulative number of months from the month following the increase in shares to the end of the reporting period	G	
Reduction in the number of shares due to buybacks, etc.	H	
Cumulative number of months from the month following the reduction of shares to the end of the reporting period	I	
Number of drawdowns during the reporting period	J	
Number of months in the reporting period	K	12
Weighted average number of ordinary shares outstanding	$L=D+E+F \times G/K-H \times I/K-J$	3,073,421,680.00
Basic EPS	$M=A/L$	1.91
Basic EPS after extraordinary gains and losses	$N=C/L$	1.90

(2) Calculation of diluted earnings per share

The process of calculating diluted earnings per share is the same as that for basic earnings per share.

5. Differences in Accounting Data Between Domestic and International Standards

(1) Differences in Net Profit and Net Assets Under IFRS and Chinese Accounting Standards (CAS)

☐ Applicable ☒ Not Applicable

(2) Differences in Net Profit and Net Assets Under Overseas Accounting Standards and CAS

☐ Applicable ☒ Not Applicable

(3) Explanation of Differences Between Domestic and International Accounting Standards (If the overseas-audited data has been reconciled, the name of the overseas auditing firm shall be specified)

☐ Applicable ☒ Not Applicable