

Zhejiang Yongtai Technology Co., Ltd.

2023 Annual Report



April 2024

2023 Annual Report

Section I Important Notice, Table of Contents, and Definitions

The Board of Directors, Board of Supervisors, directors, supervisors, and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this annual report and that there is no false representation, misleading statement contained herein or material omission from the report, for which they will assume joint and several liabilities.

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 warrant the truthfulness, accuracy, and completeness of the financial report set out in this annual report.

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

The forward-looking statements concerning future plans in this annual report are planned matters and shall not constitute any 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 “XI. Outlook for the Future Development of the Company” of the “Section III Management Discussion and Analysis” of this report, the Company describes specifically the potential risks that may occur in the Company’s business operations and countermeasures. Investors are advised to read the relevant content and pay attention to investment risks.

The Company decided not to pay cash dividends, bonus shares, or transfer of capital reserve fund into share capital.

Responsibility Statement

For the purposes of the United Kingdom's Financial Conduct Authority's Transparency Rule 4.1.12(3), each Director of the Company (whose names and functions are listed on pages 54 to 55, to the best of his or her knowledge, confirms that:

I. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

II. the management report (being this annual report, excluding the financial report referred to above and the independent auditor's report thereon (starting from page 104) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Contents

Section I Important Notice, Table of Contents, and Definitions	2
Section II Company Profile and Key Financial Indicators	8
Section III Management Discussion and Analysis	15
Section IV Corporate Governance	51
Section V Environmental and Social Responsibility	71
Section VI Significant Events	82
Section VII Changes in Shares and Information on Shareholders	93
Section VIII Information related to preferred shares	102
Section IX Bond related information	103
Section X Financial Report	104

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 audit report containing the seal of the accounting firm, the signature and seal of the registered accountant;
- III. Original copies of all company documents and original announcements made public in newspapers during the reporting period;
- IV. Other relevant information.

Definitions

Definitions Items	Refer to	Definitions content
The Company, company	Refer to	Zhejiang Yongtai Technology Co., Ltd.
Controlling shareholder and actual controller	Refer to	Couple Mr. He Renbao and Ms. Wang Yingmei
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 Chiralpharma 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

Definitions Items	Refer to	Definitions content
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

Definitions Items	Refer to	Definitions content
		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, crop science AIs, crop science formulations, and other products produced and sold by the Company
FDA	Refer to	U.S. Food and Drug Administration
ANDA	Refer to	Abbreviated New Drug Application
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
GDR or GDRs	Refer to	A global depositary receipt which represents A Shares
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 Key Financial Indicators

I. Company Profile

Stock abbreviation of A shares	永太科技	Stock code of A shares	002326
Stock exchange where A shares are listed	Shenzhen Stock Exchange		
The Global Depositary Receipts (the “GDRs”) trading symbol	YTT		
Stock exchange where GDRs are listed	London 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	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		
Registered address	No. 1 Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical API Base, Zhejiang Province, China		
The postal code of the registered address	317016		
Historical changes in the registered address of the Company	None		
Office address	No. 1 Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical API Base, Zhejiang Province, China		
The postal code of the office address	317016		
Company website	http://www.yongtaitech.com		
Email	zhengquan@yongtaitech.com		

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
Tel	0576-85588006	0576-85588960
Fax	0576-85588006	0576-85588960
Email	jiangshan.zhang@yongtaitech.com	zhengquan@yongtaitech.com

III. Information disclosure and place for inspection

The website of the stock exchange where the Company discloses its annual report	Shenzhen Stock Exchange (www.szse.cn)
The media name and website where the Company discloses its annual report	Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily, and Juchao Information Website (www.cninfo.com.cn)
Location for preparing the Company's annual report	Corporate Securities Investment Department

IV. Registration change situation

Unified social credit code	91330000719525000X
Changes in the main business of the Company since its listing (if any)	No changes
Previous changes in controlling shareholders (if any)	No changes

V. Other relevant information

The accounting firm hired by the Company

CPA firm name	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Accounting firm's office address	TA28 Building, Xizi International, Qingchun East Road, Jianggan District, Hangzhou
Name of signing accountant	Guo Xianming, Li Dan, Chen Fan

The recommendation institution hired by the Company to perform continuous supervision responsibilities during the reporting period.

☐ Applicable ☒ Not applicable

The financial advisor hired by the Company to perform continuous supervision responsibilities during the reporting period.

☐ Applicable ☒ Not applicable

VI. Major accounting data and financial indicators

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

☒ Yes ☐ No

Tracing adjustments or restating reasons

Changes in accounting policies

Item	2023	2022		Increase/decrease in this year compared to the previous year After adjustment	2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating income (Yuan)	4,128,040,820.94	6,336,219,345.73	6,336,219,345.73	-34.85%	4,468,739,444.56	4,468,739,444.56
Net profit attributable to shareholders of the listed company (Yuan)	-619,761,432.13	553,928,336.26	554,106,172.70	-211.85%	280,285,674.06	280,631,931.71
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (Yuan)	-696,361,589.06	586,559,120.20	586,736,956.64	-218.68%	431,726,986.07	432,073,243.72
Net cash flow from operating activities (Yuan)	-329,126,584.00	223,682,226.37	223,682,226.37	-247.14%	576,003,356.11	576,003,356.11
Basic earnings per share (Yuan/share)	-0.69	0.63	0.63	-209.52%	0.32	0.32
Diluted earnings per share (Yuan/share)	-0.69	0.63	0.63	-209.52%	0.32	0.32
Weighted average return on net assets	-19.08%	16.01%	16.02%	Decrease by 35.10 percentage points	8.12%	8.13%
Item	End of 2023	End of 2022		Increase/decrease at the end of this year compared to the end of the previous year After adjustment	End of 2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets (Yuan)	11,404,306,777.82	11,354,490,240.65	11,354,321,819.44	0.44%	9,724,424,738.20	9,724,078,480.55
Net assets attributable to shareholders of the listed	3,162,895,712.22	3,427,213,937.46	3,427,045,516.25	-7.71%	3,522,385,458.26	3,522,039,200.61

company (Yuan)						
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Reasons for changes in accounting policies and correction of accounting errors

Implement the provisions of “The deferred income tax related to assets and liabilities arising from individual transactions is not subject to the accounting treatment of initial recognition exemption” stated in Accounting Standard for Business Enterprises Interpretation No. 16.

On 30 November 2022, the Ministry of Finance issued Accounting Standard for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), of which, the provisions of “The deferred income tax related to assets and liabilities arising from individual transactions is not subject to the accounting treatment of initial recognition exemption” shall come into effect on 1 January 2023.

Interpretation No. 16 stipulates that, for the individual transactions that are not business combinations, do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities (including the leasing transactions in which the lessee initially recognizes the leasing liability and includes it in the right of use assets on the start date of the lease term, as well as the transactions in which the lessee recognizes the expected liability and includes it in the relevant asset cost due to the abandonment obligations from fixed assets, etc.), the provisions exempting initial recognition of deferred income tax liabilities and deferred income tax assets do not apply. Therefore, the enterprises shall recognize the corresponding deferred income tax liabilities and deferred income tax assets separately in accordance with relevant provisions such as Accounting Standard for Business Enterprises No. 18 - Income Tax at the time of transaction occurrence.

For the individual transactions that apply this provisions that occur between the beginning and the implementation date during the earliest period in which this provisions is first implemented in the financial statements, and the lease liabilities and right of use assets recognized at the beginning of the earliest period in the financial statements due to the application of this provisions in individual transactions, as well as the expected liabilities and corresponding assets related to the abandonment obligations, if there are taxable temporary differences and deductible temporary differences, the enterprise shall adjust in accordance with this provisions.

The Company implemented the provisions of Interpretation No. 16 on 1 January 2023. For the individual transactions subject to the application of Interpretation No.16 that occurred between the beginning of the earliest period in which Interpretation No. 16 was first implemented in the financial statements (i.e. 1 January 2022) and 1 January 2023, the Company will adjust in accordance with the provisions of Interpretation No. 16. For the lease liabilities and right of use assets recognized on 1 January 2022 due to the individual transactions applicable to Interpretation 16, which result in taxable temporary differences and deductible temporary differences, the Company will adjust the cumulative impact amount to the retained earnings and other related financial statement items as of 1 January 2022 in accordance with the provisions of Interpretation 16 and Accounting Standard for Business Enterprises No. 18 - Income Tax.

The net profits before and after deducting non-recurring profits and losses for the past three accounting years of the Company, whichever is lower, are all negative, and the audit report for the latest year shows that there is uncertainty in the Company's going-concern ability.

☐ Yes ☒ No

The lower of the net profit before and after deducting non-recurring profits and losses is negative.

☒ Yes ☐ No

Item	2023	2022	Remarks
Operating income (Yuan)	4,128,040,820.94	6,336,219,345.73	None
Deduction amount of operating income (Yuan)	11,126,738.97	23,242,550.84	Mainly related to material sales revenue, leasing revenue, etc

Operating income after deduction (Yuan)	4,116,914,081.97	6,312,976,794.89	None
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VII. 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.

VIII. Quarterly main financial indicators

Unit: Yuan

Item	Q1	Q2	Q3	Q4
Operating income	1,005,914,813.82	1,047,340,436.35	1,058,503,704.81	1,016,281,865.96
Net profit attributable to shareholders of listed companies	25,302,343.08	13,349,192.52	-138,016,156.82	-520,396,810.91
Net profit attributable to shareholders of listed companies after deducting non-recurring profits and losses	9,547,719.53	-51,612,057.03	-142,443,955.79	-511,853,295.77
Net cash flow from operating activities	151,094,627.53	-353,595,710.32	137,897,795.92	-264,523,297.13

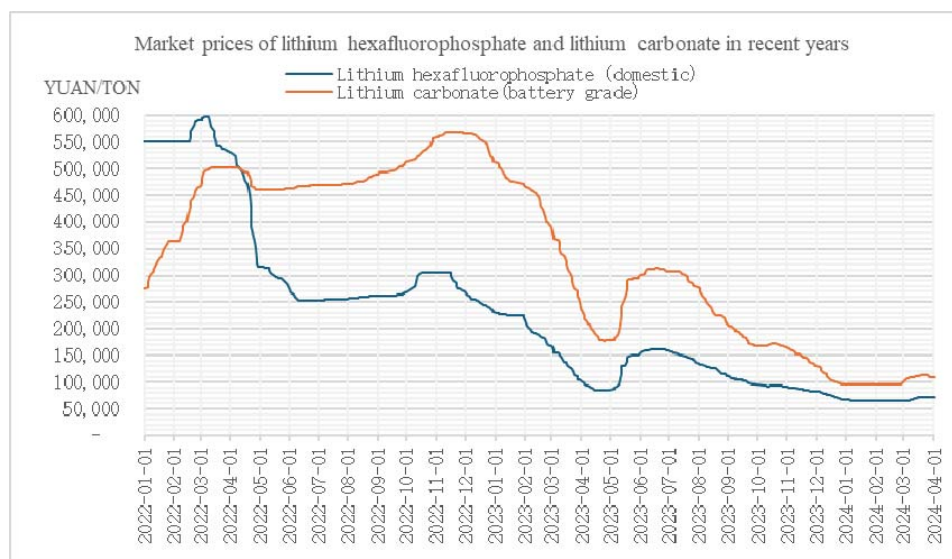
Is there a significant difference between the above financial indicators or their total amount and the financial indicators related to the disclosed quarterly and semi-annual reports of the Company?

☐ Yes ☒ No

The main reasons for performance fluctuations in each quarter:

1. During the reporting period, there was relatively little change in the Company's operating revenue realized in each quarter, but the net profit with the nonrecurring profits and losses deducted attributable to shareholders of the listed company decreased gradually in each quarter. The main reason was that the market prices of the products in the lithium battery materials business sector declined continuously during the reporting period. The Company's main product in the lithium battery materials business sector is lithium hexafluorophosphate. The market price trend of lithium hexafluorophosphate and its upstream raw material lithium carbonate in recent years is shown in the following figure (data source: Shanghai Nonferrous Network). In recent years, due to the rapid development of the new energy vehicle industry, the supply and demand situation of lithium hexafluorophosphate has changed significantly, and the market price once upsurged, reaching a peak of about 600,000 yuan/ton in 2022 Q1. Since then, due to the reasons such as changes in downstream demand and increased industry capacity, the supply-demand mismatch was alleviated, and market prices declined correspondingly. During this reporting period, the intensity of market competition intensified, together with the continuous decline in the market price of the main raw material lithium carbonate, the market price of this product continued to decline from approximately 235,000 yuan/ton at the beginning of the year to approximately 67,000

yuan/ton at the end of the year. The market price of this product remained relatively stable and rebounded slightly in 2024 Q1.



2. During the reporting period, the scale of losses in 2023 Q4 was larger than other quarters, mainly due to the following reasons: on the one hand, after experiencing a short-term rebound in market prices in 2023 Q2 and 2023 Q3, the market price of lithium hexafluorophosphate fell below 100,000 yuan/ton in 2023 Q4 and continued to decline, expanding the magnitude of product gross profit losses, resulting in an overall sales gross profit loss of about RMB 134,937,300 in 2023 Q4. On the other hand, after a comprehensive check and asset impairment testing of the assets with signs of impairment by the end of 2023 by the Company and its subsidiaries, impairment of various assets for Year 2023 was provisioned, including a credit impairment loss of RMB 70,211,800 and an asset impairment loss of RMB 126,829,500 recorded in 2023 Q4.

