

Zhejiang Yongtai Technology Co., Ltd.



2024 Semi-Annual Report

August 2024

Section I Important Notice, Table of Contents, and Interpretation

The Board of Directors, Board of Supervisors, directors, supervisors, and senior management of the Company guarantee the authenticity, accuracy, and completeness of the semi-annual report, without any false records, misleading statements, or major omissions, and shall bear individual and joint legal responsibilities.

Declaration by Wang Yingmei, the person in charge of the Company, Chen Lijie, the responsible person for accounting work, and Ni Xiaoyan, the person in charge of the accounting agency (accountant in charge): They guarantee the authenticity, accuracy, and completeness of the financial report in this semi-annual report.

All directors have attended the board meeting to deliberate this semi-annual report.

The forward-looking statements concerning future plans in this semi-annual report are planned matters and shall not constitute a substantial commitment of the Company to investors. The investors and related persons shall maintain an adequate awareness of the risks and shall understand the differences between plans, forecasts and commitments.

In the “X. Risks faced by the Company and countermeasures” of the Section III “Discussion and Analysis by Management” of this report, the Company describes specifically the potential risks that may occur in the Company’s business process and countermeasures. Investors are kindly requested to read the relevant content and pay attention to investment risks.

The Company plans not to pay cash dividends, bonus shares, or convert accumulation fund to share capital.

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Contents of Reference Documents

- I. Financial statements containing the signatures and seals of the person in charge of the Company, the responsible person for accounting work and the person in charge of the accounting agency;
- II. The original copies of all company documents and announcements publicly disclosed during the reporting period;
- III. Other relevant information.

Interpretation

Interpretation Items	Refer to	Interpretation content
The Company, Company	Refer to	Zhejiang Yongtai Technology Co., Ltd.
Controlling shareholder and actual controller	Refer to	Mr. He Renbao and Ms. Wang Yingmei are the couple
Yongtai Technology Holdings	Refer to	Zhejiang Yongtai Technology Holdings Co., Ltd., the wholly-owned company of the actual controller of the Company
Binhai Yongtai	Refer to	Binhai Yongtai Technology Co., Ltd., a subsidiary of the Company
Shandong Yongtai	Refer to	Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd., a subsidiary of the Company
SYT pharm (Shanghai)	Refer to	SYT pharm (Shanghai) Inc., a subsidiary of the Company
Yongtai Pharma	Refer to	Zhejiang Yongtai Pharmaceutical Co., Ltd., a subsidiary of the Company
Yongtai New Material	Refer to	Zhejiang Yongtai New Material Co., Ltd., a subsidiary of the Company
Xinhui Mining	Refer to	Hainan Xinhui Mining Co., Ltd., a subsidiary of the Company
Youngtech Pharmaceuticals	Refer to	Youngtech Pharmaceuticals, Inc., a subsidiary of the Company
Shanghai E-tong	Refer to	Shanghai E-tong Chemical Co., Ltd., a subsidiary of the Company
Yongtai New Energy	Refer to	Zhejiang Yongtai New Energy Material Co., Ltd., a subsidiary of the Company
Yongtai Chiral	Refer to	Zhejiang Yongtai Chiral Medicine Technology Co., Ltd., a subsidiary of the Company
Zhejiang Chiral	Refer to	Zhejiang Chiral Medicine Chemicals Co., Ltd., a subsidiary of the Company
Foshan Soin	Refer to	Foshan Soin Chiral Pharma Co., Ltd., a subsidiary of the Company
Yongtai Hi-tech	Refer to	Shaowu Yongtai Hi-tech Material Co., Ltd., a subsidiary of the Company
Chongqing Yongyuansheng	Refer to	Chongqing Yongyuansheng Technology Co., Ltd., a subsidiary of the Company
Binhai Meikang	Refer to	Binhai Meikang Pharmaceutical Co., Ltd., a subsidiary of the Company
Inner Mongolia Yongtai	Refer to	Inner Mongolia Yongtai Chemical Co., Ltd., a subsidiary of the Company
Inner Mongolia Hehui	Refer to	Inner Mongolia Hehui Technology Co., Ltd., a subsidiary of the Company
Hangzhou Yongtai	Refer to	Hangzhou Yongtai Biomedical Co., Ltd., a subsidiary of the Company

Yongtai Trading	Refer to	Zhejiang Yongtai Trading Co., Ltd., a subsidiary of the Company
Yongtai Fule	Refer to	Zhejiang Yongtai Fule Technology Co., Ltd., a subsidiary of the Company
Yonghong Lithium Industry	Refer to	Shandong Yonghong Lithium Industry Technology Co., Ltd., a subsidiary of the Company
Yongtai Fuyuan	Refer to	Fujian Yongtai Fuyuan Technology Co., Ltd., a subsidiary of the Company
Hangzhou Yongtai Chiral	Refer to	Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd., a subsidiary of the Company
Carelinker Medical	Refer to	Shanghai Carelinker Medical Technology Co., Ltd., a participating company of the Company
Anbison	Refer to	Shanghai Anbison Lab. Co., Ltd., a participating company of the Company
Jiangsu Subin	Refer to	Jiangsu Subin Agrochemical Co., Ltd., an indirectly controlled subsidiary of the Company
E-TONGCHEMICAL (HONGKONG)	Refer to	E-TONG CHEMICAL (HONG KONG) CO., LIMITED, an indirectly controlled subsidiary of the Company
E-TONGCHEMICAL	Refer to	E-TONG CHEMICAL CO., LIMITED, an indirectly controlled subsidiary of the Company
PT. ETONG	Refer to	PT. ETONG CHEMICAL INDONESIA, an indirectly controlled subsidiary of the Company
E-TONG CHEMICAL (PHILIPPINES)	Refer to	E-TONG CHEMICAL (PHILIPPINES) INC., an indirectly controlled subsidiary of the Company
Etong Agrotech Nigeria	Refer to	ETONG AGROTECH NIGERIA LIMITED, an indirectly controlled subsidiary of the Company
Etong Chemicals (Pvt.)	Refer to	ETONG CHEMICALS (PVT.) LTD., an indirectly controlled subsidiary of the Company
Agro Juntos Colombia	Refer to	AGRO JUNTOS COLOMBIA S.A.S., an indirectly controlled subsidiary of the Company
Farmaline Cropcare Bangladesh	Refer to	FARMALINE CROPCARE BANGLADESH LIMITED, an indirectly controlled subsidiary of the Company
Etong Vietnam	Refer to	QUANG HOP BIOCHEMICAL COMPAY LIMITED, an indirectly controlled subsidiary of the Company
E-tong Cambodia	Refer to	MONAGRO CROPSCIENCE CO., LTD., an indirectly controlled subsidiary of the Company
Shanghai Youngcobe	Refer to	Shanghai Youngcobe Bio-pharma Co., Ltd., an indirectly controlled subsidiary of the Company
H&G (China)	Refer to	H&G (China) Chemical Ltd., an indirectly controlled subsidiary of the Company

Lithium battery and other materials	Refer to	Lithium battery materials, fluoro liquid-crystal intermediates, and other products produced and sold by the Company
Pharmaceutical products	Refer to	Pharmaceutical intermediates, pharmaceutical APIs, and pharmaceutical finished dosages, and other products produced and sold by the Company
Crop science products	Refer to	Pesticide intermediates, pesticide AIs, pesticide preparations, and other products produced and sold by the Company
FDA	Refer to	U.S. Food and Drug Administration
DMF	Refer to	Drug Master File (drug management file) is a technical document submitted by the manufacturer to the authority on pharmaceutical production, testing, packaging, and other related information, which currently is prepared in CTD format internationally. After the document is submitted to the authority, the authority will review it to ensure whether it meets regulatory requirements. If it does not meet such requirements, additional information will be required
VC	Refer to	Vinylene carbonate
FEC	Refer to	Fluoroethylene carbonate
Merck	Refer to	Merck KGaA, headquartered in Germany
Merck Sharp & Dohme	Refer to	Merck Sharp & Dohme Corp., headquartered in the United States
BASF	Refer to	BASF Group, headquartered in Germany
Bayer	Refer to	Bayer AG, headquartered in Germany
Sumitomo	Refer to	Sumitomo Corporation, headquartered in Japan
Syngenta	Refer to	Syngenta, headquartered in Basel, Switzerland
CATL	Refer to	Contemporary Amperex Technology Co., Ltd.
BYD	Refer to	BYD COMPANY LIMITED

Section II Company Profile and Major Financial Indicators

I. Company Profile

Stock abbreviation	Yongtai Technology	Stock code	002326
Stock exchange where stocks are listed	Shenzhen Stock Exchange		
Chinese name of the Company	浙江永太科技股份有限公司		
Chinese name abbreviation of the Company (if any)	永太科技		
Foreign name of the Company (if any)	Zhejiang Yongtai Technology Co., Ltd.		
Foreign name abbreviation of the Company (if any)	YONGTAI TECH.		
Legal representative of the Company	Wang Yingmei		

II. Contact person and contact information

	Secretary of the Board of Directors	Representative of Securities Affairs
Name	Zhang Jiangshan	Wang Ying
Contact address	No.1, Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical API Base, Zhejiang Province, China	No.1, Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical API Base, Zhejiang Province, China
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Email	jiangshan.zhang@yongtaitech.com	zhengquan@yongtaitech.com

III. Other Matters

1. Contact information of the Company

Whether the registered address, office address, postal code, website, and email, etc. of the Company changed during the reporting period

☐ Applicable ☒ Not applicable

There was no change in the registered address, office address, postal code, website, and email, etc. of the Company during the reporting period, with details as shown in the 2023 annual report.

2. Information disclosure and location of preparation and retention

Whether the information disclosure and location of preparation and retention changed during the reporting period

☐ Applicable ☒ Not applicable

There was no change in the website, media name and website address of the stock exchange where the Company disclosed its semi-annual report, and the location of preparation and retention of the Company's semi-annual report during the reporting

period, with details as shown in the 2023 annual report.

3. Other relevant information

Whether other relevant information changed during the reporting period

☐ Applicable ☒ Not applicable

IV. Major Accounting Data and Financial Indicators

Whether the Company needs to retroactively adjust or restate accounting data from previous years

☐ Yes ☒ No

Item	This reporting period	Same period last year	Increase/decrease in this reporting period over the same period a year earlier
Operating income (RMB)	2,139,223,940.34	2,053,255,250.17	4.19%
Net profit attributable to shareholders of the listed company (RMB)	37,650,314.26	38,651,535.60	-2.59%
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (RMB)	26,519,339.05	-42,064,337.50	163.04%
Net cash flow from operating activities (RMB)	-185,589,567.26	-202,501,082.79	8.35%
Basic earnings per share (RMB/share)	0.04	0.04	0.00%
Diluted earnings per share (RMB/share)	0.04	0.04	0.00%
Weighted average return on net assets	1.18%	1.13%	Increase by 0.05 percentage points
Item	At the end of this reporting period	At the end of the previous year	Increase or decrease at the end of this reporting period compared to the end of the previous year
Total assets (RMB)	11,402,212,250.89	11,404,306,777.82	-0.02%
Net assets attributable to shareholders of the listed company (RMB)	3,203,349,922.14	3,162,895,712.22	1.28%

V. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

There were no differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards during the reporting period of the Company.

2. Differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards

☐ Applicable ☒ Not applicable

There were no differences in net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards during the reporting period of the Company.

VI. Non-recurring profit and loss items and amounts

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Explanation
Profits and losses from disposal of non-current assets (including the writing-off part of the assets with impairment provision withdrawn)	-13,441,254.15	
Government subsidies included in the current profits and losses (except for those closely related to the Company's normal business operations, in compliance with national policies and regulations, enjoyed according to the determined standards, and have a continuous impact on the Company's profits and losses)	16,620,347.57	
The profits and losses from changes in fair value arising from the holding of financial assets and financial liabilities as well as the profits and losses arising from the disposal of financial assets and financial liabilities by non-financial enterprises, except for the effective hedging business related to the normal operation of the Company.	4,940,146.42	
Non-operating income and expenses other than those mentioned above	8,114,016.68	
Less: amount impacted of income tax	3,587,132.34	
Amount impacted of minority shareholders' equity (after tax)	1,515,148.97	
Total	11,130,975.21	

Specific situation of other profits and losses items that satisfy the definition of non-recurring profits and losses:

☐ Applicable ☒ Not applicable

There was no specific situation of other profit and loss items that satisfy the definition of non-recurring profit and loss in the Company.

Explanation of defining non-recurring profit and loss items set out in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-Recurring Profit and Loss* as recurring profit and loss items

☐ Applicable ☒ Not applicable

There was no situation of defining non-recurring profits and losses items set out in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and losses* as recurring profits and losses items in the Company.

Section III Discussion and Analysis by the Management

I. Main businesses engaged by the Company during the reporting period

(I) Industry situation of the Company during the reporting period

(1) Lithium battery industry

With the continuous development of the industry and the improvement of market pricing mechanisms, the lithium battery industry chain is gradually moving towards a more stable and coordinated development stage. From an upstream perspective, the introduction of lithium carbonate futures and options markets has provided the lithium carbonate spot market with an open and transparent platform that fully utilizes price discovery and hedging functions, thereby offering some price support for the stable development of the lithium battery industry chain. From a downstream perspective, the new energy vehicle industry continues to maintain stable growth, driven by both policy and market forces. Statistics from the China Association of Automobile Manufacturers indicate that in the first half of 2024, the production and sales of new energy vehicles reached 4.929 million and 4.944 million units, respectively, representing a year-on-year increase of 30.1% and 32.0%, with a market share of 35.2%.

As a midstream player in the lithium battery industry chain, the Company will closely follow market demand, monitor price fluctuations of raw materials such as lithium carbonate, and leverage its vertical integration advantages across raw materials, lithium salts, and electrolyte sectors to optimize its product structure, strengthen technological innovation, and enhance its market competitiveness in the lithium battery materials segment, achieving sustainable development.

(2) Pharmaceutical industry

The pharmaceutical industry is a strategic industry bearing on the national economy and standards of living, economic development, and national security. Against the backdrop of the aging population in China, Chinese people have a growing demand for medicines and medical services with the increasing importance of medical care and the rising income level of the population.

The “14th Five-Year Plan” further encourages pharmaceutical innovation and R&D, and proposes developing high-end preparation production technology, improving the level of industrialization technology, with a focus on promoting the healthy development of innovative medicine and traditional Chinese medicine industry. With the continuous deepening and adjustment of medical reform policies, a certain environment and opportunities have been provided for pharmaceutical innovation. Faced with the slow recovery of the consumer end and the development status of deepening medical reform in the current pharmaceutical industry, the Company will monitor the policy orientation and the market demand closely and continue to deepen its development based on the vertical integrated industry chain of intermediate, APIs, and preparations, creating a vertical integrated product chain. At the same time, it will further expand the international market, promote internationalization projects of preparations, and promote the approval and consistency evaluation of generic drugs in the domestic market vigorously, improving the profitability, stability, and scalability of the pharmaceutical sector.

(3) Crop science industry

The need for crop science is closely related to human demand for food and other crops. In recent years, the crop science industry has played an increasingly prominent part in deepening agricultural development and safeguarding food security amid the growth of the world's population and the continuous occurrence of pests and diseases.

At the same time, with the increasing pressure of environmental protection and industry competition, China's crop science industry will develop towards environmental protection, multi market, digitalization, intelligence, and other aspects. The integration and optimization of industrial chain has become an inevitable trend. The Company has built a vertically integrated industrial chain in the crop science sector from intermediates, APIs to preparations. In the future, it will continuously improve its technical capabilities, reduce costs, and leverage the advantages of overseas platforms, to further expand market share and enhance the Company's core competitiveness in the field of crop science.

(II) Main business of the Company

The Company is a fluorinated pharmaceutical, crop science, and new energy materials manufacturer with fluorine-containing technology as the core, technological innovation as the impetus, and intelligent manufacturing as the driving force, which is able to provide customized R&D services, manufacturing and technical services for domestic and overseas customers with its vertically integrated industrial chain, a flexible and comprehensive production platform, and specialized R&D innovation teams.

(III) Main products and applications

The main products of the Company are divided into three categories based on their terminal application fields, including pharmaceutical product business, crop science product business and performance materials (new energy lithium battery materials and liquid crystal materials) business. The Company has a very rich range of fluorine-containing fine chemicals, which are mainly used in different terminal markets such as downstream pharmaceuticals, crop science, new energy and electronic materials, and supply diversified important raw materials for the products of domestic and foreign customers. Among them, pharmaceutical products include key fluorinated intermediates, pharmaceutical APIs and finished dosages in the fields of cardiovascular diseases,

diabetes, central nervous system, anti-infection and anti-virus; crop science products mainly include intermediates in the fields of fluorine-containing herbicides, fungicides, insecticides, etc., as well as pesticide AIs and pesticide formulations; products of lithium battery materials and other materials mainly include lithium battery materials, fluoro liquid-crystal intermediates, etc.

(IV) Business model of the Company

(1) Procurement model

A qualified supplier access system is adopted by the Company to determine the suppliers of raw materials. The evaluation of qualified suppliers is carried out at regular intervals, and the evaluation criteria mainly include supply price, timely supply status, packaging quality, after-sales service, cooperation, etc. The Company determines qualified suppliers as the objects of annual raw material procurement according to the evaluation results. The Company determines at least two qualified suppliers for each major raw material to ensure the stable supply of raw material.

The Production Department submits the next month's production and procurement plans to the General Manager according to the inventory level and the production capacity of the current month, based on which, in turn, the General Manager adjusts the procurement plan according to the market supply and demand, and issue the procurement plan to the Procurement Department after confirmation for implementation.

The procurement price of the Company's main raw materials is mainly determined through Invitation to Bid and commercial negotiations. The daily procurement of main raw materials is mainly conducted in the form of bidding quotation. A specific bidding department and personnel are responsible for organizing Invitation to Bid and bid opening to standardize the Company's procurement and minimize raw material procurement costs as much as possible. Certain special raw materials are procured at negotiated prices. If the supplier intends to adjust the price, a written request for price increase shall be issued in advance, so that the Company can respond in advance to changes in raw material prices and minimize the impact of cost fluctuations as much as possible.

(2) Production model

A production model of producing according to sales is adopted by the Company to formulate the next month's production plan based on the sales order volume. In addition, the Company will also prepare corresponding products in advance based on market conditions, while maintaining reasonable inventory levels based on sales forecasts. The sales orders, stocking, and reasonable inventory together constitute the planned production volume for next month.

The Production Department is responsible for formulating production plans, which prepares monthly production plans and distributes them to each workshop for implementation. The Quality Department supervises the quality issues throughout the production process and takes charge of product quality control. During the production process, centralized control is carried out, and quality inspection is performed before the finished products are put into storage, all of which shall pass the inspection.

(3) Sales model

A method of direct sales is adopted by the Company, and the Sales Department is responsible for domestic and international sales business. On the one hand, the Company has established a relatively wide customer base in the long-term operation process, with stable sales channels formed to ensure product sales. On the other hand, the Sales Department of the Company timely obtains market information, tracks customer needs, and formulates sales schemes based on market conditions and the actual production situation of the Company by means of network, and exhibitions, etc. The sales price of products is mainly determined based on market prices, and the production of products is also adjusted according to market trends.

(V) Overall operation

In the first half of 2024, the Company's operating revenue was RMB 2,139,223,940.34, with a year-on-year increase of 4.19%. The net profit attributable to shareholders of the listed company was RMB 37,650,314.26, with a year-on-year decrease of 2.59%, and the net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss was RMB 26,519,339.05, achieving a turnaround from a loss in the same period last year. The main reason for the performance change of the Company was the significant year-on-year change in the lithium battery materials segment business.

During the reporting period, the Company's operating revenue in the lithium battery materials segment did not change significantly year-on-year, but the operating costs decreased by 14.12% year-on-year, leading to a 14.51% increase in product gross margin year-on-year. The decline in operating costs was mainly due to the continued decrease in the market price of lithium carbonate, an important raw material in this segment, during the previous year, resulting in relatively low prices during the reporting period, with price fluctuations slowing compared to last year, making it easier for the Company to manage raw material prices. Additionally, the Company's continuous technological process improvements and innovations have enhanced its cost reduction efforts to some extent. Meanwhile, the Company's electrolyte products have begun commercial production and sales, and the synergistic effects generated by the integrated industrial chain layout with lithium salts, additives, and other products have gradually become apparent, further enhancing the Company's core competitiveness in this segment.

During the reporting period, the gross margin level and overall sales scale of the Company's pharmaceutical products slightly increased, with product profitability remaining relatively stable. The sales revenue of crop science products increased by 9.52% year-on-year, mainly due to the partial production of certain crop science product projects of the subsidiary, Inner Mongolia Yongtai, during the reporting period, which is gradually releasing production capacity.

II. Analysis of core competitiveness

(I) Covering diversified industries horizontally and running through the entire industrial chain vertically to form a long-term competitive advantage

With a focus on fluorine-containing technology, the Company operates in the fields of inorganic and organic fluorine chemicals, and its diversified fine chemical industries include new energy lithium battery materials, pharmaceuticals, and crop science. The Company has a rich range of product types throughout the vertically integrated industrial chains upstream, midstream, and downstream vertically by extending the pharmaceutical and crop science industrial chain to the downstream high value-added APIs and preparations, forming a vertically integrated industrial chain from intermediates, APIs to preparations, while extending lithium battery material products to raw materials for lithium fluoride upstream and electrolyte solution products downstream, forming a vertically integrated industrial chain from raw materials for lithium salts, lithium salts to electrolyte solutions, which allows for effectively improving the Company's operating efficiency, strengthening business collaboration, guaranteeing supply of raw materials, and enhancing cost advantages, further developing a long-term competitive advantage.

(II) Having several innovative technology platforms, specialized R&D innovation teams and a series of leading technology patents

As one of the first batch of national "High-Tech Enterprises" and "Patent Demonstration Enterprises in Zhejiang Province", the Company has R&D innovation platforms such as "National Level Enterprise R&D Center", "Postdoctoral Research Workstation", "Provincial Engineering Research Center", and "CNAS Certified Safety Laboratory", which has won the China Patent Gold Award and Patent Excellence Award, and has won multiple provincial and municipal science and technology awards. Besides, it has also applied for multiple "National Torch Plan Projects". With highly specialized R&D innovation teams, the Company has set up R&D centers in Taizhou, Hangzhou, Shanghai and the United States, and maintained good cooperation with several colleges & universities and scientific research institutions, building a perfect, leading and efficient R&D system through the close cooperation with a flurry of colleges & universities and industry experts. Upholding the R&D concept of continuous innovation, the Company has mastered multiple industry-leading comprehensive and innovative technologies, including directional introduction of fluorine atom technology, chiral enzyme-catalyzed reaction technology, micro-channel reaction technology, green reaction technology and other advanced technologies.

(III) Possessing a product structure with complete series and variety, comprehensive production platforms

Through years of development, the Company has a wide variety of fluorobenzene intermediate products, which falls into several product series with nearly a hundred products, such as difluoro, trifluoro, pentafluoro, hexafluoro, ortho fluoro, and para fluoro. The vast majority of the products in the product chain can be sold as separate products, showing unique market resilience and broad space for adjustment and upgrading of product structure. In terms of lithium battery materials, the Company has operated raw materials for lithium salts, lithium salts, additives, electrolyte solutions and other products, with its business covering solid products, liquid products, and other product forms. With comprehensive production platforms, the Company has formed several relatively sound product matrices to provide a variety of products with complete categories, with highly stable product quality, which is conducive to the centralized ordering of various products required by existing customers. The complete product structure is also conducive to attracting new customers for purchasing.

(IV) Producing various products from the same starting material, with obvious cost advantages

Different from other enterprises in the industry that use purchased intermediate chemicals as raw materials for production, the Company has realized the integration of production with its sound product chain. The production starts from the basic raw materials at the source to effectively reduce the production costs, avoid the joint and several effects of purchased intermediate products due to market supply shortage or price fluctuation, further guaranteeing the stable product quality. Meanwhile, the integration of production brings about more complementary products. Therefore, the Company can flexibly adjust the product structure according to the market demand, so as to avoid risks and maximize its interests. With a rich product structure and proprietary cogeneration technology and equipment, the Company has realized the production model of "producing various products from the same starting material", which can comprehensively utilize the by-products generated in the production process to produce other products with higher economic value, thereby reducing the overall production costs.

(V) Accumulating long-term and stable industry-leading partners

By means of strong technology, production strength and customized service capabilities, the Company has been recognized by many well-known enterprises at home and abroad, and currently has established stable cooperation with internationally renowned chemical enterprises such as Merck, BASF, Bayer, Sumitomo, Merck Sharp & Dohme and Syngenta, as well as a number of domestic well-known enterprises such as CATL and BYD. The Company has earned the trust of partners with outstanding product quality, good delivery records and strong technical strength. Moreover, it has successfully passed the audit verification conducted by partners with its stringent environmental protection, safety, and quality assurance system, thus ensuring the stable cooperation and enhancing the trust of customers.

(VI) Having the ability to flexibly respond to different market demands with multiple production bases nationwide

The Company has established multiple production bases in Zhejiang, Inner Mongolia, Fujian, Guangdong, and other regions to support the future growth of its core business. In reliance on the sound industrial chain and product reserves, the Company can flexibly respond to different market demands through scientific and reasonable allocation of production capacity and synergistic operation of multiple production bases.

III. Analysis of main businesses

Overview

Refer to “I. Main businesses engaged by the Company during the reporting period” for relevant information.

Year-on-year changes in major financial data

Unit: RMB

Item	This reporting period	Same period last year	Year-on-year increase/decrease	Cause of change
Operating revenue	2,139,223,940.34	2,053,255,250.17	4.19%	No significant changes;
Operating cost	1,690,796,640.32	1,650,173,197.91	2.46%	No significant changes;
Marketing expenses	47,734,025.37	53,209,711.73	-10.29%	No significant changes;
Management expenses	264,551,019.73	286,914,306.21	-7.79%	No significant changes;
Financial expenses	56,974,546.22	44,301,216.62	28.61%	It was mainly due to the year-on-year decrease in foreign exchange gains caused by fluctuations in the USD exchange rate during the reporting period.
Income tax expense	28,581,091.76	30,331,170.23	-5.77%	No significant changes;
R&D investment	49,432,151.95	76,157,702.13	-35.09%	It was mainly due to the capitalization of certain R&D expenditures during the reporting period.
Net cash flow from operating activities	-185,589,567.26	-202,501,082.79	8.35%	No significant changes;
Net cash flow from investment activities	-270,365,341.89	-170,617,062.82	-58.46%	It was mainly due to the higher number of notes paid for projects under construction and the receipt of relocation compensation from two Shanghai companies in the same period last year.
Net cash flow from financing activities	268,813,903.63	434,248,457.63	-38.10%	It was mainly due to a decrease in net bank loans received during the reporting period.
Net increase in cash and cash equivalents	-182,223,057.66	55,418,388.09	-428.81%	It was mainly due to an increase in net cash outflows from investing activities and a decrease in net cash inflows from financing activities during the reporting period.
Investment income	18,834,175.30	8,580,117.44	119.51%	It was mainly due to the investment income obtained from the disposal of trading financial assets during the reporting period.

Income from changes in fair value	311,698.00	-2,575,010.62	112.10%	It was mainly due to the changes in the exchange rate of future foreign exchange settlement during the reporting period;
Credit impairment loss	24,148,133.10	8,169,150.69	195.60%	It was mainly due to higher collection of accounts receivable within 1-2 years during the reporting period.
Gain on disposal of assets	-13,060,593.94	51,489,691.76	-125.37%	It was mainly due to the significant loss from the disposal of a patent during the reporting period.
Non-operating income	10,954,415.05	40,619,320.93	-73.03%	It was mainly due to receiving government compensation and rewards for relocation by Shanghai E-tong and Shanghai Youngcobe in the same period last year.

Item	At the end of this reporting period	Opening balance	Year-on-year increase/decrease	Cause of change
Transaction financial liabilities	0.00	519,898.30	-100.00%	It was mainly due to the conclusion of foreign exchange contract transactions.
Payable employee compensation	29,809,210.40	82,144,342.49	-63.71%	It was mainly due to the payment of year-end bonus of last year;
Transactional financial assets	5,057,000.00	37,000,000.00	-86.33%	It was mainly due to a decrease in the purchase of wealth management products.
Accounts receivable financing	80,560,694.41	161,377,815.36	-50.08%	It was mainly due to an increase in the endorsement of notes receivable.
Accounts prepaid	315,013,907.82	98,366,504.06	220.25%	It was mainly due to an increase in prepayments for material purchases during the reporting period.
Long-term payables	243,382,181.39	89,237,605.41	172.73%	It was mainly due to an increase in finance leases.

Significant changes in the composition or source of profits of the Company during the reporting period

☐ Applicable ☒ Not applicable

There were no significant changes in the composition or source of profits of the Company during the reporting period.

Composition of operating income

Unit: RMB

Item	This reporting period	Same period last year	Year-on-year
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	Amount	Proportion in operating income	Amount	Proportion in operating income	increase/decrease
Total operating income	2,139,223,940.34	100%	2,053,255,250.17	100%	4.19%
By industry					
Industry	1,339,255,966.85	62.60%	1,296,418,974.50	63.14%	3.30%
Trade	794,883,984.07	37.16%	750,254,876.53	36.54%	5.95%
Others	5,083,989.42	0.24%	6,581,399.14	0.32%	-22.75%
By product					
Pharmaceutical products	604,993,381.99	28.28%	585,517,328.97	28.51%	3.33%
Crop science products	310,949,279.27	14.53%	283,920,838.16	13.83%	9.52%
Lithium battery and other materials	423,313,305.59	19.79%	426,980,807.37	20.80%	-0.86%
Trade	794,883,984.07	37.16%	750,254,876.53	36.54%	5.95%
Others	5,083,989.42	0.24%	6,581,399.14	0.32%	-22.75%
By region					
Domestic	1,100,145,113.59	51.43%	884,379,254.68	43.07%	24.40%
Abroad	1,039,078,826.75	48.57%	1,168,875,995.49	56.93%	-11.10%

Industries, products, or regions accounting for more than 10% of the Company's operating income or profit

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Operating revenue	Operating cost	Gross profit margin	Increase or decrease in operating income over the same period a year earlier	Increase or decrease in operating costs over the same period a year earlier	Increase or decrease in gross profit margin over the same period a year earlier
By industry						
Industry	1,339,255,966.85	941,748,064.34	29.68%	3.30%	-6.33%	7.23%
Trade	794,883,984.07	745,760,980.63	6.18%	5.95%	16.67%	-8.62%

By product						
Pharmaceutical products	604,993,381.99	337,770,620.61	44.17%	3.33%	-0.67%	2.25%
Crop science products	310,949,279.27	206,208,233.90	33.68%	9.52%	2.00%	4.89%
Lithium battery and other materials	423,313,305.59	397,769,209.83	6.03%	-0.86%	-14.12%	14.51%
Trade	794,883,984.07	745,760,980.63	6.18%	5.95%	16.67%	-8.62%
By region						
Domestic	1,100,145,113.59	899,765,427.31	18.21%	24.40%	19.11%	3.63%
Abroad	1,039,078,826.75	791,031,213.01	23.87%	-11.10%	-11.59%	0.42%

Company's main business data for the most recent period adjusted according to the caliber at the end of the reporting period if the statistical caliber of the Company's main business data is adjusted during the reporting period

☐ Applicable ☒ Not applicable

IV. Analysis of non-main businesses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Proportion to total profit	Explanation of the cause	Sustainable or not
Investment income	18,834,175.30	30.00%	It was mainly due to the investment income obtained from the disposal of trading financial liabilities and the investment income accounted for and recognized by equity method during the reporting period;	No
Profits and losses from changes in fair value	311,698.00	0.50%	It was mainly due to the changes in future locked exchange rates during the reporting period;	No
Non-operating income	10,954,415.05	17.45%	It was mainly due to Jiangsu Subin's handling of advance receipts and the discontinuation of payment of accounts payable during the reporting period.	No
Non-operating expenditure	2,725,490.76	4.34%	It was mainly due to late payment fees and net losses from the disposal of fixed assets during the reporting period.	No

V. Analysis of assets and liabilities

1. Significant changes in asset composition

Unit: RMB

Item	At the end of this reporting period		At the end of the previous year		Increase or decrease in proportion	Explanation of significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary funds	908,619,211.44	7.97%	1,109,138,410.05	9.73%	-1.76%	It was mainly due to the payment for goods and the purchase of equipment during the reporting period.
Accounts receivable	1,046,780,563.36	9.18%	905,514,989.36	7.94%	1.24%	It was mainly due to an increase in sales revenue in the current period;
Contract assets		0.00%		0.00%	0.00%	
Inventory	1,111,578,067.61	9.75%	1,098,700,493.90	9.63%	0.12%	No significant changes;
Real estate for investment purposes	20,270,516.59	0.18%	24,784,293.94	0.22%	-0.04%	No significant changes;
Long-term equity investment	261,340,800.38	2.29%	266,469,783.28	2.34%	-0.05%	No significant changes;
Fixed assets	3,944,572,843.50	34.59%	3,554,687,028.57	31.17%	3.42%	It was mainly due to the transfer of Yongtai Hi-tech project's construction in progress to fixed assets during the reporting period.
Construction in progress	1,650,419,453.34	14.47%	2,110,290,652.02	18.50%	-4.03%	It was mainly due to the transfer of Yongtai Hi-tech project's construction in progress to fixed assets during the reporting period.
Right of use assets	3,662,777.80	0.03%	5,180,945.20	0.05%	-0.02%	No significant changes;
Short-term loan	2,021,000,110.72	17.72%	1,701,718,161.88	14.92%	2.80%	It was mainly due to an increase in short-term borrowings during the reporting period;
Contractual	657,055,157.31	5.76%	891,679,158.45	7.82%	-2.06%	It was mainly due to a decrease in advance

liabilities						receipts during the reporting period.
Long-term loan	1,392,129,380.33	12.21%	1,562,568,363.63	13.70%	-1.49%	It was mainly due to a decrease in long-term borrowings during the reporting period;
Lease liabilities	1,753,594.43	0.02%	2,500,445.31	0.02%	0.00%	No significant changes.

2. Major foreign assets

☐ Applicable ☒ Not applicable

3. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Profits and losses from changes in fair value in the current period	Accumulated changes in fair value recognized in equity	Impairment provision for the current period	Purchase amount for the current period	Sales amount for the current period	Other changes	Closing balance
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	37,000,000.00				39,000,000.00	71,000,000.00		5,000,000.00
2. Derivative financial assets		57,000.00						57,000.00
4. Investment in other equity instruments	64,194,692.70							64,194,692.70
Subtotal of financial assets	101,194,692.70	57,000.00			39,000,000.00	71,000,000.00		69,251,692.70
Accounts receivable financing	161,377,815.36				627,481,007.47	708,298,128.42		80,560,694.41
Total of the above items	262,572,508.06	57,000.00			666,481,007.47	779,298,128.42		149,812,387.11
Financial liabilities	519,898.30	-254,698.00				265,200.30		0.00

Other changes

None.

Whether there been any significant changes in the measurement attributes of the Company's main assets during the reporting

period

☐ Yes ☒ No**4. Limitation of rights in assets as of the end of the reporting period**

Item	Ending book value	Reasons for restrictions
Monetary funds	539,264,581.00	Used for issuing bank acceptance bills, bank loans, futures accounts, and court litigation freezing
Accounts receivable	88,726,000.76	Used for loan pledge
Notes receivable	148,091,694.64	Endorsed/discounted but not expired and not derecognized
Fixed assets	1,241,172,879.30	Used for mortgage loans and finance leases
Intangible assets	142,887,405.27	For a mortgage
Construction in progress	34,187,303.52	Used for finance leases
Real estate for investment purposes	1,839,827.86	For a mortgage
Total	2,196,169,692.35	

VI. Analysis of investment status**1. Overall situation**☒ Applicable ☐ Not applicable

Investment amount during the reporting period (RMB)	Investment amount for the same period last year (RMB)	Change amplitude
470,337,728.18	396,887,284.17	18.51%

2. Significant equity investments obtained during the reporting period☐ Applicable ☒ Not applicable**3. Significant non-equity investments in progress during the reporting period**☒ Applicable ☐ Not applicable

Unit: RMB

Project name	Investment method	Whether it is fixed-asset investment	Industry for project investment	Investment amount in this reporting period	Accumulated actual investment amount as of the end of the reporting period	Source of funds	Project progress	Expected revenue	Accumulated realized revenue as of the end of the reporting period	Reasons for not achieving planned progress and expected revenue	Disclosure date (if any)	Disclosure index (if any)
Yongtai	Self-b	Yes	APIs	64,150.9	477,663.4	Own	59.71	407,370	-145,133	Under	7 June	http://www.c

Chiral's construction projects with an annual output of 4,340 tons of APIs and 600 million traditional Chinese medicine extracts	uild		manufac turing projects and organic chemica l raw material s manufac turing projects	4	80.75	funds or self-rai sed funds	%	,000.00	,106.53	construc tion	2017	ninfo.com.cn (Announcem ent No.: 2017-41)
Inner Mongolia Yongtai Project	Self-b uild	Yes	Pharmac eutical interme diate, pesticide interme diate and AIs, lithium battery material s, etc.	85,720,9 16.71	2,424,575 ,205.81	Own funds or self-rai sed funds	80.82 %	1,255,9 12,200. 00	-167,734 ,469.68	Under construc tion	29 February 2020, 28 May 2021, 5 June 2021, 1 Septemb er 2021	Juchao Information Website (http://www.c ninfo.com.cn) (Announcem ent No.: 2020-011, 2021-030, 2021-031, 2021-065)
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	Self-b uild	Yes	Electrol yte lithium salts	0.00	672,823,0 71.96	Own funds or self-rai sed funds	84.88 %	669,560 ,000.00	408,018, 877.76	Under construc tion	15 October 2021	http://www.c ninfo.com.cn (Announcem ent No.: 2021-075)
Total	--	--	--	85,785,0 67.65	3,575,061 ,758.52	--	--	2,332,8 42,200. 00	95,151,3 01.55	--	--	--

4. Investment in financial assets

(1) Investment in securities

☐ Applicable ☒ Not applicable

There was no investment in securities by the Company during the reporting period.

(2) Investment in derivatives

☒ Applicable ☐ Not applicable

1) Derivative investments for hedging purposes during the reporting period

☒ Applicable ☐ Not applicable

Unit: RMB 10,000

Types of investment in	Initial investment	Period-beginning amount	Profits and losses from changes in fair value	Accumulated changes in fair value recognized	Purchase amount during the reporting	Sales amount during the reporting	Period-ending amount	Ratio of ending investment amount to the
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derivatives	amount		in the current period	in equity	period	period		Company's net assets at the end of the reporting period
Foreign exchange contracts	4,922	4,922	25.47	0	0	4,922	0	0.00%
Futures contracts	0	0	5.70	0	0	0	5.70	0.00%
Total	4,922	4,922	31.17	0	0	4,922	5.70	0.00%
Explanation on the accounting policies and specific accounting principles for hedging business during the reporting period and whether there are significant changes compared to the previous reporting period				There are no significant changes in the accounting policies and specific accounting principles of the Company's derivatives during the reporting period compared to the previous reporting period.				
Explanation on actual profits and losses situation during the reporting period				The actual profit and loss during the reporting period was RMB 3.82 million.				
Explanation on hedging effectiveness				The Company carried out foreign exchange derivative business moderately based on specific circumstances can effectively reduce foreign exchange market risks, lock in order profits from export business, and reasonably control foreign exchange risks in operation.				
Source of funds for investment in derivatives				Own funds				
Explanation of risk analysis and control measures for derivative holdings during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				The Company has established a stringent risk control system for investment in derivatives, including authorization, approval, operation and recording of transactions by appropriate personnel, as well as regular analysis and inspection of relevant risk factors by the Management.				
In case of any changes in market prices or fair value of products of derivatives invested during the reporting period, the analysis of fair value of derivatives should disclose the specific methods used, relevant assumptions, and parameter settings				The Company performs recognition and measurement in accordance with the relevant provisions of <i>Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments</i> , <i>Accounting Standards for Business Enterprises No. 24 - Hedge Accounting</i> , and <i>Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments</i> . The fair value is determined according to the price provided or obtained by bank pricing service providers, which is measured and recognized quarterly, and the changes in fair value of future foreign exchange settlement business is mainly caused by differences in exchange rate fluctuation.				
Litigation situation (if applicable)				Not applicable				
Disclosure date of announcement by the Board of Directors for approval of investment in derivatives (if any)				26 April 2024				
Disclosure date of announcement by the shareholders' meeting for approval of investment in derivatives (if any)				17 May 2024				

2) Derivative investments for speculative purposes during the reporting period

☐ Applicable ☒ Not applicable

The Company has no derivative investment for speculative purposes during the reporting period.

5. Usage of raised funds

☒ Applicable ☐ Not applicable

(1) Overall usage of raised funds

☒ Applicable ☐ Not applicable

Unit: RMB 10,000

Year of fundraising	Method of fundraising	Total amount of raised funds	Net amount of raised funds	Total amount of raised funds used in this period	Accumulated total amount of raised funds used	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	The proportion of the accumulated total amount of raised funds with changed purposes	Total amount of raised funds not yet utilized	The purpose and destination of the raised funds not yet utilized	Idle amount of raised funds for more than two years
2023	Issuance of Global Depository Receipts	50,235.54	47,659.90	15,797.24	31,897.15	0	0	0.00%	15,762.75	The unused balance of the raised funds is RMB 187,991,690.41 (including interest income), all of which is deposited in a dedicated account for raised funds and will be invested in the construction of the projects as planned.	0
Total	--	50,235.54	47,659.90	15,797.24	31,897.15	0	0	0.00%	15,762.75	--	0

Explanation on overall use of the raised funds

Item	Amount (RMB)
Net amount of raised funds	476,598,996.87
Less: Amount used in 2023	160,999,128.73
Amount used from January to June 2024	157,972,353.14
Of which: Investment in fundraising projects	318,971,481.87
Plus: Total income from 2023 to June 2024	11,404,960.63
Of which: Interest income from the special fundraising account minus the handling expenses	9,977,484.19
Exchange profits and losses from special fundraising account	1,427,476.44
Balance of raised funds as of 30 June 2024	169,032,475.63
Of which: Balance deposited in the dedicated account for raised funds	187,991,690.41

Note: As of 30 June 2024, the difference between the balance of raised funds and the balance deposited in the dedicated account for raised funds, amounting to RMB 18,959,214.78, represents the issuance expenses paid in advance with self-raised funds that have not yet been replaced.

(2) Project situation of fundraising commitment

☐ Applicable ☒ Not applicable

(3) Project situation of fundraising changes

☐ Applicable ☒ Not applicable

The Company has no change in fundraising projects during the reporting period.

VII. Major asset and equity sales

1. Sale condition of major assets

☐ Applicable ☒ Not applicable

No significant assets were sold by the Company at the end of the reporting period.

2. Sale condition of major equity

☐ Applicable ☒ Not applicable

VIII. Analysis of major holding and participating companies

☒ Applicable ☐ Not applicable

Condition of major subsidiaries and participating companies with an impact on the Company's net profit of more than 10%

Unit: RMB

Company name	Company type	Major business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shaowu Yongtai Hi-tech Material Co., Ltd.	Subsidiary company	Production and sale of lithium battery materials	300,000,000.00	1,825,560,164.27	800,174,864.79	212,171,472.39	-6,375,486.24	-9,264,528.05
Zhejiang Yongtai Pharmaceutical Co., Ltd.	Subsidiary company	Production and sale of pharmaceutical preparations and APIs	300,000,000.00	200,782,586.54	-2,653,230.64	15,763,789.23	-20,568,079.39	-19,322,352.79
Shanghai E-tong Chemical Co., Ltd.	Subsidiary company	Chemical products, daily necessities wholesale and retail, goods import and export business	10,000,000.00	971,626,373.68	371,501,736.79	641,323,240.57	14,013,123.74	9,774,315.63
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	Subsidiary company	Production and sale of pharmaceutical intermediates	100,000,000.00	227,863,764.92	68,568,974.53	31,588,960.47	-10,455,789.36	-10,502,019.41

Company name	Company type	Major business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Zhejiang Yongtai New Material Co., Ltd.	Subsidiary company	Manufacture and sales of anti-counterfeiting light variable liquid crystal trademark materials	100,000,000.00	95,217,908.42	-13,967,279.31	0.00	-5,666,008.69	-5,666,008.69
Zhejiang Yongtai New Energy Material Co., Ltd.	Subsidiary company	Manufacturing and sale of electronic special materials and chemical products	300,000,000.00	628,786,424.72	105,179,052.75	221,743,801.98	-8,725,808.41	-4,964,473.24
Zhejiang Chiral Medicine Chemicals Co., Ltd.	Subsidiary company	Production and sale of pharmaceutical intermediates and APIs	20,348,152.00	502,109,564.75	355,632,927.84	186,988,074.38	60,501,324.26	52,125,503.31
Foshan Soin Chiral Pharma Co., Ltd.	Subsidiary company	Production of chemical drug preparations and traditional Chinese medicine preparations; procurement and sale of agricultural products and Chinese medicinal materials	213,150,000.00	278,551,773.85	249,606,225.31	63,341,009.05	11,133,075.33	9,525,018.99
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	Subsidiary company	Production and sale of pharmaceutical intermediates and APIs	150,000,000.00	717,402,361.96	4,866,893.47	36,165,216.55	-22,527,907.67	-23,706,061.70
Chongqing Yongyuansheng Technology Co., Ltd.	Subsidiary company	Production and sale of chemical APIs	170,000,000.00	165,657,194.22	87,258,087.69	543,943.36	-5,979,167.79	-5,978,462.00
Jiangsu Subin Agrochemical Co., Ltd.	Subsidiary company	Pesticide production and sales	74,600,000.00	19,913,260.16	-9,562,121.09	-2,856,214.98	-2,727,077.93	6,185,384.50
Binhai Meikang Pharmaceut	Subsidiary company	Manufacturing of chemical APIs and	100,000,000.00	236,814,107.96	58,594,856.33	0.00	-6,920,547.64	-7,040,055.08

Company name	Company type	Major business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
ical Co., Ltd.		chemical preparations						
Inner Mongolia Yongtai Chemical Co., Ltd.	Subsidiary company	Production and sale of chemical raw materials and chemical products	591,000,000.00	2,897,246,505.34	433,137,341.63	431,269,978.58	44,146,582.43	35,936,689.75
Shanghai Anbison Lab. Co., Ltd.	Participating companies	Scientific research and technical services	13,970,588.00	1,216,128,945.24	1,078,659,096.36	224,936,085.92	84,371,377.08	71,867,232.43

Acquisition and disposal condition of subsidiaries during the reporting period

☒ Applicable ☐ Not applicable

Company name	Ways of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
MONAGRO CROPSCIENCE CO., LTD.	Establishment	Will not have a significant impact on the Company's production operations, overall business development, current period profits, or future period profits.

Description of major holding and participating companies

1. During the reporting period, the Company's main lithium battery materials products, such as lithium hexafluorophosphate, were still at low price levels, but market price fluctuations were relatively small. Cost control was strengthened, and the market price of raw material lithium carbonate remained stable. Although the net profits of the subsidiaries Yongtai Hi-tech and Yongtai New Energy were still negative, the losses were reduced by 89.42% and 22.94% year-on-year, respectively. The subsidiary Shanghai E-Tong, which is involved in lithium battery trading, saw little overall change in operating revenue, but due to the impact of overall market changes, the gross margin decreased. Additionally, receiving government relocation compensation in the same period last year resulted in a significant year-on-year decrease in net profit during the reporting period.

2. During the reporting period, the pharmaceutical segment subsidiaries Zhejiang Chiral and Foshan Soin performed well overall, maintaining relatively stable operating results.

Yongtai Pharma and Yongtai Chiral, being in the early stages of commercial operation, had relatively low capacity utilization rates, and their product gross margins were not yet sufficient to cover depreciation, amortization, and other daily operating expenses, resulting in losses during the reporting period. During the reporting period, both subsidiaries actively registered and applied for approvals for API and preparation products, and actively promoted market orders, with year-on-year reductions in net profit losses of 34.25% and 37.51%, respectively.

3. During the reporting period, some production lines of the subsidiary Inner Mongolia Yongtai began new operations, with capacity gradually being released. Operating revenue increased by 405.03% compared to the same period last year, achieving a turnaround from loss to profit.

IX. Structural subject of the Company's control

☐ Applicable ☒ Not applicable

X. Risks faced by the Company and countermeasures

1. Macroeconomic risks

The current international economic situation is complex and severe, with global economy facing many uncertainties; The domestic economy has recovered steadily. However, as there is uncertainty about the impact of the complex international situation on the domestic economy, with the overall internal circulation still facing great pressure, the comprehensive recovery of the domestic

economy still faces many challenges. Due to the external macroeconomic situation with complexity and change, there is also an uncertain impact on the development of enterprises.

The Company will prudently assess macroeconomic risks, and adjust its business strategy accordingly. With the national industrial development plan as guidance, investment will be increased in research and development, with research and development of new products, and exploration of new markets, thus ensuring the Company's sustainable development; Market sensitivity and forward-looking research should be increased, with the grasp of pace of industry changes, and it shall adjust business strategies in a timely manner. It shall make full use of and tap superior resources to ensure the Company's stable development.

2. Risks of industry and market competition

The fine chemical industry where the Company is engaged and the downstream pharmaceutical, crop science and new energy materials industries have fierce market competition, and technology iteration continues. The emergence of new technologies and new processes of domestic and foreign competitors will bring a certain impact to the entire market, and will also bring challenges to the Company's market position in the industry.

The Company will continuously focus on the changes in the industry, continuously improve the Company's operation and management mechanism, with improvement of the ability to respond to market risks. R&D investment, technological innovation and process improvement will be strengthened, and it shall continue to expand the R&D team, develop and master the industry's cutting-edge technologies in a timely manner, and strengthen the Company's technological advantages. Quality management and cost control will be strengthened, and better products and services will be provided for customers, with improvement of the Company's overall competitiveness.

3. Raw material price fluctuation risk

In terms of the composition of the Company's main business costs, the cost of raw materials accounts for a relatively large proportion. Therefore, in case there are certain extent fluctuations for price of the main raw materials of the Company's product, these fluctuations will have a certain impact on the Company's production and operation. The Company's main customers are well-known enterprises at home and abroad, and the Company's product sales price is basically locked when the customer places an order. During the period from the time when customer place orders to the realization of sales, the large fluctuation of raw material prices will have a short-term impact on the Company's gross profit margin.

The Company will closely focus on changes in the economic situation, track the market price trend of main raw materials, adopt multi-party price comparison, bulk procurement and other measures to reasonably arrange inventory. While carrying out corresponding strategic reserves, the Company will actively seek in-depth cooperation with upstream suppliers, try to stabilize the purchase price of raw materials, and timely adjust the sales price of products, which can alleviate the risk caused by the rise in raw material prices to a certain extent. However, in case the price of main raw materials fluctuates sharply, it will still have a certain impact on the Company's product costs and profits.

4. Project construction risk

Prior to deciding to invest in the construction project, the Company has carried out in-depth market research and strict feasibility demonstration of the project products, and made prudent calculations and evaluations of the investment income, financial internal rate of return and payback period. However, the Company may be still affected by market demand, macro and industrial policies, changes in competitive conditions and technological updates in the process of project implementation, thus resulting in the risk of project termination, partial termination, change, unrecoverable initial investment, and production capacity and income not meeting expectations.

The Company will integrate resources, concentrate on promoting the construction progress of various projects, and endeavor to shorten the project construction time under the condition of ensuring the quality of project construction; It shall always pay attention to the macroeconomic situation, market development status and policy trends, and connect production and market well to guarantee the achievement of the expected benefits for projects.

5. Safety and environmental protection risk

With the continuous advancement of national safety and environmental protection governance and under the promotion of the ecological civilization construction of the CPC Central Committee and the strategic goal of "carbon peaking and carbon neutrality", the policy requirements of energy conservation, emission reduction, safety and environmental protection have been further enhanced. Supervision has been further strengthened. The environmental protection standards that are implemented by the Company will also be higher and stricter. The increasing costs of environmental protection governance lead to an increase in production and operation costs. The income level of the project might be affected.

The policy of energy conservation, emission reduction and green development will be strictly carried out by the Company. Environmental protection design and environmental protection investment will be taken into full account to upgrade the equipment and constantly enhance the safety and environmental protection level of the Company. In addition, the level of recycling and waste treatment of by-products that are produced in the production process will also be improved. The Company pays attention to industrial policies in time and learns national environmental laws and regulations as well as local policies to adapt to new environmental requirements.

6. Risk of foreign exchange rate changes

The export business of the Company is mainly settled in US dollars. In addition, the price of the export products of the Company and export sales revenue will be influenced by the fluctuation of RMB exchange rate. Therefore, it will bring uncertain risk to the operation performance of the Company to a certain extent. The export revenue and import costs of the Company will be directly affected if the RMB exchange rate fluctuates significantly against the US dollars. Moreover, it will cause foreign currency assets and foreign currency liabilities to generate exchange profits and losses. Therefore, the performance of the Company will be impacted to a certain extent.

The product price will be adjusted in time by the Company through shortening the quotation cycle. Customers and the Company jointly assume the relevant impact to avoid and prevent the risks caused by large exchange rate fluctuations by means of forward settlement and sale after the exchange rate changes exceed a certain range. However, the implementation effect of the above measures still has a certain lag and uncertainty. Certain exchange losses might occur in the export business of the Company. It might lead to the reduction in the profit of the Company.

XI. Implementation of the Action Plan for "Double Improvement of Quality and Return"

Has the Company disclosed an action plan for "Double Improvement of Quality and Return"?

☐ Yes ☒ No

Section IV Company Governance

I. Information on the annual general meeting and extraordinary general meeting held during the reporting period

1. Shareholders' meeting during the reporting period

Session of the meeting	Type of the meeting	Investor participation ratio	Date of holding the meeting	Disclosure date	Meeting resolution
The first extraordinary general meeting in 2024	Extraordinary shareholders' meeting	30.49%	23 February 2024	24 February 2024	<i>Announcement of Resolutions of the First Extraordinary General Meeting in 2024 (2024-013)</i> was published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities Journal</i> , <i>Securities Daily</i> , and Juchao Information Website.
Annual general meeting in 2023	Annual shareholders' meeting	30.44%	16 May 2024	17 May 2024	<i>Announcement of Resolutions of 2023 Annual General Meeting (2024-033)</i> was published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities Journal</i> , <i>Securities Daily</i> , and Juchao Information Website.

2. Preferred shareholders with restored voting rights requested an extraordinary shareholders' meeting.

☐ Applicable ☒ Not applicable

II. Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Position held	Type	Date	Reason
Shao Hongming	Director	Leaving office	26 January 2024	Mr. Shao Hongming resigned from his position as a director due to job reassignment.
Wei Hegeng	Director	Elected	23 February 2024	To improve the structure of the Company's Board of Directors, Mr. Wei Hegeng was elected as a director of the Company at the first extraordinary general meeting of shareholders in 2024.

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

☐ Applicable ☒ Not applicable

The Company plans not to pay cash dividends, bonus shares, or convert accumulation fund to share capital in a half year.

IV. Implementation of the stock incentive plan, employee stock ownership plan or other employee incentive measures of the Company

☒ Applicable ☐ Not applicable

1. Stock incentive

1. On 28 June 2024, the Company's 6th Board of Directors held its 15th meeting and approved the *Proposal on the Company's 2024 Restricted Stock Incentive Plan (Draft) and its Summary*, the *Proposal on Measures for the Implementation of Appraisal Management Approach against the Company's 2024 Restricted Stock Incentive Plan*, and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Stock Incentive Plan*. A legal opinion was issued by AllBright Law Offices, and an independent financial advisor's report was provided by Shanghai Xingongyihe Enterprise Management Consulting Co., Ltd.

2. On 28 June 2024, the Company's 6th Board of Supervisors held its 8th meeting and approved the *Proposal on the Company's 2024 Restricted Stock Incentive Plan (Draft) and its Summary*, the *Proposal on Measures for the Implementation of Appraisal Management Approach against the Company's 2024 Restricted Stock Incentive Plan*, and the *Proposal on Verifying the List of Incentive Recipients under the Company's 2024 Restricted Stock Incentive Plan*. The Board of Supervisors also issued a verification opinion on relevant matters of this incentive plan.

2. Implementation of the employee stock ownership plan

☐ Applicable ☒ Not applicable

3. Other employee incentive measures

☐ Applicable ☒ Not applicable

Section V Environmental and Social Responsibility

I. Major environmental protection problem

Whether the listed company and its subsidiaries belong to the key pollutant discharge companies that have been announced by the environmental protection department?

☒ Yes ☐ No

Relevant environmental protection policies and industry standards

The Company has a ledger of environmental protection regulations, policies and ledgers of industry standards to identify and obtain applicable new or revised safety and environmental protection laws and regulations of the Company. The list of laws and regulations are regularly updated and the compliance assessment is conducted for the Company in accordance with related laws and regulations. If there is practice against the laws and regulations, it should be rectified for acceptance in time.

Major environmental protection regulations and industry standards are listed as follows:

Serial number	Laws, regulations, standards and other requirements	Date of implementation of current version	Issued by
1	Environmental Protection Law of the People's Republic of China	1 January 2015	The 8 th Meeting of the Standing Committee of the 12 th National People's Congress
2	Law of the People's Republic of China on Evaluation of Environmental Effects	29 December 2018	The 7 th Meeting of the Standing Committee of the 13 th National People's Congress
3	Regulations of Zhejiang Province on Ecological Environmental Protection	1 August 2022	The 36 th Meeting of the Standing Committee of the 13 th Zhejiang Provincial People's Congress
4	Law of the People's Republic of China on Prevention and Control of Water Pollution	1 January 2018	The 28 th Meeting of the Standing Committee of the 12 th National People's Congress
5	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution	26 October 2018	The 6 th Meeting of the Standing Committee of the 13 th National People's Congress
6	Law of the People's Republic of China on Prevention and Control of Soil Pollution	1 January 2019	The 5 th Meeting of the Standing Committee of the 13 th National People's Congress
7	Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise	5 June 2022	The 32 nd Meeting of the Standing Committee of the 13 th National People's Congress
8	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	1 September 2020	The 17 th Meeting of the Standing Committee of the 13 th National People's Congress
9	Regulations on the Safety Management of Hazardous Chemicals	1 December 2011	The 144 th Executive Meeting of the State Council of the People's Republic of China

10	Regulations on the Management of Pollution Discharge Permits	1 March 2021	The 117 th Executive Meeting of the State Council of the People's Republic of China
11	Measures for the Administration of Enterprise Environmental Information Disclosure by Law	8 February 2022	Ministry of Ecology and Environment
12	Measures on Administrative Penalty for Environmental Protection	1 July 2023	Ministry of Ecology and Environment
13	Technical Specification for Setting Identification Signs of Hazardous Waste	1 July 2023	Ministry of Ecology and Environment

Environmental protection administrative licensing situation

The sewage discharge permit was issued on 29 March 2024, and it will be valid until 28 March 2029 for YONGTAI TECH.

The sewage discharge permit was issued on 17 March 2023, and is valid until 16 March 2028 for Yongtai Pharma.

The sewage discharge permit was issued on 23 May 2024, and is valid until 22 May 2029 for Yongtai Chiral.

The sewage discharge permit was issued on 19 December 2020, and is valid until 18 December 2025 for Zhejiang Chiral.

The sewage discharge permit was issued on 10 September 2023, and is valid until 9 September 2028 for Foshan Soin.

The sewage discharge permit was issued on 2 April 2024, and is valid until 1 April 2029 for Inner Mongolia Yongtai.

The sewage discharge permit was issued on 28 September 2023, and is valid until 27 September 2028 for Yongtai Hi-tech.

The specific situation of industry emission standards and pollutant emissions involved in production and operation activities

Name of company or subsidiary	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Discharge way	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total amount of discharge	Ratified total amount of discharge	Excessive discharge
Zhejiang Yongtai Technology Co., Ltd.	Water pollutants, air pollutants, soil pollutants	COD, ammonia nitrogen, VOCs, NO _x , SO ₂	Wastewater: indirect discharge; Waste gas: organized emissions, unorganized emissions	Wastewater: 2; Waste gas: 4	The wastewater discharge outlets of Plant I are located on the east side of the plant, with waste gas discharge outlets on the north side of the plant and boiler discharge outlets on the west side of the plant.	COD: ≤500 mg/L; ammonia nitrogen: ≤35 mg/L; VOCs ≤100 mg/Nm ³ ; NO _x : ≤200 mg/Nm ³ ; SO ₂ ≤100 mg/Nm ³ ; NO _x : ≤50 mg/Nm ³ ; SO ₂ ≤50 mg/Nm ³	<i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (DB33/310005-2021); <i>Emission Standards of Air Pollutants from Boilers</i> (GB13271-2014); <i>Integrated Emission Standard of Air Pollutants</i> (GB16297-1996); <i>Emission Standard for Odor Pollutants</i> (GB14554-93); <i>Integrated Wastewater Discharge Standard</i> (GB8978-1996); <i>Indirect Discharge Limits of Nitrogen and</i>	COD: 20.724; ammonia nitrogen: 0.191 Total nitrogen: 0.938 VOCs: 2.32 NO _x : 0.02	COD: 186.95 Ammonia nitrogen: 13.08 Total nitrogen: 26.17 VOCs: 50.4 NO _x : 3.996	None

Name of company or subsidiary	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Discharge way	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total amount of discharge	Ratified total amount of discharge	Excessive discharge
					The discharge outlets of wastewater and waste gas of Plant II are located in the southeast of the Plant		<i>Phosphorus Pollutants from Industrial Enterprises Wastewater</i> (DB33/887-2013)			
Zhejiang Yongtai Pharmaceutical Co., Ltd.	Soil pollutants, water pollutants, air pollutants	COD, ammonia nitrogen, non-methane hydrocarbon, particulate matter	Wastewater: indirect discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 4	The waste gas discharge outlets are distributed on the roof of the pharmacy building	COD: ≤ 500 mg/L; Ammonia nitrogen: ≤ 35 mg/L; Non-methane hydrocarbon: ≤ 120 mg/Nm ³ Particulate matter ≤ 120 mg/Nm ³	<i>Comprehensive Wastewater Discharge Standard</i> (GB8978-1996) level III standard; (DB332015-2016)	COD: 0.221994 Ammonia nitrogen: 0.0011698	COD: 1.22 Ammonia nitrogen: 0.20	None
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	Water pollutants, air pollutants, soil pollutants	COD, NH ₃ -N, VOCs, SO ₂ , NO _x	Wastewater: indirect discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 2	The wastewater and rainwater discharge outlets are located in the southeast corner of the Plant; The waste gas discharge outlets are located on the east side of the Plant;	COD: ≤ 500 mg/L; NH ₃ -N ≤ 35 mg/L; VOCs ≤ 60 mg/m ³ ; SO ₂ ≤ 100 mg/m ³ ; NO _x ≤ 200 mg/m ³	<i>Integrated Wastewater Discharge Standard</i> (GB8978-1996); <i>Indirect Discharge Limits of Nitrogen and Phosphorus Pollutants from Industrial Enterprises Wastewater</i> (DB33/887-2013); <i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (GB37823-2019); <i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (DB33/310005-2021); <i>Emission Standard for Odor Pollutants</i> (GB14554-93)	COD: 3.727 NH ₃ -N: 0.011 VOCs: 0.364	COD: 32.87 Ammonia nitrogen: 4.93 VOCs: 39.6 SO ₂ : 1.53 NO _x : 7.2	None
Zhejiang Chiral	Water pollutants, air pollutant	COD, ammonia nitrogen	Wastewater: intermittent	Wastewater: 1; Waste	Wastewater: in-plant sewage station	COD: 100 mg/L Ammonia	<i>Integrated Wastewater Discharge Standard</i>	COD: 3.975 Ammonia nitrogen:	COD: 29.55 Ammonia	None

Name of company or subsidiary	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Discharge way	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total amount of discharge	Ratified total amount of discharge	Excessive discharge
Medicine Chemicals Co., Ltd.	ts, soil pollutants	n, VOCs	discharge; Waste gas: organized emission	gas: 2	discharge tank; Waste gas: waste gas discharge outlets of in-plant sewage station, waste gas discharge outlets on the roof of workshop VIII	nitrogen: 2 mg/L VOCs: 15.96 mg/m ³	(GB8978-1996) <i>Indirect Discharge Limits of Nitrogen and Phosphorus Pollutants from Industrial Enterprises Wastewater</i> (DB33/887-2013); <i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (GB37823-2019) <i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (DB33/310005-2021); <i>Emission Standard for Odor Pollutants</i> (GB14554-93)	0.0794 VOCs: 0.827	nitrogen: 2.069 VOCs: 12.365	
Foshan Soin Chiral Pharmaceutical Co., Ltd.	Water pollutants, air pollutants	COD, ammonia, nitrogen, SO ₂ , NO _x , particulate matter	Wastewater: indirect discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 5	The wastewater discharge outlet is located under the enclosing wall at the northwest corner of the plant area; Exhaust gas discharge outlet: 1 for QC laboratory, 1 for traditional Chinese medicine extraction workshop, 1 for sewage station, 1 for boiler room, and 1 for traditional Chinese medicine pre-treatment	COD: 130 mg/L; Ammonia nitrogen: 8 mg/L; SO ₂ : 50 mg/Nm ³ ; NO _x : 150 mg/Nm ³ ; Particulate matter: 20 mg/Nm ³	Wastewater: <i>Discharge Standard of Water Pollutants for Pharmaceutical Industry Chinese Traditional Medicine Category</i> (GB21906-2008); Drainage Agreement; <i>Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Preparations Category</i> ; (GB-21908-2008) Waste gas: Emission Standards for Odor Pollutants (GB14554-93); <i>Emission Standards of Air Pollutants from Boilers</i> (DB44/765-2019); <i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i>	COD: 0.09268 Ammonia nitrogen: 0.00097 SO ₂ : / NO _x : 0.25973 Particulate matter: /	COD: 4.664 Ammonia nitrogen: 0.287 SO ₂ : / NO _x : / Particulate matter: /	None

Name of company or subsidiary	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Discharge way	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total amount of discharge	Ratified total amount of discharge	Excessive discharge
					nt plant		(GB37823-2019); <i>Emission Limits of Air Pollutants</i> (DB-44/27-2001)			
Inner Mongolia Yongtai Chemical Co., Ltd.	Water pollutants, air pollutants, soil pollutants	COD, ammonia nitrogen, SO ₂ , NO _x , particulate matter	Wastewater: indirect discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 10	Wastewater: sewage station discharge outlets; Waste gas: 1 RTO discharge outlet, 2 boiler discharge outlets, 1 sewage treatment station discharge outlet, 2 thermal oil furnace discharge outlets, 1 hazardous waste storage discharge outlet, 1 discharge outlet for Workshop 1111, 1 discharge outlet for Workshop 1113, and 1 discharge outlet for Workshop 1203	Wastewater: COD: ≤500 mg/L; Ammonia nitrogen: ≤ 45 mg/L; Discharge outlets of boiler and thermal oil furnace: SO ₂ ≤ 50 mg/Nm ³ ; NO _x : ≤ 150 mg/Nm ³ ; Particulate matter ≤20 mg/Nm ³ RTO discharge outlet: SO ₂ ≤ 200 mg/Nm ³ ; NO _x : ≤ 200 mg/Nm ³ ; Particulate matter ≤ 20 mg/Nm ³ ; Discharge outlet in 1113# workshop: SO ₂ ≤ 100 mg/Nm ³ ; NO _x : ≤ 100 mg/Nm ³ ;	<i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (GB37823-2019); <i>Emission Standards of Air Pollutants from Boilers</i> (GB13271-2014); <i>Discharge Standard of Water Pollutants for Pharmaceutical Industry Chemical Synthesis Products Category</i> (GB21904-2008); <i>Standard for pollution control on hazardous waste incineration</i> (GB18484-2020); <i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015)	COD: 17.956367 Ammonia nitrogen: 1.004924 SO ₂ : 0.50572 NO _x : 0.49501 Particulate matter: 0.1171	COD: 261.3228 Ammonia nitrogen: 13.2025 SO ₂ : 6.7606 NO _x : 72.2531	None
Shao wu Yongtai Hi-tech Material Co.,	Water pollutants, air pollutants	Particulate matter, SO ₂ , NO _x , COD, ammonia nitrogen	Wastewater: indirect discharge; Waste gas: organized	Waste gas discharge outlets: 12; Wastewater	The wastewater discharge outlet is located at the southwest entrance of	Sulfate: ≤ 2,500 mg/L; Chlorine ion: ≤ 2,500 mg/L; COD: ≤ 200 mg/L;	<i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015); <i>Emission Standard of Pollutants for Petroleum Chemistry Industry</i> (GB31571-2015);	COD: 8.864; Ammonia nitrogen: 1.165	COD: 12.0047; Ammonia nitrogen: 1.4857; Fluoride: 0.313;	None

Name of company or subsidiary	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Discharge way	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration/intensity	Pollutant discharge standards implemented	Total amount of discharge	Ratified total amount of discharge	Excessive discharge
Ltd.		n	d emission	discharge outlets: 1	Plant 1 area; Waste gas discharge outlets are distributed in warehouses, production workshops, etc.	SS: 100 mg/L; Fluoride: 2 mg/L; Total phosphorus: 2 mg/L; Total nitrogen: ≤ 50 mg/L; Ammonia nitrogen: 40 mg/L; Dichloromethane: 0.2 mg/L	<i>Emission Standard for Odor Pollutants</i> (GB14554-93); <i>Emission Standards of Air Pollutants from Boilers</i> (GB13271-2014); <i>Emission Standard of Volatile Organic Compounds for Industrial Enterprises</i> (DB35/1782-2018); <i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015); <i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015); Requirements for Inlet Water Quality Standards of Shaowu Wujiatang Sewage Treatment Plant, <i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015); <i>Emission Standard of Pollutants for Petroleum Chemistry Industry</i> (GB31571-2015)		Dichloromethane: 0.009; Sulfur dioxide: 3.466; Nitrogen oxide: 10.979; Particulate matter: 10.628; Volatile organic compound: 0.735	

Treatment on pollutants

YONGTAI TECH. has sewage treatment stations in its #1 and #2 plant areas, with daily processing capacity of 600 t/d in #1 plant area and 1,280t/d in #2 plant area. The wastewater in the plant area is classified by quality and treated by the sewage station, and then is included in the sewage pipeline network of the park after it is treated to up-to-standard in the plant area. There is an RTO thermal storage incineration purification device installed in the 1# and 2# plant areas, with a processing capacity of 20,000 m³/h in the 1# plant and 50,000m³/h in the 2# plant. Of which, the high-concentration organic waste gas in the workshop is condensed, absorbed, and pre-treated before entering the RTO incinerator. The waste gas with qualified disposal will reach the discharge standard after passing the online monitoring and detection. The waste gas will be discharged in accordance with the standard after it is treated to up-to-standard.

The wastewater from the plant area of Yongtai Pharma is treated by the wastewater treatment facility in the Plant I of YONGTAI TECH. After treatment, the wastewater will be discharged into the park sewage pipe and treated by the sewage treatment plant in the Park after reaching the takeover standard. The waste gas has four sets of dust removal systems with a processing capacity of 9,000m³/h, 3,000m³/h, 3,000m³/h, and 1,200m³/h, respectively, and the treatment process of bag dust removal.

The sewage treatment in the plant area of Yongtai Chiral is provided with an A²/O biochemical treatment process, with a daily processing capacity of 1,500t/d. After the quality differentiation and classification, the wastewater of the plant will be discharged into A²/O biochemical tank after MVR desalting pretreatment and ozone fenton catalytic oxidation pretreatment and then incorporated into the park sewage network after passing the plant treatment; There is a set of regenerative thermal oxidizer (RTO)

purification device with a processing capacity of 20,000 m³/h. High-concentration organic waste gas in the workshop will be discharged into the RTO incinerator after the pretreatments of absorption and condensation in the workshop, and the halogen waste will be discharged into the RTO incinerator after macroporous adsorption resin pretreatment. The waste gas with qualified disposal will reach the discharge standard after passing the online monitoring and detection. There is another set of waste gas absorption and purification device of bio-trickling filter + oxidation spray with a processing capacity of 30,000m³/h in the Plant. It is mainly used to dispose aerobic aeration tank of sewage station, low concentration waste gas in the temporary storage room for solid waste, and waste will reach the discharge standard after qualified disposal.

The Energy Engineering Design and Research Institute of Zhejiang University is entrusted by Zhejiang Chiral to design a set of wastewater treatment facilities with a processing capacity of 500t/d and the process of physicochemical + biochemical A/O; the wastewater treatment facilities are now in normal use, and the wastewater will be discharged into the urban sewage treatment plant for treatment after the disposal reaches the management standard. Zhejiang Chiral has 2 waste gas discharge outlets and 1 particulate matter discharge outlet. The workshop waste gas is classified and collected according to pollution factors. The organic waste gas will be treated with a set of waste gas treatment facility of macroporous adsorption resin with a processing capacity of 3000m³/h, and the inorganic waste gas will be aggregated to a wastewater station for a three-stage spray treatment (acid washing + water washing + alkali washing) after the workshop pretreatment and will reach discharge standards after treatment.

Zhongshan Zhongbo Environmental Engineering Co., Ltd is entrusted by Foshan Soin to design a set of wastewater treatment facility with a process capacity of 100t/d and is subject to the UBF+ contact oxidation process. The wastewater treatment facilities are in normal use. After treatment, the wastewater will be discharged into the municipal sewage and treated by Dong Po Wastewater Treatment Plant after reaching the discharge standard. The QC laboratory has a set of 12,720 m³/h waste gas treatment facility, using activated carbon adsorption treatment process. There is a set of 12,700 m³/h waste gas treatment facility in the traditional Chinese medicine extraction workshop. The waste gas treatment facility adopts a three-level water spray absorption + activated carbon adsorption treatment process. The sewage station has a set of 23,397 m³/h odor treatment facilities, using biological drip filtration/filter tank treatment process. The traditional Chinese medicine pre-treatment workshop has a set of 25,000 m³/h waste gas treatment facility, which adopts a water spray absorption + activated carbon adsorption treatment process. The above waste gas treatment facilities are in normal use.

A set of wastewater treatment facility with a processing capacity of 1,500 t/d was designed by Inner Mongolia Yongtai, which is provided with the process of "ozonation + anaerobic + A-section aeration/ precipitation + intermediate oxidation + anoxic + B-section aeration/ precipitation + denitrification". The wastewater treatment facility is in normal use. After treatment, the wastewater will be discharged into the park sewage pipe and treated by the sewage treatment plant in the Park after reaching the takeover standard. There is a set of waste gas treatment facility with a processing capacity of 40,000m³/h, which is subject to the process of two-stage spray + regenerative thermal oxidizer (RTO) + alkali spray. The waste gas treatment facilities are in normal use.

YONGTAI TECH. has built a sewage treatment station with a processing capacity of 650 t/d. The sewage treatment facilities are in normal use. After treatment, the sewage meets the takeover standard and is discharged into the sewage pipe in the park, which is then treated by the sewage treatment plant in the park. There are 12 exhaust outlets for the waste gas. The lithium hexafluorophosphate waste gas is treated with "secondary falling film water absorption + secondary water washing" and discharged through a 25m high exhaust funnel. The lithium fluoride waste gas is treated with "primary water absorption + primary alkali absorption" and discharged through a 25m high exhaust funnel. Solid wastes shall be subject to Administration Measures for Environmental Pollution Prevention and Control Law of Solid Wastes and the qualified enterprises in the park will be entrusted to handle the solid wastes.

Emergency response plan for sudden environmental incidents

YONGTAI TECH. has prepared the emergency plan for sudden environmental incidents. The preparation time is July 2023 for 1# plant area and July 2024 for 2# plant area.

The emergency response plan for sudden environmental incidents of Yongtai Pharma has been prepared, and the preparing time is February 2024.

The emergency response plan for sudden environmental incidents of Yongtai Chiral has been prepared, and the preparing time is July 2024.

The emergency response plan for sudden environmental incidents of Zhejiang Chiral is entrusted to Hangzhou Xinzilian Technology Co., Ltd. for preparation, and the filing time is September 2022.

The emergency response plan for sudden environmental incidents of Foshan Soin has been prepared, and the preparing time is June 2023.

The emergency response plan for sudden environmental incidents of Inner Mongolia Yongtai has been filed, and the filing time is May 2023.

The emergency response plan for sudden environmental incidents of Yongtai Hi-tech has been prepared, and the preparing time is December 2023.

Relevant conditions of the input for environmental governance and protection and payment of environmental protection

taxes

The Company and the holding subsidiaries attach importance to environmental protection. The on-site management is strengthened and efflux pollutants are effectively controlled by carrying out special work such as the investigation of environmental risks and hidden dangers and standardized management of hazardous wastes. In addition, the Company continuously improves and completes the environmental protection infrastructure, constantly improves the level of pollution prevention and control, and pays environmental protection tax according to relevant laws and regulations. The cost of environmental governance and protection invested by the Company and its subsidiaries is RMB 44,247,743.32, and the environmental protection tax is RMB 70,801.60 in the first half of 2024.

Environmental self-monitoring program

YONGTAI TECH. has 29 environmental protection personnel, including 9 detection personnel. There is a laboratory and an instrument room with an area of 30 m², equipped with PH meters, COD dissolvers, spectrophotometers, one atmospheric sampler, COD meters, total nitrogen meters, total phosphorus meters, conductivity meters and other testing instruments. In addition, the Company has the online monitoring system of wastewater and waste gas, and has entrusted a qualified organization to monitor the waste gas and wastewater every month. The indicators of waste gas and wastewater discharge (non-methane hydrocarbons, COD, ammonia nitrogen, etc.) in the plant are all in line with the national emission standards; the indicators of rainwater discharge (COD, ammonia nitrogen, total phosphorus, etc.) in the plant are all in line with the national standards.

The wastewater in Yongtai Pharma is disposed by the Plant I of YONGTAI TECH. and wastewater and waste gas should be monitored regularly by a testing company with testing qualification. The monitoring is made every half of one year, and the testing indicators are all in line with the relevant national emission standards.

Yongtai Chiral has 14 environmental protection personnel, including 2 detection personnel. There is a laboratory and an instrument room with an area of 35 m², equipped with PH meters, COD dissolvers, spectrophotometers, one atmospheric sampler, COD meters, total nitrogen meters, total phosphorus meters, conductivity meters and other testing instruments. In addition, the Company has the online monitoring system of wastewater and waste gas, and has entrusted a qualified organization to monitor the waste gas and wastewater every month. The indicators of waste gas and wastewater discharge (non-methane hydrocarbons, COD, ammonia nitrogen, etc.) in the plant are all in line with the national emission standards; the indicators of rainwater discharge (COD, ammonia nitrogen, total phosphorus, etc.) in the plant are all in line with the national standards.

Zhejiang Chiral has 7 environmental protection personnel, including 2 detection personnel. There is a laboratory and an instrument room with an area of 20 m², equipped with PH meters, COD meters, spectrophotometers and other testing instruments. In addition, the Company has set up an online monitoring system for wastewater and waste gas, and entrusted Hangzhou Tianliang Inspection Technology Co., Ltd. to monitor the waste gas and wastewater once per month, with test reports issued, and the indicators are in line with national and local emission standards.