IX. Items and amounts of non-recurring profits and losses

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Amount for 2023	Amount for 2022	Amount for 2021	Explanation
Profits and losses from disposal of non-current assets (including the writing-off part of the assets with impairment provision withdrawn)	63,429,166.11	-51,757,207.25	-189,276,438.81	It was mainly due to the disposal income generated from housing expropriation compensation of Shanghai E-tong and Shanghai Youngcobe during the reporting period.
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)	45,350,301.67	30,474,207.23	37,939,952.88	
The profits and losses from changes in fair value arising from the holding of financial assets and financial liabilities as well as the	-4,802,811.37	-23,046,341.99	11,505,504.88	

Item	Amount for 2023	Amount for 2022	Amount for 2021	Explanation
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.				
Profits and losses on debt restructuring			1,318,689.14	
Profits and losses arising from contingencies unrelated to the Company's normal operating business			-13,286,394.69	
Non-operating income and expenses other than those mentioned above	-3,260,361.20	243,194.41	-9,869,471.65	
Other profits and losses items that meet the definition of nonrecurring profits and losses	3,456,787.78			
Less: amount impacted of income tax	26,738,536.64	-11,881,429.06	3,760,281.53	
Amount impacted of minority shareholders' equity (after tax)	834,389.42	426,065.40	-13,987,127.77	
Total	76,600,156.93	-32,630,783.94	-151,441,312.01	--

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

☒ Applicable ☐ Not applicable

Nonrecurring profits and losses of associated enterprises calculated with equity method.

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 Profits and Loss* as recurring profit and loss items.

☐ Applicable ☒ Not applicable

There was no situation 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 in the Company.

Section III Management Discussion and Analysis

I. Industry situation of the Company during the reporting period

The Company shall 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 the chemical industry.

(I) Lithium battery industry

In 2023, the new energy vehicle industry is moving steadily into the stage of high-quality development after the previous stage of rapid development, with operation mode gradually shifting from policy-driven to market-driven. The statistics from the China Association of Automobile Manufacturers indicates that the production and sales scale of new energy vehicles has improved to a certain extent in 2023, with a market share of 31.6%. After a sharp rise due to a serious supply and demand imbalance in 2022, the price of upstream raw materials such as lithium carbonate fell in the first half of 2023. The price mechanism of lithium carbonate was further improved through the launch of lithium carbonate futures and options.

A favorable industrial development environment is the core driving force for promoting the sustainable development of new energy vehicles. The General Office of the State Council pointed out in the *"New Energy Vehicle Industry Development Plan (2021-2035)"* that "focusing on integrated innovation, breaking through key core technologies, and optimizing industrial development environment.". The Company will actively promote the construction of lithium battery material projects, increase investment in technology research and innovation, improve product quality and cost control, strengthen the integration and coordination of the industry chain, and enhance the Company's market competitiveness in the new energy materials sector.

(II) 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 gradually 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. In the meantime, it will further expand the international market, promote the international projects of finished dosages, and vigorously advance the approval and consistency evaluation of generic drugs in the domestic market, so as to improve the profitability, stability, and scalability of the pharmaceutical sector.

(III) 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.

Simultaneously, 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 from intermediates, APIs formulations in the crop science sector, and 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 businesses engaged by the Company during the reporting period

The Company shall 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 the chemical industry.

(I) 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.

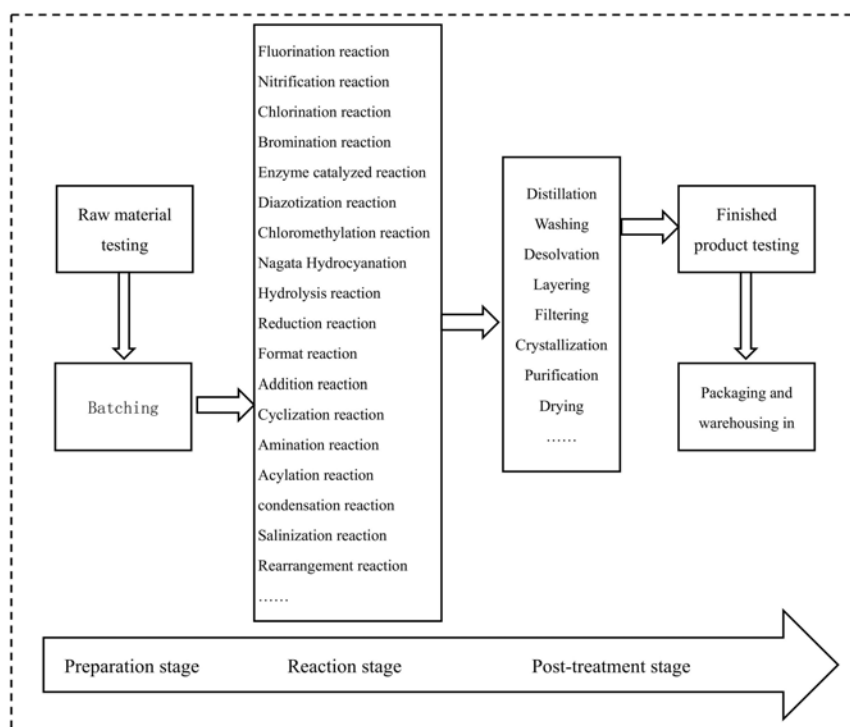
(II) Main products and applications

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 crop science AIs and crop science formulations; performance materials (new energy lithium battery materials and liquid crystal materials) products mainly include lithium battery materials, fluoro liquid-crystal intermediates, etc.

(III) Process flow of main products

1. Chemical synthesis process

The Company's main products are divided into over 100 categories based on their application areas, including pharmaceuticals, crop science, lithium batteries, and other materials. Among them, the production process of intermediates, APIs, and lithium battery materials is mainly based on chemical reactions, and the process flow of each product is different. The main processes include various chemical reactions such as fluorination, nitrification, chlorination, and bromination as well as the processes such as distillation, refining, layering, and crystallization. The main production stages include preparation stage, reaction stage, and post-treatment stage, and the main production processes involved are shown in the following figure:



2. Production process of preparations

The production process of the Company's preparation products generally does not involve chemical reactions, mainly mixing raw materials and auxiliary materials according to the formula and producing them under a strict quality control system. Taking

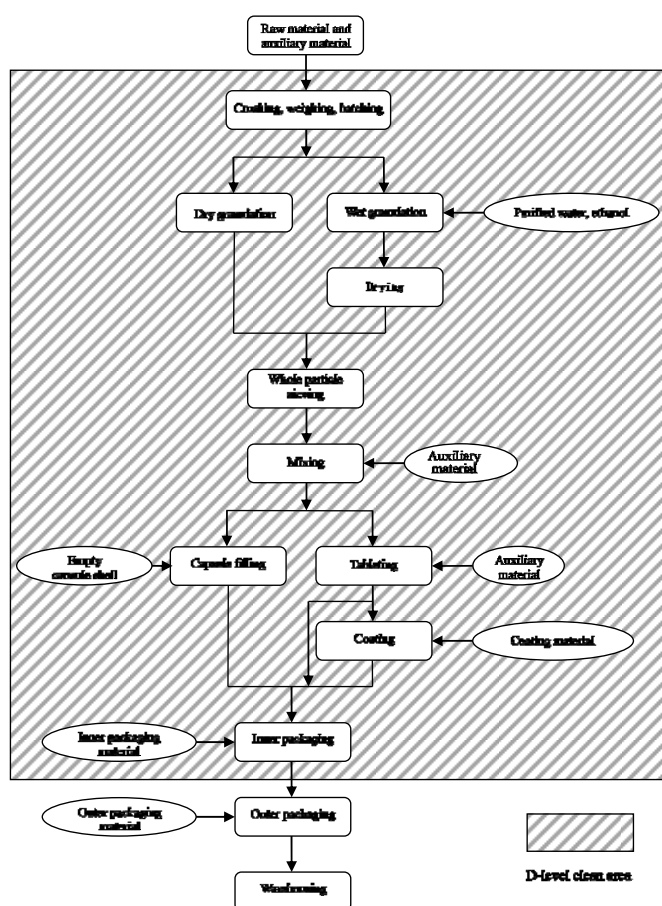
pharmaceutical preparation products as an example, currently the Company's pharmaceutical preparation product is mainly solid preparations, including tablets, capsules, and other dosage forms. The production stage is divided into the following stages:

(1) Weighing and batching system: The raw materials and auxiliary materials are processed through the weighing and batching system, with some raw materials crushed. Each raw material and auxiliary material are weighed and batched according to different formula requirements before being distributed.

(2) Forming system: The batched raw materials and auxiliary materials are wet granulated, dried, and sieved to obtain dry particles. Tablet preparation: Dry particles are mixed and compressed to obtain plain tablets, which are then coated and tested to obtain coated tablets. Capsule preparation: Dry particles are filled with capsule, and then, they are weighed and tested before being delivered to the packaging system.

(3) Packaging system: According to different packaging requirements of products, tablets and capsules are packaged with plastic bottles or aluminum-plastic packages to obtain finished products, and the finished products are warehoused after external packaging.

The production process flow is shown in the following figure:



(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 a 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.

Procurement mode of main raw materials

Unit: Yuan

Main raw materials	Procurement mode	The proportion of procurement amount to total procurement amount	Is there any significant change in the settlement method	Average price in the first half of the year	Average price in the second half of the year
Raw material 1	Determine and implement the procurement plan based on production plan, raw material market price, and inventory conditions, and purchase through bidding or negotiation	22.17%	No	381,389.69	191,593.13
Raw material 2	Determine and implement the procurement plan based on production plan, raw material market price, and inventory conditions, and purchase through bidding or negotiation	8.27%	No	29,104.75	17,782.75
Raw material 3	Determine and implement the procurement plan based on production plan, raw material market price, and inventory conditions, and purchase through	4.94%	No	11,661.82	9,899.53

	bidding or negotiation				
Raw material 4	Determine and implement the procurement plan based on production plan, raw material market price, and inventory conditions, and purchase through bidding or negotiation	4.92%	No	9,222.65	9,293.13
Raw material 5	Determine and implement the procurement plan based on production plan, raw material market price, and inventory conditions, and purchase through bidding or negotiation	4.08%	No	54,277.19	42,699.12

Reasons for significant changes in raw material prices compared to the previous reporting period

Affected by market price fluctuations, the purchase prices of raw materials 1, 2, and 5 have significantly decreased compared to the price within the previous reporting period.

The energy procurement price accounts for more than 30% of the total production cost.

☐ Applicable ☒ Not applicable

Reasons for significant changes in major energy types

None

Production technology situation of main products

Main products	The stage of production technology	Core technical personnel situation	Patented technology	Product R&D advantages
Intermediate products	Industrial application	Employees of our company	Authorized patent numbers: Many patent techniques such as ZL202010974554.7, ZL202010945533.2, ZL201910190264.0, ZL201810296654.1 and ZL201811567013.1, etc.	Based on the Company's unique fluorination technology, we have achieved breakthroughs in multiple difficult green chemical synthesis processes, and achieve the recycling of by-products, synthesize new products with economic value, or recycle raw materials or intermediates through technological transformation to reduce losses, improve output, and ensure vertical integrated development.
Pharmaceutical series products	Industrial application	Employees of our company	Authorized patent numbers: Many patent techniques such as ZL202011481999.8, ZL202011158149.4, ZL201910190296.0, ZL201810149435.0 and ZL201711194828.5, etc.	Realize the vertical integrated development of intermediates + APIs + preparations. By fully utilizing its own industrial and technological advantages, the Company's characteristic fluorination technology is organically combined with biological fermentation technology. While optimizing the process level, it extends to the upstream and downstream of products, improves the product structure, and increases the added value of the entire industry chain.
Crop science series of products	Industrial application	Employees of our company	Authorized patent numbers: Many patent	Independent R&D of processes, self matching of key intermediates,

Main products	The stage of production technology	Core technical personnel situation	Patented technology	Product R&D advantages
			techniques such as ZL201810150398.5, ZL201810150380.5, ZL201810150378.8, ZL201810150377.3 and ZL201711193392.8, etc.	environmentally friendly process routes, and mature production management, and rigorous activity evaluation and sufficient application technology research, which guarantee better safety and stability of drug efficacy. Achieve continuous development and launch of new products.
Lithium battery material products	Industrial application	Employees of our company	Authorized patent numbers: Many patent techniques such as ZL201810971821.8, ZL201710325555.7, ZL201410829279.4 and ZL201710152348.6, etc.	Among similar electrolyte products, the products have advantages such as green and environmentally friendly process, short process, advanced and reliable technical level, good product quality, and low production cost. The new generation of electrolytes can effectively improve the high and low temperature performance and cycling performance of batteries. The electrolyte industry chain has comprehensive product coverage, which can effectively drive product innovation and replacement.

Production capacity of main products

Main products	Design capacity	Capacity utilization rate	Under construction capacity	Investment and construction situation
Intermediates	13,154.75 t/a	41.36%	36,307.00 t/a	Some workshops of Inner Mongolia Yongtai's construction project with annual production of 18,715 tons of fine chemicals, 30,000 tons of potassium fluoride, and related products, as well as the project with annual production of 800 tons of C1202 and other products, have been put into operation. Inner Mongolia Yongtai's project producing 14,770 tons of advanced pharmaceutical intermediates, pesticide intermediates, and AIs per year is under construction.
Pharmaceutical APIs	3,351.70 t/a	43.91%	-	-
Pharmaceutical preparations	4,558.25 million pills/tablets/pieces/year	18.18%	350 million pills/tablets/pieces/year	Binhai Meikang's project producing 200 million anti-tumor tablets, 100 million anti-tumor capsules, and 50 million pieces of cream is under construction.
Pesticide AIs	-	-	3,500.00 t/a	Inner Mongolia Yongtai's Pesticide AIs Project is under construction.
Electrolyte	150,000.00 t/a	2.86%	-	Yongtai Hi-tech's "Recycling Project with Annual Production of 200,000 tons of Electrolyte and Related Materials and Byproducts" has been planned and is yet to be built.
Lithium battery materials	16,437.00 t/a	39.62%	84,500.00 t/a	As for Yongtai Hi-tech, its project with annual production of 67,000 tons of liquid lithium difluorosulfonamide (converted to 20,000 tons of solid) started trial production on 16 January 2024; its project with annual production of 67,000 tons of liquid lithium hexafluorophosphate (converted to 20,000 tons of solid) has not yet been completed and put into operation; its project with annual production of 33,000 tons of liquid lithium hexafluorophosphate (converted to 10,000 tons of solid) began trial production on 2 November 2023, but has not yet reached production capacity.