Foshan Soin employed a third-party professional monitoring agency to monitor all indicators according to the requirements of the National Emissions License, and all indicators are in line with the standards.

Inner Mongolia Yongtai has 14 environmental protection personnel, including 1 detection person. There is a laboratory with an area of 30 m², equipped with PH meters, COD digestion instruments, COD analyzers, and other instruments. The Company has the on-line monitoring system of wastewater and waste gas, and all the indicators are in line with national standards. The Company has formulated 2024 monitoring program, and has entrusted a qualified third party to carry out the monitoring in accordance with the monitoring program.

Yongtai Hi-tech has 11 environmental protection personnel, including 2 testing personnel. There is a laboratory, equipped with PH meters, spectrophotometers, and so on. In addition, the Company has the online monitoring system of wastewater, and has entrusted a testing company with testing qualifications to carry out the regular monitoring of waste gas and wastewater, and the monitoring frequency is for the quarter or day, in which the outlet indicators of waste gas treatment facilities (particulate matter, SO₂, NO_x) are in line with the relevant national emission standards; the outlet indicators of wastewater treatment facilities (COD, ammonia nitrogen) are in line with the relevant national emission standards.

Administrative penalties imposed for environmental issues during the reporting period

Name of company or subsidiary	Reason for penalty	Circumstances of violation	Result of punishment	Impact on the production and operation of the listed company	Rectification measures of the Company
None	None	None	None	None	None

Other environmental information to be disclosed

None.

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

☐ Applicable ☒ Not applicable

Other environmental protection information

The Company responded the challenges brought about by climate change actively and referred to the four core elements recommended by the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management, and indicators and targets. Based on the actual situation of the Company, efforts are made to promote risk identification and management in response to climate change.

(1) Governance: The Company's Board of Directors is responsible for comprehensive monitoring of climate risks and conducting overall climate risk management. Multiple functional departments of the Company and its subsidiaries are responsible for addressing climate change based on their respective departmental responsibilities. Coordinate and collaborate at all levels to continuously enhance the Company's ability to respond to climate change.

(2) Strategy: The Company vigorously promotes green and low-carbon development, mitigates climate change, and helps achieve the targets of "carbon peak and carbon neutrality" in daily production, operation, and construction of new projects by practicing air, water, and soil pollution prevention and control work.

(3) Risk management: The Company attaches great importance to climate change risks and related opportunities, actively identifies, evaluates, and responds to risk issues in the business process, and gradually improves the risk management mechanism. The Company actively promotes the development of green products and processes, proactively addresses the risks and opportunities brought about by climate change, establishes management mechanisms such as the Emergency Plan for Sudden Environmental Incidents and the Special Emergency Plan for Typhoon and Flood Control, and reduces the adverse effects of climate change on business and finance.

(4) Indicators and targets: Based on the Company's industry type and business characteristics, combined with relevant risk identification and assessment results, we determined the total emission standards of pollutants related to the Company and its subsidiaries, strictly controlled the actual emissions, established and improved wastewater and waste gas treatment facilities and online monitoring devices in major plant areas, and strived to reduce greenhouse gas emissions.

II. Situation of social responsibility

The Company focuses on the fulfillment of social responsibility. Therefore, the Company vigorously supports the construction of local economy, insists on actively repaying the society with contributions to social welfare and charity. In addition, the Company is endeavoring to realize a dynamic balance between economic, social and environmental responsibilities in order to achieve a healthy and harmonious development between the Company and its shareholders, the Company and its employees, the Company and the society, as well as the Company and the environment.

1. Adequately safeguard rights and interests of shareholders and creditors

The Company has established a relatively well-established corporate governance structure with a completed internal control system. Platform for investor interaction has also been established and improved, in which an information platform open to all shareholders has been constructed in terms of mechanism. The platform truly achieves fair, just and open environment, and legitimate rights and interests formulated by laws, regulations and rules are available. The Company discloses information timely and accurately in strict accordance with the requirements of laws and regulations, *Articles of Association* and relevant systems of the Company, so as to ensure that all shareholders of the Company are provided with equal access to the Company's information, which protects the legitimate rights and interests of all shareholders. Meanwhile, the Company communicates with investors in a variety of ways such as online performance explanation session, investor calls, and interactive platform for investors, which ensures the transparency and openness of the Company's information.

2. Care about employees with emphasis on their rights and interests

The Company strictly abides by the relevant national laws and regulations such as *Labor Law*, which is mainly reflected in the Company's signing of written employment contracts with its employees, paying all kinds of social insurance in accordance with the law, and continuously increasing the investment in informatization of the production workshop to improve the working environment of the employees. Meanwhile, the Company also carries out regular employee occupational health examination, providing employees with labor protection appliance and further improving the salary assessment system. All of these have improved the Company's sustainable development ability, enabling the Company's management, core technical personnel and shareholders to form a community of interest, which improves the cohesion and combat effectiveness of the enterprise.

3. Operate in a fair manner to protect the rights of suppliers, customers and consumers

The Company has always insisted on operating in compliance with the law. Business dealings with customers and suppliers are undertaken in strict compliance with national laws and regulations, social and commercial ethics, honesty and trustworthiness. In addition, it always accepts the supervision of the government and the public as well as assumes social responsibility. A series of internal control systems, such as the *Sales Management Measures* and *Purchasing Management Measures*, have been established and improved by the Company to standardize business operations and provide institutional safeguards for fair operations. The Company endeavors to achieve harmonious win-win situation with suppliers and customers, in which they jointly create value and share results, with emphasis on communication and coordination with all relevant parties, so as to co-construct a platform of trust and cooperation.

4. Focus on environmental protection

The Company places significant emphasis on environmental protection with rigorous implementation of the development approaches of energy conservation and emission reduction for green development. The Company regards environmental protection as an important task. The Company strictly complies with the relevant national environmental protection laws and regulations as well as regulations related to local environmental protection. Equipment improvement and process modification are continuously conducted by the Company, which reduces the emissions of three wastes. For the management of three wastes, the Company strictly implements the national standards to ensure that the three wastes are discharged after reaching the standards. The Company requires that all investment projects shall be subject to environmental protection and safety requirements. Environment protection design and environment protection inputs shall be fully taken into account. Meanwhile, the “three simultaneous” system for environment protection and safety should be strictly enforced to ensure that investment projects and environment protection and safety supporting facilities are put into use together.

5. Proactively participate in social welfare services

Focusing on the creation of social value, the Company consciously pays attention to the fulfillment of social responsibility by proactively participating in social welfare activities with an active engagement in social welfare and charitable undertakings, in an effort to create harmonious public relations. The Company has provided necessary support to local education, culture, science, health and poverty alleviation within its capacity, contributing to local economic construction and social development.

The Company constantly keeps the mission firmly in mind to build up a clear awareness of social responsibility and highly emphasizes the practice of corporate social responsibility. Management of social responsibility has been continuously strengthened. Besides, the Company has persevered in incorporating the concept of social responsibility into the development strategy of the Company, as well as in implementing the fulfillment of corporate social responsibility into every aspect and parts of its daily operation and management.

Section VI Important Matters

I. Commitment matters fulfilled by the Company's actual controllers, shareholders, related parties, acquirers, the Company and other commitment parties during the reporting period and those remaining unfulfilled for an unspecified period of time as of the end of the reporting period

☐ Applicable ☒ Not applicable

The Company has no commitment matters that have been fulfilled by the Company's actual controllers, shareholders, related parties, acquirers, the Company and other commitment parties during the reporting period and those remaining unfulfilled for an unspecified period of time as of the end of the reporting period.

II. Non-operational appropriation by controlling shareholders and other related parties for funds of the listed company

☐ Applicable ☒ Not applicable

The Company does not have any non-operational appropriation by controlling shareholders and other related parties for funds of the listed company during the reporting period.

III. Illegal foreign guarantee

☐ Applicable ☒ Not applicable

The Company has no illegal foreign guarantees during the reporting period.

IV. Employment and termination of accounting firms

Whether the semi-annual financial report has been audited

☐ Yes ☒ No

The semi-annual report of the Company is unaudited.

V. Explanation of the Board of Directors and the Board of Supervisors on the "modified audit report" issued by the accounting firm for the reporting period

☐ Applicable ☒ Not applicable

VI. Explanation of the Board of Directors on the situation related to the "modified audit report" of the previous year

☐ Applicable ☒ Not applicable

VII. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

The Company has not experienced any bankruptcy and reorganization related matters during the reporting period.

VIII. Litigation matters

Significant litigation and arbitration matters

☒ Applicable ☐ Not applicable

Basic information on litigation (arbitration)	Amount of money involved (ten thousand)	whether or not an estimated liability has been	Progress of litigation (arbitration)	Outcome and impact of litigation (arbitration) trial	Enforcement of litigation (arbitration) judgments	Disclosure date	Index for disclosure

		generate d					
Contract dispute by the Company against Feidong Guoxuan and Hefei Qianrui	31,118.32	No	The case has been filed but not yet heard in court.	Considering that the above-mentioned case has not yet been heard in court, there is uncertainty about the impact of the case on the Company's current or future profits. The final actual impact shall be subject to the effective judgment of the court.	Not applicable	19 December 2023	For more information, please refer to Juchao Information Website (http://www.cninfo.com.cn), Announcement on Company Litigation Matters (2023-082)
Contract dispute between Feidong Guoxuan and the Company	20,253.92	No	The case has been filed but not yet heard in court.	Considering that the above-mentioned case has not yet been heard in court, there is uncertainty about the impact of the case on the Company's current or future profits. The final actual impact shall be subject to the effective judgment of the court.	Not applicable	9 January 2024	For more information, please refer to Juchao Information Website (http://www.cninfo.com.cn), Announcement on the Receipt of Civil Complaints by the Company (2024-001)

Other litigation matters

☒ Applicable ☐ Not applicable

Basic information on litigation (arbitration)	Amount of money involved (ten thousand)	whether or not an estimated liability has been generated	Progress of litigation (arbitration)	Outcome and impact of litigation (arbitration) trial	Enforcement of litigation (arbitration) judgments	Disclosure date	Index for disclosure
Litigation for which the Company does not reach the criteria for disclosure of significant litigation	912.58	No	Amount of money involved in closed or mediated cases is RMB 4.64 million; the amount of money involved in open cases is RMB 4.49 million.	Part of the case has been closed and part of the case is under trial. However, there is no significant impact on the Company's operations	Not applicable	Not applicable	Not applicable

IX. Penalties and rectification

☐ Applicable ☒ Not applicable

There were no penalties or rectifications during the reporting period of the Company.

X. Honesty of the Company and its controlling shareholders and actual controllers

☒ Applicable ☐ Not applicable

There is no case in which the Company, its controlling shareholders and actual controllers failed to fulfill the effective judgments from the court, and due liabilities of a large amount are unpaid during the reporting period.

XI. Substantial related transactions

1. Related transactions associated with daily operations

☐ Applicable ☒ Not applicable

No related transactions associated with daily operations occurred during the reporting period.

2. Related transactions arising from the acquisition or disposal of assets or equity interests

☐ Applicable ☒ Not applicable

No related transactions in respect of the acquisition or disposal of assets or equity interests occurred during the reporting period.

3. Related transactions of joint foreign investment

☐ Applicable ☒ Not applicable

No related transactions of joint foreign investment occurred during the reporting period.

4. Related claims and debts transactions

☐ Applicable ☒ Not applicable

No related claims and debts transactions existed during the reporting period.

5. Transactions with financial companies with which the Company has a relationship

☐ Applicable ☒ Not applicable

No deposit, loan, facility or other financial business exists between the Company and the financial company with which the Company has a relationship and the related parties.

6. Transactions between the financial company held by the Company and related parties

☐ Applicable ☒ Not applicable

No deposit, loan, facility or other financial business exists between the financial company held by the Company and related parties.

7. Other substantial related transactions

☐ Applicable ☒ Not applicable

No other substantial related transactions occurred during the reporting period of the Company.

XII. Material contracts and their fulfillment

1. Trusteeship, contracting and leasing matters

(1) Trusteeship

☐ Applicable ☒ Not applicable

No trusteeship existed during the reporting period of the Company.

(2) Contracting

☐ Applicable ☒ Not applicable

No contracting existed during the reporting period of the Company.

(3) Leasing

☐ Applicable ☒ Not applicable

No substantial lease existed during the reporting period of the Company.

2. Material guarantees
☒ Applicable ☐ Not applicable

Unit: RMB 10,000

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of the guaranteed object	Date of disclosure of announcement relating to the amount of guarantee	Amount of guarantee	Date of actual occurrence	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfillment or not	Guarantee for related parties or not
The Company's guarantee for subsidiaries										
Name of the guaranteed object	Date of disclosure of announcement relating to the amount of guarantee	Amount of guarantee	Date of actual occurrence	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Fulfillment or not	Guarantee for related parties or not
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	17 May 2024	5,000	8 April 2022	0	Joint and several liability guarantee			30 months	Yes	No
Shanghai E-tong Chemical Co., Ltd.	17 May 2023	45,000	1 November 2022	5,000	Joint and several liability guarantee			1 year	Yes	No
			9 January 2023	4,900	Joint and several liability guarantee			3 years	Yes	No
			1 February 2023	4,800	Joint and several liability guarantee			18 months	Yes	No
Zhejiang Chiral Medicine Chemicals Co., Ltd.	17 May 2024	15,000	19 May 2021	5,000	Joint and several liability guarantee			3 years	Yes	No
Inner Mongolia Yongtai Chemical	17 May 2024	130,000	8 October 2020	30,000	Joint and several liability guarantee			6 years	No	No

Co., Ltd.			13 June 2023	40,000	Joint and several liability guarantee			6 years	No	No
			27 July 2023	2,152.89	Joint and several liability guarantee			33 months	No	No
			4 December 2023	15,000	Joint and several liability guarantee			1 year	No	No
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	17 May 2024	5,000	21 May 2024	5,000	Joint and several liability guarantee			3 years	No	No
Shanghai E-tong Chemical Co., Ltd.	17 May 2024	45,000	25 January 2022	17,000	Joint and several liability guarantee			3 years	No	No
			4 February 2024	4,850	Joint and several liability guarantee			1 year	No	No
			10 March 2024	5,200	Joint and several liability guarantee			17 months	No	No
			11 March 2024	5,000	Joint and several liability guarantee			10 months	No	No
			27 March 2024	2,400	Joint and several liability guarantee			3 years	No	No
Shaowu Yongtai Hi-tech Material Co., Ltd.	17 May 2024	80,000	13 June 2022	13,000	Joint and several liability guarantee			3 years	No	No
			29 September 2022	40,000	Joint and several liability guarantee			6 years	No	No
			27 July 2023	7,000	Joint and several liability			18 months	No	No

					guarantee					
			28 Decemb er 2023	9,600	Joint and several liability guarantee			3 years	No	No
Zhejiang Chiral Medicine Chemicals Co., Ltd.	17 May 2024	15,000	31 January 2023	5,500	Joint and several liability guarantee			3 years	No	No
			24 June 2024	5,000	Joint and several liability guarantee			5 years	No	No
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	17 May 2024	30,000	24 November 2022	5,000	Joint and several liability guarantee			3 years	No	No
			10 April 2023	17,000	Joint and several liability guarantee			3 years	No	No
Zhejiang Yongtai New Energy Material Co., Ltd.	17 May 2024	40,000	29 September 2022	20,000	Joint and several liability guarantee			4 years	No	No
			5 June 2024	10,000	Joint and several liability guarantee			3 years	No	No
Total amount of approvals of guarantees to subsidiaries during the reporting period (B1)		355,000		Total amount of guarantees to subsidiaries actually incurred during the reporting period (B2)		37,450				
Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		355,000		Total actual balance of guarantees to subsidiaries at the end of the reporting period (B4)		258,702.89				
Guarantees by subsidiaries to subsidiaries										
Name of the guaranteed object	Date of disclosure of announceme nt relating to the amount of guarantee	Amount of guarante e	Date of actual occurrence	Actual amount of guarantee	Type of guarantee	Collate ral (if any)	Counter guarantee (if any)	Guarante e period	Fulfillm ent or not	Guarantee for related parties or not
Total amount of Company’s guarantee (i.e., total of the first three major items)										

Total amount of approvals of guarantees during the reporting period (A1+B1+C1)	355,000	Total amount of guarantees actually incurred during the reporting period (A2+B2+C2)	37,450
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)	355,000	Total actual balance of guarantees at the end of the reporting period (A4+B4+C4)	258,702.89
Ratio of total amount of actual guarantees (i.e. A4+B4+C4) to the net assets of the Company			80.76%
Of which,			
Balance of guarantees in favor of shareholders, actual controllers and their related parties (D)			0
Balance of guarantees provided directly or indirectly for the debts of guaranteed objects with asset-liability ratios exceeding 70% (E)			139,152.89
Amount of the portion of total amount of guarantees exceeding 50% of net assets (F)			111,202.89
Total amount of the above three guarantees (D+E+F)			183,202.89
Description of the occurrence of guarantee liabilities or evidence of the possibility of joint and several liquidation liabilities during the reporting period in respect of unexpired guarantee contracts (if any)			None
Description of violation of prescribed procedures in providing external guarantees (if any)			None

Description of the specific circumstances of the adoption of composite method of guarantee

None.

3. Entrusted financial management

☐ Applicable ☒ Not applicable

No entrusted financial management existed during the reporting period of the Company.

4. Other material contracts

☒ Applicable ☐ Not applicable

Name of contracting company	Name of the contracting party	Subject matter of the contract	Date of contract conclusion	Book value of assets involved in the contract (RMB 10,000) (if any)	Appraisal value of assets involved in the contract (RMB 10,000) (if any)	Name of appraisal agency (if any)	Valuation date (if any)	Pricing principle	Transaction price (RMB 10,000)	Related party transactions or not	Relevant Relation	Implementation as of the end of the reporting period	Disclosure date	Index for disclosure
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Zhejiang Yongtai Technology Co., Ltd.	Contemporary Ampere Technology Co., Ltd.	Lithium hexafluorophosphate, lithium bis(fluoro sulfonyl)imide (LIFSI), vinylene carbonate (VC), electrolyte	31 July 2021, 9 January 2024	-	-	None	-	The transaction pricing principle is to determine the final transaction price based on the principle of marketization, with full reference to the fair market price, and taking the actual costs, expenses, and other factors into account.	-	No	None	Under implementation	3 August 2021, 10 January 2024	Announcement on the Material Procurement Agreement between the Company and CATL (Announcement No.: 2021-054), Announcement on the Supplementary Material Procurement Agreement between the Company and CATL (Announcement No. 2024-002)
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XIII. Description of other material matters

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not have any other major matters to be disclosed.

XIV. Material matters of the Company's subsidiaries

☒ Applicable ☐ Not applicable

1. The 134,000t/a Liquid Lithium Salt Industrialization Project (in this period: 67,000t/a LIFSI Solution Project) of Shaowu Yongtai Hi-tech Material Co., Ltd. has completed equipment installation and commissioning. The trial production plan has passed expert review, and the project is ready for trial production. Trial production began on 16 January 2024. For details, please refer to the relevant announcements published by the Company on 17 January 2024 on *Securities Times*, *China Securities Journal*, *Shanghai Securities Journal*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

2. Zhejiang Yongtai Chiral Medicine Technology Co., Ltd. received an on-site inspection report from the U.S. FDA. The quality management system of its production site meets the standards of the U.S. FDA, and it has passed the U.S. FDA on-site inspection. For details, please refer to the relevant announcements published by the Company on 18 May 2024 on *Securities Times*, *China Securities Journal*, *Shanghai Securities Journal*, *Securities Daily* and Juchao Information Website (<http://www.cninfo.com.cn>).

Section VII Changes in Shares and Shareholders

I. Changes in shares

1. Changes in shares

Unit: Shares

	Before this change		Increase/decrease of this change (+, -)					After this change	
	Quantity	Proportion	Issue of new shares	Stock dividend	Transfer from accumulation fund to shares	Others	Subtotal	Quantity	Proportion
I. Shares with limited sales conditions	109,727,860	12.01%				59,674	59,674	109,787,534	12.01%
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Other shares held by domestic investors	109,727,860	12.01%				59,674	59,674	109,787,534	12.01%
Of which: Shares held by domestic legal persons									
Shares held by domestic natural persons	109,727,860	12.01%				59,674	59,674	109,787,534	12.01%
4. Shares held by foreign investors									
Of which: Shares held by foreign legal persons									
Shares held by overseas natural persons									
II. Shares without limited sales conditions	804,032,935	87.99%				-59,674	-59,674	803,973,261	87.99%
1. RMB ordinary shares	804,032,935	87.99%				-59,674	-59,674	803,973,261	87.99%
2. Domestic listed									

foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	913,760,795	100.00%				0	0	913,760,795	100.00 %

Reasons for changes in shares

☒ Applicable ☐ Not applicable

An increase of 59,674 shares in the Company's limited shares with conditions during the reporting period was attributable to the change in the lock-up shares of the senior management.

Approval of share changes

☐ Applicable ☒ Not applicable

Transfer of share changes

☐ Applicable ☒ Not applicable

Progress of implementation of share repurchase

☐ Applicable ☒ Not applicable

Progress in the implementation of reducing the repurchased shares by means of centralized bidding method

☐ Applicable ☒ Not applicable

Impact of share changes on financial indicators such as basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company for the latest year and the latest period

☐ Applicable ☒ Not applicable

Other disclosures deemed necessary by the Company or required by securities regulators

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the period	Number of increase of restricted shares during the period	Number of restricted shares at the end of the period	Reason for restriction	Date for release of restricted stock trade
Shares locked up by senior management	109,727,860	0	59,674	109,787,534	Shares locked up by senior management	The number of shares held each year to be released from lock-up is subject to <i>No. 10 Guidelines on Self-Regulation for Listed Companies by Shenzhen Stock Exchange - Management of Changes in Shares</i> .

Total	109,727,860	0	59,674	109,787,534	--	--
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II. Issuance and listing of securities

☐ Applicable ☒ Not applicable

III. Number of shareholders and shareholdings of the Company

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period		127,227		Total number of preferred shareholders whose voting rights have been restored (if any) at the end of the reporting period		0		
Shareholdings of the ordinary shareholders holding more than 5% or the top 10 ordinary shareholders (excluding the shares lent through refinancing)								
Name of shareholder	Nature of shareholders	Sharehold ing ratio	Number of ordinary shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of ordinary shares held with limited sales conditions	Number of ordinary shares held with unlimited sales conditions	Pledge, mark or freeze	
							Status of shares	Quantity
Wang Yingmei	Domestic natural persons	15.79%	144,248,400	0	108,186,300	36,062,100	Pledge	72,124,100
He Renbao	Domestic natural persons	12.19%	111,400,000	0	0	111,400,000	Pledge	45,540,000
Zhejiang Yongtai Technology Holdings Co., Ltd.	Domestic non-state-owned legal person	1.41%	12,887,500	0	0	12,887,500	Not applicable	0
Citibank, National Association	Overseas legal person	0.80%	7,318,800	-208,800	0	7,318,800	Not applicable	0
Jin Ying	Domestic natural persons	0.75%	6,808,680	531,000	0	6,808,680	Not applicable	0
Hong Kong Securities Clearing Co., Ltd.	Overseas legal person	0.54%	4,934,598	-2,943,847	0	4,934,598	Not applicable	0
Shanghai Axing Investment Management Co., Ltd. - Axing Gezhi No.12 Private Equity Investment Fund	Others	0.50%	4,530,000	0	0	4,530,000	Not applicable	0
Wang Ping	Domestic natural	0.40%	3,686,500	863,300	0	3,686,500	Not applicable	0

	persons							
Zheng Xiaoju	Domestic natural persons	0.35%	3,157,637	146,000	0	3,157,637	Not applicable	0
Mai Wangqiu	Domestic natural persons	0.34%	3,098,000	466,900	0	3,098,000	Not applicable	0
Information on strategic investors or general corporations becoming the top 10 ordinary shareholders (if any) due to the placing of new shares		None						
Description of the above shareholders' relationship or concerted action		Mr. He Renbao, Ms. Wang Yingmei, Zhejiang Yongtai Technology Holdings Co., Ltd. and Shanghai Axing Investment Management Co., Ltd. – Axing Gezhi No.12 Private Equity Investment Fund are parties acting in concert. Among them, Mr. He Renbao and Ms. Wang Yingmei are spouses, who collectively held 100% equity interest in Zhejiang Yongtai Technology Holdings Co., Ltd., and Mr. Kuang He, the son of both of them, held 100% equity interest in Shanghai Axing Investment Management Co., Ltd. – Axing Gezhi No.12 Private Equity Investment Fund. Other than this, it is unknown to the Company whether the remaining shareholders mentioned above are related to each other or are acting in concert.						
Description of the above shareholders involved in proxy/trustee voting rights and waiver of voting rights		None						
Special notes regarding repurchase accounts among the top 10 shareholders (if any)		None						
Shareholding status of the top 10 ordinary shareholders without sales restrictions (excluding shares lent through refinancing, shares held by senior management under lock-up)								
Name of shareholder			Number of ordinary shares held with unlimited sales conditions at the end of the reporting period			Type of shares		
						Type of shares	Quantity	
He Renbao			111,400,000			RMB ordinary shares	111,400,000	
Wang Yingmei			36,062,100			RMB ordinary shares	36,062,100	
Zhejiang Yongtai Technology Holdings Co., Ltd.			12,887,500			RMB ordinary shares	12,887,500	
Citibank, National Association			7,318,800			RMB ordinary shares	7,318,800	
Jin Ying			6,808,680			RMB ordinary shares	6,808,680	
Hong Kong Securities Clearing Co., Ltd.			4,934,598			RMB ordinary shares	4,934,598	

Shanghai Axing Investment Management Co., Ltd. - Axing Gezhi No.12 Private Equity Investment Fund	4,530,000	RMB ordinary shares	4,530,000
Wang Ping	3,686,500	RMB ordinary shares	3,686,500
Zheng Xiaojun	3,157,637	RMB ordinary shares	3,157,637
Mai Wangqiu	3,098,000	RMB ordinary shares	3,098,000
Description of the affiliation or acting in concert among the top 10 shareholders of ordinary shares with unlimited sales conditions, and between the top 10 shareholders of ordinary shares with unlimited sales conditions and the top 10 shareholders of ordinary shares	<p>Mr. He Renbao, Ms. Wang Yingmei, Zhejiang Yongtai Technology Holdings Co., Ltd. and Shanghai Axing Investment Management Co., Ltd. – Axing Gezhi No.12 Private Equity Investment Fund are parties acting in concert. Among them, Mr. He Renbao and Ms. Wang Yingmei are spouses, who collectively held 100% equity interest in Zhejiang Yongtai Technology Holdings Co., Ltd., and Mr. Kuang He, the son of both of them, held 100% equity interest in Shanghai Axing Investment Management Co., Ltd. – Axing Gezhi No.12 Private Equity Investment Fund.</p> <p>Other than this, it was unknown to the Company whether the remaining shareholders mentioned above are related to each other or are acting in concert, and it was also unknown to the Company whether the top 10 shareholders of circulating shares without limited sales conditions and the top 10 shareholders of ordinary shares are related to each other or are acting in concert.</p>		
Explanation of the securities margin trading business participation by the top 10 ordinary shareholders (if any)	6,145,972 shares were held by Jin Ying through an investor credit securities account; 4,530,000 shares were held by Shanghai Axing Investment Management Co., Ltd. – Axing Gezhi No.12 Private Equity Investment Fund through an investor credit securities account; 206,400 shares were held by Wang Ping through an investor credit securities account; and 2,604,819 shares were held by Zheng Xiaojun through an investor credit securities account.		

Participation in securities lending by shareholders holding more than 5%, the top 10 shareholders, and the top 10 unrestricted circulating shareholders

☐ Applicable ☒ Not applicable

Changes among the top 10 shareholders and the top 10 unrestricted circulating shareholders due to securities lending/repayment compared to the previous period

☐ Applicable ☒ Not applicable

Engagement of agreed repurchase transactions by the Company's top 10 ordinary shareholders and top 10 ordinary shareholders with unlimited sales conditions during the reporting period

☐ Yes ☒ No

There were no agreed repurchase transactions by the Company's top 10 ordinary shareholders and top 10 ordinary shareholders without limited sales conditions during the reporting period.

IV. Changes in shareholdings of directors, supervisors and senior management

☐ Applicable ☒ Not applicable

There were no changes in the shareholdings of the Company's directors, supervisors and senior management during the reporting period, which can be referred to the 2023 Annual Report for details.

V. Changes in controlling shareholders or actual controllers

Changes in controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

No changes in controlling shareholders occurred during the reporting period of the Company.

Changes in actual controller during the reporting period

☐ Applicable ☒ Not applicable

No changes in actual controller occurred during the reporting period of the Company.

Section VIII Related Conditions of Preferred Shares

☐ Applicable ☒ Not applicable

There were no preferred shares in the Company during the reporting period.

Section IX Related Conditions of Bonds

☐ Applicable ☒ Not applicable

Section X Financial Reports

I. Audit Report

Whether the semi-annual report is audited or not

☐ Yes ☒ No

The semi-annual financial report of the Company was not audited.

II. Financial Statement

The unit of the statement in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: Zhejiang Yongtai Technology Co., Ltd.

30 June 2024

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Current assets:		
Monetary funds	908,619,211.44	1,109,138,410.05
Deposit reservation for balance		
Lending funds		
Transactional financial assets	5,057,000.00	37,000,000.00
Derivative financial assets		
Notes receivable	149,538,872.64	157,936,185.71
Accounts receivable	1,046,780,563.36	905,514,989.36
Accounts receivable financing	80,560,694.41	161,377,815.36
Accounts prepaid	315,013,907.82	98,366,504.06
Premium receivable		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other accounts receivable	33,025,882.13	30,838,849.38
Of which: Interest receivable		
Dividend receivable		

Item	Period-ending balance	Balance at the beginning of the period
Purchase of resale financial assets		
Inventory	1,111,578,067.61	1,098,700,493.90
Of which: Data resources		
Contract assets		
Assets held for sale	599,943.92	599,943.92
Non-current assets due within one year		
Other current assets	194,898,771.15	196,460,999.99
Total current assets	3,845,672,914.48	3,795,934,191.73
Non-current assets:		
Loans and advances issued		
Debt investment		
Other debt investments		
Long-term accounts receivable		
Long-term equity investment	261,340,800.38	266,469,783.28
Investment in other equity instruments	64,194,692.70	64,194,692.70
Other non-current financial assets		
Real estate for investment purposes	20,270,516.59	24,784,293.94
Fixed assets	3,944,572,843.50	3,554,687,028.57
Construction in progress	1,650,419,453.34	2,110,290,652.02
Productive biological assets		
Oil and gas assets		
Right of use assets	3,662,777.80	5,180,945.20
Intangible assets	518,390,383.60	486,665,271.65
Of which: Data resources		
Development expenditure	115,402,367.16	90,917,228.14

Item	Period-ending balance	Balance at the beginning of the period
Of which: Data resources		
Goodwill	600,936,834.86	600,936,834.86
Long-term deferred expenses	20,034,893.32	23,505,002.13
Deferred income tax assets	251,032,526.21	263,850,165.15
Other non-current assets	106,281,246.95	116,890,688.45
Total non-current assets	7,556,539,336.41	7,608,372,586.09
Total assets	11,402,212,250.89	11,404,306,777.82
Current liabilities:		
Short-term loan	2,021,000,110.72	1,701,718,161.88
Borrowings from the Central Bank		
Borrowing funds		
Transaction financial liabilities		519,898.30
Derivative financial liabilities		
Notes payable	522,015,088.20	704,947,900.98
Accounts payable	973,850,209.12	862,218,150.32
Advance payments		
Contractual liabilities	657,055,157.31	891,679,158.45
Financial assets sold for repurchase		
Savings absorption and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Payable employee compensation	29,809,210.40	82,144,342.49
Taxes payable	22,487,943.31	35,617,679.60
Other payables	47,094,818.92	54,849,843.53
Of which: Interest payable		

Item	Period-ending balance	Balance at the beginning of the period
Dividend payable		
Handling charges and commissions payable		
Accounts payable reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	1,124,574,464.00	1,062,284,456.76
Other current liabilities	806,805,778.34	820,885,552.61
Total current liabilities	6,204,692,780.32	6,216,865,144.92
Non-current liabilities:		
Provision for insurance contracts		
Long-term loan	1,392,129,380.33	1,562,568,363.63
Bonds payable		
Of which: preferred shares		
Perpetual debt		
Lease liabilities	1,753,594.43	2,500,445.31
Long-term payables	243,382,181.39	89,237,605.41
Long-term remuneration payable to employees		
Estimated liabilities		
Deferred benefits	134,234,733.55	145,621,385.39
Deferred income tax liabilities	8,033,309.44	8,630,103.13
Other non-current liabilities		
Total non-current liabilities	1,779,533,199.14	1,808,557,902.87
Total liabilities	7,984,225,979.46	8,025,423,047.79
Owner's equity:		
Capital stock	913,760,795.00	913,760,795.00
Other equity instruments		

Item	Period-ending balance	Balance at the beginning of the period
Of which: preferred shares		
Perpetual debt		
Capital reserves	648,399,583.24	648,399,583.24
Less: treasury shares		
Other comprehensive incomes	31,767,994.65	29,826,973.84
Special reserves	9,559,900.61	8,697,025.76
Surplus reserves	212,549,555.18	212,549,555.18
General risk provision		
Undistributed profits	1,387,312,093.46	1,349,661,779.20
Total owner's equity attributable to the parent company	3,203,349,922.14	3,162,895,712.22
Equity of minority shareholders	214,636,349.29	215,988,017.81
Total owners' equity	3,417,986,271.43	3,378,883,730.03
Total liabilities and owner's equity	11,402,212,250.89	11,404,306,777.82

Legal representative: Wang Yingmei Person in charge of accounting work: Chen Lijie Head of accounting agency: Ni Xiaoyan

2. Balance Sheet of Parent Company

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Current assets:		
Monetary funds	446,009,928.80	584,437,202.41
Transactional financial assets		
Derivative financial assets		
Notes receivable	19,423,912.78	24,923,304.25
Accounts receivable	299,611,183.37	235,132,083.44

Item	Period-ending balance	Balance at the beginning of the period
Accounts receivable financing	9,874,291.67	11,133,623.37
Accounts prepaid	32,540,396.77	15,257,434.60
Other accounts receivable	1,932,398,765.83	2,243,003,741.32
Of which: Interest receivable		
Dividend receivable		
Inventory	365,942,680.06	427,170,369.83
Of which: Data resources		
Contract assets		
Assets held for sale	599,943.92	599,943.92
Non-current assets due within one year		
Other current assets	57,898,534.00	58,967,818.52
Total current assets	3,164,299,637.20	3,600,625,521.66
Non-current assets:		
Debt investment		
Other debt investments		
Long-term accounts receivable		
Long-term equity investment	3,631,549,086.61	3,313,035,054.10
Investment in other equity instruments	63,694,692.70	63,694,692.70
Other non-current financial assets		
Real estate for investment purposes	117,664,659.47	131,141,071.98
Fixed assets	517,904,324.62	552,248,744.20
Construction in progress	10,694,616.62	8,919,363.87
Productive biological assets		
Oil and gas assets		
Right of use assets		

Item	Period-ending balance	Balance at the beginning of the period
Intangible assets	31,875,888.81	32,973,730.81
Of which: Data resources		
Development expenditure		
Of which: Data resources		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	83,258,708.25	94,807,504.67
Other non-current assets	236,023,357.33	249,856,802.08
Total non-current assets	4,692,665,334.41	4,446,676,964.41
Total assets	7,856,964,971.61	8,047,302,486.07
Current liabilities:		
Short-term loan		
Transaction financial liabilities	1,252,227,363.07	1,153,985,328.14
Derivative financial liabilities		519,898.30
Notes payable	262,574,954.75	285,507,442.79
Accounts payable	147,061,492.91	133,717,263.73
Advance payments		
Contractual liabilities	532,836,306.13	709,879,550.65
Payable employee compensation	9,989,643.77	25,552,895.09
Taxes payable	5,117,159.38	8,938,996.32
Other payables	102,844,643.70	362,247,470.92
Of which: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	689,291,123.88	686,552,263.21

Item	Period-ending balance	Balance at the beginning of the period
Other current liabilities	87,217,971.10	114,000,190.99
Total current liabilities	3,089,160,658.69	3,480,901,300.14
Non-current liabilities:		
Long-term loan	652,220,000.00	720,410,686.92
Bonds payable		
Of which: preferred shares		
Perpetual debt		
Lease liabilities		
Long-term payables	98,892,121.15	1,706,411.27
Long-term remuneration payable to employees		
Estimated liabilities		
Deferred benefits	7,327,352.40	7,375,509.54
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	758,439,473.55	729,492,607.73
Total liabilities	3,847,600,132.24	4,210,393,907.87
Owner's equity:		
Capital stock	913,760,795.00	913,760,795.00
Other equity instruments		
Of which: preferred shares		
Perpetual debt		
Capital reserves	1,312,383,842.09	1,312,383,842.09
Less: treasury shares		
Other comprehensive incomes	44,542,388.63	60,451,456.40
Special reserves		

Item	Period-ending balance	Balance at the beginning of the period
Surplus reserves	209,741,527.78	209,741,527.78
Undistributed profits	1,528,936,285.87	1,340,570,956.93
Total owners' equity	4,009,364,839.37	3,836,908,578.20
Total liabilities and owner's equity	7,856,964,971.61	8,047,302,486.07

3. Consolidated Income Statement

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Total operating income	2,139,223,940.34	2,053,255,250.17
Of which: Operating revenue	2,139,223,940.34	2,053,255,250.17
Interest income		
Premium earned		
Incomes for handling charges and commissions		
II. Total operating cost	2,131,028,925.13	2,133,261,220.46
Including: Operating costs	1,690,796,640.32	1,650,173,197.91
Interest expenses		
Expenditures for handling charges and commissions		
Surrender value		
Net amount of compensation expenses		
Net insurance liability reserve withdrawn		
Policyholder dividend expense		
Reinsurance expenses		
Taxes and surcharges	21,540,541.54	22,505,085.86
Marketing expenses	47,734,025.37	53,209,711.73
Management expenses	264,551,019.73	286,914,306.21
R&D expenses	49,432,151.95	76,157,702.13

Item	Semi-annual 2024	Semi-annual 2023
Financial expenses	56,974,546.22	44,301,216.62
Of which: interest expense	80,199,534.87	76,521,928.36
Interest income	11,011,678.48	10,925,439.51
Plus: other income	16,124,779.75	20,734,550.97
Income from investment (loss expressed with "-")	18,834,175.30	8,580,117.44
Of which: income from investment to associated enterprises and joint ventures	10,780,084.87	9,011,204.29
Income from derecognition of financial assets measured at amortized cost		
Income from exchange (loss expressed with "-")		
Net exposure hedging income (loss expressed with "-")		
Income from changes in fair value (loss expressed with "-")	311,698.00	-2,575,010.62
Credit impairment loss (loss expressed with "-")	24,148,133.10	8,169,150.69
Asset impairment loss (loss expressed with "-")		
Income from disposal of assets (loss expressed with "-")	-13,060,593.94	51,489,691.76
III. Operating profit (loss expressed with "-")	54,553,207.42	6,392,529.95
Plus: non-operating income	10,954,415.05	40,619,320.93
Less: non-operating expenses	2,725,490.76	3,522,612.42
IV. Total profit (total loss expressed with "-")	62,782,131.71	43,489,238.46
Less: income tax expense	28,581,091.76	30,331,170.23
V. Net profit (net loss expressed with "-")	34,201,039.95	13,158,068.23
(I) Classification by business continuity		
1. Net profit from going concern (net loss expressed with "-")	31,553,808.33	12,176,541.40
2. Net profit from discontinued operations (net loss expressed with "-")	2,647,231.62	981,526.83
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company (net	37,650,314.26	38,651,535.60

Item	Semi-annual 2024	Semi-annual 2023
loss expressed with "-")		
2. Minority shareholders' profits and losses (net loss expressed with "-")	-3,449,274.31	-25,493,467.37
VI. Net after-tax amount of other comprehensive incomes	1,941,020.81	-8,948,478.03
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	1,941,020.81	-8,948,478.03
(I) Other comprehensive incomes not to be reclassified into profits and losses	-15,909,067.77	
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profits and losses under equity method	-15,909,067.77	
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into profits and losses	17,850,088.58	-8,948,478.03
1. Other comprehensive income that can be transferred to profits and losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. The balance arisen from the translation of foreign currency financial statements	17,850,088.58	-8,948,478.03
7. Others		
Net after-tax amount of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	36,142,060.76	4,209,590.20
Total comprehensive incomes attributable to the parent company's owners	39,591,335.07	29,703,057.57

Item	Semi-annual 2024	Semi-annual 2023
Total comprehensive incomes attributable to minority shareholders	-3,449,274.31	-25,493,467.37
VIII. Earnings per share:		
(I) Basic earnings per share	0.04	0.04
(II) Diluted earnings per share	0.04	0.04

In the event of a business combination under the same control during the current period, the net profit realized by the party to be combined before the combination was: RMB0.00, and the net profit realized by the party to be combined during the previous period was: RMB0.00.

Legal representative: Wang Yingmei Person in charge of accounting work: Chen Lijie Head of accounting agency: Ni Xiaoyan

4. Profit Statement of Parent Company

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Operating income	659,113,233.03	735,652,656.06
Less: operating costs	496,208,022.42	531,829,805.29
Taxes and surcharges	6,923,827.24	7,567,332.66
Marketing expenses	3,313,616.94	7,198,128.30
Management expenses	93,819,148.18	100,614,226.84
R&D expenses	28,778,907.06	42,906,070.50
Financial expenses	21,517,624.51	25,417,947.29
Of which: interest expense	53,368,547.31	45,204,212.72
Interest income	24,924,594.56	8,886,445.81
Plus: other income	2,862,360.70	2,686,280.10
Income from investment (loss expressed with "-")	123,880,127.18	138,401,769.10
Of which: income from investment to associated enterprises and joint ventures	10,780,084.87	9,011,204.29
Gains on derecognition of financial assets measured at amortized cost ("losses" are presented as "-")		
Net exposure hedging income (loss expressed with "-")		
Income from changes in fair value (loss expressed with "-")	254,698.00	-2,575,010.62

Item	Semi-annual 2024	Semi-annual 2023
Credit impairment loss (loss expressed with "-")	67,588,135.03	-49,087,086.64
Asset impairment loss (loss expressed with "-")		
Income from disposal of assets (loss expressed with "-")	-306,717.00	436,025.26
II. Operating profit (loss expressed with "-")	202,830,690.59	109,981,122.38
Plus: non-operating income	5,220.57	9,505.08
Less: non-operating expenses	1,638,208.19	1,666,848.76
III. Total profit (total loss expressed with "-")	201,197,702.97	108,323,778.70
Less: income tax expense	12,832,374.03	-4,831,432.42
IV. Net profit (net loss expressed with "-")	188,365,328.94	113,155,211.12
(I) Net profit from going concern (net loss expressed with "-")	188,365,328.94	113,155,211.12
(II) Net profit from discontinued operations (net loss expressed with "-")		
V. Net after-tax amount of other comprehensive incomes	-15,909,067.77	
(I) Other comprehensive incomes not to be reclassified into profits and losses	-15,909,067.77	
1. Remeasurement of changes in defined benefit plans		
2. Other comprehensive income that cannot be transferred to profits and losses under equity method	-15,909,067.77	
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive incomes to be reclassified into profits and losses		
1. Other comprehensive income that can be transferred to profits and losses under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		

Item	Semi-annual 2024	Semi-annual 2023
5. Cash flow hedging reserve		
6. The balance arisen from the translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	172,456,261.17	113,155,211.12
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flow

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of labor services	1,214,681,115.06	1,664,322,267.62
Net increase in customer bank deposits and interbank deposits		
Net increase in borrowing from the Central Bank		
Net increase in loans from other financial institutions		
Cash received from premiums obtained from original insurance contracts		
Net cash received from reinsurance business		
Net increase of policy holder deposits and investment funds		
Cash received from interests, handling charges and commissions		
Net increase in borrowing funds		
Net increase in repurchase business capital		
Net cash received from agency purchases and sales of securities		
Refunds of taxes received	80,889,241.65	81,444,751.04
Other cash received related to operating activities	48,624,062.04	92,691,798.93
Sub-total of cash inflows from operating activities	1,344,194,418.75	1,838,458,817.59

Item	Semi-annual 2024	Semi-annual 2023
Cash payments for purchasing goods and receiving labor services	1,102,948,886.82	1,500,403,856.44
Net increase in customer loans and advances		
Net increase of deposits in the Central Bank and other financial institutions		
Cash payments for original insurance contract claims		
Net increase in lending funds		
Cash payments for interests, handling charges and commissions		
Cash payments for the policyholder dividends		
Cash paid to and on behalf of employees	221,393,719.11	245,296,280.92
All types of taxes paid	57,346,252.24	105,624,123.47
Other cash payments related to operating activities	148,095,127.84	189,635,639.55
Sub-total of cash outflows from operating activities	1,529,783,986.01	2,040,959,900.38
Net cash flow from operating activities	-185,589,567.26	-202,501,082.79
II. Cash flow from investment activities:		
Cash received from investment recovery	83,129,150.00	41,000,000.00
Cash received from returns on investments	3,425,642.01	1,363,616.58
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	1,382,961.12	91,130,021.00
Net cash received from disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Sub-total of cash inflows from investment activities	87,937,753.13	133,493,637.58
Cash paid to acquire and construct fixed assets, intangible assets, and other long-term assets	312,885,795.02	260,610,700.40
Cash paid to acquire investments	45,417,300.00	43,500,000.00
Net increase in pledge loans		
Net cash payments for the acquisition of subsidiaries and other business entities		

Item	Semi-annual 2024	Semi-annual 2023
Other cash payments related to investment activities		
Sub-total of cash outflows from investment activities	358,303,095.02	304,110,700.40
Net cash flow from investment activities	-270,365,341.89	-170,617,062.82
III. Cash flow from financing activities:		
Cash received from absorbing investments		
Of which: cash received from minority shareholders' investment in subsidiaries		
Cash received from borrowings	1,538,543,308.44	1,841,526,699.98
Other cash received related to financing activities	339,000,000.00	136,600,000.00
Sub-total of cash inflows from financing activities	1,877,543,308.44	1,978,126,699.98
Cash payments for debt repayment	1,502,600,452.62	1,357,597,543.68
Cash payments for distributing dividends, profits or paying interest	96,128,952.19	183,280,698.67
Of which: share dividends and profits paid to minority shareholders by subsidiaries		
Other cash payments related to financing activities	10,000,000.00	3,000,000.00
Sub-total of cash outflows from financing activities	1,608,729,404.81	1,543,878,242.35
Net cash flow from financing activities	268,813,903.63	434,248,457.63
IV. Impact of currency fluctuation on cash and cash equivalents	4,917,947.86	-5,711,923.93
V. Net increase in cash and cash equivalents	-182,223,057.66	55,418,388.09
Plus: balance of cash and cash equivalents at the beginning of the period	551,577,688.10	438,109,059.07
VI. Balance of cash and cash equivalents at the end of the period	369,354,630.44	493,527,447.16

6. Cash Flow Statement of Parent Company

Unit: RMB

Item	Semi-annual 2024	Semi-annual 2023
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of labor services	358,135,018.26	778,472,243.55

Item	Semi-annual 2024	Semi-annual 2023
Refunds of taxes received	26,515,885.78	24,773,671.87
Other cash received related to operating activities	486,607,995.62	139,818,989.44
Sub-total of cash inflows from operating activities	871,258,899.66	943,064,904.86
Cash payments for purchasing goods and receiving labor services	407,856,683.25	619,652,881.19
Cash paid to and on behalf of employees	74,454,138.67	87,267,902.84
All types of taxes paid	15,566,592.54	11,317,556.69
Other cash payments related to operating activities	402,335,067.03	524,713,545.52
Sub-total of cash outflows from operating activities	900,212,481.49	1,242,951,886.24
Net cash flow from operating activities	-28,953,581.83	-299,886,981.38
II. Cash flow from investment activities:		
Cash received from investment recovery		
Cash received from returns on investments	113,425,642.01	131,363,616.58
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	306,717.00	604,139.50
Net cash received from disposal of subsidiaries and other business entities		
Other cash received related to investment activities		
Sub-total of cash inflows from investment activities	113,732,359.01	131,967,756.08
Cash paid to acquire and construct fixed assets, intangible assets, and other long-term assets	32,096,526.49	40,953,387.28
Cash paid to acquire investments	319,581,348.50	9,688,692.57
Net cash payments for the acquisition of subsidiaries and other business entities		
Other cash payments related to investment activities		
Sub-total of cash outflows from investment activities	351,677,874.99	50,642,079.85
Net cash flow from investment activities	-237,945,515.98	81,325,676.23
III. Cash flow from financing activities:		

Item	Semi-annual 2024	Semi-annual 2023
Cash received from absorbing investments		
Cash received from borrowings	1,097,510,000.00	1,221,730,000.00
Other cash received related to financing activities	189,000,000.00	
Sub-total of cash inflows from financing activities	1,286,510,000.00	1,221,730,000.00
Cash payments for debt repayment	1,150,057,419.03	851,578,203.64
Cash payments for distributing dividends, profits or paying interest	55,805,209.72	144,549,083.78
Other cash payments related to financing activities	5,000,000.00	
Sub-total of cash outflows from financing activities	1,210,862,628.75	996,127,287.42
Net cash flow from financing activities	75,647,371.25	225,602,712.58
IV. Impact of currency fluctuation on cash and cash equivalents	6,491,657.89	3,056,128.72
V. Net increase in cash and cash equivalents	-184,760,068.67	10,097,536.15
Plus: balance of cash and cash equivalents at the beginning of the period	304,234,142.76	183,097,370.13
VI. Balance of cash and cash equivalents at the end of the period	119,474,074.09	193,194,906.28

7. Consolidated Statement of Changes in Owner's Equity

Amount in this period

Unit: RMB

Item	Semi-annual 2024													
	Owner's equity attributable to the parent company													Equity of minority shareholders
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal	
I. Balance at the end of the last year	913,760,795.00				648,399,583.24		29,826,973.84	8,697,025.76	212,549,555.18		1,349,661,779.20		3,162,895,712.22	215,988,017.81
Plus: changes in accounting policies														

Item	Semi-annual 2024														
	Owner's equity attributable to the parent company												Equity of minority shareholders	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others			Subtotal
		Preferred shares	Perpetual debt	Others											
Correction of prior errors															
Others															
II. Balance at the beginning of the year	913,760,795.00				648,399,583.24		29,826,973.84	8,697,025.76	212,549,555.18		1,349,661,779.20		3,162,895,712.22	215,988,017.81	3,378,883,730.03
III. Increase/decrease amount of the current period (decrease expressed with "-")							1,941,020.81	862,874.85			37,650,314.26		40,454,209.92	-1,351,668.52	39,102,541.40
(I) Total comprehensive income							1,941,020.81				37,650,314.26		39,591,335.07	-3,449,274.31	36,142,060.76
(II) Capital contributed or withdrawn by owners															
1. Capital contribution by owners															
2. Capital contribution by holders of other equity instruments															
3. Amount of share payment included into owner's equity															
4. Others															
(III) Profit distribution															
1. Appropriation															

Item	Semi-annual 2024														
	Owner's equity attributable to the parent company														Equity of minority shareholders
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		Total owners' equity
		Preferred shares	Perpetual debt	Others											
to surplus reserves															
2. Appropriation to general risk reserves															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal transfer of owners' equity															
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Surplus reserves to cover losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															

Item	Semi-annual 2024														
	Owner's equity attributable to the parent company												Equity of minority shareholders	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others			Subtotal
		Preferred shares	Perpetual debt	Others											
(V) Special reserve								862,874.85					862,874.85	2,097,605.79	2,960,480.64
1. Withdrawal in the current period								8,925,085.43					8,925,085.43	2,370,566.66	11,295,652.09
2. Use in the current period								8,062,210.58					8,062,210.58	272,960.87	8,335,171.45
(VI) Others															
IV. Ending balance of the current period	913,760,795.00				648,399,583.24		31,767,994.65	9,559,900.61	212,549,555.18		1,387,312,093.46		3,203,349,922.14	214,636,349.29	3,417,986,271.43

Amount of last year

Unit: RMB

Item	Semi-annual 2023														
	Owner's equity attributable to the parent company												Equity of minority shareholders	Total owners' equity	
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others			Subtotal
		Preferred shares	Perpetual debt	Others											
I. Balance at the end of the last year	876,566,295.00				208,995,086.37		69,479,618.61	2,375,120.26	212,549,555.18		2,057,248,262.04		3,427,213,937.46	318,574,388.31	3,745,788,325.77
Plus: changes in accounting policies															
Correction of prior errors															

Item	Semi-annual 2023														
	Owner's equity attributable to the parent company													Equity of minority shareholders	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		
Preferred shares		Perpetual debt	Others												
Others															
II. Balance at the beginning of the year	876,566,295.00				208,995,086.37		69,479,618.61	2,375,120.26	212,549,555.18		2,057,248,262.04		3,427,213,937.46	318,574,388.31	3,745,788,325.77
III. Increase/decrease amount of the current period (decrease expressed with "-")							-8,948,478.03	2,937,282.39			-49,005,093.90		-55,016,289.54	-25,249,853.43	-80,266,142.97
(I) Total comprehensive income							-8,948,478.03				38,651,535.60		29,703,057.57	-25,493,467.37	4,209,590.20
(II) Capital contributed or withdrawn by owners															
1. Capital contribution by owners															
2. Capital contribution by holders of other equity instruments															
3. Amount of share payment included into owner's equity															
4. Others															
(III) Profit distribution											-87,656,629.50		-87,656,629.50		-87,656,629.50
1. Appropriation to surplus															

Item	Semi-annual 2023														
	Owner's equity attributable to the parent company														Equity of minority shareholders
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		Total owners' equity
		Preferred shares	Perpetual debt	Others											
reserves															
2. Appropriation to general risk reserves															
3. Distribution to owners (or shareholders)											-87,656,629.50		-87,656,629.50		-87,656,629.50
4. Others															
(IV) Internal transfer of owners' equity															
1. Capital reserve converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Surplus reserves to cover losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															

Item	Semi-annual 2023														
	Owner's equity attributable to the parent company													Equity of minority shareholders	Total owners' equity
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		
		Preferred shares	Preferred debt	Others											
(V) Special reserve								2,937,282.39					2,937,282.39	243,613.94	3,180,896.33
1. Withdrawal in the current period								12,519,967.08					12,519,967.08	479,933.46	12,999,900.54
2. Use in the current period								9,582,684.69					9,582,684.69	236,319.52	9,819,004.21
(VI) Others															
IV. Ending balance of the current period	876,566,295.00				208,995,086.37		60,531,140.58	5,312,402.65	212,549,555.18		2,008,243,168.14		3,372,197,647.92	293,324,534.88	3,665,522,182.80

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

Amount in this period

Unit: RMB

Item	Semi-annual 2024											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
I. Balance at the end of the last year	913,760,795.00				1,312,383,842.09		60,451,456.40		209,741,527.78	1,340,570,956.93		3,836,908,578.20
Plus: changes in accounting policies												
Correction of prior errors												

Item	Semi-annual 2024											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
Others												
II. Balance at the beginning of the year	913,760,795.00				1,312,383,842.09		60,451,456.40		209,741,527.78	1,340,570,956.93		3,836,908,578.20
III. Increase/decrease amount of the current period (decrease expressed with "-")							-15,909,067.77			188,365,328.94		172,456,261.17
(I) Total comprehensive income							-15,909,067.77			188,365,328.94		172,456,261.17
(II) Capital contributed or withdrawn by owners												
1. Capital contribution by owners												
2. Capital contribution by holders of other equity instruments												
3. Amount of share payment included into owner's equity												
4. Others												
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Distribution to owners (or shareholders)												

Item	Semi-annual 2024											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
3. Others												
(IV) Internal transfer of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserves to cover losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawal in the current period								2,685,635.09				2,685,635.09
2. Use in the current period								2,685,635.09				2,685,635.09
(VI) Others												
IV. Ending balance of the current period	913,760,795.00				1,312,383,842.09		44,542,388.63		209,741,527.78	1,528,936,285.87		4,009,364,839.37

Amount of last year

Unit: RMB

Item	Semi-annual 2023											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
I. Balance at the end of the last year	876,566,295.00				872,979,345.22		63,425,271.91		209,741,527.78	1,448,099,911.68		3,470,812,351.59
Plus: changes in accounting policies												
Correction of prior errors												
Others												
II. Balance at the beginning of the year	876,566,295.00				872,979,345.22		63,425,271.91		209,741,527.78	1,448,099,911.68		3,470,812,351.59
III. Increase/decrease amount of the current period (decrease expressed with "-")										25,498,581.62		25,498,581.62
(I) Total comprehensive income										113,155,211.12		113,155,211.12
(II) Capital contributed or withdrawn by owners												
1. Capital contribution by owners												
2. Capital contribution by holders of other equity instruments												

Item	Semi-annual 2023											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
3. Amount of share payment included into owner's equity												
4. Others												
(III) Profit distribution										-87,656,629.50		-87,656,629.50
1. Appropriation to surplus reserves												
2. Distribution to owners (or shareholders)										-87,656,629.50		-87,656,629.50
3. Others												
(IV) Internal transfer of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserves to cover losses												
4. Changes in defined benefit plans carried forward to retained												

Item	Semi-annual 2023											
	Capital stock	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual debt	Others								
earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Withdrawal in the current period								4,434,394.00				4,434,394.00
2. Use in the current period								4,434,394.00				4,434,394.00
(VI) Others												
IV. Ending balance of the current period	876,566,295.00				872,979,345.22		63,425,271.91		209,741,527.78	1,473,598,493.30		3,496,310,933.21

III. Basic Information about the Company

1. Company overview

Zhejiang Yongtai Technology Co., Ltd. (hereinafter referred to as “Company” or “the Company” or “YONGTAI TECH.”) is a company limited by shares through overall change from original Zhejiang Yongtai Chemical Co., Ltd., with Zhejiang Yongtai Technology Holdings Co., Ltd. (formerly Linhai City Yongtai Investment Co., Ltd.) and 25 natural persons such as Wang Yingmei, He Renbao, Liu Hong as sponsors and total share capital amount of 100 million shares (the face value per share is RMB 1). Unified social credit code of business license of the Company: 91330000719525000X. The Company was listed in Shenzhen Stock Exchange in December 2009. Industry: Chemical raw materials and chemical products manufacturing industry.

As of 30 June 2024, the Company has issued a cumulative total of 913,760,795 shares, with a registered capital of RMB 913,760,795, registered office at No.1 Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical Raw Material Medicine Base, and head office at No.1 Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical Raw Material Medicine Base. The Company's principal business activities are the manufacture and sale of organic intermediates and the sale of pesticides. Actual controllers of the Company are the couple He Renbao and Wang Yingmei.

The financial statements have been approved by the Board of Directors of the Company for reporting on 28 August 2024.

2. Scope of consolidated financial statements

Subsidiaries within the scope of the consolidated financial statements of the Company as of 30 June 2024 are as follows:

Name of subsidiary
Binhai Yongtai Technology Co., Ltd. (hereinafter referred to as “Binhai Yongtai”)
Shanghai E-tong Chemical Co., Ltd. (hereinafter referred to as “Shanghai E-tong”)
Shaowu Yongtai Hi-tech Material Co., Ltd. (hereinafter referred to as “Yongtai Hi-tech”)
Hainan Xinhui Mining Co., Ltd. (hereinafter referred to as “Xinhui Mining”)
Zhejiang Yongtai Pharmaceutical Co., Ltd. (hereinafter referred to as “Yongtai Pharma”)
Youngtech Pharmaceuticals Co., Ltd. (hereinafter referred to as “Youngtech Pharmaceuticals”)
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd. (hereinafter referred to as “Shandong Yongtai”)
Zhejiang Yongtai New Material Co., Ltd. (hereinafter referred to as “Yongtai New Material”)
SYT pharm (Shanghai) Inc. (hereinafter referred to as “SYT pharm (Shanghai)”)
Zhejiang Yongtai New Energy Material Co., Ltd. (hereinafter referred to as “Yongtai New Energy”)
Shanghai Youngcobe Bio-pharma Co., Ltd. (hereinafter referred to as “Shanghai Youngcobe”)
E-TONGCHEMICAL (HONGKONG) CO., LIMITED (hereinafter referred to as “E-TONGCHEMICAL (HONGKONG)”)
Zhejiang Chiral Medicine Chemicals Co., Ltd. (hereinafter referred to as “Zhejiang Chiral”)
Foshan Soin Chiralpharma Co., Ltd. (hereinafter referred to as “Foshan Soin”)
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd. (hereinafter referred to as “Yongtai Chiral”)
Chongqing Yongyuansheng Technology Co., Ltd. (hereinafter referred to as “Chongqing Yongyuansheng”)
Jiangsu Subin Agrochemical Co., Ltd. (hereinafter referred to as “Jiangsu Subin”)
H&G (China) Chemical Ltd. (hereinafter referred to as “H&G (China)”)
Binhai Meikang Pharmaceutical Co., Ltd. (hereinafter referred to as “Binhai Meikang”)
Inner Mongolia Yongtai Chemical Co., Ltd. (hereinafter referred to as “Inner Mongolia Yongtai”)
E-TONGCHEMICAL CO., LIMITED (hereinafter referred to as “E-TONGCHEMICAL”)
Inner Mongolia Hehui Technology Co., Ltd. (hereinafter referred to as “Inner Mongolia Hehui”)
Hangzhou Yongtai Biomedicine Co., Ltd. (hereinafter referred to as “Hangzhou Yongtai”)
PT. ETONG CHEMICAL INDONESIA (hereinafter referred to as “PT. ETONG”)

Zhejiang Yongtai Trading Co., Ltd. (hereinafter referred to as “Yongtai Trading”)
E-TONG CHEMICAL (PHILIPPINES) INC. (hereinafter referred to as “E-TONG CHEMICAL (PHILIPPINES)”)
ETONG AGROTECH NIGERIA LIMITED (hereinafter referred to as “Etong Agrotech Nigeria”)
ETONG CHEMICALS (PVT.) LTD. (hereinafter referred to as “Etong Chemicals (Pvt.)”)
LIDEAL MINES LIMITED (hereinafter referred to as “Lideal Mines”)
AGRO JUNTOS COLOMBIA S.A.S. (hereinafter referred to as “Agro Juntos Colombia”)
FarmaLine CropCare Bangladesh Limited (hereinafter referred to as “Farmaline Cropcare Bangladesh”)
MONAGRO CROSSSCIENCE CO., LTD. (hereinafter referred to as “E-tong Cambodia”)
Zhejiang Yongtai Fule Technology Co., Ltd. (hereinafter referred to as “Yongtai Fule”)
Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd. (hereinafter referred to as “Hangzhou Yongtai Chiral”)
QUANG HOP BIOCHEMICAL COMPANY LIMITED (hereinafter referred to as “Etong Vietnam”)
Shandong Yonghong Lithium Industry Technology Co., Ltd. (hereinafter referred to as “Shandong Yonghong”)
Fujian Yongtai Fuyuan Technology Co., Ltd. (hereinafter referred to as “Yongtai Fuyuan”)

See “Note X. Interests in Other Entities” for details of the Company's subsidiaries.

For details of changes in consolidation scope during the reporting period, please refer to “Note IX. Changes in Consolidation Scope”.

IV. The preparation basis of Financial Statements

1. Preparation basis

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standards and various specific accounting standards, guidelines for the application of accounting standards for enterprises, interpretations of accounting standards for enterprises and other related regulations (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and the relevant provisions of Disclosure and Reporting Rules for Companies Issuing Public Securities No. 15 – General Provisions on Financial Reporting of China Securities Regulatory Commission.

2. Continuing operations

The financial statements are prepared on a going-concern basis.

The Company has the ability of sustainable operation for at least 12 months since the end of the reporting period, and there are no major matters affecting its ability of sustainable operation.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates tips:

The Company has formulated specific accounting policies and accounting estimates for transactions or matters such as bad debt reserve for receivables, depreciation of fixed assets, amortization of intangible assets and revenue recognition in accordance with the actual production and operation characteristics.

1. The declaration on compliance with the Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance and give a true and complete view of the consolidated and parent company's financial positions as of 30 June 2024 and the consolidated and parent company's business performance and cash flows for January-June 2024.

2. Accounting period

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

3. Business cycle

The business cycle of the Company is 12 months.

4. Bookkeeping standard currency

The Company adopts RMB as the bookkeeping base currency. The subsidiaries of the Company have determined their bookkeeping standard currencies according to the major economic environments in which they operate. Among them, the bookkeeping standard currencies of the Company's American subsidiary Youngtech Pharmaceuticals, the Hong Kong sub-subsidiaries E-Tong Chemical (Hong Kong) Co., Limited and E-Tong Chemical Co., Limited, and the Cambodian sub-subsidiary E-tong Cambodia are U.S. Dollars, the bookkeeping standard currency of the Indonesian sub-subsidiary PT. Etong Chemical Indonesia is Rupiah, and the bookkeeping standard currencies of the Filipino sub-subsidiary E-tong Chemical (Philippines) Inc. is Philippine Peso, the bookkeeping standard currency of the Nigerian sub-subsidiaries Etong Agrotech Nigeria and Lideal Mines is Nigerian Naira, the bookkeeping standard currency of Pakistan's sub-subsidiary Etong Chemicals (Pvt.) Ltd. is Pakistani Rupee, and the bookkeeping standard currency of the Colombian sub-subsidiary Agro Juntos Colombia is Colombian Peso, the bookkeeping standard currency of Bangladeshi sub-subsidiary Farmaline Cropcare Bangladesh is Bangladesh Taka, the bookkeeping standard currency of Vietnamese sub-subsidiary Etong Vietnam is VND, and the bookkeeping standard currencies of the rest of the subsidiaries are all in RMB. These financial statements are presented in RMB.

5. Determination method and selection basis for importance criteria

☒ Applicable ☐ Not applicable

Item	Importance criteria
Important ongoing project	Single item amount \geq RMB 20 million
Important development expenses	Single item amount \geq RMB 10 million
Other important accounts receivable with individual provision for bad debts	Single item amount \geq RMB 8 million
Significant accounts payable or prepayments that have been outstanding for more than one year or are overdue	Single item amount \geq RMB 15 million
Significant joint ventures or associated enterprises	The amount of long-term equity investment exceeds 5% of the total consolidated assets of the Company
Significant non-wholly owned subsidiaries	The total assets or revenue of a non-wholly-owned subsidiary exceed 10% of the total assets or revenue of the Company
Cash related to important investment/financing activities	Single investment/financing activities with cash amount exceeding 5% of total assets

6. The accounting treatment method for business mergers under the same control and those not under the same control

Business mergers under the same control: Assets and liabilities acquired by a merging party in a business merger (including goodwill resulting from the acquisition of the merged party by the ultimate controlling party) are measured at the book value of the merged party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the merger. As for the balance between the net assets book value obtained and the merger consideration book value paid during a merger (or the total book value of the shares issued), the additional paid-in capital in capital reserve shall be adjusted. If the additional paid-in capital in capital reserve is not sufficient for offset, the retained earnings shall be adjusted.

Business combinations not under common control: The cost of the combination is the fair value of assets given, liabilities incurred or assumed, and equity securities issued by the purchaser at the acquisition date in order to obtain control of the acquiree. Goodwill is recognized as the positive difference between the merger cost and the share of the fair value of the acquiree's identifiable net assets acquired in the merger; the difference between the merger cost and the share of the fair value of the acquiree's identifiable net assets acquired in a merger is included into the current profits and losses. Each identifiable asset, liability and contingent liability of the acquiree acquired in a merger that qualifies for recognition is measured at fair value at the date of acquisition.

Directly related costs incurred for a business merger are included into the current profits and losses as incurred; transaction costs for the issuance of equity securities or debt securities for a business merger are included into the initial recognition amount of the equity securities or debt securities.

7. Standards for control judgment and the methods for preparing consolidated financial statements

1. Standards for control judgment

The scope of consolidation in the consolidated financial statements is determined based on control, and the scope of consolidation includes the Company and all of its subsidiaries. Control refers to that the Company has power over investees and has a variable return through participation in the related activities of the investees, and has the ability to use the power over the investees to affect its return amount.

2. Consolidation procedures

The Company considers the entire enterprise group as one accounting entity, and prepares consolidated financial statements in accordance with uniform accounting policies to reflect the financial position, business performance and cash flows of the enterprise group as a whole. The effects of internal transactions that occurred between the Company and its subsidiaries and between subsidiaries are offset. If an internal transaction indicates that there is an impairment loss on the related asset, the full amount of such loss is recognized. If a subsidiary adopts accounting policies and accounting periods that are not consistent with those of the Company, the subsidiary's accounting policies and accounting periods shall be adjusted according to those of the Company as necessary in preparing the consolidated financial statements.

The shares held by minority shareholders in owner's equity, the current net profits and losses and the current comprehensive income of subsidiaries, are separately listed under the items of owner's equity in the Consolidated Balance Sheet, net profit and total comprehensive income in the Consolidated Income Statement. The balance of current loss borne by minority shareholders of the subsidiary subtracting the shares enjoyed by minority shareholders from period-beginning owner's equity of the subsidiary shall offset against the equity of minority shareholders.

(1) Increase in subsidiaries or business

In the reporting period, if a subsidiary or any business is added as a result of a business merger under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the current consolidation period to the end of the reporting period are included in the consolidated financial statements, while the opening balance of the consolidated financial statements and the related items in the comparative statements are adjusted as if the merged reporting entity had been in existence since the point when the ultimate controlling party began to control it.

If additional investments enable control over an investee under the same control, the equity investment held before the acquisition of control of the merged party, and the relevant profits and losses, other comprehensive income and other changes in net assets that have been confirmed from the date when the original equity is acquired or the date when the merging party and the merged party are under the same control (whichever is later) to the merger date will write down the opening retained earnings or current profits and losses for the period of comparative statement, respectively.

In the reporting period, if a subsidiary or any business is added as a result of a business merger not under the same control, each identifiable asset, liability and contingent liability determined at the date of acquisition based on their fair value are included in the consolidated financial statements from the date of acquisition.

Where the investees not under the same control can be controlled due to additional investment or other reasons, the Company shall re-measure the acquiree's equity held before the date of purchase according to the fair value of the equity at the date of purchase, and include the difference between the fair value and its book value into the current investment income. Other comprehensive income related to the equity of the acquiree held before the acquisition date, which can be reclassified into profits and losses in the future, and other changes in owners' equity under the equity method accounting are converted into the current investment income of the acquisition date.

(2) Disposal of subsidiaries

① General treatment method

If the control right over the investee is lost due to the disposal of partial equity investment or other reasons, the Company shall re-measure the remaining equity investment after disposal according to the fair value on the date of losing control right. The sum of the consideration acquired by the disposal of equity and the fair value of the remaining equity minus the sum of the shares of the net assets of the original subsidiary continuing to calculate from the date of purchase or merger according to the original

shareholding ratios and the goodwill, such obtained difference shall be included into the investment income on that very period of losing the control right. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profits and losses in the future, and other changes in owners' equity under the equity method accounting are converted into the current investment income when the control right is lost.

② Disposal of subsidiaries step by step

If the terms, conditions, and economic impacts on various transactions of disposing the equity investment of subsidiaries conform to one or more of the following situations provided that the equity investment of subsidiaries is disposed step by step through multiple transactions until the loss of control right, it usually indicates that the multiple transactions shall be taken as a package deal:

- i. These transactions are made simultaneously or in consideration of each other's influence;
- ii. These transactions as a whole can achieve a complete business result;
- iii. The occurrence of a transaction depends on the occurrence of at least one of other transactions;
- iv. A transaction is uneconomical individually, but it is economical when you consider it with other transactions.

Where the transactions are part of a package, the transactions are conducted with accounting treatment method as one disposal of subsidiaries with loss of control; the difference between each disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment prior to the loss of control is included into the consolidated financial statements as other comprehensive income and is transferred into the current profits and losses when control is lost.

Where the respective transactions are not part of a package, the equity investment in the subsidiary is conducted with accounting treatment method as a partial disposal without loss of control until such time as control is lost; upon loss of control, accounting is performed in accordance with the general method for disposal of subsidiaries.

(3) Purchasing non-controlling interests of subsidiaries

The stock premium in the capital reserves in the Consolidated Balance Sheet is adjusted according to the difference between the long-term equity investment newly-obtained by the Company for the purchase of non-controlling interests and the net asset share continuously calculated from the purchase date or the merger date of subsidiaries that shall be enjoyed by the Company by calculating as per the newly-increased shareholding ratio; when the stock premium in the capital reserves is not sufficient to offset, the retained earnings shall be adjusted.

(4) Disposing partly the equity investment in subsidiaries without losing the control right

For the difference between the disposal price and the share of net assets of the subsidiary corresponding to the disposal of the long-term equity investment calculated on an ongoing basis from the date of acquisition or the date of merger, adjust the stock premium in capital surplus in the Consolidated Balance Sheet, and if the stock premium in capital surplus is not sufficient for write-down, adjust the retained earnings.

8. Classification of joint venture arrangements and the accounting treatment method for joint operations

The joint venture arrangements are divided into joint operation and joint venture.

A joint operation is a joint venture arrangement in which the joint venturers enjoy the assets and bear the liabilities associated with the arrangement.

The Company recognizes the following items related to its share of interest in joint operations:

- (1) To confirm the assets held by the Company separately, and the assets jointly held according to the Company's shares;
- (2) To confirm the liabilities assumed by the Company separately, and the liabilities jointly assumed according to the Company's shares;
- (3) To confirm the revenue generated by the sale of the output shares of joint operation enjoyed by the Company;
- (4) To confirm the revenue generated by the sale of output of joint operation according to the Company's shares;
- (5) To confirm the expenses incurred separately, and the expenses incurred in joint operation according to the Company's shares.

The Company's investment in joint ventures is accounted with the equity method, as detailed in "(XV) Long-term Equity Investments" of Note V.

9. Confirmation standard of cash and cash equivalent

Cash refers to the Company's cash on hand and deposits that are available for payment at any time. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

10. Foreign currency business and conversion of foreign currency statements

1. Foreign currency transactions

For foreign currency transactions, the approximate exchange rate of the spot exchange rate on the transaction date is used as the conversion rate to convert foreign currency amounts into RMB for accounting purposes.

The balances of foreign monetary items at the balance sheet date are converted as per the spot rate at the balance sheet date, and the resulting exchange differences are included into the current profits and losses, except for those arising from special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs.

2. Conversion of foreign currency financial statements

Asset and liability items of balance sheet are converted using the spot rate at the balance sheet date; items of owners' equity, except for "retained earnings", are converted using the spot rate at the time of occurrence. Income and expense items in the income statement are converted using the approximate exchange rate of the spot exchange rate on the transaction date.

During the disposal of overseas operation, the balance arising from the translation of foreign currency financial statements related to the overseas operation shall be transferred from owner's equity items to the disposal of current profits and losses.

11. Financial instruments

The Company recognizes a financial asset, a financial liability, or an equity instrument when it becomes a party to a financial instrument contract.

1. Classification of financial instruments

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified on initial recognition as follows: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Company classifies financial assets that meet the following criteria and that are not designated to be measured at fair value whose changes are included into the current profits and losses as financial assets measured at amortized cost:

- Business model is targeted at collecting contractual cash flows;
- Contractual cash flows only pay for the principal and the interest based on the outstanding principal amount.

The Company classifies financial assets that meet the following criteria and that are not designated to be measured at fair value whose changes are included into the current profits and losses as financial assets that measured at fair value whose changes are included into other comprehensive income (debt instruments):

- A business model with the objective of both collecting the contractual cash flows and selling the financial asset;
- Contractual cash flows only pay for the principal and the interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, on initial recognition, irrevocably designate them as financial assets measured at fair value whose changes are included into other comprehensive income (equity instruments). The designation is made based on a single investment and the underlying investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets measured at fair value whose changes are included into other comprehensive income, the Company classifies all remaining financial assets as financial assets measured at fair value whose changes are included into the current profits and losses. On initial recognition, if it is possible to eliminate or significantly reduce the accounting mismatch, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets measured at amortized cost or at fair value whose changes are included into other comprehensive income as financial assets measured at fair value whose changes are included into the current profits and losses.

Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

For those financial liabilities, if one of the following conditions is met, they may be designated, on initial recognition, as financial liabilities measured at fair value whose changes are included into the current profits and losses:

- 1) The designation can eliminate or significantly reduce accounting mismatches.
- 2) According to enterprise's risk management or investment strategy as set out in formal written documents, management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities are conducted on a fair value basis. And within the enterprise, report to key management personnel on this basis.

3) The financial liability contains embedded derivatives that are subject to separate spin-off.

2. Determination basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other accounts receivable, long-term accounts receivable and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable that do not contain a significant financing component and those that the Company has decided not to consider a financing component of more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is included into the current profits and losses.

During recovery or disposal, the difference between the acquired price and the book value of the financial assets shall be included into the current profits and losses.

(2) Financial assets measured at fair value with their changes included into other comprehensive income (debt instruments)

Financial assets measured at fair value whose changes are included into other comprehensive income (debt instruments), including accounts receivable financing and other debt investments, are initially measured at fair value with related transaction costs included into the initial recognition amount. The financial asset is subsequently measured at fair value, and changes in fair value are included into other comprehensive income, except for interest, impairment loss or gain and exchange profit or loss calculated using the effective interest method.

Upon derecognition, the cumulative gain or loss previously included into other comprehensive income is transferred from other comprehensive income and included into the current profits and losses.

(3) Financial assets measured at fair value with their changes included into other comprehensive income (equity instruments)

Financial assets measured at fair value whose changes are included into other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs included into the initial recognition amount. The financial asset is subsequently measured at fair value, with changes in fair value included into other comprehensive income. Dividends received are included into the current profits and losses.

Upon derecognition, the cumulative gain or loss previously included into other comprehensive income is transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value with their changes included into the current profits and losses

Financial assets measured at fair value whose changes are included into the current profits and losses, including financial assets held for trading, derivative financial assets and other non-current financial assets, are initially measured at fair value, with related transaction costs included into the current profits and losses. The financial asset is subsequently measured at fair value, with changes in fair value included into the current profits and losses.

(5) Financial liabilities measured at fair value with their changes included into the current profits and losses

Financial liabilities measured at fair value whose changes are included into the current profits and losses, including financial liabilities held for trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included into the current profits and losses. The financial liability is subsequently measured at fair value, with changes in fair value included into the current profits and losses.

On derecognition, the difference between its book value and the consideration paid is included into the current profits and losses.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, with related transaction costs included into the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included into the current profits and losses.

On derecognition, the difference between the consideration paid and the book value of the financial liability is included into the current profits and losses.

3. Recognition basis and measurement method for derecognition and transfer of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- Termination of contractual rights to receive cash flows from financial assets;

— The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transfer-in side;

— The financial asset has been transferred. Although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, it does not retain control over the financial asset.

If the Company and the counterparty modify or renegotiate the contract and constitute a substantial modification, the original financial asset shall be derecognized, and a new financial asset shall be recognized in accordance with the modified terms.

A financial asset is not derecognized when a transfer of the financial asset occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In the event of determining whether the transfer of financial assets meets the termination recognition conditions of the aforesaid financial assets, the principle of substance over form shall be adopted.