Product types in major chemical industrial parks

Main chemical industrial parks	Product types
Linhai Park of Chemical Raw Material Drug Base in Zhejiang Province	Intermediates, pharmaceutical APIs, pharmaceutical preparations, lithium battery materials
Low-Carbon Industrial Park in Wuhai Economic Development	Intermediates, pesticide AIs, lithium battery materials

Main chemical industrial parks	Product types
Zone, Inner Mongolia	
Jintang Industrial Park, Shaowu City, Fujian Province	Lithium battery materials
Zhejiang Nanyang Economic Development Zone, Xiaoshan District, Hangzhou City	Intermediates and pharmaceutical APIs

Environmental impact assessment approvals being applied for or newly obtained during the reporting period

☒ Applicable ☐ Not applicable

1. The environmental impact report form of Binhai Meikang's technological transformation project with annual production of 15 million lincomycin vitamin B6 cream, 15 million metronidazole gel, and 20 million lidocaine cream was approved in December 2023.

2. On 11 September 2023, Yongtai Hi-tech obtained the Letter from Nanping Ecological Environment Bureau on Approving the Environmental Impact Assessment Report for the Tail Gas Improvement and Renovation Project of ShaowuYongtai Hi-tech Material Co., Ltd. (N. H. B. S. Letter [2023] No. 57) approved and issued by Nanping Ecological Environment Bureau. The project is for tail gas renovation, which has no new production capacity.

The listed company experienced abnormal production stoppages during the reporting period

☐ Applicable ☒ Not applicable

Information on relevant approvals, licenses, qualifications, and validity period

☒ Applicable ☐ Not applicable

Serial number	Qualification name	Validity period	Certificate holder	Whether the renewal conditions are met or not
1	Safety Production Permit	1 March 2021 ~ 28 February 2024	YONGTAI TECH.	Yes
		21 December 2021 ~ 20 December 2024	Shandong Yongtai	Yes
		1 April 2022 ~ 31 March 2025	Yongtai Hi-tech	
		26 January 2024 ~ 25 January 2027	Yongtai New Energy	
		27 December 2021 ~ 26 December 2024	Yongtai Chiral	Yes
		2 December 2022 ~ 1 December 2025	Inner Mongolia Yongtai	
2	Pollutant Discharge Permit	21 December 2021 ~ 20 December 2026	YONGTAI TECH.	
		17 March 2023 ~ 16 March 2028	Yongtai Pharma	
		15 January 2024 ~ 14 January 2029	Shandong Yongtai	
		28 October 2022 ~ 27 October 2027	Yongtai Hi-tech	
		19 December 2023 ~ 18 December 2028	Yongtai New Energy	
		27 November 2023 ~ 26 November 2028	Yongtai Chiral	

Serial number	Qualification name	Validity period	Certificate holder	Whether the renewal conditions are met or not
		19 December 2020 ~ 18 December 2025	Zhejiang Chiral	
		10 September 2023 to 9 September 2028	Foshan Soin	
		11 May 2020 ~ 10 May 2025	Yongtai New Material	
		7 November 2023 ~ 6 November 2028	Inner Mongolia Yongtai	
		16 June 2021 ~ 15 June 2026	Chongqing Yongyuansheng	
3	Hazardous Chemical Registration Certificate	19 December 2022 ~ 18 December 2025	YONGTAI TECH.	
		30 August 2021 ~ 29 August 2024	Shandong Yongtai	Yes
		12 July 2021 ~ 11 July 2024	Yongtai Hi-tech	Yes
		28 September 2021 ~ 27 September 2024	Yongtai Chiral	Yes
		7 November 2023 ~ 6 November 2026	Inner Mongolia Yongtai	
		24 March 2021 ~ 23 March 2024	Chongqing Yongyuansheng	No
		25 December 2022 ~ 24 December 2025	Yongtai New Energy	
4	Hazardous Chemical Business License	10 August 2021 ~ 9 August 2024	Shanghai E-tong	Yes
5	Pesticide Business License	30 August 2023 ~ 29 August 2028	Shanghai E-tong	
6	Pesticide Production License	27 January 2022 ~ 27 January 2027	Inner Mongolia Yongtai	
7	Drug Production License	1 June 2022 ~ 31 May 2027	Yongtai Pharma	
		12 October 2022 ~ 19 August 2026	Binhai Meikang	
		9 October 2020 ~ 8 October 2025	Foshan Soin	
		28 September 2020 ~ 27 September 2025	Zhejiang Chiral	
		2 December 2022 ~ 1 December 2027	Yongtai Chiral	

Engaged in petroleum processing and trading industry

☐ Yes ☒ No

Engaged in fertilizer industry

☐ Yes ☒ No

Engaged in pesticide industry

☒ Yes ☐ No

Subsidiary Shanghai E-Tong is mainly responsible for the trade of pesticide AIs and formulations, with a focus on exports. It has over 1,300 overseas pesticide registration certificates.

Engaged in chlor alkali and soda ash industries

☐ Yes ☒ No

III. 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 formulations, forming a vertically integrated industrial chain from intermediates, APIs to formulations, 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 "Hi-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 a number of 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 growth of the Company's core business in the future. 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.

IV. Analysis of main businesses

1. Introduction

According to data from the National Bureau of Statistics, China's GDP exceeded RMB 126 trillion in 2023, with a year-on-year increase of 5.2%. The overall economy has shown a recovery process with wave like development and a meandering forward. However, due to factors such as the international situation and market supply and demand environment, the total operating revenue of China's chemical raw material and chemical product manufacturing industry in 2023 was RMB 8,792.58 billion, with a year-on-year decrease of 3.5%; the total profit was RMB 469.42 billion, with a year-on-year decrease of 34.1%.

In the face of market changes and challenges, the Company's board of directors and Management closely focus on the Company's development strategy and business management targets, continuously improving the Company's governance level and business management capabilities. In 2023, the Company continued to deepen its main business and actively promote the construction of ongoing projects; developed marketing business through multiple channels and promoted the integration of production and sales; strictly controlled product costs and quality; and made every effort to promote cost reduction and efficiency increase for the enterprise. However, due to multiple factors such as market demand lower than expected, significant fluctuations in raw material prices, and poor product price transmission, the Company's performance declined a lot year-on-year in 2023. In 2023, the Company achieved a total operating income of RMB 4,128,040,820.94, with a year-on-year decrease in revenue for all business sectors. The net profit attributable to shareholders of the listed company was a loss of RMB 619,761,432.13.

(I) The main reasons for the decline in company performance in 2023

1. The Company's main business revenue scale and product gross profit margin have decreased significantly. Of which, in the lithium battery materials sector, although the sales volume of the main product lithium hexafluorophosphate increased year-on-year, due to a significant decrease in product market prices during the reporting period, sales revenue and gross profit margin decreased significantly, with a year-on-year decrease of 56.35% and 67.09%, respectively. Although the average market price of the main raw material lithium carbonate in the current period has decreased significantly compared to the same period last year, due to the relatively high inventory of high-price raw materials at the beginning of the year, daily operations need to purchase raw materials in advance and go through production cycles. During the reporting period, the price of lithium carbonate continued to decline, and the products were priced based on the latest lithium carbonate price when they are sold, resulting in a loss of RMB 244,903,652.42 in the gross profit of lithium battery material products during this reporting period. In the pharmaceutical and crop science sectors, downstream market demand was lower than expected during the reporting period, and competition in domestic and international markets was fierce, resulting in a decrease in product sales prices, sales revenue, and gross profit scale compared to the same period last year. The gross profit contribution of the pharmaceutical and crop science sectors decreased by RMB 233,625,372.64 and RMB 55,405,092.25 respectively.

2. There has been a significant increase in financial expenses and provisions for inventory depreciation. The Company's financial expenses increased significantly year-on-year, mainly due to the increase in bank financing, which led to an increase of RMB 25,709,230 in interest expenses. In addition, combined with the impact of exchange rates, the fluctuation of the USD/RMB exchange rate resulted in a decrease of approximately RMB 77,287,548 in exchange earnings year-on-year. The impairment loss of assets during this reporting period increased significantly year-on-year, mainly due to intensified competition in the market environment and changes in product and raw material prices, resulting in the net realizable value of some inventory products and raw materials being lower than their book value. There were signs of impairment in related product inventory and raw materials, and the provision for inventory impairment in this reporting period increased by RMB 96,899,090 year-on-year.

(II) Main work review for 2023

In 2023, the Company carried out various aspects of work around its main business, which can be specifically divided into the following aspects:

1. Improve the construction of pharmaceutical product pipelines and promote the pharmaceutical sales market

In 2023, the Company continued to promote the R&D of pharmaceutical products in multiple fields as well as the approval and review work at home and abroad. It strengthened customer visits and exhibition participation at home and abroad, actively conducted market demand research and product promotion for pharmaceutical products, developed the pharmaceutical sector business in 2023 by focusing on product pipeline construction and sales market promotion. However, due to the restructuring of the global pharmaceutical supply chain and the increasingly severe pharmaceutical competition pattern, pharmaceutical product prices decreased, raw material prices increased, and the main economic indicators of the pharmaceutical manufacturing industry were in a downward trend. During the reporting period, the sales prices and profits of the Company's pharmaceutical products were under pressure, and the sales revenue and gross profit scale both decreased year-on-year.

The Company relied on its profound technological accumulation in the fluorine fine chemical industry and continued to develop and construct an echelon of APIs and preparation series products with high added value and stability. During the reporting period, the Company completed home and abroad registration review for a total of 2 API products and 3 preparation products, covering the regions like United States, China, and India, and categories including diabetes, cardiovascular, digestive system, and anti-infective drugs, which further enriched the Company's pharmaceutical product categories, and also provided compliance guarantee for the Company to expand its sales markets at home and abroad. While improving the construction of pharmaceutical product pipelines, the Company actively communicated with customers for product promotion. During the reporting period, the Company actively participated in exhibitions worldwide, including DCAT in the United States, CPHI in Tokyo, Chemsources in the United States, CPHI in Europe, CPHI and APICChina in Shanghai, showcasing itself on the international stage while injecting new vitality into the development of the pharmaceutical sector.

2. Optimized and improved the layout of the lithium battery industry chain to enhance market competitiveness

In 2023, due to the slowdown in the growth rate of the downstream lithium-ion battery industry and the phased imbalance of supply and demand, the prices of lithium battery materials declined, and industry competition further intensified, which brought great challenges to capacity digestion and product gross profit to some extent. Although the sales volume of the Company's main product lithium hexafluorophosphate increased year-on-year during the reporting period, due to a significant decrease in product market prices and a relatively high inventory of high-price raw materials lithium carbonate at the beginning of the year, the sales gross profit of lithium battery material products incurred a loss during this reporting period.

In 2023, the Company successfully constructed a vertically integrated industrial chain from lithium salt raw materials lithium fluoride, lithium salts to electrolytes, and further improved the lithium battery material industry chain on this basis. By expanding production capacity and strictly controlling product costs, the Company continued to enhance its core competitiveness in the lithium battery material sector. During the reporting period, the Company orderly promoted the construction of sector projects, adding 9,900 t/a of lithium hexafluorophosphate design capacity. The 67,000 t/a liquid lithium difluorosulfonate solution project also entered trial production on 16 January 2024, further enhancing its scale advantage. The project with annual production of 150,000 tons of electrolyte entered a new stage of capacity ramp up, customer development, and system audit in 2023. In the future, with the release of production capacity in this sector and the commissioning of ongoing projects, the Company will continuously optimize its strategic layout and consolidate its competitive advantage, solidifying its industry position in the field of lithium battery materials.

3. Expand financing channels and enhance international brand image

In 2023, the Company followed the trend of interconnectivity in domestic and foreign capital markets, seized the opportunity of accelerated opening of the Chinese capital market, successfully issued GDRs and listed them on the London Stock Exchange, becoming the first domestic company to list on both the Shenzhen Stock Exchange and London. The total number of GDRs issued this time is 7,438,900, corresponding to the addition of 37,194,500 A-shares of the Company's underlying securities. Through this issuance, the Company has successfully expanded its international financial resource allocation channels, providing financial support for the orderly promotion of ongoing projects, the industrial chain layout and development of its main business both domestically and internationally.

At the same time, as one of the world's major stock exchanges, the London Stock Exchange's IPO will help the Company enhance its international brand image, build a global platform for investors, suppliers, and customers, lay a solid foundation for the gradual promotion of the Company's international development strategy, and ultimately achieve endogenous growth with increasing scale.

4. Deepen the implementation of cost reduction and efficiency increase and actively promote cost control

During the reporting period, faced with the sluggish downstream market demand and a significant decrease in product prices, the Company's cost pressure significantly increased. With the increasingly fierce market competition, cost reduction and efficiency increase became the core strategy for the Company's sustainable development. Therefore, the Company continued to optimize internal management, improved internal control systems, and led production and operation work with comprehensive lean management, deepening the implementation of cost reduction and efficiency increase measures.

The Company actively promoted cost control and optimization work, achieving effective cost control in various links such as production and manufacturing, logistics and distribution through refined management. At the same time, it strengthened strategic cooperation with suppliers, reduced procurement costs, and improved procurement efficiency. The Company focused on improving production efficiency, continuously promoting circular production and supporting construction, optimizing production processes, and thereby reducing energy consumption costs and comprehensive production costs. Through process technology

improvement, costs were further reduced. In terms of management, the Company implemented flat management, simplified decision-making processes, improved decision-making efficiency, strengthened internal communication and cooperation, promoted information sharing, and improved the internal control system to ensure standardized and efficient operation of the Company.

5. Strengthen technological leadership and consolidate technological advantages

The Company has established R&D centers in Taizhou, Hangzhou, Shanghai, and the United States, and has cooperated with many universities and research institutions to establish joint R&D centers and laboratories, providing a platform guarantee for the Company to introduce and cultivate scientific research talents and improve its R&D level.

During this reporting period, the Company actively engaged in industry-university-research cooperation with universities and research institutions, promoting the transformation and application of scientific and technological achievements. Through close cooperation with partners, the Company was able to timely grasp the latest industry trends and technological development trends, providing strong support for the Company's technological innovation. The Company attaches great importance to intellectual property protection and establishes a sound intellectual property management system. By applying for patents, trademarks, and other intellectual property rights, the Company protects its core technology and brand image. As of the end of this reporting period, the Company has applied for a total of 192 invention patents, of which, 152 have been authorized. The Company vigorously invests in R&D funds, continuously improves its technological innovation capabilities, and encourages employees to actively participate in innovation activities by establishing a sound innovation mechanism, promoting the continuous progress of the Company's technology.

2. Revenue and cost

(1) Composition of operating income

Unit: Yuan

Item	2023		2022		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	4,128,040,820.94	100%	6,336,219,345.73	100%	-34.85%
By industry					
Industry	2,577,508,010.75	62.44%	4,150,220,739.88	65.50%	-37.89%
Trade	1,539,406,071.22	37.29%	2,162,756,055.01	34.13%	-28.82%
Others	11,126,738.97	0.27%	23,242,550.84	0.37%	-52.13%
By product					
Pharmaceutical products	1,175,640,941.74	28.48%	1,464,320,337.47	23.11%	-19.71%
Crop science products	536,789,757.65	13.00%	703,960,440.31	11.11%	-23.75%
Lithium battery and other materials	865,077,311.36	20.96%	1,981,939,962.10	31.28%	-56.35%
Trade	1,539,406,071.22	37.29%	2,162,756,055.01	34.13%	-28.82%
Others	11,126,738.97	0.27%	23,242,550.84	0.37%	-52.13%
By region					

Item	2023		2022		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Domestic	1,950,133,180.52	47.24%	3,662,586,055.37	57.80%	-46.76%
Abroad	2,177,907,640.42	52.76%	2,673,633,290.36	42.20%	-18.54%
Split sales model					
Direct sales	4,128,040,820.94	100.00%	6,336,219,345.73	100.00%	-34.85%

(2) Industries, products, regions, and sales modes accounting for more than 10% of the Company's operating income or profit

☒ Applicable ☐ Not applicable

The Company shall 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 the chemical industry.

Unit: Yuan

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	2,577,508,010.75	2,397,041,108.40	7.00%	-37.89%	-9.59%	-29.12%
Trade	1,539,406,071.22	1,377,532,511.97	10.52%	-28.82%	-22.43%	-7.37%
Subtotal	4,116,914,081.97	3,774,573,620.37	8.32%	-34.79%	-14.74%	-21.56%
By product						
Pharmaceutical products	1,175,640,941.74	852,369,365.13	27.50%	-19.71%	-6.07%	-10.53%
Crop science products	536,789,757.65	434,690,779.49	19.02%	-23.75%	-20.45%	-3.35%
Lithium battery and other materials	865,077,311.36	1,109,980,963.78	-28.31%	-56.35%	-7.29%	-67.90%
Trade	1,539,406,071.22	1,377,532,511.97	10.52%	-28.82%	-22.43%	-7.37%
Subtotal	4,116,914,081.97	3,774,573,620.37	8.32%	-34.79%	-14.74%	-21.56%
By region						

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
Domestic	1,939,006,441.55	2,096,048,553.77	-8.10%	-46.73%	-14.19%	-41.00%
Abroad	2,177,907,640.42	1,678,525,066.60	22.93%	-18.51%	-15.41%	-2.83%
Subtotal	4,116,914,081.97	3,774,573,620.37	8.32%	-34.79%	-14.74%	-21.56%
By sales model						
Direct sales	4,116,914,081.97	3,774,573,620.37	8.32%	-34.79%	-14.74%	-21.56%

The Company's main business data for the most recent year 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

Unit: Yuan

Product name	Yield	Sales volume	Revenue realization situation	Price trend during the reporting period	Cause of change
Intermediates	5,440.62 tons	6,356.25 tons	1,183,440,178.69	The average selling price in the first half of the year was RMB 204,065.47, and the average selling price in the second half of the year was RMB 170,763.10.	It was mainly caused by market price fluctuations.
Pharmaceutical APIs	1,471.73 tons	1,276.18 tons	466,453,154.21	The average selling price in the first half of the year was RMB 349,261, and the average selling price in the second half of the year was RMB 386,145.73.	It was mainly caused by market price fluctuations.
Electrolyte	4,296.39 tons	4,325.32 tons	85,957,380.37	The average selling price in the first half of the year was RMB 24,190.57, and the average selling price in the second half of the year was RMB 18,620.39.	It was mainly caused by market price fluctuations.
Lithium battery materials	6,512.87 tons	7,825.21 tons	723,225,824.34	The average selling price in the first half of the year was RMB 114,397.84, and the average selling price in the second half of the year was RMB 77,250.11.	It was mainly caused by market price fluctuations.

The operating income or net profit generated from overseas business accounts for more than 10% of the audited operating income or net profit of the Company in the most recent accounting year.

☐ Yes ☒ No

(3) Is the Company's physical sales revenue greater than its labor revenue?
☒ Yes ☐ No

Industry classification	Item	Unit	2023	2022	Year-on-year increase/decrease
Industrial manufacturing industry	Sales volume	Ton	19,782.96	17,174.63	15.19%
	Production volume	Ton	17,721.61	19,568.51	-9.44%
	Inventory	Ton	4,319.15	6,380.5	-32.31%
Pharmaceutical preparations	Sales volume	10,000 capsules/tablets/pieces	83,204.97	86,723.03	-4.06%
	Production volume	10,000 capsules/tablets/pieces	82,866.92	88,384.78	-6.24%
	Inventory	10,000 capsules/tablets/pieces	9,766.33	10,104.38	-3.35%

Explanation on the reasons why the relevant data has changed by more than 30% year-on-year

☒ Applicable ☐ Not applicable

The inventory of the industrial manufacturing industry in this period decreased by 32.31% year-on-year, mainly affected by changes in market supply and demand. It is necessary to reduce inventory appropriately and lower inventory costs.

(4) Performance status of major sales contracts and major procurement contracts signed by the Company as of this reporting period
☐ Applicable ☒ Not applicable
(5) Composition of operating costs

Industry and product classification

Unit: Yuan

Industry classification	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Industry	Materials	1,851,103,962.93	77.22%	2,062,220,474.25	77.79%	-10.24%
Industry	Labor	78,064,542.92	3.26%	112,313,994.94	4.24%	-30.49%
Industry	Depreciation	181,021,154.56	7.55%	126,205,278.41	4.76%	43.43%
Industry	Energy	162,673,065.07	6.79%	198,942,065.76	7.50%	-18.23%
Industry	Others	124,178,382.92	5.18%	151,474,209.57	5.71%	-18.02%
Industry	Subtotal	2,397,041,108.40	100.00%	2,651,156,022.93	100.00%	-9.59%

Unit: Yuan

Product classification	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Lithium battery and other materials	Materials	857,246,245.23	35.76%	931,298,766.17	35.13%	-7.95%
Lithium battery and other materials	Labor	36,151,689.83	1.51%	50,721,000.11	1.91%	-28.72%
Lithium battery and other materials	Depreciation	83,830,896.68	3.50%	56,994,303.73	2.15%	47.09%
Lithium battery and other materials	Energy	75,333,896.43	3.14%	89,842,236.90	3.39%	-16.15%
Lithium battery and other materials	Others	57,418,235.61	2.40%	68,419,957.90	2.58%	-16.08%
Lithium battery and other materials	Subtotal	1,109,980,963.78	46.31%	1,197,276,264.81	45.16%	-7.29%
Pharmaceutical products	Materials	658,252,569.22	27.46%	705,898,068.34	26.63%	-6.75%
Pharmaceutical products	Labor	27,759,751.46	1.16%	38,445,080.47	1.45%	-27.79%
Pharmaceutical products	Depreciation	64,371,122.56	2.69%	43,200,066.80	1.63%	49.01%
Pharmaceutical products	Energy	57,846,541.94	2.41%	68,097,869.11	2.57%	-15.05%
Pharmaceutical products	Others	44,139,379.95	1.84%	51,782,303.50	1.95%	-14.76%
Pharmaceutical products	Subtotal	852,369,365.13	35.56%	907,423,388.22	34.23%	-6.07%
Crop science products	Materials	335,605,148.48	14.00%	425,023,639.74	16.03%	-21.04%
Crop science products	Labor	14,153,101.63	0.59%	23,147,914.36	0.87%	-38.86%
Crop science products	Depreciation	32,819,135.32	1.37%	26,010,907.88	0.98%	26.17%

Product classification	Item	2023		2022		Year-on-year increase/decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Crop science products	Energy	29,492,626.70	1.23%	41,001,959.75	1.55%	-28.07%
Crop science products	Others	22,620,767.36	0.94%	31,271,948.17	1.18%	-27.66%
Crop science products	Subtotal	434,690,779.49	18.13%	546,456,369.90	20.61%	-20.45%

Explanation

None.

(6) Has there been any change in the scope of consolidation during the reporting period?

☒ Yes ☐ No

Please refer to IX. Changes in the Scope of Merger in Section X, Financial Reporting.

(7) Significant changes or adjustments in the Company's business, products, or services during the reporting period

☐ Applicable ☒ Not applicable

(8) Main sales customers and suppliers

Main sales customers of the Company

Total sales amount of the top five customers (Yuan)	956,395,412.48
The proportion of the total sales amount of the top five customers to the annual total sales amount	23.16%
The proportion of related party sales amount to annual total sales among the top five customers	0.00%

Information on the Company's top 5 customers

Serial number	Customer name	Sales revenue (Yuan)	Proportion to annual total sales amount
1	No.1	285,771,764.03	6.92%
2	No.2	225,132,160.15	5.45%
3	No.3	201,406,496.30	4.88%
4	No.4	131,642,280.00	3.19%
5	No.5	112,442,712.00	2.72%
Total	--	956,395,412.48	23.16%

Explanation on other situations of main customers

☐ Applicable ☒ Not applicable

Main suppliers of the Company

Total purchase amount from the top five suppliers (Yuan)	271,199,370.36
The proportion of the total procurement amount of the top five suppliers to the total annual procurement amount	18.92%
The proportion of related party procurement amount to the total annual procurement amount among the top five suppliers	0.00%

Information on the Company's top 5 suppliers

Serial number	Supplier name	Procurement amount (Yuan)	Proportion to annual total procurement amount
1	No.1	92,379,097.35	6.44%
2	No.2	57,026,548.67	3.98%
3	No.3	41,004,987.18	2.86%
4	No.4	40,689,622.12	2.84%
5	No.5	40,099,115.04	2.80%
Total	--	271,199,370.36	18.92%

Explanation on other information of main suppliers

☐ Applicable ☒ Not applicable

3. Expenses

Unit: Yuan

Item	2023	2022	Year-on-year increase/decrease	Explanation of significant changes
Marketing expenses	121,685,456.29	106,056,300.25	14.74%	It was mainly due to the recovery of convenient travel, and on-schedule convening of exhibitions during the reporting period, with increased participation of domestic and overseas businesses, resulting in rising investment in market development expenses, business entertainment expenses, and advertising expenses;
Management expenses	627,015,764.27	627,850,154.60	-0.13%	No significant changes;
Financial expenses	134,696,493.77	47,718,305.39	182.27%	It was mainly due to a decrease in earnings caused by increase in interest expenses and changes in U.S. dollar exchange rate during the reporting period;

Item	2023	2022	Year-on-year increase/decrease	Explanation of significant changes
R&D expenses	148,501,450.87	174,210,673.30	-14.76%	It was mainly due to a decrease in R&D investment by subsidiary Yongtai Hi-tech during the reporting period;

4. R&D investment

☒ Applicable ☐ Not applicable

Main R&D project name	Project purpose	Project progress	Intended targets to be achieved	Expected impact on the future development of the Company
Inorganic additives for new-type electrolyte	Optimize the conductivity, flame retardancy, overcharging protection, rate characteristics, and other performances of the electrolyte	Two products have completed pilot testing, and two products are in the trial production stage	Meet customer needs for new product development and production, and achieve commercial sales	Assist the Company in further consolidating the electrolyte industry chain, improving the one-stop supply system, and further expanding the Company's influence in the field of new energy
Organic additives for new-type electrolyte	Improve the high and low temperature performance of batteries, increase the number of battery cycles and work stability	Two products are in trial production, and one product is in the pilot stage	Meet customer's demands for product improvement and production, achieve commercial sales	Assist the Company in further consolidating the electrolyte industry chain, improving the one-stop supply system, and further expanding the Company's influence in the field of new energy
Main salt for new-type electrolyte	Expand the technological advantages of electrolyte products and accelerate the industrialization progress of new products	Two products are in trial production, and one product is in the pilot stage	Meet customer's demands for new product development, old product improvement and production, and achieve commercial sales	Enrich the Company's electrolyte varieties, maintain alignment with the latest battery technologies at home and abroad, and strengthen the leading advantages in technology and processes
High quality fluorobenzene fine chemicals	Enrich the Company's product line and consolidate its leading position in the market	One product is in the pilot stage	Respond to the demand for diversified new products in the market, expand its own advantages, and achieve commercial sales	Expand the Company's product varieties with basic advantages, accelerate the transformation to high-end manufacturing, and consolidate the leading position of fluorobenzene chemicals
Cardiovascular system drugs	Utilize the existing platform advantages of the Company, improve the product layout in this field, and enhance the competitiveness of the enterprise	One product is in pilot testing and one product is in the small-trial stage	Realize integrated production and commercial sales of intermediates, APIs, and preparations	Utilize the Company's existing integrated preparation platform and front-end manufacturing advantages to accelerate the commercialization of heavyweight products and enrich the Company's product categories
Diabetes drugs	Rely on the existing advantageous varieties, expand the variety and scale of the products in	Two products are in the small-trial verification stage.	Realize integrated production and commercial sales of intermediates, APIs,	Improve the popularity and influence of the enterprise in the field of diabetes medication. Improve the pipeline of more

Main R&D project name	Project purpose	Project progress	Intended targets to be achieved	Expected impact on the future development of the Company
	the field, and reduce manufacturing costs		and preparations	high-end hypoglycemic drugs and strengthen the competitiveness of the enterprise.
Central nervous system drugs	Increase the key products in this field and further expand the coverage of central nervous system drug varieties.	One product is in pilot testing and one product is in the small-trial stage	Realize integrated production and commercial sales of intermediates, APIs, and preparations	Utilize the Company's existing integrated preparation platform and front-end manufacturing advantages to accelerate the commercialization of new products and enrich the Company's product categories.
Digestive system drugs	Accelerate the R&D of new products and lay out the latest generation product pipeline in advance	One product is in the pilot stage, and one product is in the small-trial stage	Realize integrated production and commercial sales of intermediates, APIs, and preparations	Enhance the popularity of the enterprise in the field of digestive system medication, accelerate the layout of high-end new products, and enhance the competitiveness of the enterprise.