The Company divides the financial asset transfer zone into the overall transfer and partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following two items shall be included into the current profits and losses:

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

(2) The sum of the consideration received for the transfer and the cumulative amount of changes in fair value originally recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value whose changes are included into other comprehensive income).

Where partial transfer of financial assets satisfies the termination recognition conditions, the entire book value of the transferred financial assets shall be apportioned between the part for which termination is determined and the part for which termination is not determined as per respective relative fair values, and the difference between the following two items shall be included into the current profits and losses:

(1) The book value of the derecognized part;

(2) The sum of the consideration for the derecognized portion and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value originally recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value whose changes are included into other comprehensive income).

Where the transfer of financial assets does not meet the recognition conditions, the financial assets shall be continually confirmed, and the received consideration is confirmed as one financial liability.

4. Derecognition of financial liabilities

When the prevailing obligations of a financial liability are relieved in whole or in part, the financial liability can be derecognized in whole or in part. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liability by way of new financial liability, and if the contract terms regarding the new financial liability are substantially different from that regarding the existing financial liability, it shall derecognize the existing financial liability, and shall recognize the new financial liability at the same time.

Where an enterprise makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminate the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is fully or partially terminated, the difference between the book value of financial liability which has been terminated from recognition and the paid considerations (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be included into the current profits and losses.

Where our enterprise buys back part of its financial liabilities, it shall distribute, on the buy-back day, the carrying amount of the whole financial liabilities according to the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The difference between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be included into the current profits and losses.

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

If there are active financial instruments, the fair value is determined using quoted prices in an active market. If there are no active financial instruments, the fair value is determined using valuation techniques. In its valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or not practical to obtain.

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

The Company applies impairment accounting based on expected credit losses for financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income, and financial guarantee contracts.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

For receivables and contract assets resulting from transactions governed by Accounting Standards for Business Enterprises No. 14 - Revenue, the Company consistently measures its provision for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

For lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Leases*, the Company chooses to always measure the loss provision at an amount equal to the expected credit losses over the entire duration.

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

The Company assesses 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 to determine the relative change in the risk of default over the expected life of the financial instrument. The Company considers that the credit risk of a financial instrument has increased significantly when it is normally more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its provision for losses at an amount equal to the expected credit loss over the entire life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures its provision for loss at an amount equal to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the provision for losses is recognized as an impairment loss or gain in the current profits and losses. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and impairment losses or gains are included in the current period's profit or loss, without reducing the carrying amount of the financial asset as presented in the balance sheet.

If there is objective evidence that a certain account receivable has incurred credit impairment, the Company will make an impairment provision for that account receivable on an individual basis.

Except for the above-mentioned accounts receivable for single provision for bad debt reserves, the Company divides other financial instruments into several combinations based on credit risk characteristics and determines expected credit losses based on these combinations. The combination categories and determination basis for the provision of expected credit losses for notes receivable, accounts receivable, accounts receivable financing, other receivables, contract assets, long-term receivables, etc. of the Company are as follows:

Item	Combination category	Determination basis
Notes receivable	Aging analysis combination	Notes receivables are categorized based on the credit risk characteristics of the acceptor.
	Low risk portfolio	
Accounts receivable and other receivables	Aging analysis combination	Except for the accounts receivable and other accounts receivable for which separate provisions for losses have been measured, the Company determines the provision for losses based on the expected credit losses of accounts receivable combinations with similar credit risk characteristics divided by age groups that are same as or similar with those in previous years, with the forward-looking information considered.

The Company uses the recognition date of accounts receivable as the starting point for aging and calculates the aging based on the principle of "first in, first out".

If the Company no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset is written down directly.

12. Contract assets

1. Methods and criteria for recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The right to receive consideration for goods or services that the Company has transferred to customers (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as a receivable.

2. Method of determining expected credit losses on contract assets and accounting treatment method

The determining method and accounting treatment method for the expected credit losses on contract assets are detailed in Note (XI) 6. Test Methods and Accounting Treatment Methods for Impairment of Financial Instruments.

13. Inventories

1. Classification and cost of inventories

Inventory is classified as: raw materials, materials in transit, revolving materials, materials for entrusted processing, products in process, goods in stock, issued goods, etc.

Inventories are initially measured at cost. The cost of inventories includes the cost of purchase, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

2. Pricing method of issued inventory

Inventories are valued by weighted average method when they are delivered.

3. Inventory system for inventories

The perpetual inventory system is used.

4. Amortization method of low-value consumables and packaging

(1) Low value consumables adopt one-off write-off method;

(2) The packaging uses one-time direct amortized method.

5. Standards for recognizing and methods for provisioning inventory falling price reserves

On the balance sheet date, the inventory is measured at the lower of the cost or the net realizable value. When the cost of inventories is higher than their net realizable value, a provision for inventory decline should be made. Net realizable value refers to the amount after deducting the cost to be incurred upon estimation until the completion, the estimated sales expenses, and related taxes from the estimated selling price of inventory in daily activities.

The net realizable value of finished goods, finished goods and materials for sale and other merchandise inventories used directly for sale, in the normal course of production and operation, is determined as the estimated selling price of such inventories, less estimated selling expenses and related taxes; the net realizable value of inventories of materials subject to processing is determined in the normal course of production operations as the estimated selling price of the finished goods produced, less the estimated costs to be incurred for completion, estimated selling expenses and related taxes; the net realizable value of inventories held for the execution of sales contracts or labor contracts is calculated based on the contract price. If the quantity of inventories held is more than the quantity ordered in the sales contract, the net realizable value of the excess inventories is calculated based on the general sales price.

After the provision for decline in value of inventory, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, the provision for decline in value of inventory is reversed within the original provision amount, and the amount reversed is included into the current profits and losses.

14. Assets held for sale

1. Assets held for sale

A non-current asset or disposal group whose book value is recovered principally through sale (including exchange of non-monetary assets with commercial substance) rather than through continuing use is classified as held for sale.

The Company classifies non-current assets or disposal groups as held for sale if they meet the following conditions:

(1) In accordance with the practice in similar transactions for the sale of such assets or disposal groups, they can be sold immediately in their current condition;

(2) The sale is highly likely to occur, i.e., the Company has resolved on a sale plan and obtained firm purchase commitments, and the sale is expected to be completed within one year. Where the relevant regulations require the approval of the relevant authority or regulatory authority of the Company before the sale can be made, such approval has been obtained.

If the book value of a non-current asset (excluding financial assets, deferred income tax assets and assets resulting from employee compensation) or disposal group classified as held for sale is higher than the fair value less costs to sell, the book value is written down to the net value of fair value less costs to sell, and the write-down amount is recognized as an impairment loss on the asset and included into the current profit and loss, together with a provision for impairment of assets held for sale.

2. Termination of operations

A discontinued operation is a separately distinguishable component that meets one of the following conditions and which has been disposed of by the Company or classified by the Company as held for sale:

(1) The component represents a separate principal business or a separate principal area of operation;

(2) The component is part of an associated plan for the proposed disposal of a separate major business or a separate major operating area;

(3) The component is a subsidiary acquired exclusively for resale.

Profits or losses from continuing operations and profits or losses from discontinued operations are presented separately in the income statement. Operating profits and losses such as impairment losses and reversals of amounts from discontinued operations and profits and losses on disposals are reported as profits and losses from discontinued operations. For discontinued operations presented in the current period, the Company restates the information previously reported as profit or loss from continuing operations in the current period financial statements as profit or loss from discontinued operations in the comparable accounting period.

15. Long-term equity investment

1. Judgment standards for same control and great influence

The same control refers to the control commonly owned for a certain arrangement according to the relevant agreement, in which the related activities of such arrangement can be decided only after the consensus of participants who share the control right. Where the Company and other joint ventures implement same control over the invested unit and have the right to the net assets of the invested unit, the invested unit is the joint venture of the Company.

Significant impact refers to the power to participate in making decisions on the financial and operating policies of an invested unit, but not to control or do joint control together with other parties over the formulation of these policies. Where the Company can have significant influence on an invested unit, the invested unit is the associated enterprise of the Company.

2. Determination of initial investment cost

(1) Long-term equity investment formed by business merger

For long-term equity investment in subsidiaries acquired through business merger under the same control, the initial investment cost of long-term equity investment at the date of merger is based on the share of the owner's equity of the merged party in the book value of the consolidated financial statements of the final controlling party. For the difference between the initial investment cost of the long-term equity investment and the book value of the consideration paid, the stock premium in capital surplus shall be adjusted; if the stock premium in capital surplus is not sufficient for write-down, the retained earnings shall be adjusted. If it is possible to exercise control over an investee under the same control due to additional investment, for the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before merger and the book value of the consideration paid for further acquisition of shares at the date of merger, adjust the stock premium, and if the stock premium is not sufficient for write-down, the retained earnings shall be written down.

For long-term equity investments in subsidiaries formed by business mergers not under the same control, the initial investment cost of long-term equity investments is based on the merger cost determined at the date of acquisition. Where the invested units not under the same control can be controlled due to additional investment or other reasons, the sum of the book value of the equity investment originally held and the newly added investment cost shall be taken as the initial investment cost.

(2) Long-term equity investments acquired through means other than business mergers

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost actually paid.

The initial cost of a long-term equity investment obtained based on issuing equity securities shall be the fair value of the equity securities issued.

3. Confirmation method of subsequent measurement and profits and losses

(1) Long-term equity investment accounted by cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost approach, unless the investments qualify as held for sale. Except for the actual paid price when acquiring investment or, the cash dividends or profits that has declared but not yet released in the consideration, the Company shall recognize the current investment income according to the cash dividends or profits issued by the invested unit.

(2) Long-term equity investment accounted by equity method

The long-term equity investment in associated enterprises and joint ventures shall be accounted by equity method. For the positive difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; for the negative difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment, it shall be included into the current profits and losses, and the cost of long-term equity investments is adjusted.

The Company recognizes investment income and other comprehensive income in accordance with its share of the net profit or loss realized by the investee and other comprehensive income that shall be shared or born, respectively, while adjusting the book value of the long-term equity investment; the portion of the entitlement shall be calculated based on the profit or cash dividends declared by the investee, with a corresponding reduction in the book value of the long-term equity investment; for changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners' equity"), adjust the book value of the long-term equity investment and recognize them in owners' equity.

In recognizing the share of the investee's net income or loss, other comprehensive income and other changes in owners' equity, the fair value of the investee's identifiable net assets at the time the investment is acquired is used as the basis for recognition, and the net income and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized profits or losses on internal transactions between the Company and associated enterprises or joint ventures that are attributable to the Company based on their proportionate share are offset, and investment income is recognized on this basis, except when the assets invested or sold constitute a business. The unrealized internal transaction losses with the invested unit, which belongs to the impairment loss of assets, shall be recognized in full.

For the net loss incurred by joint ventures or associated enterprises, the Company, except for the obligation to assume additional losses, is limited to a write-down to zero of the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in joint ventures or associated enterprises. If joint ventures or associated enterprises later realize net profit, the Company resumes the recognition of attributable share of income after the attributable share of income makes up for the unrecognized attributable share of loss.

(3) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included into the current profits and losses.

If a long-term equity investment accounted with the equity method is partially disposed of and the remaining equity interest is still accounted with the equity method, other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward to profit or loss in proportion to the current period.

If the common control or significant influence over the investee is lost due to the disposal of the equity investment, etc., other comprehensive income recognized as a result of the equity method accounting for the original equity investment is conducted with accounting treatment method on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method accounting, and all changes in other owners' equity are transferred to current profits and losses upon the termination of the equity method accounting.

If control over the investee is lost due to the disposal of part of the equity investment, the remaining equity interest that can exercise joint control or significant influence over the investee is accounted with the equity method when preparing the individual financial statements, and the remaining equity interest is adjusted as if it had been accounted with the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is recognized using the same basis as that used for the direct disposal of the related assets or liabilities by the investee, and the changes in other owners' equity recognized as a result of the adoption of the equity method of accounting are carried forward proportionately to current profits and losses; if the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its book value at the date of loss of control is

included into the current profits and losses, and all other comprehensive income and other changes in owners' equity recognized before control of the investee is obtained are carried forward.

Disposal of equity investments in subsidiaries through multiple transactions in steps until the loss of control, where they are a package transaction, each transaction is conducted with accounting treatment method as one disposal of equity investments in subsidiaries with loss of control; the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of for each disposal prior to the loss of control is recognized as other comprehensive income in the individual financial statements first, and is transferred to the current profits and losses when control is lost. If the transaction is not part of a package, each transaction is conducted with accounting treatment method separately.

16. Real estate for investment purposes

Investment property measurement model

Cost method of measurement

Depreciation or amortization method

Investment properties are real estate held for rental income or capital appreciation, or both, and include land use rights that have been leased, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased (including buildings that will be used for leasing after completion of self-construction or development activities and buildings that will be used for leasing in the future while under construction or development).

Subsequent expenditures related to investment properties are included in the cost of investment properties when it is probable that the related economic benefits will flow in and their cost can be measured reliably; otherwise, it is included into the current profits and losses as incurred.

The Company measures the existing investment real estate using the cost model. The investment real estate - rental building measured at cost model shall be adopted with the same depreciation policies as the fixed assets of the Company, and the rental land use right shall be subject to the same amortization policies as the intangible assets.

17. Fixed assets

(1) Recognition conditions

Fixed assets refer to the tangible assets which are held for producing commodities, providing labor services, leasing or operation management and have a service life of over one fiscal year. Fixed assets are recognized when the following conditions are met simultaneously:

- (1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (and the effect of expected abandonment cost factors shall be considered).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow in and their cost can be measured reliably; derecognition of the book value for the replaced portion; all other subsequent expenses are included into the current profits and losses as incurred.

Fixed asset disposal

A fixed asset shall be derecognized when it is in a state of disposal or when no economic benefits are expected to arise from its use or disposal. The amount obtained after deducting the book value and relevant taxes from the disposal income from the sale, transfer, scrapping or damage of fixed assets shall be included into the current profits and losses.

(2) Depreciation method

Category	Depreciation method	Depreciable life	Residual value rate	Annual depreciation rate
House and building	Straight-line method	20 years	5%	4.75%
Machinery and equipment	Straight-line method	2-10 years	5%	47.50-9.50%
Electronic equipment and others	Straight-line method	5-10 years	5%	19.00-9.50%

Transportation equipment	Straight-line method	5 years	5%	19.00%
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18. Construction in progress

The Company is required to comply with the disclosure requirements set out in *No. 3 Guidelines on Self-Regulation of Listed Companies by Shenzhen Stock Exchange - Disclosure of Industry Information* in respect of “businesses related to the chemical industry”. Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred to bring construction in progress to its intended serviceable condition. Construction in progress is transferred to fixed assets when it reaches its intended useable state and provision for depreciation starts from the following month. The criteria and timing for transferring construction in progress to fixed assets are as follows:

Category	The criteria and timing for converting to fixed assets
House and building	(1) The main construction projects and supporting facilities have been completed substantially; (2) The construction projects meet the predetermined design requirements and are inspected and accepted by the units in charge of survey, design, construction, and supervision; (3) Inspected and accepted by external departments such as fire protection, national land, and planning; (4) If any construction project reaches the predetermined usable state but has not yet completed the final settlement, it shall be transferred to fixed assets at the estimated value based on the actual cost of the project from the date of reaching the predetermined usable state.
Machines and equipment that need to be installed and debugged	(1) The relevant equipment and other supporting facilities have been installed; (2) The equipment can maintain normal and stable operation for some time after debugging; (3) Production equipment can produce qualified products stably for some time; (4) The equipment has been inspected and accepted by asset management and using personnel.

19. Borrowing costs

1. Confirmation principles for capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, they shall be capitalized and included into the costs of relevant assets. Other borrowing costs shall be recognized as expenses based on the incurred amount and shall be included into the current profits and losses.

Assets eligible for capitalization refer to the fixed assets, investment real estate, inventories, and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or sale.

2. Capitalization period of borrowing costs

Capitalization period refers to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

The borrowing costs shall not be capitalized unless they meet the following conditions simultaneously:

- (1) The asset expenditure has already incurred, which shall include cash payment, transfer of non-cash assets or interest-bearing debts for the acquisition and construction or production of assets eligible for capitalization;
- (2) The borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

3. Suspension of capitalization period

Capitalization of borrowing costs is suspended if an unusual interruption occurs during the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months; if the interruption is necessary to bring the asset acquired or produced that is eligible for capitalization to its intended useable or marketable condition, the borrowing costs continue to be capitalized. The borrowing costs incurred during the interruption shall be recognized as the current profits and losses and shall not be capitalized until the acquisition and construction or production of the asset restarts.

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

For the special borrowings borrowed for the acquisition and construction or production of assets eligible for capitalization, the capitalization amount of borrowing costs is determined by the borrowing costs actually incurred in the current period of the special borrowings minus the interest income obtained from the unused borrowing funds deposited in the bank or the investment income obtained from temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be-capitalized amount of borrowing costs on the general borrowing by multiplying the weighted average of cumulative asset expenditure exceeding the asset expenditure of special loan by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined based on the weighted average real interest rate of the general borrowing.

In the current period of capitalization, the exchange difference of principal and interest of special foreign currency borrowings shall be capitalized and included into the cost of assets eligible for capitalization. Exchange differences arising from the principal amount of foreign currency borrowings other than specialized foreign currency borrowings and their interest are included into the current profits and losses.

20. Intangible assets

(1) Determination basis for useful life, estimation, amortization methods, or review procedures

1. Pricing method of intangible assets

(1) Intangible asset acquired by the Company is measured initially upon the cost;

The cost of outsourced intangible asset includes purchase price, related taxes, and other expenditures directly attributable to making such asset reach intended use.

(2) Subsequent measurement

Analyze and judge the service life of intangible assets when obtaining them.

For intangible assets with finite useful lives, amortize over the period that provides economic benefits to the enterprise; intangible assets with an indefinite useful life are not amortized if it is not foreseeable that they will provide economic benefits to the enterprise.

2. Service life estimation for the intangible assets with limited service life

Item	Estimated service life	Amortization method	Residual value rate	Basis for determining estimated useful life
Land-use right	40-50 years	Straight-line method	None	Land-use Right Certificate
Trademarks	10 years	Straight-line method	None	Estimated useful life
Patent and proprietary technology	5-10 years	Straight-line method	None	Estimated useful life
Software and others (pollution discharge license, production permission, etc.)	5-10 years	Straight-line method	None	Estimated useful life

3. Basis for determining intangible assets with indefinite useful lives and procedures for reviewing their useful lives

The Company has no intangible assets with uncertain service life as of the balance sheet date.

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

1. Scope of R&D expenditures

The Company classifies expenses directly related to the conduct of R&D activities as R&D expenditures, including employee compensation for personnel engaged in R&D activities, materials consumed, related depreciation and amortization expenses, outsourcing expenses, and other related expenditures.

2. Specific criteria for classifying the research and development stages

The expenditures of the internal R&D project of the Company are divided into the expenditure in the research stage and the expenditure in the development stage.

Research stage: the stage of creative and planned investigation and research activities conducted to acquire and understand new scientific or technical knowledge.

Development stage: the stage of application of the research findings or other knowledge to certain plan or design to manufacture new or substantially improved materials, devices or products before commercial production or application.

3. Specific conditions for capitalization of development stage expenditures

The expenditure of research stage shall be included into the current profits and losses as incurred. The expenditure in the development stage is recognized as intangible assets if the following conditions are met, and the expenditure in the development stage that cannot meet the following conditions is included into the current profits and losses:

- (1) It is technically feasible to finish the intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The means for intangible assets to generate economic benefits include: proving that the products produced using such intangible asset have market or that the intangible asset has market itself. Where the intangible asset is used internally, its usefulness can be proved;
- (4) There is sufficient support of technological and financial resources and other resources to complete the development of the intangible assets, and the ability to use or sell the intangible assets;
- (5) The expenditure ascribed to the development stage of the intangible assets can be reliably measured.

If it is not possible to distinguish the expenditure in the research stage from the expenditure in the development stage, all R&D expenditures incurred are included into the current profits and losses.

21. Impairment of long-term assets

Long-term equity investments, investment real estate, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives and other long-term assets measured using the cost model are tested for impairment if there are indicators of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its book value, a provision for impairment is made for the difference and included into the impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from a business merger, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a useable condition, impairment tests are performed at least at the end of each year, regardless of whether there is an indication of impairment.

The Company performs goodwill impairment tests and the book value of goodwill arising from a business merger is allocated to the relevant asset group from the date of purchase in accordance with a reasonable method; if it is difficult to be allocated to the relevant asset group, it is allocated to the relevant asset group portfolio. A related asset group or asset group portfolio is an asset group or asset group portfolio that can benefit from the synergistic effects of a business merger.

When making an impairment test on the relevant asset groups or combinations of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount, compare it with the relevant carrying value, and recognize the corresponding impairment loss. The asset group or asset group portfolio containing goodwill is then subjected to an impairment test to compare its book value with the recoverable amount. If the recoverable amount is less than the book value, the impairment loss is first reduced by the book value of the goodwill allocated to the asset group or asset group portfolio, and then according to the proportionate share of the book value of each asset other than goodwill in the asset group or asset group portfolio, the book value of other assets is then reduced in proportion.

Once recognized, the above impairment loss on assets is not reversed in the future accounting periods.

22. Long-term deferred expenses

Long-term unallocated expense is an expense that has been incurred but should be borne by the current and future periods and is allocated over a period of more than one year.

The amortization period and amortization method for each expense are:

Item	Amortization method	Amortization period
Equipment transformation	Average amortization in the benefit period	4-5 years
Decoration fee	Average amortization in the benefit period	3-5 years
Others	Average amortization in the benefit period	2-5 years

23. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The Company's obligations to transfer goods or provide services to customers for consideration received or receivable are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

24. Employee compensation

(1) The accounting treatment method for short-term compensation

During the accounting period that employees of the Company provide services, the Company confirms the short-term compensation actually incurred as liability and includes it into the current profits and losses or related asset cost.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation based on the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefits incurred by the Company are included into the current profits and losses or to the cost of related assets when actually incurred, based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

(2) The accounting treatment method for post-employment benefits

(1) Defined contribution plan

The Company shall pay basic endowment insurance and unemployment insurance for employees according to the relevant regulations of local government. During the accounting period that employees provide services to the Company, the payable amount shall be calculated according to the payment base and proportion specified locally and confirmed as liability and included into the current profits and losses or related asset cost. In addition, the Company participates in corporate pension plans/supplementary pension funds approved by the relevant state authorities. The Company pays a certain proportion of the total wages of employees to the annuity plan/local social insurance institutions, with corresponding expenditures included into the current profit and loss or related asset cost.

(2) Defined benefit plan

The Company attributes the welfare obligations generated from defined benefit plan through the formula determined according to the expected cumulative benefit unit to the period that employees provide services and includes them into the current profits and losses or related asset cost.

The deficit or surplus formed by deducting the fair value of asset in the defined benefit plan from the present value of defined benefiting obligation shall be confirmed as a net liability or net asset of defined benefit plan. If there is surplus in the defined benefit plan, the Company shall measure the net asset of defined benefit plan according to the lower of the surplus in the defined benefit plan and the asset ceiling.

All defined benefiting obligations, including the obligation expected to be paid within 12 months after the end of annual reporting period that employees provide services, shall be discounted according to the national debt matched with the term and currency of defined benefiting obligation on the balance sheet date or the market return of high-quality corporate bonds that are active in the market.

The service costs generated from defined benefit plan or the net interests of net liabilities or net assets in the defined benefit plan shall be included into the current profits and losses or related asset costs; the changes generated from the re-measured net liabilities or net assets in the defined benefit plan shall be included into other comprehensive incomes and shall not be transferred back to the profits and losses during the subsequent accounting period, and the parts originally charged into other comprehensive incomes shall all be carried over to the retained earnings within the range of equity interest when the original defined benefit plan is terminated.

During the settlement of defined benefit plan, the settlement gains or losses shall be confirmed according to the difference between the present value of defined benefiting obligation determined on the settlement date and the settlement price.

(3) The accounting treatment method for termination benefits

When the Company provides termination benefits to employees, it recognizes a liability for employee compensation arising from termination benefits at the earlier of the following, and includes it in the current profits and losses: When the Company cannot unilaterally withdraw termination benefits provided as a result of a plan for termination of employment or a proposal for redundancy; When the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

25. Projected liabilities

Where the obligations related to the contingencies meet the following conditions simultaneously, the Company shall confirm them as estimated liabilities:

- (1) The obligation is a current obligation undertaken by the Company;
- (2) It is likely to cause any economic benefit to flow out of the Company because of the performance of the obligation;
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured in accordance with the best estimate of the necessary expenditures for the performance of the related current obligation.

To determine the best estimate, the Company shall take into overall consideration the risks, uncertainty, time value of money, and other factors pertinent to the contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash.

In case required expenditure has a continuous scope and the occurrence possibilities of all results within the scope are the same, the optimal estimations shall be determined according to the median within the scope. Under other conditions, the optimal estimations shall be determined according to the following conditions:

- If the contingency involves a single item, it shall be determined according to the most likely amount.
- If the contingency involves multiple items, it shall be determined according to various possible results and relevant probability calculation.

If all or part of the expenditures required to pay off estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized separately as an asset when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the provisions.

The Company reviews the book value of estimated liabilities at the balance sheet date and adjusts the book value in accordance with the current best estimate if there is conclusive evidence that the book value does not reflect the current best estimate.

26. Share-based payment

The Company's share-based payments are transactions in which equity instruments are granted or liabilities determined based on equity instruments are assumed to obtain services from employees or other parties. The share-based payment of the Company is divided into equity settled share-based payment and cash settled share-based payment.

1. Equity-settled share-based payment and equity instrument

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. For share-based payment transactions that are immediately exercisable upon grant, the fair value of the equity instruments is recorded at the relevant cost or expense on the grant date, with a corresponding increase in capital surplus. For share-based payment transactions in which the services are in process after the grant or the rights are exercised only after the required performance conditions are met, at each balance sheet date during the waiting period, the Company recognizes the services acquired in the current period as related costs or expenses, and, based on the best estimate of the number of exercisable equity instruments and the fair value at the grant date, increases capital surplus accordingly.

If clauses of equity-settled share-based payment are modified, the acquired service shall be confirmed at least according to the conditions of unmodified clauses. Moreover, in case of any modification to the fair value of granted equity instrument or of any

changes in favor of employees on the date of modification due to any increase, the increase of acquired services shall be confirmed.

If a grant of equity instruments is cancelled during the waiting period, the Company treats the cancellation of the granted equity instruments as accelerated exercise of right and recognizes the amount to be recognized over the remaining waiting period immediately in the current profits and losses, and recognizes the capital surplus at the same time. However, if new equity instrument is granted and it is identified on the grant date of new equity instrument that the granted new equity instrument is used to replace the cancelled equity instrument, the granted alternative equity instrument shall be treated in the same manner as to treat the modification to the terms and conditions of the original equity instruments.

2. Cash-settled share-based payment and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. For share-based payment transactions that are immediately exercisable upon grant, the Company recognizes the related cost or expense at the grant date at the fair value of the liability assumed, with a corresponding increase in the liability. For share-based payment transactions in which the services are in process after the grant or the rights are exercised only after the required performance conditions are met, at each balance sheet date during the waiting period, the Company recognizes the services acquired in the current period as related costs or expenses, and, based on the best estimate of the circumstances of exercisable equity and the fair value of the liability assumed by the Company, recognizes them in the liability accordingly. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes into the current profit and loss.

If the Company modifies the terms and conditions of a cash-settled share-based payment agreement so that it becomes an equity-settled share-based payment, on the date of modification (regardless of whether it occurs within the waiting period or after the end of the waiting period), the Company measures the equity-settled share-based payment at the fair value on the date of the equity instrument granted, and recognizes the services acquired in capital surplus, and derecognizes the liability recognized for the cash-settled share-based payment on the date of modification, with the difference between the two recognized in profit or loss for the period. If the waiting period is prolonged or shortened due to a modification, the Company accounts for the modification in accordance with the modified waiting period.

27. Revenues

Revenue recognition and measurement accounting policies by business type

1. Accounting policies used for revenue recognition and measurement

The Company recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the related goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and derive almost total economic benefit from them.

If a contract contains two or more performance obligations, the Company allocates the transaction price to each individual performance obligation on the contract commencement date in the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract and its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue when the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration using the effective interest method over the term of the contract.

Performance obligations are fulfilled within a certain time period if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point of time:

- The customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance.
- The customer can control the goods-in-process in the course of the Company's performance.
- The goods produced in the course of the Company's performance are irreplaceable and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

For performance obligations to be performed within a certain period, the Company recognizes revenue in accordance with the progress of performance during that period, except when the progress of performance cannot be reasonably determined. The

Company uses the output method or input method to determine the performance schedule considering the nature of the goods or services. When the performance schedule cannot be reasonably determined and the costs incurred are expected to be compensated, the Company recognizes the revenue according to the amount of costs incurred until the performance schedule can be reasonably determined.

For performance obligations performed at a certain point of time, the Company recognizes revenue at the point of time when the customer obtains control of the related goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, i.e., the customer has the legal ownership of the goods;
- The Company has physically transferred the goods to the customer, i.e., the customer has taken physical possession of the goods.
- The Company has transferred the major risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the major risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The Company determines whether the Company is the principal responsible person or agent when engaging in transactions based on whether it has control over the goods or services before transferring them to customers. If the Company can control the goods or services before transferring them to customers, the Company is the principal responsible person, and the revenue is recognized according to the total consideration received or receivable; Otherwise, the Company is the agent, and the revenue is recognized according to the expected amount of commission or handling charge.

2. Disclose the specific revenue recognition methods and measurement methods according to business types

(1) General sales business

The Group fulfills its contractual obligations by delivering the products such as fluorinated pharmaceuticals, crop science, and new energy materials to customers.

General sales model in China: Customers recognize revenue after receiving the goods and passing the inspection.

Domestic sales consignment model: After products are delivered to the consignment customer's designated warehouse, the customer withdraws the products from the consignment warehouse. The Company reconciles with the customer according to the contract at regular intervals and recognizes revenue based on the quantity and amount of the products actually withdrawn from the consignment warehouse by the customer during the reconciliation period.

Overseas sales mode: For customers making transactions through FOB, CIF and CFR modes, the Company takes goods crossing the ship side at the loading port as the time point for income recognition. For customers making transactions through DDU mode, the Company takes delivering goods to the site designated by the customers as the time point for income recognition.

(2) Trade business

As for trade business, the Group considers the legal form of the contract as well as relevant facts and circumstances (the main responsibility for transferring goods to customers, the inventory risk assumed before or after the transfer of goods, whether the Group has the right to determine the price of the traded goods independently, etc.) and believes that the Group can lead the use of the goods and obtain almost all economic benefits from them before transferring the goods to customers, and consequently has control over the goods. Therefore, the Group is the main responsible person, and the revenue can be recognized based on the total amount of consideration received or receivable when the goods are delivered to customers for acceptance.

28. Contract cost

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the Company to perform a contract that are not regulated by relevant standards such as inventory, fixed assets or intangible assets are recognized as an asset of contract performance cost when the following conditions are met:

- This cost is directly related to a current or anticipated contract.
- This cost increases the resources available to the Company to meet its performance obligations in the future.
- This cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as assets of contract acquisition costs.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which those assets relate; however, if the amortization period of contract acquisition costs does not exceed one year, the Company recognizes them in the current profits and losses when they are incurred.

If the book value of an asset related to contract costs is greater than the difference between the following two items, the Company makes a provision for impairment for the excess and recognizes it as an impairment loss on the asset:

1. The residual consideration expected to be obtained as a result of the transfer of goods or services related to the asset;
2. The estimated costs to be incurred for the transfer of the relevant goods or services.

If there is a subsequent change in the impairment factors in previous periods, such that the aforementioned difference is higher than the book value of the asset, the Company reverses the provision for impairment and recognizes it in the current profits and losses, provided that the book value of the asset after the reversal does not exceed the book value of the asset at the date of reversal assuming no provision for impairment was made.

29. Government subsidies

1. Type

Government subsidies, which are monetary or non-monetary assets acquired by the Company from the government without consideration, are classified as asset-related government subsidies and revenue-related government subsidies.

The government subsidies pertinent to assets mean the government subsidies that are obtained by the Company used for purchase and construction or forming long-term assets in other ways. The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets.

The specific criteria for the Company to classify government subsidies as asset-related are:

If subsidy objects specified in the government subsidy document are used for purchasing and building or otherwise forming long-term assets, or the expenditure of subsidy objects is mainly used for purchasing and building or otherwise forming long-term assets, they are classified as asset-related government subsidies.

The specific criteria for the Company to classify government subsidies as revenue-related are:

If government subsidies obtained according to the government subsidy documents are completely or mainly used to compensate the expenses or losses incurred in the later period, they are classified as income-related government subsidies.

Where the government documents do not specify the target of the grant, the Company's judgment basis for classifying the government grant as asset-related or revenue-related is:

The supplementary explanation issued by the government department granting the subsidy is used as the judgment basis for classification of asset-related or income-related government subsidies.

2. Recognition point

Government subsidies are recognized when the Company can meet the conditions attached to them and can receive them.

3. Accounting treatment

Government subsidies related to assets are written down to the book value of the related assets or recognized as deferred income. For those recognized as deferred income, they are included into the current profit and loss over the useful life of the related assets in accordance with a reasonable and systematic method (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income);

Government subsidies related to revenue that are used to compensate the Company for related costs or losses in subsequent periods are recognized as deferred revenue and, when the related costs or losses are recognized, included into the current profit and loss (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income) or writing down related costs or losses; Those used to compensate the Company for related costs or losses already incurred are recognized directly in the current profit and loss (Those relates to the Company's ordinary activities are included into other income; those not related to the Company's ordinary activities are included into non-operating income) or writing down related costs or losses.

The Company distinguishes between the following two scenarios for accounting for policy-based preferential loan subsidies obtained:

- (1) If the financial discount funds are allocated to the lending bank, and the lending bank provides loans to the Company at the policy preferential interest rate, the Company uses the actual amount received as the recorded value of the loan and calculates the related borrowing costs in accordance with the principal amount of the loan and the policy preferential interest rate.

(2) If the financial discount funds are directly allocated to the Company, the Company will write down the corresponding subsidies against the related borrowing costs.

30. The deferred income tax assets / the deferred income tax liabilities

Income taxes consist of current income taxes and deferred income taxes. The Company recognizes current income tax and deferred income tax in the current profits and losses, except for income tax arising from business mergers and transactions or events directly included into owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their book values (temporary differences).

For the confirmation of deferred income tax assets for the deductible temporary difference, the taxable income that may be obtained in future periods and is used to offset the deductible temporary difference shall prevail. As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

For the taxable temporary differences, except in special cases, the deferred income tax liabilities shall be confirmed.

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

- Initial recognition of goodwill;
- It is neither a business combination nor a transaction or event that affects accounting profits and taxable income (or deductible losses) when it occurs, and the initially recognized assets and liabilities do not result in equal taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associated enterprises and joint ventures, unless the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associated enterprises and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities to be settled, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the book value of deferred tax assets. The book value of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to deduct the benefit of the deferred tax assets. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be reversed.

If the Company has the legal right to settle by the net amount and intends to settle by the net amount or acquire assets and pay off liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be listed according to the net amount after offset.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net of offsetting amounts when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

31. Leases

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period for a consideration. At the contract start date, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If the contract contains both leased and non-leased portions, the lessee and lessor split the leased and non-leased portions.

(1) Accounting treatment method as a lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-to-use assets are initially measured at cost. This cost includes:

The initial measurement amount of the lease liability;

The amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount related to the lease incentive already taken;

The initial direct costs incurred by the Company;

Costs expected to be incurred by the Company to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the agreed condition under the terms of the lease, excluding costs that are part of the costs incurred for the production of inventories.

The Company subsequently depreciates right-of-use assets using the straight-line method. If the ownership of the leased asset can be reasonably determined at the expiry of the lease term, the depreciation can be accrued within the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and conducts accounting treatment method for the identified impairment loss in accordance with the principles described in (XXI) Impairment of Long-term Assets of Note V.

(2) Lease liabilities

At the commencement date of the lease term, the Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of the lease payments outstanding. Lease payments include:

Fixed payments (including material fixed payments), net of amounts related to lease incentives, if lease incentives exist;

Variable lease payments that depend on an index or rate;

Estimated payments due based on the residual value of guarantees provided by the Company;

The exercise price of the purchase option, provided that the Company reasonably determines that it will exercise the option;

The amount required to be paid to exercise the option to terminate the lease is subject to the lease term reflecting that the Company will exercise the option to terminate the lease.

The Company uses the implicit rate of the lease as the discount rate, but if the implicit rate of the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term at a fixed periodic interest rate, which is included into the current profits and losses or to the cost of the related asset.

Variable lease payments that are not included into the measurement of the lease liability are included into the current profits and losses or the cost of the related assets when they are actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the book value of the right-of-use asset has been reduced to zero, but if the lease liability still needs to be further reduced, the difference is included into the current profits and losses:

When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;

When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures the lease liability at the present value of the lease payment amount after the change and the original discount rate. However, if the changes in lease payments result from changes in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the Company recognizes the related lease payments in the current profits and losses or the cost of the related assets on a straight-line basis over the respective periods of the lease term. A short-term lease is a lease with a term of not more than 12 months from the commencement date of the lease term and does not include an option to purchase. A low-value asset lease is a lease with a lower value when the single leased asset is a brand-new asset. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(4) Lease change

The Company conducts accounting treatment for the lease change as a separate lease if the change occurs and the following conditions are all met:

The lease change expands the scope of lease by adding one or more rights to use the leased assets;

The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of the contract.

If a lease change is not conducted with accounting treatment method as a separate lease, on the effective date of the lease change, the Company reapportioned the consideration of the changed contract, redetermined the lease term, and remeasured the lease liability based on the present value of the changed lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the book value of the right-of-use asset accordingly and recognizes the gain or loss related to partial or complete termination of the lease in the current profits and losses. If other lease changes result in a remeasurement of the lease liability, the Company adjusts the book value of the right-of-use asset accordingly.

(5) Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in "Note V (XXVII) Revenue".

In a sale and leaseback transaction, if the asset transfer qualifies as a sale, the Company, as the lessee, measures the right-of-use asset formed by the sale and leaseback at the proportion of the original asset's carrying amount related to the right of use obtained through the leaseback. The Company only recognizes gains or losses related to the rights transferred to the lessor.

If the asset transfer in a sale and leaseback transaction does not qualify as a sale, the Company, as the lessee, continues to recognize the transferred asset and also recognizes a financial liability equal to the transfer proceeds. See "Note V (XI) Financial Instruments" for details of the accounting treatment of financial liabilities.

(2) Accounting treatment method as a lessor

At the inception date of the lease, the Company classifies the lease as a finance lease and an operating lease. A finance lease is a lease that transfers substantially all of the risks and rewards associated with ownership of a leased asset, regardless of whether ownership is ultimately transferred. Operating lease refers to leases other than financial leases. When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets arising from the original lease.

(1) Accounting treatment method for operating lease

Lease receipts under operating leases are recognized as rental income on a straight-line basis over the respective periods of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases, which are allocated to current profits and losses over the lease term on the same basis as rental income is recognized. Variable lease payments not included in the lease receipts are included into the current profits and losses when they are actually incurred. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease before the change is considered to be the amount of receipts for the new lease.

(2) The accounting treatment method for finance leases

On the inception date of the lease, the Company recognizes finance lease receivables for finance leases and derecognizes the finance lease assets. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. The net investment in leases is 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 implicit rate of the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are conducted with accounting treatment method in accordance with "Note V (XI) Financial Instruments".

Variable lease payments not included in the net lease investment measurement are included into the current profits and losses when they are actually incurred.