Situation of R&D personnel in the Company

Item	2023	2022	Change ratio
Number of R&D personnel (persons)	524	607	-13.67%
The proportion of R&D personnel	14.58%	15.62%	-1.04%
Educational structure of R&D personnel			
Bachelor	288	315	-8.57%
Master	16	12	33.33%
Others	220	280	-21.43%
Age composition of R&D personnel			
Under 30 years old	327	358	-8.66%
30-40 years old	108	157	-31.21%
Over 40 years old	89	92	-3.26%

R&D investment of the Company

Item	2023	2022	Change ratio
R&D investment amount (Yuan)	169,891,814.47	195,389,062.70	-13.05%
The proportion of R&D investment to operating income	4.12%	3.08%	1.04%

The amount of R&D investment capitalization (Yuan)	21,390,363.60	21,178,389.40	1.00%
The proportion of capitalized R&D investment to R&D investment	12.59%	10.84%	1.75%

Reasons and impacts of significant changes in the composition of R&D personnel in the Company

☐ Applicable ☒ Not applicable

The reason for the significant change in the proportion of total R&D investment to operating income compared to the previous year

☒ Applicable ☐ Not applicable

It was mainly due to a decrease in R&D investment by subsidiary Yongtai Hi-tech during the reporting period

Reasons for significant changes in capitalization rate of R&D investment and their rationality explanation

☐ Applicable ☒ Not applicable

5. Cash flow

Unit: Yuan

Item	2023	2022	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	3,402,544,846.48	5,021,574,227.88	-32.24%
Sub-total of cash outflows from operating activities	3,731,671,430.48	4,797,892,001.51	-22.22%
Net cash flow from operating activities	-329,126,584.00	223,682,226.37	-247.14%
Sub-total of cash inflows from investment activities	255,405,351.50	279,294,728.78	-8.55%
Sub-total of cash outflows from investment activities	760,996,926.44	877,414,169.41	-13.27%
Net cash flow from investment activities	-505,591,574.94	-598,119,440.63	15.47%
Sub-total of cash inflows from financing activities	4,196,345,921.28	3,114,398,715.75	34.74%
Sub-total of cash outflows from financing activities	3,243,942,503.25	2,702,752,059.90	20.02%
Net cash flow from financing activities	952,403,418.03	411,646,655.85	131.36%
Net increase in cash and cash equivalents	113,468,629.03	71,314,862.97	59.11%

Explanation on the main influencing factors for significant year-on-year changes in relevant data

☒ Applicable ☐ Not applicable

The net cash flow (net inflow) generated from operating activities decreased by 247.14% compared to the same period last year, mainly due to the significant decrease in the selling price of lithium hexafluorophosphate and the decrease in accounts receivable due to market conditions during the reporting period;

The net cash flow (net inflow) generated from financing activities increased by 131.36% compared to the same period last year, mainly due to the GDR raised funds of RMB 477 million received and the significant increase in bank loans during the reporting period.

Explanation on the reasons for the significant difference between the net cash flow generated by the Company's operating activities during the reporting period and the net profit of this year

☐ Applicable ☒ Not applicable

V. Analysis of non-main businesses

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Amount	Proportion to total profit	Explanation of the cause	Sustainable or not
Investment income	4,283,769.68	-0.52%	It was mainly due to the increase in long-term equity investment income accounted for by the equity method and the profits and losses on foreign exchange contracts.	No
Profits and losses from changes in fair value	-16,730,383.09	2.04%	It was mainly due to the changes in fair prices of forward foreign exchange settlements and sales and adjustments to fair value of minority shareholder equity repurchase liabilities in subsidiaries.	No
Asset impairment	-125,747,370.71	15.30%	It was mainly due to the provision of inventory depreciation, impairment of fixed assets, and impairment of development expenses.	No
Non-operating income	3,386,993.77	-0.41%	It was mainly due to compensation income;	No
Non-operating expenditure	15,149,698.97	-1.84%	It was mainly due to the losses from scrapping of noncurrent assets and an increase in disposal of raw materials with validity period expired.	No

VI. Analysis of assets and liabilities

1. Significant changes in asset composition

Unit: Yuan

Item	End of 2023		At the beginning of 2023		Increase or decrease in proportion	Explanation of significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary funds	1,109,138,410.05	9.73%	959,294,353.56	8.45%	1.28%	It was mainly due to receiving RMB 477 million in GDR funding during the reporting period;
Accounts receivable	905,514,989.36	7.94%	1,097,584,586.54	9.67%	-1.73%	It was mainly due to a decrease in sales revenue during the reporting period;
Inventory	1,098,700,493.90	9.63%	1,656,002,531.68	14.58%	-4.95%	It was mainly due to a decrease in lithium

Item	End of 2023		At the beginning of 2023		Increase or decrease in proportion	Explanation of significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
						hexafluorophosphate inventory during the reporting period;
Real estate for investment purposes	24,784,293.94	0.22%	24,359,844.60	0.21%	0.01%	No significant changes;
Long-term equity investment	266,469,783.28	2.34%	247,198,773.17	2.18%	0.16%	No significant changes;
Fixed assets	3,554,687,028.57	31.17%	3,202,901,214.03	28.21%	2.96%	It was mainly due to the conversion of construction in process to fixed assets during the reporting period;
Construction in progress	2,110,290,652.02	18.50%	1,940,025,580.52	17.09%	1.41%	No significant changes;
Right of use assets	5,180,945.20	0.05%	1,999,121.62	0.02%	0.03%	No significant changes;
Short-term loan	1,701,718,161.88	14.92%	1,969,850,503.82	17.35%	-2.43%	It was mainly due to short-term borrowing repayments during the reporting period;
Contractual liabilities	891,679,158.45	7.82%	927,870,015.78	8.17%	-0.35%	No significant changes;
Long-term loan	1,562,568,363.63	13.70%	1,023,262,713.96	9.01%	4.69%	It was mainly due to an increase in long-term borrowings during the reporting period;
Lease liabilities	2,500,445.31	0.02%	876,313.54	0.01%	0.01%	No significant changes;

High proportion of overseas assets

☐ Applicable ☒ Not applicable
2. Assets and liabilities measured at fair value
☒ Applicable ☐ Not applicable

Unit: Yuan

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

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)	21,000,000.00				69,000,000.00	53,000,000.00		37,000,000.00
4. Investment in other equity instruments	67,185,167.43		3,490,474.73		500,000.00			64,194,692.70
Subtotal of financial assets	88,185,167.43		3,490,474.73		69,500,000.00	53,000,000.00		101,194,692.70
Financing receivables	225,377,836.70				1,454,495,784.30	1,518,495,805.64		161,377,815.36
Total of the above items	313,563,004.13		3,490,474.73		1,523,995,784.30	1,571,495,805.64		262,572,508.06
Financial liabilities	5,808,202.02	3,806,809.38				1,481,494.34		519,898.30

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

3. Limitation of rights in assets as of the end of the reporting period

Item	Period ending			
	Book balance	Book value	Limited type	Limited situation
Monetary funds	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
Accounts receivable	151,491,596.31	143,917,016.49	Pledge	Used for issuing bank acceptance bills and bank loans
Notes receivable	1,530,000.00	1,530,000.00	Pledge	Used for issuing bank acceptance bills
Notes receivable	130,801,761.56	130,801,761.56	Others	Endorsed/discounted but not expired and not derecognized

Item	Period ending			
	Book balance	Book value	Limited type	Limited situation
Receivables financing	74,490,531.06	74,490,531.06	Pledge	Used for issuing bank acceptance bills
Fixed assets	1,171,768,547.79	778,177,146.81	Mortgage	Used for bank loans
Investment real estate	32,001,640.81	25,571,325.38	Mortgage	Used for bank loans
Intangible assets	181,725,533.39	146,128,537.49	Mortgage	Used for bank loans
Construction in progress	223,205,231.90	223,205,231.90	Mortgage	Used for bank loans
Total	2,524,575,564.77	2,081,382,272.64		

VII. Analysis of investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment amount during the reporting period (Yuan)	Investment amount for the same period last year (Yuan)	Change amplitude
1,371,830,820.92	1,476,588,408.58	-7.09%

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: Yuan

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 Chiral's construction projects with an annual output of 4,340 tons of APIs and 600 million traditional	Self-build	Yes	APIs manufacturing projects and organic chemical raw materials manufacturing projects	12,136,797.73	477,599,329.81	Own funds or self-raised funds	59.70 %	407,370,000.00	121,427,044.83	Under construction	7 June 2017	Juchao Information Website (http://www.cninfo.com.cn) (Announcement No.:2017-41)

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)
Chinese medicine extracts												
Inner Mongolia Yongtai Project	Self-build	Yes	Pharmaceutical intermediates, pesticide intermediates and AIs, lithium battery materials, etc.	547,764,238.61	2,338,854,289.10	Own funds or self-raised funds	77.96 %	1,255,912,200.00	-203,671,159.43	Under construction	29 February 2020, 28 May 2021, 5 June 2021, 1 September 2021	Juchao Information Website (http://www.cninfo.com.cn) (Announcement No.: 2020-011, 2021-030, 2021-031, 2021-065)
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	Self-build	Yes	Electrolyte lithium salts	294,194,847.78	672,823,071.96	Own funds or self-raised funds	84.88 %	669,560,000.00	417,283,405.81	Under construction	15 October 2021	Juchao Information Website (http://www.cninfo.com.cn) (Announcement No.: 2021-075, 2024-004)
Total	--	--	--	854,095,884.12	3,489,276,690.87	--	--	2,332,842,200.00	92,185,201.55	--	--	--

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 derivatives	Initial investment amount	Period-beginning amount	Profits and losses from changes in fair value in the current period	Accumulated changes in fair value recognized in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Period-ending amount	Ratio of ending investment amount to the Company's net assets at the end of the reporting period
Foreign exchange contracts	44,041.09	18,785.3	381	0	25,255.79	39,119.09	4,922	1.56%

Total	44,041.09	18,785.3	381	0	25,255.79	39,119.09	4,922	1.56%
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 profits and losses of foreign exchange contracts during the reporting period was RMB -9.16million.							
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	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.							

assumptions, and parameter settings	
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 2023
Disclosure date of announcement by the shareholders' meeting for approval of investment in derivatives (if any)	17 May 2023
Special opinions of independent directors on the Company's investment in derivatives and risk control	The approval process for the Company's foreign exchange hedging business complies with relevant laws, regulations, and the relevant provisions of the <i>Articles of Association</i> . The Company carries out foreign exchange hedging business based on the business background and for the purpose of avoiding and preventing exchange rate risks, which is conducive to mitigating the adverse impact of drastic exchange rates fluctuations on the Company's operations. The Company has implemented risk prevention measures effectively by strengthening internal control. The Company is faced by controllable risks in foreign exchange hedging business, and there is no situation that damages the interests of the Company and all shareholders.

The Company shall 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 the chemical industry.

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	47,659.9	16,099.91	16,099.91	0	0	0.00%	31,559.99	As of 31 December 2023, the balance of unused raised funds is RMB 344,115,236.53 (including interest income), all of which were deposited in the special fundraising account and will be invested in the construction of fundraising projects as planned.	0
Total	--	50,235.54	47,659.9	16,099.91	16,099.91	0	0	0.00%	31,559.99	--	0

Explanation on overall use of the raised funds

Item	Amount (Yuan)
Amount of raised funds	476,598,996.87
Less: Amount used in 2023	160,999,128.73
Of which: Investment in fundraising projects	160,999,128.73
Plus: Total revenue for 2023	9,556,153.61
Of which: Interest income from the special fundraising account minus the handling expenses	8,214,168.35
Exchange profits and losses from special fundraising account	1,341,985.26
Balance of special fundraising account as of 31 December 2023	344,115,236.53

(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.

VIII. Material asset and equity disposal**1. Disposal of material assets**

☐ Applicable ☒ Not applicable

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

2. Material Disposal of equity

☐ Applicable ☒ Not applicable

IX. Analysis of principal subsidiaries and investees

☒ Applicable ☐ Not applicable

Condition of principal subsidiaries and investees with an impact on the Company's net profit of more than 10%

Unit: Yuan

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	Manufacturing and sales of lithium battery materials	300,000,000.00	2,007,279,732.09	807,669,208.83	638,671,087.36	384,268,061.35	-324,953,946.95
Zhejiang Yongtai Pharmaceutical Co., Ltd.	Subsidiary company	Manufacturing and sales of pharmaceutical finished dosages and APIs	300,000,000.00	262,528,437.37	133,330,877.85	73,761,990.13	65,998,596.24	-66,659,509.90
Zhejiang Chiral Medicine Chemicals Co., Ltd.	Subsidiary company	Manufacturing and sales of pharmaceutical intermediates and APIs	20,348,152.00	561,591,421.79	413,507,424.53	419,227,694.43	113,614,603.40	97,729,855.85
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	Subsidiary company	Manufacturing and sales of pharmaceutical intermediates and APIs	150,000,000.00	705,254,077.50	28,572,955.17	96,320,333.78	96,028,411.65	-80,067,182.08
Jiangsu Subin Agrochemical Co., Ltd.	Subsidiary company	Pesticide production and sales	74,600,000.00	16,927,548.56	15,747,505.59	1,404,733.78	103,439,481.96	-103,448,981.96
Inner Mongolia Yongtai Chemical Co., Ltd.	Subsidiary company	Manufacturing and sales of chemical APIs and chemical products	591,000,000.00	2,727,764,813.91	296,764,500.53	338,553,886.16	298,102,896.65	-255,321,542.61

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
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Company name	Ways of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhejiang Yongtai Fule Technology Co., Ltd.	Establishment	It will not have a material impact on the Company's financial condition and operating results in the short term.
Shandong Yonghong Lithium Industry Technology Co., Ltd.	Establishment	It will not have a material impact on the Company's financial condition and operating results in the short term.
Fujian Yongtai Fuyuan Technology Co., Ltd.	Establishment	It will not have a material impact on the Company's financial condition and operating results in the short term.
Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd.	Establishment	It will not have a material impact on the Company's financial condition and operating results in the short term.

Description of principal subsidiaries and investees

Description of principal holding and participating companies

1. During the reporting period, due to a significant decrease in the market price of lithium hexafluorophosphate, a lithium battery material, the sales revenue of Yongtai Hi-tech, a subsidiary in the lithium battery material sector, decreased by about 56% year-on-year, and furthermore, the utilization rate of production capacity was relatively low and the product cost increased, resulting in a gross profit loss of about RMB 282 million. At the same time, some projects under construction were transferred to fixed assets during the reporting period, leading to an increase in depreciation expenses and the provision for inventory depreciation at the end of the period, resulting in a significant decrease in net profit during the reporting period, with deficit occurring thereby.

2. During the reporting period, Zhejiang Chiral, a subsidiary in the pharmaceutical sector, experienced a decrease of approximately 5.50% and 3.43% in operating revenue and net profit achieved respectively, with relatively stable operating performance. Yongtai Pharma and Yongtai Chiral, the other two subsidiaries in this sector, are in the early stages of commercial operation, with relatively small sales scale and low utilization rate of production capacity, whose gross profit of products is not yet sufficient to cover depreciation, amortization, and other daily operating expenses, resulting in losses in this reporting period. At present, these two subsidiaries are actively registering and applying for approval for APIs and preparation products and participating in various pharmaceutical exhibitions to improve market sales capability and profitability.

3. During the reporting period, the operating revenue of the subsidiary Inner Mongolia Yongtai decreased by about 36% year-on-year, mainly due to a significant decline in the market prices of lithium battery material additives VC and FEC. Most of this subsidiary's projects have just been put into operation, and the depreciation and amortization expenses are relatively high. At the end of the period, an inventory impairment of approximately RMB 45.13 million was provisioned, and an impairment of long-term equity investments of approximately RMB 145 million (offset internally at the consolidated financial statements level) in its subsidiary Jiangsu Subin was provisioned in the individual financial statements, resulting in a significant loss in its individual financial statements for the reporting period. During the reporting period, the Company continued to promote the dissolution and liquidation of Jiangsu Subin, with a total of RMB 11.15 million of scrapped inventory, engineering materials, and other items on the book value of Jiangsu Subin. The bad debts of accounts receivable of approximately RMB 72.41 million (offset internally at the consolidated financial statements level) was provisioned for its subsidiary H&G (China), resulting in significant losses in its individual financial statements.

X. Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

XI. Outlook for the future development of the Company

(I) Industry competitive landscape and development trends

Fluorine chemical industry refers to the chemical sub-industry for fluorine-containing elements in the molecular structure of products, which is an advantageous industry with distinctive resources in China. Fluorine chemical products, as important industrial raw materials, can provide support for many strategic industries such as high-end manufacturing, environmental protection, new energy, and new materials. From an industry perspective, fluorine chemical industry can be divided into inorganic fluorine chemical industry and organic fluorine chemical industry. The inorganic fluorine chemical industry, as an important component of the chemical industry, is an important supply source of raw materials and auxiliary materials for downstream industries such as machinery, electronics, and metallurgy. Its main products include fluoride salts, electronic grade fluorides, and other inorganic fluorides. The organic fluorine chemical industry, as one of the industries with the fastest development, highest and newest technology, and best prospect in the chemical industry, serves many important fields such as industrial manufacturing, pharmaceutical R&D, new material R&D, and agricultural production. Its main products include fluorinated polymers, fluorinated fine chemicals, refrigerants, foaming agents, and fire extinguishers, etc.

In the fierce market competition, the fluorine chemical industry faces both challenges and opportunities. On the one hand, as a chemical industry, it is directly affected by the industry's supply cycle, downstream consumption cycle, and macro cycle fluctuations. In addition, the downturn world economy is combined with the complex external environment, resulting in high fluctuations in product prices and facing downward pressure. The supply and demand pattern still needs to be improved. On the other hand, under the continuous driving of environmental policy pressure and technological progress, new technologies and products in the fluorine chemical industry are constantly being applied. In addition, with the rigid demand for high-performance fluorine polymers and fluorine containing fine chemicals in automobiles, electronics, new energy, and environmental protection, fluorine chemical industry has broad development space in the future.

The Company is mainly engaged in fluorine containing fine chemical industry, which is at the forefront of fluorine chemical industry and has the characteristics of high technological barriers and high added value. The downstream industry not only involves fluorine containing medicine, crop science, dyes, refrigerants, electronic chemicals, and other livelihood fields, but also is widely used in important fields such as construction, transportation, new energy, military industry, and aerospace technology. Therefore, the demand is rigid to some extent.

(II) The Company's future development strategy

1. Continuously and deeply cultivate new energy, lithium battery materials, and pharmaceutical sectors, further enhance market scale, and consolidate its leading position in the industry. Of which: In the lithium battery material sector, the Company will increase the R&D and layout of lithium salt raw materials, lithium salts, additives, electrolytes and other products according to the demands of downstream customers, and build a relatively complete one-stop procurement platform for electrolyte materials for customers. In the pharmaceutical sector, the Company will base itself on the vertical integrated industrial chain platform, continue to rely on the core technologies such as the directional introduction of fluorine atoms, chiral enzyme catalysis, and microchannel reaction, and further develop in cardiovascular, diabetes, anti-virus, digestive system, and other fields.

2. Continuously improve the levels of pipeline, automation, sealing, and circulation of the core production platform, and strengthen cost advantages. The Company will continue to strictly adhere to the three red lines, namely, "safety", "environmental protection", and "quality", continuously promote circular production and supporting construction, to achieve the circulation of products and by-products, the sealing of production processes, promote energy-saving and low-carbon processes, reduce energy consumption costs and comprehensive production costs, and improve the overall market competitiveness of the Company.

3. Develop a high-quality innovation platform, cultivate a high-level technical team, and form sustained technological innovation capabilities. As a Hi-tech enterprise, the Company will continue to deepen the construction of a high-quality R&D platform and maintain good industry-university-research cooperation with many universities and research institutions, providing the possibility for the Company to introduce and cultivate scientific research talents and further explore the industrialization of university technology.

4. Play the collaborative advantages of the industrial chain and deeply explore strategic customers. The Company will further play its industrial collaborative advantages, deepen the collaborative effect of industrial chain vertically, expand product coverage dimensions horizontally, strengthen cooperation with the existing customers, develop long-term customers with strategic cooperation, and explore more demands around these strategic customers.

5. Further expand the overseas business domain and accelerate the global business layout. The Company will further expand its overseas business and accelerate the development of an international platform for pharmaceutical preparations to expand its pharmaceutical product business and utilize over 1,300 overseas pesticide product registration certificates obtained in over 60 countries simultaneously to strengthen trade operations. In terms of new energy materials business, we plan to expand into the countries such as Japan, South Korea, Europe, and America that can enjoy the policy dividends in new energy industry.

(III) Work plan for 2024

1. Drive various business sectors to move forward steadily and expand the market fully.

In 2024, the Company will combine the market demand closely, plan production capacity layout scientifically and reasonably, optimize product structure continuously, and promote continuous and progressive development of various business sectors.

Of which, in the lithium battery materials sector, the Company will coordinate and manage the procurement, production, and sales ends, and order production based on sales, and order purchase based on production. Strengthen cooperation with upstream raw material suppliers on the procurement end to guarantee supply chain stability and cost optimization; fully promote cost reduction and efficiency increase on the production end to reduce energy consumption costs and comprehensive production costs; focus on customer demands on the sales end to maintain stable stock business and deeply explore incremental market. In the pharmaceutical sector, the Company will combine its advantages in intermediate synthesis technology to continue building a high value-added API product line with its own characteristics and improve the domestic and international layout of the preparation products. In the crop science sector, the Company will continue to integrate resources, fully utilize the sales platform advantages of Shanghai E-Tong, and strengthen the production and sales coordination of the crop science products of the Company.

2. Strengthen safety production and environmental governance, strictly control production and operation risks

Safety production and environmental governance are the top priorities of the Company's production and operation management work. The Company always strictly implements national and local safety production and environmental regulations, strengthens safety production management, and guarantees safety and stability of the production process. In 2024, the Company will further improve its risk management system, strengthen risk management training, enhance safety awareness and prevention measures of all employees, and strictly control production and operation risks; periodically organize safety and environmental inspection, promptly rectify any issues found, and ensure that the safety and environmental issues during the production process are resolved in a timely manner; adopt advanced processes and equipment, promote the automation, intelligence, and standardization of production processes, guarantee the safe and stable operation of the Company's production and operation.

3. Promote multi-dimensional cost reduction and efficiency increase, enhance overall economic benefits

In 2024, we'll optimize the production process, improve the production efficiency, and reduce energy consumption and material waste during the production process. At the same time, we'll strengthen quality control in the production process, reduce the rate of defective products, improve product qualification rate, thereby reducing costs and improving product quality. Secondly, we'll strengthen supply chain management, establish long-term and stable cooperative relationships with suppliers, and guarantee stable supply and reasonable price of raw materials. At the same time, we'll reduce inventory costs and capital occupation by optimizing inventory management. In addition, we'll focus on human resource management, optimize personnel allocation, and improve the work efficiency of employees. By strengthening employee training and enhancing their professional skills and qualities, they can better adapt to job requirements. Finally, we'll strengthen financial management, optimize cost structure and reduce unnecessary expenses through refined financial management. At the same time, we'll strengthen risk management to guarantee the stable operation of the Company.

4. Strengthen technological innovation and industrial upgrading, consolidate the Company's market position

The Company will increase investment in R&D innovation, explore new process technologies and product application, improve its own innovation ability and technological level, and enhance the added value and market competitiveness of its products. On the one hand, the Company will make technological improvements to its inherent production processes, improve the utilization rate of by-products, and enhance its core competitiveness. On the other hand, the Company will increase investment in R&D of new products based on its own technological accumulation and future product market changes, seize market opportunities, and lay a solid foundation for the Company's long-term and stable development in the future. At the same time, optimize the industrial structure, promote the coordinated development of the industrial chain, strengthen cooperation between upstream and downstream enterprises in the industrial chain, form close industrial chain alliances, and achieve resource sharing and complementary advantages.

5. Expand financing channels to guarantee smooth progress of key construction projects

The Company will further improve its fund management capabilities, accelerate the collection of accounts receivable, improve the efficiency of fund utilization, and reduce operating capital costs based on future development strategies and funding arrangements. At the same time, it will cautiously expand financing channels to obtain necessary development funds, raise funds through various financial instruments, optimize the fund structure, and enhance the fund stability to guarantee smooth progress of key construction projects.

(IV) Possible risk factors and countermeasures

1. Macroeconomic risks

The current international economic situation is complex and challenging, 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 intense market competition, and technology iteration continues. The emergence of new technologies and new processes of domestic and foreign competitors will significantly impact 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 significant fluctuation in the 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, monitor 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 falling short of 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.

XII. Reception, research, communication, interview, and other activities during the reporting period

☒ Applicable ☐ Not applicable

Reception time	Reception location	Reception method	Reception object type	Reception object	The main content of the discussion and the materials provided	Index of basic information of investigation
13 February 2023	The Company's meeting room	Telephone communication	Institution	Guosheng Securities and Gaoyi Assets	Development of the Company's main business	Juchao Information Website (http://www.cninfo.com.cn)
28 February 2023	Yuanzhou International Hotel	Field investigation	Institution	Guosheng Securities, Guojun Asset Management, Haitong Self-operated, Xinyuan Fund, Anxin Fund, Guolian Securities, Gaoyu Capital, Zhetong Capital, Hangzhou Tongsheng, and Rongjing Investment	Development of the Company's main business	Juchao Information Website (http://www.cninfo.com.cn)
3 March 2023	The Company's meeting room	Telephone communication	Institution	Minsheng Securities, Hongcheng Investment, Zhengxin Valley, Taixin Fund, Debang Fund	Development of the Company's main business	Juchao Information Website (http://www.cninfo.com.cn)
5 May 2023	Network platform	Online communication with network platform	Others	The investors participating in performance briefing through Panorama Network's "Investor Relations Interaction Platform" (https://ir.p5w.net)	Development of the Company's main business	Juchao Information Website (http://www.cninfo.com.cn)
9 November 2023	The Company's meeting room	Telephone communication	Institution	Penghua Fund, Guangfa Securities	Development of the Company's main business	Juchao Information Website (http://www.cninfo.com.cn)

XIII. 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 Corporate governance

I. The basic situation of corporate governance

During the reporting period, the Company strictly followed the requirements of the Company Law, Securities Law, Code of Conduct for Listed Companies(https://www.gov.cn/gongbao/content/2019/content_5363087.htm), Shenzhen Stock Exchange Listing Rules, and other relevant laws and regulations issued by the China Securities Regulatory Commission and Shenzhen Stock Exchange, continuously improved its corporate governance structure, established a sound internal management and control system, continued to carry out corporate governance activities, standardized operations, and improved the level of corporate governance. The shareholders' meeting, board meetings, and Board of Supervisors of the Company can be held strictly in accordance with relevant rules and regulations, and all directors and supervisors can conscientiously fulfill their responsibilities. The overall operation of the Company meets the requirements of the normative governance documents of listed companies. The internal governance structure of the Company is complete, sound, and clear and complies with the provisions of the Company Law, Articles of Association, and other laws, regulations, and normative documents.