When a change in a finance lease occurs and all of the following conditions are met, the Company will account for the change as a separate lease:

The lease change expands the scope of lease by adding one or more rights to use the leased assets;

The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of the contract.

If a change in a finance lease is not conducted with accounting treatment method as a separate lease, the Company treats the changed lease separately in the following circumstances:

If the change becomes effective on the commencement date of the lease and the lease would have been classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the book value of the leased asset;

If the change becomes effective on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will conduct accounting treatment method in accordance with the policy of amending or renegotiating the contract as described in "Note V (XI) Financial Instruments".

(3) Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale-and-leaseback transactions is a sale in accordance with the principles described in "Note V (XXVII) Revenue".

If the asset transfer in the after-sales leaseback transaction belongs to sales, the Company, namely the lessor, shall carry out accounting treatment for the asset purchase and asset lease according to the aforementioned policy of "2. The Company as the lessor"; if the asset transfer in the after-sales leaseback transaction does not belong to sales, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. See "Note V (XI) Financial Instruments" for details of the accounting treatment of financial assets.

32. Significant accounting policies and changes in accounting estimates

(1) Changes in significant accounting policies

☒ Applicable ☐ Not applicable

On 25 October 2023, the Ministry of Finance issued the *Notice on Issuing the Interpretation of Accounting Standards for Business Enterprises No. 17* (CK [2023] No. 21), which further standardizes and clarifies three aspects: "classification of current liabilities and non-current liabilities", "disclosure of supplier financing arrangements", and "accounting treatment of sale and leaseback transactions". The Company has implemented Interpretation No. 17 since 1 January 2024.

Before this accounting policy change, the Company implemented the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance and various specific accounting standards, accounting guidelines, interpretations of accounting standards, and other relevant regulations. After this accounting policy change, the Company will implement the relevant provisions of Interpretation No. 17 issued and revised by the Ministry of Finance. For other unchanged parts, the Company will continue to follow the *Accounting Standards for Business Enterprises - Basic Standards* and various specific accounting standards, accounting guidelines, interpretations of accounting standards, and other relevant regulations.

The implementation of this requirement did not have a material impact on the financial position and operating results of the Company.

(2) Significant changes in accounting estimates

☐ Applicable ☒ Not applicable

(3) Information on related items in the financial statements at the beginning of the year of the first implementation of the new Accounting Standards adjustments for the year of the first implementation from 2024 onwards

☐ Applicable ☒ Not applicable

VI. Taxes

1. Main tax categories and tax rates

Tax categories	Taxation basis	Tax rate
Value added tax	The output tax shall be calculated based on the income obtained from the sales of goods and the taxable labor and calculated as per the regulations of tax law, and the balance after deducting the input tax deductible for the current period is the VAT payable.	5%, 6%, 9%, 10%, 12%, 13% (Note 1)
Urban maintenance and construction tax	It is calculated and paid based on the value-added tax and consumption tax actually paid.	5%, 7% (Note 2)

Enterprise income tax	Calculated and paid according to taxable income	8.25%、9%、15%、16.5%、20%、22%、25%、29%、30%、35%
Education surcharges	It is calculated and paid based on the value-added tax and consumption tax actually paid.	3%
Local education surcharges	It is calculated and paid based on the value-added tax and consumption tax actually paid.	2%

If there are taxable entities with different corporate income tax rates, disclose the description of the situation.

Name of taxable entity	Income tax rate
YONGTAI TECH., Yongtai Hi-tech, Zhejiang Chiral, Foshan Soin, Inner Mongolia Yongtai	15%
Youngtech Pharmaceuticals	9%
E-Tong Chemical (Hong Kong) Co., Limited, E-Tong Chemical Co., Limited	The portion of taxable income not exceeding HKD 2 million is subject to a tax rate of 8.25%, and the portion exceeding HKD 2 million is subject to a tax rate of 16.5%.
SYT pharm (Shanghai), Yongtai Trading, Yongtai Fule, E-TONG CHEMICAL (PHILIPPINES), Hangzhou Yongtai Chiral, Etong Vietnam	20%
PT. ETONG	22%
Binhai Yongtai, Shanghai E-tong, Xinhui Mining, Yongtai Pharma, Shandong Yongtai, Yongtai New Material, Yongtai New Energy, Shanghai Youngcobe, Yongtai Chiral, Chongqing Yongyuansheng, Jiangsu Subin, H&G (China), Binhai Meikang, Hangzhou Yongtai, Inner Mongolia Hehui, Shandong Yonghong, Yongtai Fuyuan, E-tong Cambodia	25%
Etong Chemicals (Pvt.)	29%
Etong Agrotech Nigeria, Lideal Mines, Farmaline Cropcare Bangladesh	30%
Agro Juntos Colombia	35%

2. Tax incentives

1. According to the relevant provisions of *Measures for the Administration of the Recognition of High and New Technology Enterprises* (GKFH [2016] No. 32) and *Procedures for Administration of the Recognition of High and New Tech Enterprises* (GKFH [2016] No. 195), the Company received the *Certificate of High tech Enterprise* jointly issued by Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration, with a certificate number of GR202333012345, for a validity of three years (2023-2025). According to the relevant tax preferences for high-tech enterprises, in terms of enterprise income tax, the Company was taxed at 15% in the first half of 2024.

2. According to the relevant provisions of *Measures for the Administration of the Recognition of High and New Technology Enterprises* (GKFH [2016] No. 32) and *Procedures for Administration of the Recognition of High and New Tech Enterprises* (GKFH [2016] No. 195), Zhejiang Chiral received the *Certificate of High tech Enterprise* jointly issued by Science Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration, with a certificate number of GR202333005271, for a validity of three years (2023-2025).

According to the relevant tax preferences for high-tech enterprises, in terms of enterprise income tax, Zhejiang Chiral was taxed at 15% in the first half of 2024.

3. According to the relevant provisions of *Measures for the Administration of the Recognition of High and New Technology Enterprises* (GKFH [2016] No. 32) and *Procedures for Administration of the Recognition of High and New Tech Enterprises* (GKFH [2016] No. 195), Foshan Soin received the *Certificate of High tech Enterprise* jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration, for a validity of three years (2022-2024). According to the relevant tax preferences for high-tech enterprises, in terms of enterprise income tax, Foshan Soin was taxed at 15% in first half of 2024.

4. According to the relevant provisions of *Measures for the Administration of the Recognition of High and New Technology Enterprises* (GKFH [2016] No. 32) and *Procedures for Administration of the Recognition of High and New Tech Enterprises* (GKFH [2016] No. 195), Yongtai Hi-tech received the *Certificate of High tech Enterprise* jointly issued by Department of Science and Technology of Fujian Province, Department of Finance of Fujian Province, and Fujian Provincial Tax Service, State Taxation Administration, with a certificate number of GR202235000726, for a validity of three years (2022-2024). According to the relevant tax preferences for high-tech enterprises, in terms of enterprise income tax, Yongtai Hi-tech was taxed at 15% in first half of 2024.

5. According to No. 12 *Announcement of the State Taxation Administration on Enterprise Income Tax Policies Issues Concerning the Further Implementation of the Western China Development Strategy* in 2012, the enterprise income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. In line with the encouraged industrial projects in the western region, in terms of enterprise income tax, Inner Mongolia Yongtai was taxed at 15% in the first half of 2024.

6. According to the *Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses* (CS [2023] No. 6), from 1 January 2023, to 31 December 2024, for small and micro-profit enterprises, the portion of annual taxable income not exceeding RMB 1 million will be included in taxable income at a reduced rate of 25%, and enterprise income tax will be levied at a 20% tax rate. According to the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* (CS [2022] No. 13), from 1 January 2022, to 31 December 2024, for small and micro-profit enterprises, the portion of annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million will be included in taxable income at a reduced rate of 25%, and enterprise income tax will be levied at a 20% tax rate. According to the relevant tax preferences for small and micro enterprises, SYT pharm (Shanghai), Yongtai Trading and Yongtai Fule were subject to an income tax rate of 20% in the first half of 2024.

7. According to the *Announcement on the Policy of Value Added Tax Deduction for Advanced Manufacturing Enterprises* (Announcement No. 43 of the Ministry of Finance and the State Administration of Taxation in 2023), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to add 5% of the current deductible input tax amount to offset the payable value-added tax amount. The subsidiary Foshan Soin enjoys the value-added tax deduction policy mentioned above.

3. Others

[Note 1]:

YONGTAI TECH., Binhai Yongtai, Shanghai E-tong, Yongtai Hi-tech, Xinhui Mining, Yongtai Pharma, Shandong Yongtai, Yongtai New Material, SYT pharm (Shanghai), Yongtai New Energy, Shanghai Youngcobe, Zhejiang Chiral, Foshan Soin, Yongtai Chiral, Chongqing Yongyuansheng, Jiangsu Subin, H&G (China), Binhai Meikang, Inner Mongolia Yongtai, Hangzhou Yongtai, Inner Mongolia Hehui, Yongtai Fule, and Hangzhou Yongtai Chiral were subject to sales tax calculated at 9% and 13% of the revenue from the sale of goods and taxable services;

Youngtech Pharmaceuticals, E-TONGCHEMICAL (HONGKONG), E-TONGCHEMICAL, Etong Agrotech Nigeria, Etong Chemicals (Pvt.), Lideal Mines, Agro Juntos Colombia, Farmaline Cropcare Bangladesh, and Etong Vietnam are not subject to pay value-added tax;

PT. ETONG and E-tong Cambodia have their output taxes calculated at 10% of the sales revenue of goods;

Houses sold by YONGTAI TECH. are simply taxed at a rate of 5%;

Technology transfer services provided by YONGTAI TECH. and SYT pharm (Shanghai) are taxed at 6% of the taxable income;

E-TONG CHEMICAL (PHILIPPINES) calculates its output tax at 12% of the sales revenue of goods.

[Note 2]:

YONGTAI TECH., Binhai Yongtai, Shanghai E-tong, Xinhui Mining, Yongtai Pharma, SYT pharm (Shanghai), Yongtai New Energy, Shanghai Youngcobe, Yongtai Chiral, Chongqing Yongyuansheng, Jiangsu Subin, H&G (China), Binhai Meikang, Yongtai Trading, Yongtai Fule, Hangzhou Yongtai Chiral were subject to 5% of the turnover tax amount;

Yongtai Hi-tech, Shandong Yongtai, Yongtai New Material, Zhejiang Chiral, Foshan Soin, Inner Mongolia Yongtai, Hangzhou Yongtai, and Inner Mongolia Hehui were subject to 7% of the turnover tax amount;

Youngtech Pharmaceuticals, E-TONGCHEMICAL (HONGKONG), E-TONGCHEMICAL, Etong Indonesia, Etong Agrotech Nigeria, Etong Chemicals (Pvt.), Lideal Mines, Agro Juntos Colombia, Farmaline Cropcare Bangladesh, Etong Vietnam, E-TONG CHEMICAL (PHILIPPINES), and E-tong Cambodia are not subject to pay urban maintenance and construction tax.

VII. Notes to consolidated financial statement items

1. Monetary funds

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Cash on hand	288,263.30	347,670.23
Bank deposit	561,057,038.17	796,487,012.85
Other monetary funds	347,273,909.97	312,303,726.97
Total	908,619,211.44	1,109,138,410.05
Of which, total amount of money deposited abroad	37,080,698.76	38,986,343.45

Additional comments

A breakdown of the monetary funds that are restricted in use due to mortgage, pledge or freeze is as follows:

Unit: RMB

Item	Period-ending balance	Balance at the end of the last year
Deposit for bank acceptance bill	334,896,561.77	302,273,981.77
Guarantee deposit	893,587.42	724,271.86
L/C guarantee deposits		438,309.45
Futures margin	679,680.00	1,023,840.00
Funds frozen due to litigation	202,794,751.81	203,100,318.87
Pledged fixed deposit receipts		50,000,000.00
Total	539,264,581.00	557,560,721.95

See “Note XV. Commitments and Contingencies” for details.

2. Transactional financial assets

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Financial assets measured at fair value with their changes included into the current profits and losses	5,057,000.00	37,000,000.00

Of which,		
Wealth management products	5,000,000.00	37,000,000.00
Others	57,000.00	
Total	5,057,000.00	37,000,000.00

3. Notes receivable

(1) Presentation of notes receivable by category

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Bank acceptance bill	149,538,872.64	157,936,185.71
Total	149,538,872.64	157,936,185.71

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Notes receivable with bad debt reserve by portfolio	149,538,872.64	100.00%			149,538,872.64	157,936,185.71	100.00%			157,936,185.71
Of which,										
Provision for bad debts based on a combination of credit risk characteristics	149,538,872.64	100.00%			149,538,872.64	157,936,185.71	100.00%			157,936,185.71
Of which,										
Low risk portfolio	149,538,872.64	100.00%			149,538,872.64	157,936,185.71	100.00%			157,936,185.71
Total	149,538,872.64	100.00%			149,538,872.64	157,936,185.71	100.00%			157,936,185.71

Name of category for provision for bad debts by portfolio: Provision for bad debts by portfolio based on credit risk characteristics

Unit: RMB

Name	Period-ending balance		
	Book balance	Bad debt reserves	Accrual proportion
Provision for bad debts based on a combination of credit risk characteristics	149,538,872.64	0.00	0.00%
Total	149,538,872.64	0.00	

If provision for bad debts for notes receivable is made according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

(3) Bad debt reserves withdrawn, recovered, or reversed in the current period

None.

(4) Notes receivable pledged by the Company at the end of the period

None.

(5) Notes receivable that has been endorsed or discounted by the Company but are outstanding at the balance sheet date at the end of the period.

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		148,091,694.64
Total		148,091,694.64

(6) Notes receivable actually written off during the current period

There are no actually written-off notes receivable in this period.

4. Accounts receivable

(1) Disclosure by account age

Unit: RMB

Account age	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	1,041,639,213.04	781,426,905.30
1-2 years	61,633,582.49	200,220,544.84
2-3 years	24,154,393.10	16,121,603.48
3 years and above	36,676,130.25	44,320,677.14
3-4 years	36,676,130.25	44,320,677.14
Total	1,164,103,318.88	1,042,089,730.76

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Accounts receivable with bad debt reserve by individual item	13,305,530.92	1.14%	13,305,530.92	100.00%		13,286,789.02	1.28%	13,286,789.02	100.00%	
Of which,										
Accounts receivable with bad debt reserve by portfolio	1,150,797,787.96	98.86%	104,017,224.60	9.04%	1,046,780,563.36	1,028,802,941.74	98.72%	123,287,952.38	11.98%	905,514,989.36
Of which,										
Aging analysis combination	1,150,797,787.96	98.86%	104,017,224.60	9.04%	1,046,780,563.36	1,028,802,941.74	98.72%	123,287,952.38	11.98%	905,514,989.36
Total	1,164,103,318.88	100.00%	117,322,755.52	10.08%	1,046,780,563.36	1,042,089,730.76	100.00%	136,574,741.40	13.11%	905,514,989.36

Name of category for provision for bad debts by individual item: Significant accounts receivable for which provision for bad debts is made individually

Unit: RMB

Name	Balance at the beginning of the period		Period-ending balance			
	Book balance	Bad debt reserves	Book balance	Bad debt reserves	Accrual proportion	Withdrawal reason
CBM GROUP, etc.	13,286,789.02	13,286,789.02	13,305,530.92	13,305,530.92	100.00%	Not expected to be recovered
Total	13,286,789.02	13,286,789.02	13,305,530.92	13,305,530.92		

Name of category for provision for bad debts by portfolio: Portfolio using aging analysis method

Unit: RMB

Name	Period-ending balance
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	Book balance	Bad debt reserves	Accrual proportion
Within 1 year	1,041,288,380.23	52,058,587.66	5.00%
1-2 years	59,365,671.11	11,873,134.22	20.00%
2-3 years	20,116,467.80	10,058,233.90	50.00%
3 years and above	30,027,268.82	30,027,268.82	100.00%
Total	1,150,797,787.96	104,017,224.60	

If provision for bad debts for accounts receivable is made according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable

(3) Bad debt reserves withdrawn, recovered, or reversed in the current period

Bad debt reserve for the current period:

Unit: RMB

Category	Balance at the beginning of the period	Amount of change in this period				Period-ending balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivable bad debt reserves	136,574,741.40		17,041,030.84	2,179,660.70	-31,294.34	117,322,755.52
Total	136,574,741.40		17,041,030.84	2,179,660.70	-31,294.34	117,322,755.52

Of which the amount of reversal or recovery of bad debt provision in the current period is significant:

(4) Accounts receivable actually written off during the current period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	2,179,660.70

Of which, the significant write-offs of accounts receivable: None.

(5) Accounts receivable and contract assets of the top five period-ending balances collected by the debtor

Unit: RMB

Unit name	Balance of accounts receivable at the end of the period	Period-ending balance of contract assets	Accounts receivable and period-ending balance of contract assets	Proportion to the total of accounts receivable and period-ending balance of contract assets	Period-ending balances for bad debt provision of accounts receivable and impairment provision of contract asset
No.1	101,731,548.64		101,731,548.64	8.74%	13,368,639.73

No.2	78,744,636.80		78,744,636.80	6.76%	3,937,231.84
No.3	76,684,389.97		76,684,389.97	6.59%	3,834,219.50
No.4	61,340,500.53		61,340,500.53	5.27%	3,067,025.03
No.5	55,969,795.98		55,969,795.98	4.81%	2,798,605.96
Total	374,470,871.92		374,470,871.92	32.17%	27,005,722.06

5. Receivables financing

(1) Presentation of accounts receivable financing

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Notes receivable	80,560,694.41	161,377,815.36
Total	80,560,694.41	161,377,815.36

(2) Receivables financing pledged by the Company at the end of the period

None.

(3) Receivables financing that has been endorsed or discounted by the Company but are outstanding at the balance sheet date at the end of the period

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Notes receivable	541,847,048.94	
Total	541,847,048.94	

(4) Increase/decrease in receivables financing and changes in fair value in this period

Item	Balance at the end of the last year	Newly increased amount in this period	Derecognition in this period	Other changes	Period-ending balance	Cumulative provision for losses recognized in other comprehensive income
Notes receivable	161,377,815.36	627,481,007.47	708,298,128.42		80,560,694.41	
Total	161,377,815.36	627,481,007.47	708,298,128.42		80,560,694.41	

6. Other receivables

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
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Other accounts receivable	33,025,882.13	30,838,849.38
Total	33,025,882.13	30,838,849.38

(1) Other receivables**1) Classification of other receivables by nature**

Unit: RMB

Nature of funds	Book balance at the end of the period	Book balance at the beginning of the period
Inter-unit transactions	28,056,093.96	27,653,478.32
Export tax rebate	14,709,077.35	12,270,472.35
Reserves and loans	8,171,392.96	4,618,029.55
Deposit and security deposit	1,289,421.97	4,157,297.97
Others	11,051,969.99	19,500,608.67
Total	63,277,956.23	68,199,886.86

2) Disclosure by account age

Unit: RMB

Account age	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	37,617,825.21	40,682,484.94
1-2 years	7,926,702.79	8,288,527.03
2-3 years	1,382,241.85	2,534,159.96
3 years and above	16,351,186.38	16,694,714.93
3-4 years	16,351,186.38	16,694,714.93
Total	63,277,956.23	68,199,886.86

3) Disclosure by bad debt provision method
☒ Applicable ☐ Not applicable

Unit: RMB

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proporti	Amount	Accrual proporti		Amount	Proporti	Amount	Accrual proporti	

		on		on			on		on	
Provision for bad debts made on an individual basis	19,068,756.16	30.13%	19,068,756.16	100.00%		19,053,998.61	27.94%	19,053,998.61	100.00%	
Of which,										
Provision for bad debts made on a portfolio basis	44,209,200.07	69.87%	11,183,317.94	25.30%	33,025,882.13	49,145,888.25	72.06%	18,307,038.87	37.25%	30,838,849.38
Of which,										
Aging analysis combination	44,209,200.07	69.87%	11,183,317.94	25.30%	33,025,882.13	49,145,888.25	72.06%	18,307,038.87	37.25%	30,838,849.38
Total	63,277,956.23	100.00%	30,252,074.10	47.81%	33,025,882.13	68,199,886.86	100.00%	37,361,037.48	54.78%	30,838,849.38

Name of category for provision for bad debts by individual item: Significant other accounts receivable for which provision for bad debts is made individually

Unit: RMB

Name	Balance at the beginning of the period		Period-ending balance			
	Book balance	Bad debt reserves	Book balance	Bad debt reserves	Accrual proportion	Withdrawal reason
Shijiazhuang Sanduo Trading Co., Ltd.	9,600,000.00	9,600,000.00	9,600,000.00	9,600,000.00	100.00%	Advance payment for purchases: The counterparty has defaulted and cannot execute, and the Company has filed a report and expects no recovery.
Total	9,600,000.00	9,600,000.00	9,600,000.00	9,600,000.00		

Name of category for provision for bad debts by portfolio: Portfolio using aging analysis method

Unit: RMB

Name	Period-ending balance		
	Book balance	Bad debt reserves	Accrual proportion

Within 1 year	28,017,825.21	1,401,539.23	5.00%
1-2 years	7,926,702.79	1,585,340.56	20.00%
2-3 years	136,467.85	68,233.93	50.00%
3 years and above	8,128,204.22	8,128,204.22	100.00%
Total	44,209,200.07	11,183,317.94	

If provision for bad debts is made according to the general model of expected credit loss:

Unit: RMB

Bad debt reserves	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance as of 1 January 2024	18,307,038.87		19,053,998.61	37,361,037.48
Balance as of 1 January 2024 in the current period				
- Transition to the third stage	-14,757.55		14,757.55	
Current reversal	7,107,102.26			7,107,102.26
Current write-off	1,861.12			1,861.12
Balance as of 30 June 2024	11,183,317.94		19,068,756.16	30,252,074.10

Basis for classification of stages and ratio of provisions for bad debts

None.

Changes in book balance with significant amount of change in provision for losses during the period

☐ Applicable ☒ Not applicable

4) Bad debt reserves withdrawn, recovered, or reversed in the current period

Bad debt reserve for the current period:

Unit: RMB

Category	Balance at the beginning of the period	Amount of change in this period				Period-ending balance
		Accrual	Recovery or reversal	Transfer or write-off	Others	
Other receivables bad debt reserves	37,361,037.48		7,107,102.26	1,861.12		30,252,074.10

Total	37,361,037.48		7,107,102.26	1,861.12		30,252,074.10
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Of which the amount of reversal or recovery of bad debt provision for the period is significant: None.

5) Other receivables actually written off in the current period

Unit: RMB

Item	Write-off amount
Other receivables actually written off	1,861.12

Of which, the significant write-offs of other receivables: None.

6) Other accounts receivable ranking in the top five in the ending balance grouped by debtors

Unit: RMB

Unit name	Nature of amounts	Period-ending balance	Account age	Proportion of the total ending balance of other receivables	Period-ending balance of provision for bad debts
No.1	Export tax rebate	14,709,077.35	Within 1 year	23.25%	735,453.87
No.2	Inter-unit transactions	9,600,000.00	1-2 years	15.17%	9,600,000.00
No.3	Inter-unit transactions	6,560,030.47	1-2 years	10.37%	1,312,006.09
No.4	Inter-unit transactions	5,838,081.92	1-2 years	9.23%	5,838,081.92
No.5	Others	5,484,778.27	3 years and above	8.67%	5,484,778.27
Total		42,191,968.01		66.69%	22,970,320.15

7. Prepayments

(1) Advance payments are listed as per account age

Unit: RMB

Account age	Period-ending balance		Balance at the beginning of the period	
	Amount	Proportion	Amount	Proportion
Within 1 year	287,558,460.12	91.29%	77,064,763.11	78.34%
1-2 years	13,613,467.00	4.32%	12,340,746.22	12.55%
2-3 years	4,503,923.83	1.43%	4,599,468.08	4.68%
3 years and above	9,338,056.87	2.96%	4,361,526.65	4.43%

Total	315,013,907.82		98,366,504.06	
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Description of the reasons why prepayments aged over 1 year and with significant amounts were not settled in a timely manner:

At the end of the period, the Company had no significant prepayments with an account age exceeding 1 year.

(2) Top five prepayments with ending balance grouped by prepaid objects

Unit: RMB

Prepaid objects	Period-ending balance	Percentage of the total period-ending balance of prepayments (%)
No.1	19,118,078.80	6.07
No.2	13,374,720.00	4.25
No.3	11,380,453.50	3.61
No.4	10,000,000.00	3.17
No.5	8,794,800.00	2.79
Total	62,668,052.30	19.89

8. Inventories

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

No

(1) Classification of inventories

Unit: RMB

Item	Period-ending balance			Balance at the beginning of the period		
	Book balance	Provision for decline in value of inventories and provision for impairment of contract performance costs	Book value	Book balance	Provision for decline in value of inventories and provision for impairment of contract performance costs	Book value
Raw materials	189,503,266.28	3,227,123.87	186,276,142.41	187,300,543.60	6,221,741.47	181,078,802.13
Products in progress	271,456,211.79	4,310,052.01	267,146,159.78	188,904,124.41	15,938,800.24	172,965,324.17
Stock goods	675,909,976.23	35,481,850.26	640,428,125.97	800,154,268.82	81,231,559.37	718,922,709.45
Circulating materials	2,997,981.73		2,997,981.73	3,249,192.03		3,249,192.03
Goods in transit	14,410,911.67		14,410,911.67	6,498,299.05	1,009,588.90	5,488,710.15

Item	Period-ending balance			Balance at the beginning of the period		
	Book balance	Provision for decline in value of inventories and provision for impairment of contract performance costs	Book value	Book balance	Provision for decline in value of inventories and provision for impairment of contract performance costs	Book value
Materials in transit				3,178,899.93		3,178,899.93
Materials outsourced for processing	318,746.05		318,746.05	19,168,549.31	5,351,693.27	13,816,856.04
Total	1,154,597,093.75	43,019,026.14	1,111,578,067.61	1,208,453,877.15	109,753,383.25	1,098,700,493.90

(2) Inventory depreciation reserve and impairment reserve for contractual performance costs

Unit: RMB

Item	Balance at the beginning of the period	Amount increased in this period		Decreased amount in this period		Period-ending balance
		Accrual	Others	Reversal or reselling	Others	
Raw materials	6,221,741.47			2,994,617.60		3,227,123.87
Products in progress	15,938,800.24			11,628,748.23		4,310,052.01
Stock goods	81,231,559.37			45,749,709.11		35,481,850.26
Materials outsourced for processing	5,351,693.27			5,351,693.27		0.00
Goods in transit	1,009,588.90			1,009,588.90		0.00
Total	109,753,383.25			66,734,357.11		43,019,026.14

9. Assets held for sale

Unit: RMB

Item	Book balance at the end of the period	Impairment reserve	Ending book value	Fair value	Expected disposal costs	Expected disposal time
Zijingang Apartment	599,943.92		599,943.92	1,013,191.84	125,949.40	31 December 2024
Total	599,943.92		599,943.92	1,013,191.84	125,949.40	

10. Other current assets

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Overpaid VAT	84,690,091.54	77,595,582.51
Advance payment of income tax	8,618,031.51	10,710,612.86
Input tax to be certified	101,171,441.35	108,046,106.86
Others	419,206.75	108,697.76
Total	194,898,771.15	196,460,999.99

11. Investment in other equity instruments

Unit: RMB

Project name	Balance at the beginning of the period	Gains recognized in other comprehensive income in this period	Loss recognized in other comprehensive income in this period	Accumulated gains recognized in other comprehensive income at the end of this period	Accumulated losses recognized in other comprehensive income at the end of this period	Dividend income recognized in this period	Period-ending balance	Reasons for being designated to be measured at fair value whose changes are recognized in other comprehensive income
Zhejiang Linhai Rural Commercial Bank Co., Ltd.	63,015,419.18			34,864,347.18		3,425,642.01	63,015,419.18	Non-marketable equity investment
Chongqing Heya Huayi Investment Management Co., Ltd.	679,273.52			179,273.52			679,273.52	Non-marketable equity investment
Linhai Qiuzhi Safety Training Co., Ltd.	500,000.00						500,000.00	Non-marketable equity investment
Total	64,194,692.70			35,043,620.70		3,425,642.01	64,194,692.70	

Derecognition in this period: There is no derecognition in this period.

12. Long-term equity investment

Unit: RMB

Invested unit	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period								Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Addition	Decreased	Profits and losses on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equity	Cash dividends or profits declare	Provision for impairment	Others		

		sion	est me nt	in ve st m en t			ies	d to be issued	nt			sion
I. Joint ventures												
II. Associated enterprises												
Chongqing Heya Huayi Venture Capital Partnership (L.P.)	58,714,125.78					-15,909,067.77					42,805,058.01	
Shanghai Carelinker Medical Technology Co., Ltd.	19,122,110.11										19,122,110.11	
Guizhou Balai Agricultural Science and Technology Co., Ltd.	3,281,952.37										3,281,952.37	
Shanghai Anbison Lab. Co., Ltd.	165,831,287.28				10,780,084.87						176,611,372.15	
Hangzhou Mubang Equity Investment Partnership (Limited Partnership)	4,896,405.16										4,896,405.16	
Yichang Chengbang Pharmaceutical Co., Ltd.	14,623,902.58										14,623,902.58	
Subtotal	266,469,783.28				10,780,084.87	-15,909,067.77					261,340,800.38	
Total	266,469,783.28				10,780,084.87	-15,909,067.77					261,340,800.38	

The recoverable amount is determined by the net amount after deducting disposal costs from the fair value.

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the expected future cash flows.

☐ Applicable ☒ Not applicable

13. Real estate for investment purposes

(1) Investment real estate with cost measurement model

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Houses and buildings	Land-use right	Construction in progress	Total
I. Original book value				
1. Balance at the beginning of the period	28,788,326.30	3,213,314.51		32,001,640.81
2. Amount increased in the current period				
(1) Purchases				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Increase in business consolidation				
3. Amount decreased in the current period	4,466,390.19	498,475.52		4,964,865.71
(1) Disposals				
(2) Other transfers out				
(3) Transfer to fixed assets	4,466,390.19	498,475.52		4,964,865.71
4. Balance at the end of the period	24,321,936.11	2,714,838.99		27,036,775.10
II. Accumulated depreciation and accumulated amortization				
1. Balance at the beginning of the period	6,648,792.12	568,554.75		7,217,346.87
2. Amount increased in the current period	659,833.03	56,442.51		716,275.54
(1) Accrual or amortization	659,833.03	56,442.51		716,275.54
3. Amount decreased in the current period	1,075,375.62	91,988.28		1,167,363.90
(1) Disposals				
(2) Other transfers out				
(3) Transfer to fixed assets	1,075,375.62	91,988.28		1,167,363.90
4. Balance at the end of the period	6,233,249.53	533,008.98		6,766,258.51
III. Impairment reserve				
1. Balance at the beginning of the period				
2. Amount increased in the current period				

Item	Houses and buildings	Land-use right	Construction in progress	Total
(1) Accrual				
3. Amount decreased in the current period				
(1) Disposals				
(2) Other transfers out				
4. Balance at the end of the period				
IV. Book value				
1. Ending book value	18,088,686.58	2,181,830.01		20,270,516.59
2. Book value at the beginning of the period	22,139,534.18	2,644,759.76		24,784,293.94

The recoverable amount is determined by the net amount after deducting disposal costs from the fair value.

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the expected future cash flows.

☐ Applicable ☒ Not applicable

(2) Investment properties using the fair value measurement model

☐ Applicable ☒ Not applicable

(3) Investment properties with outstanding title certificates

There were no investment properties with outstanding title certificates at the end of the period.

14. Fixed assets

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Fixed assets	3,944,572,843.50	3,554,687,028.57
Total	3,944,572,843.50	3,554,687,028.57

(1) Fixed assets

Unit: RMB

Item	House and building	Machinery and equipment	Transportation tools	Electronic equipment and others	Total
I. Original book value:					
1. Balance at the beginning of the period	2,037,676,888.10	3,072,182,851.22	63,174,366.46	329,794,307.58	5,502,828,413.36

Item	House and building	Machinery and equipment	Transportation tools	Electronic equipment and others	Total
2. Amount increased in the current period	84,067,069.97	530,143,165.87		7,693,402.12	621,903,637.96
(1) Acquisition	332,163.64	33,803,465.41		5,553,464.81	39,689,093.86
(2) Transferred from construction in progress	78,770,040.62	496,339,700.46		2,139,937.31	577,249,678.39
(3) Increase in business consolidation					
(4) Transfer of investment real estate	4,964,865.71				4,964,865.71
3. Amount decreased in the current period	111,080.26	24,243,063.52	371,654.73	2,489,373.79	27,215,172.30
(1) Disposal or retirement	111,080.26	24,237,565.29	287,355.56	2,473,052.77	27,109,053.88
(2) Translation difference of foreign currency statements		5,498.23	84,299.17	16,321.02	106,118.42
4. Balance at the end of the period	2,121,632,877.81	3,578,082,953.57	62,802,711.73	334,998,335.91	6,097,516,879.02
II. Accumulated depreciation					
1. Balance at the beginning of the period	580,672,031.86	1,087,469,561.77	50,384,969.69	221,581,000.12	1,940,107,563.44
2. Amount increased in the current period	45,959,008.71	150,397,052.58	3,764,573.38	16,488,885.27	216,609,519.94
(1) Accrual	44,791,644.81	150,397,052.58	3,764,573.38	16,488,885.27	215,442,156.04
(2) Transfer of investment real estate	1,167,363.90				1,167,363.90
3. Amount decreased in the current period	40,896.01	10,769,539.90	409,110.22	587,323.08	11,806,869.21
(1) Disposal or retirement	40,896.01	10,758,803.27	272,987.78	519,787.73	11,592,474.79
(2) Translation difference of foreign		10,736.63	136,122.44	67,535.35	214,394.42

Item	House and building	Machinery and equipment	Transportation tools	Electronic equipment and others	Total
currency statements					
4. Balance at the end of the period	626,590,144.56	1,227,097,074.45	53,740,432.85	237,482,562.31	2,144,910,214.17
III. Impairment reserve					
1. Balance at the beginning of the period		8,033,821.35			8,033,821.35
2. Amount increased in the current period					
(1) Accrual					
3. Amount decreased in the current period					
(1) Disposal or retirement					
4. Balance at the end of the period		8,033,821.35			8,033,821.35
IV. Book value					
1. Ending book value	1,495,042,733.25	2,342,952,057.77	9,062,278.88	97,515,773.60	3,944,572,843.50
2. Book value at the beginning of the period	1,457,004,856.24	1,976,679,468.10	12,789,396.77	108,213,307.46	3,554,687,028.57

(2) Fixed assets with outstanding title certificates

Unit: RMB

Item	Book value	Reasons for not completing the certificate of title
House and building	203,086,903.37	In process

15. Construction in progress

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Construction in progress	1,532,711,816.45	2,003,666,465.93
Engineering materials	117,707,636.89	106,624,186.09

Total	1,650,419,453.34	2,110,290,652.02
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(1) Construction in progress

Unit: RMB

Item	Period-ending balance			Balance at the beginning of the period		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Inner Mongolia Yongtai Project	1,184,477,724.82		1,184,477,724.82	1,098,756,808.11		1,098,756,808.11
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	64,322,075.50		64,322,075.50	598,211,417.36		598,211,417.36
Yongtai New Energy 150,000t/a Electrolyte Project	16,547,037.88		16,547,037.88	3,485,942.22		3,485,942.22
Yongtai Hi-tech Lithium Battery Material Phase II Expansion Project	91,635,616.13		91,635,616.13	132,302,108.90		132,302,108.90
Binhai Meikang Phase I Project	30,185,512.91		30,185,512.91	30,185,512.91		30,185,512.91
Chongqing Yongyuansheng Project of Fine Chemical Products	58,504,359.68	1,972,784.60	56,531,575.08	58,169,731.06	1,972,784.60	56,196,946.46
Yongtai Chiral Engineering Project Phase II	21,438,476.80		21,438,476.80	21,374,325.86		21,374,325.86
Other projects	67,573,797.33		67,573,797.33	63,153,404.11		63,153,404.11
Total	1,534,684,601.05	1,972,784.60	1,532,711,816.45	2,005,639,250.53	1,972,784.60	2,003,666,465.93

(2) Changes in significant construction projects in progress during the current period

Unit: RMB

Project name	Budget amount	Balance at the beginning of the period	Amount increased in this period	Amount transferred to fixed assets in this	Other amount decreased in this	Period-ending balance	Proportion of cumulative project investment in	Project progress	Cumulative amount of interest capitali	Of which, amount of capitali	Capitalization rate of interest in the current	Source of funds
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				period	period		budget		zation	interest in this period	period	
Inner Mongolia Yongtai Project	3,000,000,000.00	1,098,756,808.11	85,720,916.71			1,184,477,724.82	80.82%	Under construction	46,821,184.21	9,210,663.54	2.41%	Others
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	792,697,400.00	598,211,417.36		533,889,341.86		64,322,075.50	84.88%	Under construction				Others
Yongtai Hi-tech Lithium Battery Material Phase II Expansion and 1005 Workshop Production Expansion Project	390,000,000.00	132,302,108.90		40,666,492.77		91,635,616.13	101.87%	Under construction				Others
Chongqing Yongyuansheng Project of Fine Chemical Products	189,000,000.00	58,169,731.06	334,628.62			58,504,359.68	87.98%	Under construction				Others
Binhai Meikang Phase I Project	150,000,000.00	30,185,512.91				30,185,512.91	123.24%	Under construction				Others
Yongtai Chiral Engineering Project Phase II	50,000,000.00	21,374,325.86	64,150.94			21,438,476.80	42.88%	Under construction				Others
Total	4,571,697,400.00	1,938,999,904.20	86,119,696.27	574,555,834.63		1,450,563,765.84			46,821,184.21	9,210,663.54		

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

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance	Reason for accrual
Chongqing Yongyuansheng Project of Fine Chemical Products	1,972,784.60			1,972,784.60	The recoverable amount is less than the book value.
Total	1,972,784.60			1,972,784.60	--

(4) Impairment test of construction in progress
☐ Applicable ☒ Not applicable
(5) Engineering materials

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
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	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Engineering materials	117,707,636.89		117,707,636.89	106,624,186.09		106,624,186.09
Total	117,707,636.89		117,707,636.89	106,624,186.09		106,624,186.09

16. Right-of-use assets

(1) Right of use assets situation

Unit: RMB

Item	House and building	Total
I. Original book value		
1. Balance at the beginning of the period	10,867,941.55	10,867,941.55
2. Amount increased in the current period		
3. Amount decreased in the current period		
4. Balance at the end of the period	10,867,941.55	10,867,941.55
II. Accumulated depreciation		
1. Balance at the beginning of the period	5,686,996.35	5,686,996.35
2. Amount increased in the current period	1,518,167.40	1,518,167.40
(1) Accrual	1,518,167.40	1,518,167.40
3. Amount decreased in the current period		
(1) Disposals		
4. Balance at the end of the period	7,205,163.75	7,205,163.75
III. Impairment reserve		
1. Balance at the beginning of the period		
2. Amount increased in the current period		
(1) Accrual		
3. Amount decreased in the current period		
(1) Disposals		

4. Balance at the end of the period		
IV. Book value		
1. Ending book value	3,662,777.80	3,662,777.80
2. Book value at the beginning of the period	5,180,945.20	5,180,945.20

17. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land-use right	Patent right	Non-patented technology	rights vested on trade mark	Software and others	Total
I. Original book value						
1. Balance at the beginning of the period	417,697,326.18	213,600,614.85		30,108,100.00	42,579,773.12	703,985,814.15
2. Amount increased in the current period	32,760,000.00	35,324,392.50			13,977.34	68,098,369.84
(1) Acquisition	32,760,000.00	1,367,222.89			13,977.34	34,141,200.23
(2) Internal R&D		33,957,169.61				33,957,169.61
(3) Increase in business consolidation						
3. Amount decreased in the current period	1,848,051.65	13,461,268.43			385,129.60	15,694,449.68
(1) Disposals		13,461,268.43			385,129.60	13,846,398.03
(2) Translation difference of foreign currency statements	1,848,051.65					1,848,051.65
4. Balance at the end of the period	448,609,274.53	235,463,738.92		30,108,100.00	42,208,620.86	756,389,734.31
II. Accumulated amortization						
1. Balance at the beginning of the period	81,142,014.82	98,679,571.93		18,211,616.55	19,287,339.20	217,320,542.50
2. Amount increased in the current period	6,301,595.50	12,416,016.96		1,597,116.67	1,416,341.55	21,731,070.68

Item	Land-use right	Patent right	Non-patented technology	rights vested on trade mark	Software and others	Total
(1) Accrual	6,301,595.50	12,416,016.96		1,597,116.67	1,416,341.55	21,731,070.68
3. Amount decreased in the current period	270,130.11	638,103.36			144,029.00	1,052,262.47
(1) Disposals		638,103.36			144,029.00	782,132.36
(2) Translation difference of foreign currency statements	270,130.11					270,130.11
4. Balance at the end of the period	87,173,480.21	110,457,485.53		19,808,733.22	20,559,651.75	237,999,350.71
III. Impairment reserve						
1. Balance at the beginning of the period						
2. Amount increased in the current period						
(1) Accrual						
3. Amount decreased in the current period						
(1) Disposals						
4. Balance at the end of the period						
IV. Book value						
1. Ending book value	361,435,794.32	125,006,253.39		10,299,366.78	21,648,969.11	518,390,383.60
2. Book value at the beginning of the period	336,555,311.36	114,921,042.92		11,896,483.45	23,292,433.92	486,665,271.65

Intangible assets formed through internal R&D accounted for 20.48% of the balance of intangible assets at the end of the current period

(2) Land use rights with outstanding title certificates

There was no land-use right without property right certificate at the end of the period.