(I) About the shareholders and general meetings

The Company strictly adheres to the provisions and requirements of the Rules for the General Meeting of Shareholders of Listed Companies, the Articles of Association, and the Rules of Procedure for the General Meeting of Shareholders, to convene and hold a shareholders' meeting, ensuring that all shareholders, especially small and medium-sized shareholders, enjoy equal status and fully exercise their rights. The shareholders' meeting during the reporting period were all convened by the Board of Directors and witnessed on-site by lawyers. According to the Company's Articles of Association and relevant laws and regulations, the matters that shall be voted on by the shareholders' meeting shall be approved according to the corresponding authority and then submitted to the shareholders' meeting for review. There is no phenomenon of unauthorized approval, nor is there a situation of implementation before review.

(II) About the Company and controlling shareholders

The controlling shareholders of the Company strictly follow the "Code of Conduct for Listed Companies", "Listing Rules of Shenzhen Stock Exchange", and "Articles of Association" to regulate shareholder behavior, exercise shareholder rights through the shareholders' meeting, and have not engaged in any behavior that directly or indirectly interferes with the Company's operations and decision-making beyond the shareholders' meeting and the board meetings.

(III) About the directors and the Board of Directors

Currently, the Company has 9 members on the Board of Directors, including 3 independent directors. The number and composition of the Board of Directors meet the requirements of laws and regulations. All directors of the Company fulfill their duties with integrity and diligence in accordance with the requirements of maximizing the interests of the Company and shareholders. The independent directors of the Company strictly abide by the provisions of the Articles of Association, the Rules of Procedure of the Board of Directors, and the Work System of Independent Directors, actively participate in the Company's decision-making, express independent opinions on many major issues, and fully play the unique functions of independent directors.

The Board of Directors has established a strategy committee, an audit committee, a nomination committee, a remuneration & assessment committee, and a specialized meeting for independent directors. Each specialized committee strictly adheres to relevant regulations and fulfills its responsibilities, effectively strengthening the standardized operation of the Company's Board of Directors.

The Company has established a diversified board policy, considering the diversity of board members from multiple aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, and service tenure. 44% of the board members are female directors, and both the Chairman and the CFO are female. The Company will achieve effective protection of the rights and interests of shareholders, especially small and medium-sized shareholders, through institutional arrangements and procedural safeguards.

(IV) About the supervisors and Board of Supervisors

Currently, Board of Supervisors of the Company is composed of three supervisors, including one employee representative supervisor, which is not less than one-third of all supervisors. The Company's supervisors strictly follow the requirements of the "Rules of Procedure for the Board of Supervisors" and other regulations, conscientiously fulfill their responsibilities, and effectively supervise and express opinions on major issues, financial conditions, and the performance of directors and managers of the Company.

(V) About the management

The responsibilities of the Company's General Managers and other senior management personnel are clear, and they strictly follow various management systems such as the Company's Articles of Association and the General Manager's work rules to fulfill their duties. They are diligent and responsible and can implement and execute the resolutions of the Board of Directors effectively. The

appointment process of the management is standardized and strictly executed in accordance with relevant laws, regulations, and corporate institutions.

(VI) About information disclosure

The Company shall disclose relevant information truthfully, accurately, completely, and in a timely manner in accordance with the Shenzhen Stock Exchange Listing Rules, Articles of Association, Management Measures for Information Disclosure of Listed Companies, and Investor Relations Management System, and ensure that all shareholders have a fair opportunity to obtain information.

(VII) About relevant stakeholders

The Company fully respects and safeguards the legitimate rights and interests of relevant stakeholders, achieves coordination and balance of interests among shareholders, employees, society, and other parties, and jointly promotes the sustained, stable, and healthy development of the Company.

(VIII) About performance evaluation and incentive and constraint mechanisms

The Company is gradually improving and establishing fair and transparent performance evaluation standards and incentive and constraint mechanisms for directors, supervisors, and senior management. The appointment of senior management personnel is open and transparent, in accordance with laws and regulations.

Is there a significant difference between the actual situation of corporate governance and the laws, administrative regulations, and regulations on corporate governance issued by the China Securities Regulatory Commission?

☐ Yes ☒ No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations, and provisions on corporate governance issued by the China Securities Regulatory Commission.

II. The independent situation of the Company corresponding to its controlling shareholders and actual controllers in guaranteeing the Company's assets, personnel, finance, institutions, business, and other aspects

Since its establishment, the Company has strictly operated in accordance with the requirements of laws and regulations such as the Company Law and the Articles of Association, and gradually established a sound corporate governance structure. The Company is independent from its controlling shareholders in terms of business, personnel, assets, institutions, finance, etc., and has independent and complete business and independent operating capabilities.

(I) Business independence

The Company has a complete procurement, production, sales, and R&D system, a complete business system, and the ability to operate independently in the market, without relying on shareholders or any other related parties.

(II) Personnel independence

The appointment and removal of senior management personnel such as directors, supervisors, General Managers, deputy General Managers, board secretary, and CFO of the Company is carried out in accordance with the procedures stipulated in the Company Law and other normative documents. There is no personnel appointment or removal decision made by major shareholders beyond the authority of the Company's Board of Directors and shareholders' meeting.

(III) Asset independence

The Company has independent production systems, auxiliary production systems, and supporting facilities, as well as complete and independent procurement, production, sales, and R&D systems. Industrial property rights, trademarks, property ownership, land ownership, and other intangible and tangible assets are all owned by our Company, with property rights clearly defined.

(IV) Institution independence

The Company has a sound organizational system, and the internal institutions such as the shareholders' meeting, Board of Directors, Board of Supervisors, special committees under the Board of Directors and a specialized meeting for independent directors operate independently without interference from other units or individuals.

(V) Finance independence

The Company has a complete and independent financial institution, equipped with sufficient full-time financial personnel, established an independent accounting and financial management system, and opened bank accounts independently for independent tax payment and financial decisions.

III. Peer competition situation

☐ Applicable ☒ Not applicable

IV. Information on the annual shareholders' meeting and extraordinary shareholders' 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
Annual shareholders' meeting in 2022	Annual shareholders' meeting	32.43%	16 May 2023	17 May 2023	<i>Announcement of Resolutions of 2022 Annual Shareholders' Meeting (2023-033)</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.
The first extraordinary shareholders' meeting in 2023	Extraordinary shareholders' meeting	29.72%	20 September 2023	21 September 2023	<i>Announcement of Resolutions of the First Extraordinary Shareholders' Meeting in 2023 (2023-061)</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.
The second extraordinary shareholders' meeting in 2023	Extraordinary shareholders' meeting	30.52%	11 December 2023	12 December 2023	<i>Announcement of Resolutions of the Second Extraordinary Shareholders' Meeting in 2023 (2023-080)</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. Request for convening of extraordinary general meeting by preference shareholders with recovered voting rights.

☐ Applicable ☒ Not applicable

V. Situation of directors, supervisors, and senior management personnel

1. Basic information

Name	Gender	Age	Position	Term status of office	Starting date of term	Ending date of term	Number of shares held at the beginning of the period (shares)	Number of shares increased in this period (shares)	Number of shares reduced in this period (shares)	Other changes in increase or decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase/decrease changes in shares
Wang Yingmei	Female	59	Chairman of the Board	Incumbent	15 July 2007	8 August 2025	144,248,400				144,248,400	
He Kuang	Male	35	Director	Incumbent	11 July 2019	8 August 2025	0				0	
			General Manager	Incumbent	18 September 2020	8 August 2025						
Chen Lijie	Female	52	Director	Incumbent	15 July 2007	8 August 2025	1,140,817				1,140,817	
			CFO, Deputy General Manager	Incumbent	7 November 2014	8 August 2025						
Jin Yizhong	Male	46	Director	Incumbent	25 September 2010	8 August 2025	180,037				180,037	
			Deputy General Manager	Incumbent	19 October 2013	8 August 2025						
Shao Hongming	Male	45	Director	Incumbent	8 August 2022	25 January 2024	238,695				238,695	
Wang Lirong	Female	43	Director	Incumbent	8 August 2022	8 August 2025	0				0	
Liu Zhiqiang	Male	49	Independent director	Incumbent	11 July 2019	8 August 2025	0					
Zheng Feng	Female	58	Independent director	Incumbent	11 December 2023	8 August 2025	0				0	
Zhang Weikun	Male	55	Independent director	Incumbent	8 August 2022	8 August 2025	0				0	
Zhang Zhengqiu	Male	60	Supervisor	Incumbent	11 July 2019	8 August 2025	248,403				248,403	
Zhang Xiaohua	Male	54	Supervisor	Incumbent	19 October 2013	8 August 2025	0				0	
Dai Huibin	Male	39	Supervisor	Incumbent	8 August 2022	8 August 2025	0				0	
Zhang	Male	37	Secretary	Incumbent	19 January	8 August	336				336	

Name	Gender	Age	Position	Term status of office	Starting date of term	Ending date of term	Number of shares held at the beginning of the period (shares)	Number of shares increased in this period (shares)	Number of shares reduced in this period (shares)	Other changes in increase or decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase/decrease changes in shares
Jiangshan			of the Board of Directors, Deputy General Manager		2018	2025						
Wang Chunhua	Male	59	Deputy General Manager	Incumbent	8 August 2016	8 August 2025	247,462				247,462	
Huang Jinfeng	Male	59	Deputy General Manager	Incumbent	8 August 2016	8 August 2025	0				0	
Wei Hegeng	Male	49	Deputy General Manager	Incumbent	8 August 2016	8 August 2025	0				0	
Wang Zichen	Male	37	Deputy General Manager	Incumbent	11 July 2019	8 August 2025	0				0	
Xu Yongbin	Male	62	Independent director	Leaving office	11 July 2019	11 December 2023	0				0	
Total	--	--	--	--	--	--	146,304,150	0	0	0	146,304,150	--

Is there any situation during the reporting period where directors and supervisors left office and senior management personnel were dismissed during their term of office

☒ Yes ☐ No

The Measures for the Administration of Independent Directors of Listed Companies issued by the China Securities Regulatory Commission stipulate that "in principle, independent directors shall serve as independent directors in a maximum of three domestic listed companies." Mr. Xu Yongbin, as he has served as independent directors in more than three domestic listed companies, applies to resign from his position as an independent director of the sixth Board of Directors of the Company.

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

☒ Applicable ☐ Not applicable

Name	Position held	Type	Date	Reason
Xu Yongbin	Independent director	Leaving office	11 December 2023	He resigned from the position of director due to serving as an independent director in more than three domestic listed companies.
Zheng Feng	Independent director	Elected	11 December 2023	Ms. Zheng Feng was elected as an independent director of the Company at the second extraordinary shareholders' meeting in 2023.

2. Employment situation

The current directors, supervisors, and senior management of the Company have professional backgrounds, major work experiences, and current main responsibilities in the Company

1. Board members

Wang Yingmei: Female, Chinese nationality, without permanent overseas residency, 59 years old, EMBA, senior economist. From 1987 to 1992, she served as a technician at Huangyan Chemical Plant No. 4; from 1992 to 1997, she served as the director of Xingchen Chemical Plant in Linhai City; from 1997 to 1999, she served as the director of Yongli Fine Chemical Plant in Linhai City; from 1999 to 2007, she served as the Chairman of Zhejiang Yongtai Chemical Co., Ltd.; since 2007, she has served as the Chairman of our Company. Currently, she is the Chairman of the Company and concurrently serves as the Executive Director and General Manager of Zhejiang Yongtai New Energy Materials Co., Ltd.; Executive Director of Zhejiang Yongtai New Materials Co., Ltd.; Executive Director of Zhejiang Chiral Pharmaceutical Co., Ltd.; Supervisor of Binhai Yongtai Technology Co., Ltd.; Director of Shanghai Keling Medical Technology Co., Ltd.; Director of Shaowu Yongtai Hi-tech Materials Co., Ltd.; Executive Director and General Manager of Zhejiang Yongtai Trading Co., Ltd.; Executive Director and General Manager of Zhejiang Yongtai Fule Technology Co., Ltd.

He Kuang: Male, Chinese nationality, without permanent overseas residency, 35 years old, doctoral degree. From 2015 to 2017, he served as the President of Youngtech Pharmaceuticals; from 2016 to 2019, he served as a researcher of Institute of Metals, Chinese Academy of Sciences; from 2017 to present, he served as the General Manager of the Pharmaceutical Division of our Company; he served as a director of the Company from July 2019 to September 2020; he served as a director and General Manager of the Company since September 2020. Currently, he is the director and General Manager of our Company and General Manager of the Pharmaceutical Division, and the General Manager of Zhejiang Chiral Pharmaceutical Co., Ltd. as well. He is the Executive Director and General Manager of Hangzhou Yongtai Biopharmaceutical Co., Ltd. and the Executive Director and General Manager of Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd.

Chen Lijie: Female, Chinese nationality, without permanent overseas residency, 52 years old, college degree, economist. From 1992 to 1998, she served as a financial person of Zhejiang Jianshiba Group. From 1999 to 2007, she served as the Finance Manager of Zhejiang Yongtai Chemical Co., Ltd. From 2007 to June 2012, she served as a Director and CFO of the Company. From June 2012 to October 2014, she served as a Director and Chief Personnel Officer of the Company. She has been serving as a director and CFO of our Company since November 2014. Currently, she is the director, CFO, and Deputy General Manager of the Company, as well as the supervisor of Zhejiang Yongtai New Materials Co., Ltd., the Supervisor of Zhejiang Chiral Pharmaceutical Co., Ltd., the Supervisor of Inner Mongolia Yongtai Chemical Co., Ltd., the Supervisor of Jiangsu Subin Biological and Agrochemical Co., Ltd., the Supervisor of Zhejiang Yongtai Pharmaceutical Co., Ltd., the Supervisor of Zhejiang Yongtai New Energy Materials Co., Ltd., the Director of Chongqing Yongyuansheng Technology Co., Ltd., the Supervisor of Inner Mongolia Hehui Technology Co., Ltd., the Supervisor of Shandong Yonghong Lithium Industry Technology Co., Ltd.