(4) Impairment test of intangible assets

☐ Applicable ☒ Not applicable

18. Goodwill**(1) Original book value of goodwill**

Unit: RMB

Name of investee or matters forming goodwill	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
		Formation by business merger	Disposal	
Yongtai New Energy	17,848,185.57			17,848,185.57
Shanghai E-tong	177,627,292.14			177,627,292.14
Zhejiang Chiral	373,747,189.15			373,747,189.15
Foshan Soin	69,669,921.57			69,669,921.57
Jiangsu Subin	92,772,780.75			92,772,780.75
Binhai Meikang	2,645,729.61			2,645,729.61
Total	734,311,098.79			734,311,098.79

(2) Impairment reserve for goodwill

Unit: RMB

Name of investee or matters forming goodwill	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
		Accrual	Disposal	
Yongtai New Energy	17,848,185.57			17,848,185.57
Shanghai E-tong	22,753,297.61			22,753,297.61
Jiangsu Subin	92,772,780.75			92,772,780.75
Total	133,374,263.93			133,374,263.93

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

Name	Composition and basis of the associated asset group or portfolio	Associated operating segment and basis	Is it consistent with the previous years
Shanghai E-tong	Goodwill-related asset groups formed by the M&A of Shanghai E-tong Chemical Co., Ltd. are the long-term asset groups that comprise the asset groups of Shanghai E-tong Chemical Co., Ltd., including fixed assets, etc.		Yes
Zhejiang Chiral	Goodwill-related asset groups formed by the M&A of Zhejiang Chiral Medicine Chemicals Co., Ltd.		Yes

	are the long-term asset groups that comprise the asset groups of Zhejiang Chiral Medicine Chemicals Co., Ltd., including fixed assets, intangible assets, etc.		
Foshan Soin	Goodwill-related asset groups formed by the M&A of Foshan Soin Chiralpharma Co., Ltd. are the long-term asset groups that comprise the asset groups of Foshan Soin Chiralpharma Co., Ltd., including fixed assets, intangible assets, etc.		Yes

(4) The specific method for determining the recoverable amount

The recoverable amount is determined by the net amount after deducting disposal costs from the fair value.

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the expected future cash flows.

☐ Applicable ☒ Not applicable

19. Long-term deferred expenses

Unit: RMB

Item	Balance at the beginning of the period	Amount increased in this period	Amortization amount in this period	Other decreased amount	Period-ending balance
Equipment transformation	12,373,257.15	639,719.43	2,550,066.62		10,462,909.96
Decoration fee	7,822,624.29		1,985,535.24		5,837,089.05
Others	3,309,120.69	1,400,778.00	975,004.38		3,734,894.31
Total	23,505,002.13	2,040,497.43	5,510,606.24		20,034,893.32

20. The deferred income tax assets / the deferred income tax liabilities

(1) Deferred income tax assets without offsetting

Unit: RMB

Item	Period-ending balance		Balance at the beginning of the period	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Impairment reserves of assets	142,886,563.03	28,537,361.60	227,204,002.33	41,524,519.72
Unrealized profit on internal transactions	38,598,403.60	5,548,062.04	45,379,000.83	7,187,193.26
Deductible losses	871,143,426.41	149,537,184.13	874,905,365.59	149,229,409.01
Provision for impairment of subsidiary equity	268,000,000.00	40,200,000.00	268,000,000.00	40,200,000.00

Deferred benefits	117,736,611.07	24,810,228.81	114,589,959.58	26,422,376.95
Withholding costs and expenses	34,733,722.32	7,659,289.61	21,817,942.32	4,430,344.61
Change in fair value of trading financial assets			918,232.80	137,734.92
Rental tax differences	1,097,088.53	164,563.28	1,760,014.42	264,002.16
Total	1,474,195,814.96	256,456,689.47	1,554,574,517.87	269,395,580.63

(2) Deferred income tax liabilities without offsetting

Unit: RMB

Item	Period-ending balance		Balance at the beginning of the period	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation and appreciation of assets of business consolidation not under the same control	36,601,935.29	8,033,309.44	39,326,211.40	8,630,103.13
Changes in fair value of other equity instrument investments	34,864,347.18	5,229,652.08	34,864,347.20	5,229,652.08
Rental tax differences	1,296,741.17	194,511.18	2,105,089.33	315,763.40
Total	72,763,023.64	13,457,472.70	76,295,647.93	14,175,518.61

(3) Deferred income tax assets or liabilities presented with the net amount after offset

Unit: RMB

Item	Offset of deferred income tax assets and liabilities at the end of the period	Balance of deferred income tax assets or liabilities after offset at the end of the period	Offset of deferred income tax assets and liabilities at the beginning of the period	Balance of deferred income tax assets or liabilities after offset at the beginning of the period
Deferred income tax assets	5,424,163.26	251,032,526.21	5,545,415.48	263,850,165.15
Deferred income tax liabilities	5,424,163.26	8,033,309.44	5,545,415.48	8,630,103.13

21. Other non-current assets

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
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	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Prepayment for engineering equipment	88,125,739.36		88,125,739.36	71,285,593.60		71,285,593.60
Prepaid R&D expenditure	16,607,257.59		16,607,257.59	11,296,844.85		11,296,844.85
Prepaid land transfer fee	1,548,250.00		1,548,250.00	34,308,250.00		34,308,250.00
Total	106,281,246.95		106,281,246.95	116,890,688.45		116,890,688.45

22. Assets with restricted ownership or use rights

Unit: RMB

Item	Period ending				Period-beginning			
	Book balance	Book value	Limited type	Limited situation	Book balance	Book value	Limited type	Limited situation
Monetary funds	539,264,581.00	539,264,581.00	Pledge and freezing	Used for issuing bank acceptance bills, bank loans, futures accounts, and court litigation freezing	557,560,721.95	557,560,721.95	Pledge and freezing	Used for issuing bank acceptance bills, bank loans, futures accounts, and court litigation freezing
Notes receivable					1,530,000.00	1,530,000.00	Pledge	Used for issuing bank acceptance bills
Fixed assets	1,843,960,467.97	1,241,172,879.30	Mortgage	Used for bank loans and financing leases	1,171,768,547.79	778,177,146.81	Mortgage	Used for bank loans
Intangible assets	179,254,769.39	142,887,405.27	Mortgage	Used for bank loans	181,725,533.39	146,128,537.49	Mortgage	Used for bank loans
Accounts receivable	93,395,790.27	88,726,000.76	Pledge	Used for issuing bank acceptance bills and bank loans	151,491,596.31	143,917,016.49	Pledge	Used for issuing bank acceptance bills and bank loans
Notes receivable	148,091,694.64	148,091,694.64	Others	Endorsed/discounted but not expired and not derecognized	130,801,761.56	130,801,761.56	Others	Endorsed/discounted but not expired and not derecognized
Accounts receivable financing					74,490,531.06	74,490,531.06	Pledge	Used for issuing bank acceptance bills
Real estate for investment purposes	2,405,049.40	1,839,827.86	Mortgage	Used for bank loans	32,001,640.81	25,571,325.38	Mortgage	Used for bank loans

Construction in progress	34,187,303.52	34,187,303.52	Mortgage	Used for finance leases	223,205,231.90	223,205,231.90	Mortgage	Used for bank loans
Total	2,840,559,656.19	2,196,169,692.35			2,524,575,564.77	2,081,382,272.64		

23. Short-term loans

(1) Classification of short-term loan

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Pledge loan	33,000,000.00	30,000,000.00
Mortgage loan	450,830,000.00	435,900,000.00
Guaranteed loan	1,536,863,024.00	1,233,080,000.00
Unexpired interest payable	307,086.72	2,738,161.88
Total	2,021,000,110.72	1,701,718,161.88

24. Transaction financial liabilities

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Transaction financial liabilities		519,898.30
Of which,		
Derivative financial liabilities		519,898.30
Total		519,898.30

25. Notes payable

Unit: RMB

Category	Period-ending balance	Balance at the beginning of the period
Banker's acceptance bill	522,015,088.20	704,947,900.98
Total	522,015,088.20	704,947,900.98

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

26. Accounts payable

(1) Presentation of accounts payable

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Within 1 year	860,642,666.67	759,698,072.72
1-2 years	50,991,049.88	57,401,333.46
2-3 years	19,967,198.70	22,286,852.22
3 years and above	42,249,293.87	22,831,891.92
Total	973,850,209.12	862,218,150.32

(2) Significant accounts payable aged over 1 year or overdue

There are no significant accounts payable with an aging of more than one year or overdue in this period.

27. Other payables

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Other payables	47,094,818.92	54,849,843.53
Total	47,094,818.92	54,849,843.53

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

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Overnight money	1,331,274.40	1,983,999.17
Accrued expenses	22,458,638.68	24,106,437.64
Performance bond	6,091,980.86	9,460,327.56
Others	17,212,924.98	19,299,079.16
Total	47,094,818.92	54,849,843.53

28. Contract liabilities

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Within 1 year	44,575,447.51	37,549,652.59
1-2 years	43,383,340.10	286,780,536.94

2-3 years	564,121,428.77	562,318,955.64
3 years and above	4,974,940.93	5,030,013.28
Total	657,055,157.31	891,679,158.45

29. Remuneration payable to employees

(1) Presentation of remuneration payable to employees

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
I. Short-term compensation	79,101,819.33	157,164,993.92	208,064,340.79	28,202,472.46
II. Welfare after demission - defined contribution plan	3,042,523.16	16,147,690.08	17,583,475.30	1,606,737.94
Total	82,144,342.49	173,312,684.00	225,647,816.09	29,809,210.40

(2) Short-term compensation list

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
1. Wages, bonuses, allowances, and subsidies	75,365,871.43	131,323,443.01	182,156,067.92	24,533,246.52
2. Welfare expenses for the employees	956,291.25	9,402,046.38	9,473,136.95	885,200.68
3. Social insurance expenses	1,083,361.07	10,549,837.02	10,618,178.99	1,015,019.10
Of which, medical insurance premiums	840,234.10	8,763,708.57	8,797,194.42	806,748.25
Work-related injury insurance premiums	243,126.97	1,699,138.79	1,733,994.91	208,270.85
Maternity insurance premiums		86,989.66	86,989.66	
4. Housing accumulation fund	28,426.00	4,813,756.00	4,773,754.00	68,428.00
5. Labor union expenditure and employee education expenses	1,667,869.58	1,075,911.51	1,043,202.93	1,700,578.16
Total	79,101,819.33	157,164,993.92	208,064,340.79	28,202,472.46

(3) Presentation of defined contribution plan

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
1. Basic endowment insurance	2,954,608.78	15,646,221.40	17,025,709.83	1,575,120.35
2. Unemployment insurance premiums	87,914.38	501,468.68	557,765.47	31,617.59
Total	3,042,523.16	16,147,690.08	17,583,475.30	1,606,737.94

30. Taxes payable

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Value added tax	1,125,895.74	1,983,985.08
Enterprise income tax	7,504,406.27	12,564,915.24
Individual income tax	505,927.79	589,623.19
Urban maintenance and construction tax	659,124.80	732,094.10
House property tax	6,816,785.06	11,323,646.21
Land use tax	2,836,982.98	4,899,531.12
Education surcharges and local education surcharges	565,295.21	627,279.08
Security fund for the disabled	1,527,498.22	1,139,418.04
Stamp tax	939,458.97	1,359,733.32
Environmental protection tax and others	6,568.27	397,454.22
Total	22,487,943.31	35,617,679.60

31. Non-current liabilities due within one year

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Long-term loans due within one year	917,298,442.20	950,725,424.73
Long-term accounts receivable due within 1 year	205,418,918.46	109,044,266.90

Lease liabilities due within one year	1,857,103.34	2,514,765.13
Total	1,124,574,464.00	1,062,284,456.76

32. Other current liabilities

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Output tax to be written off	75,514,083.70	106,883,791.05
Endorsed but not derecognized notes receivable	148,091,694.64	130,801,761.56
Minority equity repurchase financial liabilities	583,200,000.00	583,200,000.00
Total	806,805,778.34	820,885,552.61

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

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Pledge loan	33,000,000.00	36,000,000.00
Mortgage loan	898,859,380.33	976,657,676.71
Guaranteed loan	460,270,000.00	549,910,686.92
Total	1,392,129,380.33	1,562,568,363.63

34. Lease liabilities

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Warehouse leasing	1,753,594.43	2,500,445.31
Total	1,753,594.43	2,500,445.31

35. Long-term payables

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Long-term payables	243,382,181.39	89,237,605.41
Total	243,382,181.39	89,237,605.41

36. Deferred income

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance	Cause of formation
Government subsidies	145,621,385.39	2,195,800.00	13,582,451.84	134,234,733.55	Government subsidies
Total	145,621,385.39	2,195,800.00	13,582,451.84	134,234,733.55	

37. Share capital

Unit: RMB

	Balance at the beginning of the period	Increase/decrease (+, -) in this change					Period-ending balance
		Issue of new shares	Stock dividend	Transfer from accumulation fund to shares	Others	Subtotal	
Total number of shares	913,760,795.00						913,760,795.00

38. Capital surplus

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
Capital premium (equity premium)	1,209,401,398.54			1,209,401,398.54
Other capital reserve	-561,001,815.30			-561,001,815.30
Total	648,399,583.24			648,399,583.24

39. Other comprehensive incomes

Unit: RMB

Item	Balance at the	Amount incurred in the current period	Period-ending
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	beginning of the period	Amount before income tax in this period	Less: the profits and losses transferred for the current period but previously included in other comprehensive income	Less: the retained earnings transferred for the current period but previously included in other comprehensive income	Less: income tax expense	That attributable to the parent company after tax	That attributable to minority shareholders after tax	balance
I. Other comprehensive incomes not to be reclassified into profits and losses	60,451,456.40	-15,909,067.77				-15,909,067.77		44,542,388.63
Other comprehensive income that cannot be transferred to profits and losses under equity method	30,637,487.77	-15,909,067.77				-15,909,067.77		14,728,420.00
Changes in fair value of other equity instrument investments	29,813,968.63							29,813,968.63
II. Other comprehensive incomes to be reclassified into profits and losses	-30,624,482.56	17,850,088.58				17,850,088.58		-12,774,393.98
The balance arisen from the translation of foreign currency financial statements	-30,624,482.56	17,850,088.58				17,850,088.58		-12,774,393.98
Total other comprehensive income	29,826,973.84	1,941,020.81				1,941,020.81		31,767,994.65

40. Special reserves

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
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Work safety cost	8,697,025.76	8,925,085.43	8,062,210.58	9,559,900.61
Total	8,697,025.76	8,925,085.43	8,062,210.58	9,559,900.61

41. Surplus reserves

Unit: RMB

Item	Balance at the beginning of the period	Increase in this period	Decrease in this period	Period-ending balance
Statutory surplus reserve	212,549,555.18			212,549,555.18
Total	212,549,555.18			212,549,555.18

42. Undistributed profits

Unit: RMB

Item	In the current period	In the previous period
Undistributed profits at the end of the previous period before adjustment	1,349,661,779.20	2,057,248,262.04
Undistributed profit at the beginning of the period after adjustment	1,349,661,779.20	2,057,248,262.04
Plus: Net profits attributable to the parent company's owners in this period	37,650,314.26	38,651,535.60
Ordinary stock dividends payable		87,656,629.50
Retained earnings at the end of the period	1,387,312,093.46	2,008,243,168.14

Breakdown of undistributed profit at the beginning of the period after adjustment:

- 1) The affected undistributed profit at the beginning of the period was RMB 0.00 due to the retrospective adjustment of the *Accounting Standards for Business Enterprises* and its related new regulations.
- 2) The affected undistributed profit at the beginning of the period was RMB 0.00 due to the change of accounting policies.
- 3) The affected undistributed profit at the beginning of the period was RMB 0.00 due to the correction of significant accounting errors.
- 4) The affected undistributed profit at the beginning of the period was RMB 0.00 due to the change of the scope of consolidation caused by the same control.
- 5) The total affected undistributed profits at the beginning of the period due to other adjustments amounted to RMB 0.00.

43. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the current period		Incurred amount during the previous period	
	Income	Cost	Income	Cost
Main business	2,134,139,950.92	1,687,509,044.97	2,046,673,851.03	1,644,593,835.78

Other business	5,083,989.42	3,287,595.35	6,581,399.14	5,579,362.13
Total	2,139,223,940.34	1,690,796,640.32	2,053,255,250.17	1,650,173,197.91

Disaggregated information on operating revenue and costs:

Unit: RMB

Contract classification	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which,						
Product sales revenue	2,139,223,940.34	1,690,796,640.32			2,139,223,940.34	1,690,796,640.32
Classification by operating region						
Market or customer type						
Contract type						
Classification by timing of commodity transfer						
Confirmation at a point of time	2,139,223,940.34	1,690,796,640.32			2,139,223,940.34	1,690,796,640.32
Classification by contract duration						
Classification by sales channel						
Total	2,139,223,940.34	1,690,796,640.32			2,139,223,940.34	1,690,796,640.32

44. Taxes and surcharges

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Urban maintenance and construction tax	2,488,490.45	4,409,901.61

Education surcharges	2,137,276.86	3,901,220.38
House property tax	9,315,898.99	8,213,458.09
Land use tax	6,034,408.31	4,454,468.77
Stamp tax	1,483,026.89	1,476,710.60
Vehicle and vessel tax and others	81,440.04	49,326.41
Total	21,540,541.54	22,505,085.86

45. Management expenses

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Employee compensation	78,516,538.62	93,148,165.73
Depreciation and amortization	93,070,806.83	96,386,682.82
Environmental protection expenses	44,247,743.32	45,683,607.17
Office expense	8,979,608.55	10,234,705.87
Work safety cost	7,894,719.21	13,579,539.40
Business entertainment fee	4,735,007.77	5,985,376.53
Agency fees	4,158,299.66	5,017,876.12
Car cost	1,709,834.11	1,874,914.87
Travel expenses	1,558,383.62	1,470,673.57
Others	19,680,078.04	13,532,764.13
Total	264,551,019.73	286,914,306.21

46. Marketing expenses

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Commission	6,386,850.58	7,958,210.78
Market development expense	16,370,511.91	14,627,167.60
Insurance expense	2,906,000.70	2,742,018.11

Travel expenses	2,675,084.87	3,673,298.39
Others	19,395,577.31	24,209,016.85
Total	47,734,025.37	53,209,711.73

47. R&D expenditure

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Direct material	18,247,860.15	38,645,289.52
Employee compensation	24,271,248.47	26,477,750.21
Depreciation and amortization	5,815,696.77	5,867,065.81
Outsourcing expenses	231,132.08	2,859,688.69
Others	866,214.48	2,307,907.90
Total	49,432,151.95	76,157,702.13

48. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Interest expenses	80,199,534.87	76,539,484.85
Less: interest income	11,011,678.48	10,925,439.51
Exchange profits and losses	-16,178,343.61	-27,012,647.03
Others	3,965,033.44	5,699,818.31
Total	56,974,546.22	44,301,216.62

49. Other income

Unit: RMB

Sources of other income	Amount incurred in the current period	Incurred amount during the previous period
Government subsidies	16,800,614.44	20,498,890.64
Input tax plus credit	-879,965.09	3,491.72
Personal income tax withholding fee	204,130.40	232,168.61

50. Income from changes in fair value

Unit: RMB

Sources of gains from changes in fair value	Amount incurred in the current period	Incurred amount during the previous period
Transactional financial assets	57,000.00	
Of which, income from changes in fair value arising from derivative financial instruments	57,000.00	
Transaction financial liabilities	254,698.00	-2,575,010.62
Total	311,698.00	-2,575,010.62

51. Investment income

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Long-term equity investment incomes accounted by the equity method	10,780,084.87	9,011,204.29
Investment income on trading financial assets		178,348.34
Investment income from disposal of trading financial assets	4,628,448.42	-2,388,065.51
Dividend income earned during the holding period of investments in other equity instruments	3,425,642.01	1,778,630.32
Total	18,834,175.30	8,580,117.44

52. Credit impairment loss

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Bad debt losses on accounts receivable	17,041,030.84	6,621,820.46
Bad debt losses on other accounts receivable	7,107,102.26	1,547,330.23
Total	24,148,133.10	8,169,150.69

53. Assets impairment loss

None.

54. Income on disposal of assets

Unit: RMB

Sources of income from asset disposal	Amount incurred in the current period	Incurred amount during the previous period
Gains from disposal of non-current assets	-13,060,593.94	51,489,691.76

55. Non-operating income

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period	Amounts included into the current nonrecurring profits and losses
Government subsidies	495,567.82	38,231,320.75	495,567.82
Income from compensation	88,025.10		88,025.10
Others	10,370,822.13	2,388,000.18	10,370,822.13
Total	10,954,415.05	40,619,320.93	

56. Non-operating expenditure

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period	Amounts included into the current nonrecurring profits and losses
External donations	150,000.00	1,638,515.57	150,000.00
Damage, scrapping and loss of non-current assets	380,660.21	844,326.72	380,660.21
Penalty expenditure	34,535.67	460,642.02	34,535.67
Others	2,160,294.88	579,128.11	2,160,294.88
Total	2,725,490.76	3,522,612.42	2,725,490.76

57. Income tax expense**(1) Income tax expense statement**

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Income tax expenses for the current period	19,877,145.26	23,241,391.56
Deferred income tax expense	8,703,946.50	7,089,778.67

Total	28,581,091.76	30,331,170.23
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(2) The process of adjusting accounting profit and income tax expense

Unit: RMB

Item	Amount incurred in the current period
Total profit	62,782,131.71
Income tax expense calculated at legal/applicable tax rates	9,417,319.76
Effect of different tax rates applied to subsidiaries	-1,763,444.58
Effect of adjustments to income taxes of prior periods	3,167,232.44
Effect of non-taxable income	-2,130,859.03
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in this period	19,890,843.17
Income tax expense	28,581,091.76

58. Other comprehensive incomes

See Note 39 for details.

59. Cash flow statement items**(1) Cash related to operating activities**

Other cash received related to operating activities

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Income from government subsidy	14,629,945.11	62,973,408.53
Interest income	10,981,216.07	10,925,439.50
Others	23,012,900.86	18,792,950.90
Total	48,624,062.04	92,691,798.93

Other cash payments related to operating activities

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Scientific research costs	19,364,977.02	43,812,886.11
Environmental protection expenses	28,338,177.76	32,820,678.66

Travel expenses	4,233,468.49	5,143,971.96
Intermediary and advisory fees	4,158,299.66	5,017,876.12
Work safety cost	5,501,738.46	8,896,168.45
Commission	6,386,850.58	7,958,210.78
Business entertainment fee	8,007,564.70	12,197,026.91
Insurance expense	4,033,001.89	3,755,071.98
Office expense	8,814,962.47	10,234,705.88
Donation expenditure	150,000.00	1,629,875.57
Others	59,106,086.81	58,169,167.13
Total	148,095,127.84	189,635,639.55

(2) Cash related to financing activities

Other cash received related to financing activities

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Cash received from financing leases	339,000,000.00	130,000,000.00
Margin on loan financing		6,600,000.00
Total	339,000,000.00	136,600,000.00

Other cash payments related to financing activities

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Margin on loan financing	10,000,000.00	3,000,000.00
Total	10,000,000.00	3,000,000.00

Changes in liabilities arising from financing activities

☐ Applicable ☒ Not applicable
60. Supplementary materials of cash flow statement**(1) Supplementary materials of cash flow statement**

Unit: RMB

Supplement materials	Amount in this period	Amount in last period
1. Cash flow for adjusting net profits to operating activities:		
Net profit	34,201,039.95	13,158,068.23
Plus: Impairment reserves of assets	-24,148,133.10	-8,169,150.69
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	206,395,090.48	183,533,166.48
Depreciation of right-to-use assets		
Amortization of intangible assets	17,477,672.59	13,913,786.20
Amortization of long-term deferred expenses	2,064,540.96	3,526,744.81
Losses on disposal of fixed assets, intangible assets, and other long-term assets (income expressed with "-")	13,060,593.94	-50,314,981.05
Losses on scrapping of fixed assets (income expressed with "-")		
Loss from changes in fair value (income expressed with "-")	-311,698.00	2,575,010.62
Finance costs (income expressed with "-")	66,739,182.93	76,521,928.36
Investment loss (income expressed with "-")	-18,834,175.30	-8,580,117.44
Decrease in deferred income tax assets (increase expressed with "-")	1,537,034.57	8,724,375.79
Increase in deferred income tax liabilities (decrease expressed with "-")		
Decrease in inventories (increase expressed with "-")	50,847,488.05	-50,148,585.13
Decrease in operating accounts receivable (increase expressed with "-")	-453,830,369.33	371,878,971.94
Increase in operating payables (decrease expressed with "-")	-80,787,835.00	-759,120,300.91
Others		
Net cash flow from operating activities	-185,589,567.26	-202,501,082.79
2. Major investment and financing activities irrelevant to cash income and expenditure:		
Transfer from debts to capital		

Supplement materials	Amount in this period	Amount in last period
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Cash's balance at the end of the period	369,354,630.44	493,527,447.16
Less: cash's balance at the beginning of the period	551,577,688.10	438,109,059.07
Plus: cash equivalents' balance at the end of the period		
Less: cash equivalents' balance at the beginning of the period		
Net increase in cash and cash equivalents	-182,223,057.66	55,418,388.09

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
I. Cash	369,354,630.44	551,577,688.10
Of which, cash on hand	288,263.30	347,670.23
Bank deposit available for payment at any time	369,066,367.14	543,386,693.98
Other monetary capitals available for payment at any time		7,843,323.89
III. Cash and cash equivalents balance at the end of the period	369,354,630.44	551,577,688.10
Of which: The subsidiary of the parent company or the Group uses limited cash and cash equivalents	0.00	0.00

(3) Monetary fund not classified as cash and cash equivalents

Unit: RMB

Item	Amount in this period	Amount in last period	Reason for exclusion from cash and cash equivalents
Deposit for bank acceptance bill	334,896,561.77	302,273,981.77	Restricted
Guarantee deposit	893,587.42	724,271.86	Restricted
L/C guarantee deposits		438,309.45	Restricted
Futures margin	679,680.00	1,023,840.00	Restricted

Item	Amount in this period	Amount in last period	Reason for exclusion from cash and cash equivalents
Funds frozen due to litigation	202,794,751.81	203,100,318.87	Restricted
Pledged fixed deposit receipts		50,000,000.00	Restricted
Total	539,264,581.00	557,560,721.95	

61. Notes to the items in the statement of changes in owners' equity

Description of items such as the name of "Others" and the amount of adjustments made to the balance at the end of the previous year: None.

62. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Balance of foreign currency at the end of the period	Exchange rate	Balance of converted RMB at the end of the period
Monetary funds			222,241,322.96
Of which, U.S. dollars	28,337,327.29	7.1268	201,954,464.13
Euro	79,618.65	7.6617	610,014.21
HKD			
Indonesian Rupees	6,468,591,833.58	0.0004	2,846,180.41
Pakistani rupees	44,954,965.20	0.0256	1,150,622.33
Nigerian Naira	3,204,177,993.69	0.0047	14,973,123.76
Vietnamese dong	1,447,543,847.80	0.0003	405,312.28
Philippine peso	1,801,350.72	0.1215	218,777.65
Bangladeshi Taka	1,097,920.00	0.0618	67,807.54
Colombian peso	8,814,935.50	0.0017	15,020.65
Accounts receivable			571,935,229.79
Of which, U.S. dollars	77,649,648.51	7.1268	553,393,515.00
Euro	181,951.04	7.6617	1,394,054.28
HKD			
Pakistani rupees	1,112,000.01	0.0256	28,461.64

Item	Balance of foreign currency at the end of the period	Exchange rate	Balance of converted RMB at the end of the period
Indonesian Rupees	28,114,425,143.00	0.0004	12,370,347.06
Nigerian Naira	1,016,231,930.00	0.0047	4,748,851.81
Long-term loan			
Of which, U.S. dollars			
Euro			
HKD			
Other accounts receivable			6,666,551.69
Of which, U.S. dollars	370,568.02	7.1268	2,640,964.16
Indonesian Rupees	777,460,745.41	0.0004	342,082.73
Pakistani rupees	4,011,312.41	0.0256	102,669.54
Nigerian Naira	746,493,743.13	0.0047	3,488,365.26
Vietnamese dong	330,250,000.00	0.0003	92,470.00
Accounts payable			2,020,427.88
Of which, U.S. dollars	60,416.76	7.1268	430,578.17
Pakistani rupees	41,349,083.77	0.0256	1,058,329.80
Indonesian Rupees	1,207,999,790.00	0.0004	531,519.91
Other payables			5,078,472.10
Of which, U.S. dollars	300,000.00	7.1268	2,138,040.00
Indonesian Rupees	8,605,594.00	0.0004	3,786.46
Pakistani rupees	583,250.00	0.0256	14,928.28
Nigerian Naira	623,521,798.00	0.0047	2,913,717.36
Philippine peso	65,869.65	0.1215	8,000.00

(2) Description of foreign operating entities, including disclosure of the principal place of business outside the country, the bookkeeping standard currency and its basis of selection for significant foreign operating entities, and the reasons for changes in the bookkeeping standard currency, if any.

☐ Applicable ☒ Not applicable

63. Leases**(1) The Company as the lessee:**

☐ Applicable ☒ Not applicable

(2) The Company as the lessor:

Operating lease as a lessor

☐ Applicable ☒ Not applicable

Finance lease as a lessor

☐ Applicable ☒ Not applicable

Undiscounted lease receipts per year for the next five years

☐ Applicable ☒ Not applicable

Reconciliation of undiscounted lease receipts to net investment in lease

VIII. R&D expenditure

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Direct material	49,157,963.73	39,746,646.13
Employee compensation	39,086,103.29	31,021,708.77
Depreciation and amortization	18,098,010.96	8,313,455.89
Outsourcing expenses	231,132.08	5,556,103.78
Others	1,301,250.52	2,851,294.51
Total	107,874,460.58	87,489,209.08
Of which: Expensed R&D expenses	49,432,151.95	76,157,702.13
Capitalized R&D expenses	58,442,308.63	11,331,506.95

1. R&D projects eligible for capitalization

Unit: RMB

Item	Balance at the beginning of the period	Amount increased in this period		Decreased amount in this period		Period-ending balance
		Internal development expenditure	Others	Recognized as intangible assets	Included in current profit and loss	
API project	14,597,868.29	20,997,817.47		5,066,257.59		30,529,428.17
Projects of	76,319,359.85	10,529,194.97	232,073.07	28,890,912.02		58,189,715.87

Item	Balance at the beginning of the period	Amount increased in this period		Decreased amount in this period		Period-ending balance
		Internal development expenditure	Others	Recognized as intangible assets	Included in current profit and loss	
preparations						
Pesticide project		25,983,223.12				25,983,223.12
Fluorinated liquid project		700,000.00				700,000.00
Total	90,917,228.14	58,210,235.56	232,073.07	33,957,169.61		115,402,367.16

Significant capitalized R&D projects

Item	R&D progress	Estimated completion time	Expected method for generating economic benefits	Time point for starting capitalization	Specific basis for starting capitalization
API project	Trial submission of the DMF application and CDE review in progress	31 December 2027	Pass production and sales of products	2013.6-2023.3	Start of pilot production
Projects of preparations	Trial submission of the FDA application and CDE review in progress	31 December 2027	Pass production and sales of products	2013.3-2023.3	Start of pilot production

IX. Change in scope of consolidation

1. Disposal of subsidiaries

Whether there were any transactions or events resulting in the loss of subsidiary control during the reporting period

☐ Yes ☒ No

Are there any cases in which an investment in a subsidiary was disposed of step by step through multiple transactions, and control was lost during the current period?

☐ Yes ☒ No

2. Change in scope of consolidation for other reasons

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

The Company was included in the consolidation scope due to the establishment of E-tong Cambodia.

3. Others

None.

X. Interests in other subjects

1. Interests in subsidiaries

(1) Composition of enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio		Acquisition method
					Direct	Indirect	
Binhai Yongtai	160,000,000.00	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing	100.00%		Business merger under the same control
Shanghai E-tong	10,000,000.00	Songjiang District, Shanghai	Songjiang District, Shanghai	Commerce	100.00%		Business merger not under the same control
Yongtai Hi-tech	300,000,000.00	Shaowu City, Fujian Province	Shaowu City, Fujian Province	Manufacturing	75.00%		Establishment or investment
Xinhui Mining	35,000,000.00	Qiongzong County, Hainan Province	Qiongzong County, Hainan Province	Mining	70.00%		Business merger not under the same control
Yongtai Pharma	300,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00%		Establishment or investment
Youngtech Pharmaceuticals	93,414,781.93	America	America	Commerce	100.00%		Establishment or investment
Shandong Yongtai	100,000,000.00	Zhanhua District, Shandong Province	Zhanhua District, Shandong Province	Manufacturing	100.00%		Establishment or investment
Yongtai New Material	100,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00%		Establishment or investment
SYT pharm (Shanghai)	25,000,000.00	Pudong New District, Shanghai	Pudong New District, Shanghai	Service industry and commercial industry	90.00%	10.00%	Business merger not under the same control
Yongtai New Energy	300,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00%		Business merger not under the same control
Shanghai Youngcobe	1,000,000.00	Songjiang District, Shanghai	Songjiang District, Shanghai	Service industry		100.00%	Business merger not under the same control
E-TONGCHE MICAL (HONGKONG)	9,126.80	Hong Kong	Hong Kong	Trade		100.00%	Establishment or investment

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio		Acquisition method
					Direct	Indirect	
)							
Zhejiang Chiral	20,348,152.00	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Manufacturing	100.00%		Business merger not under the same control
Foshan Soin	213,150,000.00	Foshan City, Guangdong Province	Foshan City, Guangdong Province	Manufacturing	90.00%		Business merger not under the same control
Yongtai Chiral	150,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00%		Establishment or investment
Chongqing Yongyuansheng	170,000,000.00	Chongqing	Chongqing	Manufacturing	51.00%		Establishment or investment
Jiangsu Subin	74,600,000.00	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing		85.00%	Business merger not under the same control
H&G (China)	44,860,000.00	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing		72.25%	Business merger not under the same control
Binhai Meikang	100,000,000.00	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing	100.00%		Business merger not under the same control
Inner Mongolia Yongtai	591,000,000.00	Wuhai City, Inner Mongolia	Wuhai City, Inner Mongolia	Manufacturing	100.00%		Establishment or investment
E-TONGCHEMICAL	9,126.80	Hong Kong	Hong Kong	Trade		100.00%	Establishment or investment
Inner Mongolia Hehui	100,000,000.00	Wuhai City, Inner Mongolia	Wuhai City, Inner Mongolia	Manufacturing	100.00%		Establishment or investment
Hangzhou Yongtai	10,000,000.00	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Service industry	100.00%		Establishment or investment
PT. ETONG	4,000,001.10	Indonesia	Indonesia	Trade		80.00%	Establishment or investment
Yongtai Trading	100,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Trade	100.00%		Establishment or investment
E-TONG CHEMICAL	85,049.88	Philippines	Philippines	Trade		99.90%	Business merger not

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio		Acquisition method
					Direct	Indirect	
(PHILIPPINES)							under the same control
Etong Agrotech Nigeria	46,530.00	Nigeria	Nigeria	Trade		98.00%	Establishment or investment
LIDEAL MINES LIMITED	47,000.00	Nigeria	Nigeria	Mining		100.00%	Establishment or investment
Etong Chemicals (Pvt.)	512,000.00	Pakistan	Pakistan	Trade		90.00%	Establishment or investment
Agro Juntos Colombia	306,000.00	Colombia	Colombia	Trade		100.00%	Establishment or investment
Farmaline Cropcare Bangladesh	673,620.00	Bangladesh	Bangladesh	Trade		99.00%	Establishment or investment
E-tong Cambodia	712,680.00	Cambodia	Cambodia	Trade		100.00%	Establishment or investment
Yongtai Fule	120,000,000.00	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	80.00%		Establishment or investment
Hangzhou Yongtai Chiral	200,000,000.00	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Manufacturing	51.00%	49.00%	Establishment or investment
Etong Vietnam	712,680.00	Vietnam	Vietnam	Trade		100.00%	Establishment or investment
Yonghong Lithium Industry	100,000,000.00	Zhanhua District, Shandong Province	Zhanhua District, Shandong Province	Manufacturing	100.00%		Establishment or investment
Yongtai Fuyuan	150,000,000.00	Shaowu City, Fujian Province	Shaowu City, Fujian Province	Manufacturing	65.00%		Establishment or investment

Description of the difference between the shareholding ratio and the voting rights ratio in subsidiaries:

None.

Basis for holding half or less of the voting rights but remaining in control of the investee, and for holding more than half of the voting rights but not in control of the investee:

None.

Basis of control for significant structured entities included in the scope of consolidation:

None.

Basis for determining whether the company is an agent or principal:

None.

Other instructions:

As of 2020, Shanghai E-tong incorporated two subsidiaries, E-TONG CHEMICAL DE COSTA RICA SOCIEDAD ANONIMA (E-TONG (Costa Rica)) and E-TONG PARAGUAY SOCIEDAD ANONIMA (E-TONG (Paraguay)), in Costa Rica and Paraguay respectively. The above two companies have not yet completed procedures of the Ministry of Commerce and cannot carry out business activities still. Thus, the above two companies are not included in consolidated statements.

2. Interests in joint venture arrangements or associated enterprises

(1) Significant joint ventures or associated enterprises

Name of joint venture or associated enterprise	Main business locations	Place of registration	Business nature	Shareholding ratio		The accounting treatment method for investments in joint ventures or associated enterprises
				Direct	Indirect	
Shanghai Anbison Lab. Co., Ltd.	Shanghai	Shanghai	Scientific Research and Technical Services	15.00%		Equity method

Description of the difference between the shareholding ratio and the voting rights ratio in joint ventures or associated enterprises:

None.

Basis for holding less than 20% of the voting rights but with significant influence, or holding 20% or more of the voting rights but without significant influence:

None.

(2) Major financial information of significant associated enterprises

Unit: RMB

Item	Balance at the end of the period/incurred amount during the current period	Balance at the beginning of the period/incurred amount during the previous period
Current assets		
Non-current assets		
Total assets	1,216,128,945.24	1,099,352,817.65
Current liabilities		
Non-current liabilities		
Total liabilities		
Equity of minority shareholders		
Equity attributable to shareholders of the parent company		
Share of net assets based on percentage of shareholding		
Adjustment matters		

Item	Balance at the end of the period/incurred amount during the current period	Balance at the beginning of the period/incurred amount during the previous period
--Goodwill		
--Unrealized profit on internal transactions		
--Others		
Book value of equity investment in associated enterprises		
Fair value of equity investments in associated enterprises for which publicly quoted prices exist		
Operating revenue	224,936,085.92	144,357,542.36
Net profit	71,867,232.43	60,074,695.24
Net profit from discontinued operations		
Other comprehensive incomes		
Total comprehensive income	71,867,232.43	60,074,695.24
Dividends received from associated enterprises in this year		

XI. Government subsidies

1. Government subsidies recognized as receivables at the end of the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2. Projects with liabilities involving government subsidies

☐ Applicable ☒ Not applicable

3. Government subsidies included in current profits and losses

☒ Applicable ☐ Not applicable

Unit: RMB

Accounting subject	Amount incurred in the current period	Incurred amount during the previous period
Deferred benefits	8,582,451.84	8,106,542.76

Other instructions:

Government subsidies related to income

Items included in the current profits and losses or written off against related costs and expenses losses	Government subsidy amount	Amounts included in the current profits and losses or written off against related costs and expenses losses	
		Amount in this period	Amount in last period
Other income	7,542,327.91	7,542,327.91	12,789,708.21
Non-operating income	495,567.82	495,567.82	38,231,320.75
Total	8,037,895.73	8,037,895.73	51,021,028.96

Refund of government grants

Item	Amount	Reason
Government subsidies refunded in this period	5,000,000.00	Refund due to duplicate project application

XII. Risks associated with financial instruments

1. Various risks arising from financial instruments

The Company faces various financial risks in the process of operation such as credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risk). The Company's Board of Directors has overall responsibility for the determination of risk management objectives and policies and is ultimately accountable for them, but the Board has delegated to the Company's financial and other departments the authority to design and implement procedures that will ensure that risk management objectives and policies are effectively implemented. The Board of Directors checked the effectiveness of implemented procedures and reasonability of risk management objectives and policies through the monthly reports submitted by leader in charge. The Company's internal auditors also audit risk management policies and procedures, and report the relevant findings to the Audit Committee.

The overall objective of the risk management of the Company is to formulate the risk management policy to minimize risk as much as possible without excessive influence on the competitiveness and resilience of the Company.

1. Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations resulting in a financial loss to the Company.

The current assets of the Company mainly include bank deposits stored in the state-owned banks with good reputation and high credit rating and other large and medium-sized listed banks. In the opinion of the Company, there is no significant credit risk and great loss incurred by bank default will hardly occur.

In addition, the Company sets related policies for notes receivable, accounts receivable, receivables financing and other receivables to control credit risk exposure. The Company has assessed the credit qualifications of customers and set corresponding credit periods based on their financial status, possibility of obtaining security from third parties, credit records and other factors such as current market conditions. The Company regularly monitors the credit records of customers. For customers with poor credit records, written reminders, shortening of credit period or cancellation of credit period are adopted to ensure that the overall credit risk of the Company is within a controllable range.

2. Liquidity risk

Liquidity risk is the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to pay its debts as they fall due. Liquidity risk is centrally controlled by the Company's financial department. The financial department ensures that the Company has sufficient funds to service its debt with all reasonable forecasts by monitoring the cash balances, the marketable securities that can be realized at any time, and the rolling forecast of cash flow for the next 12 months. At the same time, the Company is monitored on an ongoing basis as to whether it complies with the requirements of the borrowing agreement and obtains commitments from major financial institutions to provide sufficient standby funds to meet its short-term and long-term funding requirements.

The Company's financial liabilities are presented at maturity using undiscounted contractual cash flows as follows:

Item	Period-ending balance		
	Within 1 year	1 years and above	Total
Short-term loan	2,021,000,110.72		2,021,000,110.72
Notes payable	522,015,088.20		522,015,088.20
Accounts payable	973,850,209.12		973,850,209.12
Other payables	47,094,818.92		47,094,818.92
Non-current liabilities due within one year	1,124,574,464.00		1,124,574,464.00
Lease liabilities		1,753,594.43	1,753,594.43
Long-term payables		243,382,181.39	243,382,181.39
Long-term loan		1,392,129,380.33	1,392,129,380.33
Total	4,688,534,690.96	1,637,265,156.15	6,325,799,847.11

Item	Balance at the end of the last year		
	Within 1 year	1 years and above	Total
Short-term loan	1,701,718,161.88		1,701,718,161.88
Notes payable	704,947,900.98		704,947,900.98
Accounts payable	862,218,150.32		862,218,150.32
Other payables	54,849,843.53		54,849,843.53
Non-current liabilities due within one year	1,062,284,456.76		1,062,284,456.76
Lease liabilities		2,500,445.31	2,500,445.31
Long-term payables		89,237,605.41	89,237,605.41
Long-term loan	60,426,008.17	1,502,142,355.46	1,562,568,363.63
Total	4,446,444,521.64	1,593,880,406.18	6,040,324,927.82

3. Market risk

Market risk of financial instruments is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest-bearing financial instruments with fixed and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed rate instruments to floating rate instruments based on market conditions and maintains an appropriate portfolio of fixed and floating rate instruments through regular review and monitoring. The Company will adopt interest rate swap instruments to hedge interest rate risk whenever necessary.

(2) Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company continuously monitors the size of foreign currency transactions and foreign currency assets and liabilities to minimize its exposure to foreign currency risk. Additionally, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. The Company did not sign any forward foreign exchange contract or currency swap contract in this period and the last period.

The exchange risk confronted by the Company mainly results from financial assets and financial liabilities denominated in USD. The amount of financial assets and financial liabilities of foreign currencies converted into RMB is listed as follows:

Item	Period-ending balance			Balance at the end of the last year		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary funds	201,954,464.13	20,286,858.83	222,241,322.96	222,367,420.4 ₃	31,647,228.68	254,014,649.1 ₁
Accounts receivable	553,393,515.00	18,541,714.79	571,935,229.79	467,984,387.4 ₁	16,049,843.50	484,034,230.9 ₁
Other accounts receivable	2,640,964.16	4,025,587.53	6,666,551.69	2,653,488.15	5,383,407.22	8,036,895.37
Subtotal	757,988,943.29	42,854,161.15	800,843,104.44	693,005,295.9₉	53,080,479.40	746,085,775.3₉
Accounts payable	430,578.17	1,589,849.71	2,020,427.88	423,128.16	5,460.15	428,588.31
Other payables	2,138,040.00	2,940,432.10	5,078,472.10		1,037,021.74	1,037,021.74
Subtotal	2,568,618.17	4,530,281.81	7,098,899.98	423,128.16	1,042,481.89	1,465,610.05

As of 30 June 2024, with all other variables held constant, the Company will increase or decrease its net profit by RMB 39,687,210.22 if RMB appreciates or depreciates by 5% against the U.S. dollar. The Management believed that 5% reasonably reflects the reasonable change of RMB against USD in the next year.

(3) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risks arise mainly from investment in various financial instruments and there is a risk of price changes in equity instruments.

2. Financial assets**(1) Classification by transfer method**

☒ Applicable ☐ Not applicable

Unit: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition situation	Judgment basis for derecognition
Endorsement/ discounting	Commercial bank acceptance bills accepted by general commercial banks	250,702,568.41	As of the balance sheet date, the amount endorsed and unexpired is RMB 148,091,694.64, which was not derecognized. The remaining amount shall be due for redemption and is therefore derecognized.	
Endorsement/ discounting	Bank acceptance bills accepted by commercial banks with higher credit	708,298,128.42	Derecognition for all	If the payee has high credit and has no overdue payment in history, derecognition can be conducted during endorsement/discounting.
Total		959,000,696.83		

(2) Financial assets derecognized due to transfer
☒ Applicable ☐ Not applicable

Unit: RMB

Item	Methods for transferring financial assets	Amount of derecognized financial assets	Gains or losses related to derecognition
Banker's acceptance bill	Endorsement/discounting	541,847,048.94	579,723.81
Total		541,847,048.94	579,723.81

(3) Continuing involvement in transferred financial assets
☒ Applicable ☐ Not applicable

Unit: RMB

Item	Asset transfer method	Amount of assets formed from continued involvement	Amount of liabilities formed from continued involvement
Notes receivable	Endorsement	148,091,694.64	148,091,694.64
Total		148,091,694.64	148,091,694.64

XIII. Disclosure of fair value**1. Ending fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Period-ending fair value
------	--------------------------

	Level 1 fair value Measurement	Level 2 fair value Measurement	Level 3 fair value Measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Transactional financial assets	57,000.00		5,000,000.00	5,057,000.00
1. Financial assets measured at fair value with their changes included into the current profits and losses	57,000.00		5,000,000.00	5,057,000.00
(3) Derivative financial assets	57,000.00			57,000.00
(4) Financial products			5,000,000.00	5,000,000.00
(II) Other debt investments			80,560,694.41	80,560,694.41
(III) Investment in other equity instruments			64,194,692.70	64,194,692.70
Total assets continuously measured at fair value	57,000.00		149,755,387.11	149,812,387.11
II. Non-continuous fair value measurement	--	--	--	--

2. Basis for determining the market value of continuing and discontinuing Level-1 fair value measurement items

Unadjusted quotes for the same assets or liabilities in active markets that can be obtained on the measurement date.

3. Continuing and discontinuing Level II fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

The trading financial liabilities held are foreign forward contracts and quotation information at the end of the period recognized by related banks is used as the basis of fair value measurement.

4. Continuing and discontinuing Level III fair value measurement items, qualitative and quantitative information on the valuation techniques and significant parameters used

1. As for the equity investment of Zhejiang Linhai Rural Commercial Bank Co., Ltd., the price to book ratio of comparable listed companies is taken as the reference and the liquidity discount is comprehensively considered as the basis of fair value measurement.

2. Chongqing Heya Huayi Investment Management Co., Ltd. has no significant change in its operation environment, operation conditions and financial conditions, so the Company takes the investment cost as the reasonable estimate of fair value for measurement.

3. The receivables financing and finance products have short remaining period, with the book balance close to the fair value.

4. Assets held for sale are measured at fair value based on the value of signed sales contracts.

XIV. Related parties and related transactions

1. Parent company of the Company

Parent company of the Company: None.

The ultimate controllers of the Company are the couple Mr. He Renbao and Ms. Wang Yingmei.

2. Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note “X. Interests in Other Entities”.

3. Joint ventures and associated enterprises of the Company

For details of significant joint ventures or associated enterprises of the Company, please refer to Note “X. Interests in Other Entities”.

4. Information on other related parties

Names of other related parties	Relationship between other related parties and the enterprise
Zhejiang Yongtai Technology Holdings Co., Ltd.	Enterprises controlled by shareholders and the same controllers of the Company

5. Related transactions

(1) Related guarantees

Name of guarantor	Name of guaranteed party	Guaranteed contract amount	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	400,000,000.00	224,980,000.00	9 September 2022	22 October 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	100,000,000.00	100,000,000.00	29 June 2022	31 December 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd.	Company	100,000,000.00	50,000,000.00	26 September 2021	25 September 2024	No
Wang Yingmei, He Renbao	Company	200,000,000.00	161,910,848.33	11 November 2022	11 November 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	176,000,000.00	160,000,000.00	10 April 2023	10 April 2026	No
Zhejiang Yongtai Technology	Company	200,000,000.00	150,000,000.00	2 December 2022	2 December 2025	No

Holdings Co., Ltd.						
Wang Yingmei, He Renbao	Company	90,000,000.00	51,000,000.00	22 December 2021	21 December 2026	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	180,000,000.00	157,450,000.00	27 September 2023	21 September 2024	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	200,000,000.00	43,000,000.00	27 December 2023	13 September 2024	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	215,000,000.00	195,000,000.00	10 April 2023	10 April 2026	No
Wang Yingmei, He Renbao	Company	160,000,000.00	75,000,000.00	5 July 2023	5 July 2028	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	300,000,000.00	298,600,000.00	19 May 2023	19 May 2028	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	200,000,000.00	146,000,000.00	15 February 2023	14 February 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	105,000,000.00	69,200,000.00	27 February 2024	26 February 2029	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	360,000,000.00	300,000,000.00	21 December 2022	21 December 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	Yongtai Technology Holdings: 180,000,000.00	179,340,000.00	25 April 2023	24 November 2024	No
		Wang Yingmei, He Renbao: 300,000,000.00				
The Company, Wang Yingmei, He	Inner Mongolia	300,000,000.00	150,000,000.00	8 October 2020	8 October 2026	No

Renbao	Yongtai					
The Company, Wang Yingmei, He Renbao	Inner Mongolia Yongtai	150,000,000.00	150,000,000.00	04 December 2023	16 November 2024	No
The Company, Wang Yingmei, He Renbao	Inner Mongolia Yongtai	400,000,000.00	300,000,000.00	13 June 2023	12 June 2029	No
Company	Shanghai E-tong	170,000,000.00	114,328,954.93	25 January 2022	25 January 2025	No
Company	Shanghai E-tong	48,500,000.00	48,000,000.00	4 February 2024	4 February 2025	No
The Company, Wang Yingmei	Shanghai E-tong	52,000,000.00	30,049,900.00	10 March 2024	1 August 2025	No
Company	Shanghai E-tong	50,000,000.00	39,997,300.00	11 March 2024	10 January 2025	No
Company	Shanghai E-tong	24,000,000.00	24,000,000.00	27 March 2024	26 March 2027	No
Company	Yongtai Hi-tech	96,000,000.00	96,000,000.00	28 December 2023	27 December 2026	No
The Company, Wang Yingmei, He Renbao	Yongtai Hi-tech	130,000,000.00	119,910,000.00	13 June 2022	20 May 2025	No
Company	Yongtai Hi-tech	400,000,000.00	380,000,000.00	29 September 2022	29 September 2028	No
Company	Yongtai Hi-tech	70,000,000.00	69,000,000.00	27 July 2023	10 January 2025	No
Company	Yongtai New Energy	200,000,000.00	87,555,000.00	29 September 2022	20 December 2026	No
Company	Yongtai Chiral	50,000,000.00	0.00	24 November 2022	24 November 2025	No
Company	Yongtai Chiral	170,000,000.00	116,150,000.00	10 April 2023	10 April 2026	No
Wang Yingmei, He Renbao	Yongtai Chiral	270,000,000.00	155,600,000.00	10 April 2023	10 April 2026	No
The Company, Wang Yingmei	Zhejiang Chiral	50,000,000.00	50,000,000.00	24 June 2024	24 June 2029	No
The Company, Wang Yingmei	Zhejiang Chiral	55,000,000.00	46,664,335.00	31 January 2023	30 January 2026	No

(2) Compensation of key management personnel

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Remuneration of key management personnel	3,039,587.50	3,184,173.50

XV. Commitments and contingencies**1. Important commitments**

Significant commitments existed at balance sheet date

1. Status of pledged assets

Pledgor	Book value of pledged assets					Purpose	Maximum-amount contract
	Accounts receivable	Real estate for investment purposes	Fixed assets	Intangible assets	Construction in progress		
Company			107,832,906.22			Used for finance leases	199,000,000.00
Inner Mongolia Yongtai			142,919,126.00			Used for finance leases	200,000,000.00
Inner Mongolia Yongtai					34,187,303.52	Used for finance leases	30,000,000.00
Shandong Yongtai			16,312,403.92			Used for finance leases	50,000,000.00
Yongtai New Energy			106,701,091.10			Used for finance leases	100,000,000.00
Company		1,839,827.86	241,915,376.00	18,975,305.79		Used for bank loans	413,670,000.00
Company	57,579,500.00					Used for bank loans	60,610,000.00
Inner Mongolia Yongtai				6,346,248.25		Used for bank loans	400,000,000.00
Inner Mongolia Yongtai			65,843,440.48			Used for bank loans	300,000,000.00

Pledgor	Book value of pledged assets					Purpose	Maximum-amount contract
	Accounts receivable	Real estate for investment purposes	Fixed assets	Intangible assets	Construction in progress		
Shandong Yongtai			11,556,056.25	14,665,275.36		Used for bank loans	39,690,000.00
Yongtai New Energy			5,396,740.34	8,983,833.94		Used for bank loans	100,920,000.00
SYT pharm (Shanghai)			6,747,019.65			Used for bank loans	40,000,000.00
Yongtai Hi-tech			328,740,684.82	15,328,050.70		Used for bank loans	400,000,000.00
Yongtai Chiral			162,767,390.41	57,290,533.00		Used for bank loans	201,870,000.00
Yongtai New Material			33,038,127.26	11,544,807.54		Used for bank loans	41,204,000.00
Total:	57,579,500.00	1,839,827.86	1,229,770,362.45	133,134,054.58	34,187,303.52	-	2,576,964,000.00

The guarantee situation for the above borrowings can be found in Note XIV/(V) Related Transactions.

2. Other matters

As of 30 June 2024, the Company's monetary funds include RMB 279,935.42 as a guarantee for letters of guarantee and RMB 123,716,752.29 as a guarantee for bank acceptance bills. Yongtai Chiral has RMB 452,564.00 in monetary funds as a guarantee for letters of guarantee. Yongtai New Energy has RMB 161,088.00 as a guarantee for letters of guarantee and RMB 630,944.78 as a guarantee for bank acceptance bills. Shanghai E-Tong has RMB 679,680.00 in monetary funds as a futures margin, and RMB 191,582,521.49 in monetary funds and RMB 31,146,500.76 in accounts receivable as a guarantee for bank acceptance bills. Yongtai Hi-tech has RMB 1,175,713.00 in monetary funds as a guarantee for bank acceptance bills. Yongtai Pharma has RMB 68,595.21 in monetary funds as a guarantee for bank acceptance bills. Zhejiang Chiral has RMB 16,928,535.00 in monetary funds as a guarantee for bank acceptance bills. Shanghai Youngcobe has RMB 793,500.00 in monetary funds as a guarantee for bank acceptance bills. The total amount of RMB 336,469,829.19 in monetary funds and RMB 31,146,500.76 in accounts receivable has been used as guarantees for bank acceptance bills and letters of guarantee.

As of 30 June 2024, the Company's monetary funds frozen due to litigation amount to RMB 202,539,167.00. For details, please refer to Note XVII/(II) Other Sections. Chongqing Yongyuansheng and Binhai Meikang have a total of RMB 255,584.81 in monetary funds and RMB 2,693,450.00 in book value of intangible assets frozen due to litigation.

As of 30 June 2024, Chongqing Yongyuansheng has mortgaged fixed assets with a book value of RMB 11,402,516.85 and intangible assets with a book value of RMB 7,059,900.69 to investors Chongqing Tianyuan Chemical Co., Ltd. and Zhejiang Yongtai Technology Co., Ltd., with total debt amounts to RMB 32,360,318.47.

Aside from the above matters, as of the balance sheet date, the Company has no other significant commitments.

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

The Company has no significant contingencies to be disclosed.

(2) Significant contingencies that the Company is not required to disclose should also be explained

There were no significant contingencies requiring disclosure by the Company.

XVI. Events after the balance sheet date

None.

XVII. Other important matters**1. Termination of operations**

Unit: RMB

Item	Income	Expenses	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the parent company
Discontinued operations	-2,299,884.83	6,531,847.70	2,647,231.62		2,647,231.62	4,652,518.40

Additional comments

1. Cash flows from discontinued operations

Item	Amount in this period	Amount in last period
Net cash flows from operating activities	-164,174.89	-20,134,495.02
Net cash flows from investment activities		17,947,000.00
Net cash flows from financing activities		

2. Others

Regarding the contract litigation matters between the Company and Feidong Guxuan New Materials Co., Ltd. (hereinafter "Feidong Guxuan") and Hefei Qianrui Technology Co., Ltd. (hereinafter "Hefei Qianrui").

On December 2023, the Company filed a civil complaint with the Taizhou Intermediate People's Court concerning the contract disputes with Feidong Guxuan and Hefei Qianrui. The court accepted the case on 18 December 2023, with case number (2023) Z10MC No. 1133. On 9 January 2024, the Company announced receipt of a summons and other litigation materials from Feidong Guxuan, delivered by the Hefei Intermediate People's Court, with case number (2023) W01MC No. 1693. The Company and Feidong Guxuan are involved in mutual litigation. The situation related to this litigation is as follows:

1. Basic information:

At the beginning of 2022, the lithium hexafluorophosphate (a lithium salt) market was booming, and the product was in short supply. Feidong Guoxuan New Materials Co., Ltd. (hereinafter referred to as "Feidong Guoxuan") signed a "Material Procurement Agreement" with the Company on the condition of high product demand and long-term cooperation. It stipulated the minimum monthly purchase quantity of lithium hexafluorophosphate and ethylene carbonate that Feidong Guoxuan would purchase from the Company, as well as the purchase price, deduction of advance deposit, contract term, etc. At the same time, the two parties agreed on the liability for breach of contract: Firstly, Feidong Guoxuan shall complete the minimum purchase quantity according to the provisions of this agreement. If the minimum purchase quantity is not completed, resulting in losses for the Company, the Company has the right to claim compensation from Feidong Guoxuan, with the specific amount of the claim negotiated by both parties. Secondly, Feidong Guoxuan shall make timely payment for the goods in accordance with this agreement and the purchase and sales orders/contracts agreed upon in writing by both parties. If payment is overdue, the Company has the right to refuse delivery, and Feidong Guoxuan shall pay corresponding interest (calculated at LPR interest from the payment due date to the actual payment date).

After the contract was signed, Feidong Guoxuan paid a deposit of RMB 200 million to the Company. Both parties fulfilled part of the sales transactions in the form of purchase and sales orders/contracts. On 1 June 2022, the Company agreed to allow Feidong

Guxuan to continue performing the contract through Hefei Qianrui as an agent. The Power of Attorney clearly stated that Feidong Guoxuan agreed to authorize Hefei Qianrui as the trustee to fulfill the Material Procurement Agreement with the Company. Feidong Guoxuan acknowledges all documents signed by Hefei Qianrui, as the trustee, with the Company, and all related affairs handled, and all responsibilities and obligations arising therefrom shall be borne by Feidong Guoxuan. The Company and Hefei Qianrui continued their cooperation through orders/contracts.

As of 30 June 2024, under the aforementioned orders/contracts, the Company has recognized RMB 101,731,548.64 in receivables from Hefei Qianrui for completed sales. Additionally, the Company has accounted for RMB 200 million from Feidong Guxuan as contract liabilities for unfinished performance.

2. Litigation claims of both parties

(1) Claims from the Company

1) Request for a judgment ordering Feidong Guxuan and Hefei Qianrui to jointly pay the Company a total of RMB 229,337,048.64. This amount includes RMB 101,731,548.64 for unpaid goods received by Feidong Guxuan and Hefei Qianrui from the Company, and RMB 127,605,500.00 for goods prepared by the Company based on orders from Feidong Guxuan and Hefei Qianrui but left unpaid.

2) Request for a judgment ordering Feidong Guxuan and Hefei Qianrui to jointly compensate the Company for losses (including losses from not meeting the minimum purchase volume and interest on overdue payments) totaling RMB 281,846,135.87.

3) After deducting the performance guarantee deposit of RMB 200 million under the *Material Purchase Agreement*, Feidong Guxuan and Hefei Qianrui should still jointly pay the Company RMB 311,183,184.51.

(2) Claims from Feidong Guxuan

Request for the court to order the Company to return the performance guarantee deposit of RMB 200 million and compensation for fund occupation losses amounting to RMB 2,539,167.00.

3. Impact on the Company's financial situation

As of 30 June 2024, the Company has accounts receivable of RMB 101,731,548.64 from Hefei Qianrui and contract liabilities (including pending output tax to be written off) of RMB 200 million from Feidong Guxuan. Based on the *Material Purchase Agreement*, *Power of Attorney*, and the related purchase orders/contracts thereunder with Feidong Guxuan, the Company has fulfilled its supply obligations. Feidong Guxuan and Hefei Qianrui are jointly liable for RMB 101,731,548.64 receivable. Combining the lawyer's opinion on the Company's receivables and the joint liability of Feidong Guxuan, the Company expects that the collectability risk of the accounts receivable of RMB 101,731,548.64 has not significantly deteriorated. Therefore, the Company has made a provision for bad debts based on the aging analysis of this receivable, amounting to RMB 13,368,639.73. These litigation matters have not caused any other financial impact on the Company.

As of the report issuance date, the case has not yet been heard in court.

XVIII. Notes to the principal items of the parent company's financial statements

1. Accounts receivable

(1) Disclosure by account age

Unit: RMB

Account age	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	315,340,477.23	247,390,070.72
1-2 years		75,460.00
2-3 years	75,460.00	102,296.52
3 years and above	3,189,786.01	3,092,489.49
3-4 years	3,189,786.01	3,092,489.49
Total	318,605,723.24	250,660,316.73

(2) Disclosure by bad debt provision method

Unit: RMB

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Of which,										
Accounts receivable with bad debt reserve by portfolio	318,605,723.24	100.00%	18,994,539.87	5.96%	299,611,183.37	250,660,316.73	100.00%	15,528,233.29	6.19%	235,132,083.44
Of which,										
Aging analysis combination	318,605,723.24	100.00%	18,994,539.87	5.96%	299,611,183.37	250,660,316.73	100.00%	15,528,233.29	6.19%	235,132,083.44
Total	318,605,723.24	100.00%	18,994,539.87	5.96%	299,611,183.37	250,660,316.73	100.00%	15,528,233.29	6.19%	235,132,083.44

Name of category for provision for bad debts by portfolio: Portfolio using aging analysis method

Unit: RMB

Name	Period-ending balance		
	Book balance	Bad debt reserves	Accrual proportion
Within 1 year	315,340,477.23	15,767,023.86	5.00%
1-2 years			
2-3 years	75,460.00	37,730.00	50.00%
3 years and above	3,189,786.01	3,189,786.01	100.00%
Total	318,605,723.24	18,994,539.87	

If provision for bad debts for accounts receivable is made according to the general model of expected credit loss:

☐ Applicable ☒ Not applicable
(3) Bad debt reserves withdrawn, recovered, or reversed in the current period

Bad debt reserve for the current period:

Unit: RMB

Category	Balance at the beginning of the period	Amount of change in this period				Period-ending balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivable bad debt reserves	15,528,233.29	3,466,306.58				18,994,539.87
Total	15,528,233.29	3,466,306.58				18,994,539.87

Of which the amount of reversal or recovery of bad debt provision in the current period is significant:

(4) Accounts receivable actually written off during the current period

None.

(5) Accounts receivable and contract assets of the top five period-ending balances collected by the debtor

Unit: RMB

Unit name	Balance of accounts receivable at the end of the period	Period-ending balance of contract assets	Accounts receivable and period-ending balance of contract assets	Proportion to the total of accounts receivable and period-ending balance of contract assets	Period-ending balances for bad debt provision of accounts receivable and impairment provision of contract asset
No.1	78,744,636.80		78,744,636.80	24.72%	3,937,231.84
No.2	55,783,501.86		55,783,501.86	17.51%	2,789,175.09
No.3	13,084,804.80		13,084,804.80	4.11%	654,240.24
No.4	12,995,363.46		12,995,363.46	4.08%	649,768.17
No.5	11,653,743.36		11,653,743.36	3.66%	582,687.17
Total	172,262,050.28		172,262,050.28	54.08%	8,613,102.51

2. Other receivables

Unit: RMB

Item	Period-ending balance	Balance at the beginning of the period
Other accounts receivable	1,932,398,765.83	2,243,003,741.32
Total	1,932,398,765.83	2,243,003,741.32

(1) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of funds	Book balance at the end of the period	Book balance at the beginning of the period
Transaction between associated parties	2,101,245,037.88	2,483,767,200.02
Reserves and loans	1,912,379.16	917,567.91
Deposit and security deposit		2,400.00
Export tax rebate	4,528,822.97	4,033,057.91
Others	13,240,689.18	13,866,120.45
Total	2,120,926,929.19	2,502,586,346.29

2) Disclosure by account age

Unit: RMB

Account age	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	1,897,070,421.08	2,136,141,045.53
1-2 years	155,108,136.89	198,632,595.44
2-3 years	12,190,712.59	109,527,343.45
3 years and above	56,557,658.63	58,285,361.87
3-4 years	56,557,658.63	58,285,361.87
Total	2,120,926,929.19	2,502,586,346.29

3) Disclosure by bad debt provision method

Unit: RMB

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Of which,										
Provision for bad debts made on a portfolio	2,120,926,929.19	100.00%	188,528,163.36	8.89%	1,932,398,765.83	2,502,586,346.29	100.00%	259,582,604.97	10.37%	2,243,003,741.32

Category	Period-ending balance					Balance at the beginning of the period				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
basis										
Of which,										
Aging analysis combination	2,120,926,929.19	100.00%	188,528,163.36	8.89%	1,932,398,765.83	2,502,586,346.29	100.00%	259,582,604.97	10.37%	2,243,003,741.32
Total	2,120,926,929.19	100.00%	188,528,163.36	8.89%	1,932,398,765.83	2,502,586,346.29	100.00%	259,582,604.97	10.37%	2,243,003,741.32

Name of category for provision for bad debts by portfolio: Aging analysis method

Unit: RMB

Name	Period-ending balance		
	Book balance	Bad debt reserves	Accrual proportion
Within 1 year	1,897,070,421.08	94,853,521.05	5.00%
1-2 years	155,108,136.89	31,021,627.38	20.00%
2-3 years	12,190,712.59	6,095,356.30	50.00%
3 years and above	56,557,658.63	56,557,658.63	100.00%
Total	2,120,926,929.19	188,528,163.36	

If provision for bad debts is made according to the general model of expected credit loss:

Unit: RMB

Bad debt reserves	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance as of 1 January 2024	259,582,604.97			259,582,604.97
Balance as of 1 January 2024 in the current period				

Current reversal	71,054,441.61			71,054,441.61
Balance as of 30 June 2024	188,528,163.36			188,528,163.36

Basis for classification of stages and ratio of provisions for bad debts: None.

Changes in book balance with significant amount of change in provision for losses during the period

☐ Applicable ☒ Not applicable

4) Bad debt reserves withdrawn, recovered, or reversed in the current period

Bad debt reserve for the current period:

Unit: RMB

Category	Balance at the beginning of the period	Amount of change in this period				Period-ending balance
		Accrual	Recovery or reversal	Transfer or write-off	Others	
Bad debt reserves for other receivables	259,582,604.97		71,054,441.61			188,528,163.36
Total	259,582,604.97		71,054,441.61			188,528,163.36

5) Other receivables actually written off in the current period

None.

6) Other accounts receivable ranking in the top five in the ending balance grouped by debtors

Unit: RMB

Unit name	Nature of amounts	Period-ending balance	Account age	Proportion of the total ending balance of other receivables	Period-ending balance of provision for bad debts
No.1	Transaction between associated parties	1,334,183,901.44	Within 1 year	62.91%	66,709,195.07
No.2	Transaction between associated parties	306,591,447.55	Within 1 year	14.46%	15,329,572.38
No.3	Transaction between associated parties	124,669,425.46	Within 1 year	5.88%	6,233,471.27
No.4	Transaction between associated parties	102,423,353.89	Within 1 year, 1-2 years	4.83%	19,241,888.54
No.5	Transaction between associated parties	70,797,234.35	Within 1 year	3.34%	3,539,861.72

Total		1,938,665,362.69		91.42%	111,053,988.98
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3. Long-term equity investment

Unit: RMB

Item	Period-ending balance			Balance at the beginning of the period		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	3,560,919,225.74	172,805,084.56	3,388,114,141.18	3,237,276,210.33	172,805,084.56	3,064,471,125.77
Investment in associated enterprises and joint ventures	243,434,945.43		243,434,945.43	248,563,928.33		248,563,928.33
Total	3,804,354,171.17	172,805,084.56	3,631,549,086.61	3,485,840,138.66	172,805,084.56	3,313,035,054.10

(1) Investment in subsidiaries

Unit: RMB

Invested unit	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period				Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Binhai Yongtai Technology Co., Ltd.	174,737,877.40						174,737,877.40	
Hainan Xinhui Mining Co., Ltd.	0.00	98,000,000.00					0.00	98,000,000.00
Zhejiang Yongtai Pharmaceutical Co., Ltd.	150,000,000.00		150,000,000.00				300,000,000.00	
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	100,000,000.00						100,000,000.00	
Youngtech Pharmaceuticals, Inc.	92,819,570.52		595,211.41				93,414,781.93	
Zhejiang Yongtai New	100,000,000.00						100,000,000.00	

Invested unit	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period				Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Material Co., Ltd.	0						0	
SYT pharm (Shanghai) Inc.	22,500,000.00						22,500,000.00	
Binhai Meikang Pharmaceutical Co., Ltd.	100,000,000.00						100,000,000.00	
Shanghai E-tong Chemical Co., Ltd.	190,000,000.00						190,000,000.00	
Chongqing Yongyuansheng Technology Co., Ltd.	86,700,000.00						86,700,000.00	
Zhejiang Yongtai New Energy Material Co., Ltd.	175,194,915.44	74,805,084.56	40,000,000.00				215,194,915.44	74,805,084.56
Shaowu Yongtai Hi-tech Material Co., Ltd.	330,000,000.00						330,000,000.00	
Zhejiang Chiral Medicine Chemicals Co., Ltd.	553,861,799.00						553,861,799.00	
Foshan Soin Chiral Pharma Co., Ltd.	200,000,000.00						200,000,000.00	
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	150,000,000.00						150,000,000.00	
Inner Mongolia Yongtai Chemical Co., Ltd.	491,000,000.00		100,000,000.00				591,000,000.00	
Zhejiang Yongtai Trading Co., Ltd.	100,000,000.00						100,000,000.00	

Invested unit	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period				Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Hangzhou Yongtai Biomedical Co., Ltd.	4,300,000.00		5,000,000.00				9,300,000.00	
Zhejiang Yongtai Fule Technology Co., Ltd.	10,356,963.41		25,047,804.00				35,404,767.41	
Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd.	33,000,000.00		3,000,000.00				36,000,000.00	
Total	3,064,471,125.77	172,805,084.56	323,643,015.41				3,388,114,141.18	172,805,084.56

(2) Investment in associated enterprises and joint ventures

Unit: RMB

Investment organizations	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period								Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Additional investment	Decreased investment	Profits and losses on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equities	Cash dividends or profits declared to be issued	Provision for impairment	Others		
I. Joint ventures												
II. Associated enterprises												
Chongqing Heya Huayi Venture Capital Partnership (L.P.)	58,714,125.78					-15,909,067.77					42,805,058.01	
Shanghai Carelinker Medical Technology Co., Ltd.	19,122,110.11										19,122,110.11	
Shanghai Anbison Lab. Co., Ltd.	165,831,287.28				10,780,084.87						176,611,372.15	
Hangzhou Mubang Equity Investment	4,896,405.16										4,896,405.16	

Investment organizations	Balance at the beginning of the period (book value)	Opening balance of impairment provision	Increase and decrease in this period								Balance at the end of the period (book value)	Period-ending balance of impairment provision
			Additional investment	Decreased investment	Profits and losses on investments confirmed under the equity method	Adjustment of other comprehensive incomes	Change in other equities	Cash dividends or profits declared to be issued	Provision for impairment	Others		
Partnership (Limited Partnership)												
Subtotal	248,563,928.33				10,780,084.87	-15,909,067.77					243,434,945.43	
Total	248,563,928.33				10,780,084.87	-15,909,067.77					243,434,945.43	

The recoverable amount is determined by the net amount after deducting disposal costs from the fair value.

☐ Applicable ☒ Not applicable

The recoverable amount is determined by the present value of the expected future cash flows.

☐ Applicable ☒ Not applicable

4. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the current period		Incurred amount during the previous period	
	Income	Cost	Income	Cost
Main business	644,665,589.58	484,767,396.04	724,213,898.37	522,839,275.53
Other business	14,447,643.45	11,440,626.38	11,438,757.69	8,990,529.76
Total	659,113,233.03	496,208,022.42	735,652,656.06	531,829,805.29

Disaggregated information on operating revenue and costs:

Unit: RMB

Contract classification	Segment 1		Segment 2		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type						
Of which,						
Product sales revenue	659,113,233.03	496,208,022.42			659,113,233.03	496,208,022.42

Classification by operating region						
Market or customer type						
Contract type						
Classification by timing of commodity transfer						
Of which,						
Confirmation at a point of time	659,113,233.03	496,208,022.42			659,113,233.03	496,208,022.42
Classification by contract duration						
Classification by sales channel						
Total	659,113,233.03	496,208,022.42			659,113,233.03	496,208,022.42

Information relating to performance obligations: None.

Significant contract changes or major transaction price adjustments: None.

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Incurred amount during the previous period
Long-term equity investment incomes accounted by the cost method	110,000,000.00	130,000,000.00
Long-term equity investment incomes accounted by the equity method	10,780,084.87	9,011,204.29
Investment income from disposal of trading financial assets	-325,599.70	-2,388,065.51
Dividend income earned during the holding period of investments in other equity instruments	3,425,642.01	1,778,630.32
Total	123,880,127.18	138,401,769.10

XIX. Supplementary information

1. Schedule of current non-recurring profits and losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Explanation
Profits and losses on disposal of non-current assets	-13,441,254.15	
Government subsidies included in the current profits and losses (except for those closely related to the Company's normal business operations, in compliance with national policies and regulations, enjoyed according to the determined standards, and have a continuous impact on the Company's profits and losses)	16,620,347.57	
The profits and losses from changes in fair value arising from the holding of financial assets and financial liabilities as well as the profits and losses arising from the disposal of financial assets and financial liabilities by non-financial enterprises, except for the effective hedging business related to the normal operation of the Company.	4,940,146.42	
Non-operating income and expenses other than those mentioned above	8,114,016.68	
Less: amount impacted of income tax	3,587,132.34	
Amount impacted of minority shareholders' equity (after tax)	1,515,148.97	
Total	11,130,975.21	--

Specific situation of other profits and losses items that satisfy the definition of non-recurring profits and losses:

☐ Applicable ☒ Not applicable

There was no specific situation of other profit and loss items that satisfy the definition of non-recurring profit and loss in the Company.

Explanation of defining non-recurring profit and loss items set out in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-Recurring Profit and Loss* as recurring profit and loss items

☐ Applicable ☒ Not applicable

2. Earning rate on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	1.18%	0.04	0.04
Net profit attributable to ordinary shareholders of the Company after deducting extraordinary profits and losses	0.83%	0.03	0.03

3. Differences in accounting data under domestic and foreign accounting standards

(1) Difference in net profit and net assets between financial reports disclosed in accordance with IFRSs and those disclosed in accordance with Chinese accounting standards simultaneously

☐ Applicable ☒ Not applicable

(2) Differences in net profit and net assets between the financial reports disclosed in accordance with foreign accounting standards and Chinese accounting standards simultaneously

☐ Applicable ☒ Not applicable

(3) Description of the reasons for the differences in accounting data under domestic and foreign accounting standards, and the name of the overseas auditing organization if the data have been audited by the overseas auditing organization to reconcile the differences

☐ Applicable ☒ Not applicable

Zhejiang Yongtai Technology Co., Ltd.

Chairwoman: Wang Yingmei

Date of approval for reporting by the Board of Directors: 28 August 2024