Jin Yizhong: Male, Chinese nationality, without permanent overseas residency, 46 years old, bachelor's degree, engineer. From 2001 to 2003, he served as a technician at Hangzhou Hanghua Ink Chemistry Co., Ltd.; from 2003 to 2006, he served as the Sales Manager of Taizhou Feiyue Textile Printing and Dyeing Co., Ltd.; from July 2007 to September 2010, he served as the supervisor and assistant to the General Manager of the Company. From September 2010, he served as a director of the Company; and from October 2013, he served as the Deputy General Manager of the Company. Currently, he is a director and Deputy General Manager of our Company, as well as the Executive Director and General Manager of Jiangsu Subin Biochemical Co., Ltd.; the Executive Director of Foshan Soin Chiralpharma Co., Ltd.; the Chairman of the Board of Supervisors of Chongqing Yongyuansheng Technology Co., Ltd.; the Supervisor of Shanghai E-Tong Chemical Co., Ltd.; the Supervisor of Zhejiang Yongtai Fule Technology Co., Ltd.

Shao Hongming: Male, Chinese nationality, without permanent overseas residency, 45 years old, college degree. He had been employed in our Company since 2000, serving as a test technician, deputy manager, manager, supervisor, and technical director in the Technical R&D Department. He served as a director of the Company from August 2016 to January 2024. Since June 2017, he served as the Deputy President of Yongtai Research Institute. Currently, he serves as the Deputy President of our Company's Yongtai Research Institute and a director of Chongqing Yongyuansheng Technology Co., Ltd. as well.

Wang Lirong: Female, Chinese nationality, without permanent overseas residency, 43 years old, bachelor's degree, assistant economist. From 2003 to 2005, she worked as a sales assistant at Qingdao Haier Kaili Refrigeration Equipment Co., Ltd. She has been employed in our Company since December 2005 and has served as the Deputy Manager, Manager, Deputy Director of Sales, and Supervisor of the Sales Department. She has served as the Sales Director of our Company since February 2019 and a director of the Company since August 2022. Currently he is a Director and Sales Director of our Company.

Zheng Feng: Female, Chinese nationality, without permanent overseas residency, 58 years old, bachelor's degree. From August 1987 to January 2003, she served as a clerk and deputy manager in the Management Department of Taizhou Branch of China Foreign Trade Transport Corporation; from February 2003 to January 2011, she served as a legal partner at Zhejiang Liqun Law Firm; from March 2011 to present, she served as a senior partner at Zhejiang Duolian Law Firm. She has been serving as an independent director of the Company since December 2023.

Liu Zhiqiang: Male, Chinese nationality, without permanent overseas residency, 49 years old, doctoral degree, postdoctoral fellow at New York University in the United States. He served as the Deputy Director of the Key Laboratory of Bioorganic Synthesis Technology in Zhejiang Province and the Head of the Key Discipline of Zhejiang Biochemical Industry formerly. Currently, he is

a professor in Zhejiang University of Technology, executive deputy director of Zhejiang Key Laboratory of Bioorganic Synthesis Technology, deputy director of the National and Local Joint Engineering Research Center for Chiral Biomanufacturing, deputy director of the cultivation base of the State Key Laboratory of Green Chemical Synthesis Technology, and secretary general of Zhejiang Society of Bioengineering. He has been serving as an independent director of the Company since July 2019.

Zhang Weikun: Male, Chinese nationality, without permanent overseas residency, 55 years old, bachelor's degree, senior accountant. Since May 2011, he has served as a teacher, director of the Accounting Teaching and Research Office, head of the Training Department, and office director at the School of Accounting and Finance at Taizhou Vocational College of Science and Technology. He has been serving as an independent director of the Company since August 2022.

2. Members of the Board of Supervisors

Zhang Zhengqiu: Male, Chinese nationality, without permanent overseas residency, 60 years old, college degree, engineer. From 1981 to 1999, he worked in the Quality Inspection Department of Huangyan Pesticide Plant; he worked at our Company from 1999 to September 2010 and held positions such as Quality Dept. Manager, Deputy General Manager, and Union Chairman; he engaged in personal trade and business activities from October 2010 to November 2012; from December 2012 to July 2019, he served as the EHS Director and Deputy General Manager of our Company. He has been serving as the Chairman of the Board of Supervisors of our Company since July 2019. Currently, he is the Chairman of the Board of Supervisors of our Company and serves as the Supervisor of Zhejiang Yongtai Trading Co., Ltd as well.

Zhang Xiaohua: Male, Chinese nationality, without permanent overseas residency, 54 years old, high school education, assistant engineer. From 1996 to 2007, he served as the Workshop Director and Production Dept. Deputy Manager of Zhejiang Xieshi Chemical Co., Ltd. He has been employed in our Company since 2008, serving as the Workshop Director, Production Dept. Deputy Manager, and director of Linhai Production Base Plant 2. He has been serving as a supervisor of our Company since October 2013. Currently, he is the supervisor of our Company and serves as the Executive Director and General Manager of Inner Mongolia Hehui Technology Co., Ltd as well.

Dai Huibin: Male, Chinese nationality, without permanent overseas residency, 39 years old, bachelor's degree, assistant engineer. He has been employed in our Company since 2008 and has served as a Technical Center technician, Workshop Director, Production Dept. Manager, and Deputy Director of Linhai Production Base Plant 2. Currently, he is the supervisor of our Company and the director of Linhai Production Base Plant 2.

3. Senior management personnel

He Kuang: The General Manager of our Company. Please refer to the introduction of the Board members for his main work experience.

Chen Lijie: The Chief Financial Officer and Deputy General Manager of our Company. Please refer to the introduction of the Board members for her main work experience.

Jin Yizhong: Deputy General Manager of our Company. Please refer to the introduction of the Board members for her main work experience.

Wang Chunhua: Male, Chinese nationality, without permanent overseas residency, 59 years old, master, senior engineer, practicing pharmacist. From 1986 to 1989, he worked at the Drug Supervision and Inspection Institute of Jiaojiang District, Taizhou City, Zhejiang Province; from 1989 to 2010, he worked at Zhejiang Jiuzhou Pharmaceutical Co., Ltd., serving as the head of the Quality Inspection Department, manager of the Quality Assurance Department, and Deputy General Manager (Quality). He started working in our Company from July 2010 and served as the Deputy General Manager from July 2010 to September 2013, a director and quality director from October 2013 to August 2016, and the Deputy General Manager since August 2016.

Huang Jinfeng: Male, Chinese nationality, without permanent overseas residency, 59 years old, bachelor's degree, engineer, senior economist. From 1985 to 2011, he served as a technician, Workshop Director, Production Dept. head, Engineering Dept head, technical director, and Deputy General Manager at Zhejiang Tianyitang Pharmaceutical Co., Ltd.; from 2012 to 2013, he served as the General Manager of Yunnan Kang'enbei Plant Pharmaceutical Co., Ltd. He has been serving as the Deputy General Manager of our Company since August 2016. Currently, he is the Deputy General Manager of our Company and serves as the Executive Director and General Manager of Zhejiang Yongtai Pharmaceutical Co., Ltd as well.

Wei Hegeng: male, Chinese nationality, without permanent overseas residency, 49 years old, master, senior engineer, practicing pharmacist. From August 1999 to July 2015, he worked at Zhejiang Haizheng Pharmaceutical Co., Ltd.; he worked at Jiangxi Xiangtai Pharmaceutical Co., Ltd. from August 2015 to May 2016. He has been serving as the Deputy General Manager of our Company since August 2016. He served as a director of the Company since February 2024. Currently, he is a director and Deputy General Manager of our Company and serves as an Executive Director of Inner Mongolia Yongtai Chemical Co., Ltd as well.

Zhang Jiangshan: Male, Chinese nationality, without permanent overseas residency, 37 years old, bachelor's degree, accountant, economist, registered accountant. From 2009 to 2012, he served as the project manager of Zhejiang Branch of BDO CHINA Shu Lun Pan Certified Public Accountants LLP; from 2012 to 2013, he served as an industry and financial risk assessor in the Risk Assessment Department of Xiamen International Bank Co., Ltd.; from 2013 to 2016, he served as Senior Manager of the Credit Management Department of Xiamen Jianfa Co., Ltd. He has been employed by our Company since 2016, serving as the Manager of the Securities Investment Department and Assistant General Manager. He has been serving as the Deputy General Manager and Secretary of the Board of Directors of our Company since January 2018. Currently, he is the Deputy General Manager and

Secretary of the Board of Directors of our Company and serves as the Supervisor of Shanghai Keling Medical Technology Co., Ltd as well.

Wang Zichen: Male, Chinese nationality, without permanent overseas residency, 37 years old, bachelor's degree. He has been employed in our Company since 2010, serving as an Information Disclosure Specialist in the Securities Investment Department, Assistant to the Investment Center Manager, EHS Director, and Assistant to the General Manager. He has been serving as the Deputy General Manager of our Company since July 2019. Currently, he is the Deputy General Manager of our Company and serves as the Supervisor of Zhejiang Yongtai Chiral Pharmaceutical Technology Co., Ltd., Executive Director, General Manager, and Financial Manager of Hainan Xinhui Mining Co., Ltd.

Employment in shareholder unit

☒ Applicable ☐ Not applicable

Name of employed person	Name of shareholder unit	Positions held in shareholder unit	Starting date of term	Ending date of term	Whether to receive remuneration or allowances from shareholder unit
Wang Yingmei	Zhejiang Yongtai Technology Holdings Co., Ltd.	Executive Director and Manager	1 February 2007		No
He Renbao	Zhejiang Yongtai Technology Holdings Co., Ltd.	Supervisor	1 February 2007		No
Explanation on employment in shareholder unit	Ms. Wang Yingmei and Mr. He Renbao jointly hold 100% equity of Zhejiang Yongtai Holdings Co., Ltd.				

Employment in other units

☒ Applicable ☐ Not applicable

Name of employed person	Name of other units	Positions held in other units	Starting date of term	Ending date of term	Do you receive remuneration and allowances from other units?
Wang Yingmei	Zhejiang Kedi Yongcheng New Material Co., Ltd.	Executive Director , Manager	25 July 2011		No
Wang Yingmei	Zhejiang Menghai (Inner Mongolia) Holding Co., Ltd	Supervisor	9 January 2020		No
Wang Yingmei	Taizhou Yongtai Eaton Enterprise Management Consulting Co., Ltd	Executive Director , Manager	9 March 2020		No
Wang Yingmei	Zhejiang Furuida New Material Co., Ltd.	Supervisor	2 April 2022		No
He Kuang	Taizhou Youmu Catering Enterprise Management Co., Ltd	Supervisor	5 May 2016		No
He Kuang	Taizhou Xianruwei Cooking and Catering Management Co., Ltd	Supervisor	10 October 2018		No

Name of employed person	Name of other units	Positions held in other units	Starting date of term	Ending date of term	Do you receive remuneration and allowances from other units?
Wang Zichen	DeqingYongtai Biotechnology Co., Ltd	Supervisor	31 December 2015		No
Zhang Weikun	Zhejiang TaihongWanli Technology Co., Ltd	Independent director	3 July 2023		Yes
Zhang Weikun	Zhejiang Gongdong Medical Equipment Co., Ltd	Independent director	6 November 2023	5 November 2026	Yes
Zheng Feng	Zhejiang Night Bright Optoelectronic Technology Co., Ltd	Independent director	19 January 2022	14 May 2024	Yes
Explanation on employment in other units	None.				

Punishment by securities regulatory authorities in the past three years for the current directors, supervisors, and Senior Management Personnel and those leaving the Company during the reporting period

☐ Applicable ☒ Not applicable

3. Remuneration of directors, supervisors, and senior management personnel

Decision making process, determination basis, and actual payment situation of remuneration for directors, supervisors, and senior management personnel

1. Decision making procedure: In accordance with the relevant provisions of the Company's Articles of Association and the Management System for Remuneration and Allowances of Directors, Supervisors and Senior Management Personnel, the remuneration of the Company's directors and supervisors shall be decided by the shareholders' meeting, and the remuneration of senior management personnel shall be decided by the Board of Directors.

2. Basis for determination: Internal directors and supervisors shall be paid for their salaries based on their specific positions in the Company, combined with the overall efficiency, industry, relevant remuneration system, and performance evaluation results of the Company. Independent directors receive their remuneration in the Company in the form of fixed allowances.

3. Actual payment situation: During the reporting period, the remuneration of directors, supervisors, and senior management personnel has been partially distributed..

Remuneration of directors, supervisors, and senior management Personnel of the Company during the reporting period

Unit: RMB 10,000

Name	Gender	Age	Position	Term status of office	Total pre-tax remuneration received from the Company	Whether to receive remuneration from related parties of the Company?
Wang Yingmei	Female	59	Chairman of the Board	Incumbent	120	No
He Kuang	Male	35	Director, General Manager	Incumbent	120	No
Chen Lijie	Female	52	Director, CFO, Deputy General Manager	Incumbent	60	No
Jin Yizhong	Male	46	Director, Deputy General Manager	Incumbent	60	No

Name	Gender	Age	Position	Term status of office	Total pre-tax remuneration received from the Company	Whether to receive remuneration from related parties of the Company?
Shao Hongming	Male	45	Director	Incumbent	60	No
Wang Lirong	Female	43	Director	Incumbent	40	No
Liu Zhiqiang	Male	49	Independent director	Incumbent	10	No
Zheng Feng	Female	58	Independent director	Incumbent	0.83	No
Zhang Weikun	Male	55	Independent director	Incumbent	10	No
Zhang Zhengqiu	Male	60	Supervisor	Incumbent	55	No
Zhang Xiaohua	Male	54	Supervisor	Incumbent	55	No
Dai Huibin	Male	39	Supervisor	Incumbent	47.16	Yes
Zhang Jiangshan	Male	37	Secretary of the Board of Directors, Deputy General Manager	Incumbent	60	No
Wang Chunhua	Male	59	Deputy General Manager	Incumbent	55	No
Huang Jinfeng	Male	59	Deputy General Manager	Incumbent	60	No
Wei Hegeng	Male	49	Deputy General Manager	Incumbent	60	No
Wang Zichen	Male	37	Deputy General Manager	Incumbent	55	No
Xu Yongbin	Male	62	Independent director	Leaving office	10	No
Total	--	--	--	--	937.99	--

Explanation on other situations

☐ Applicable ☒ Not applicable

VI. Performance of duties by directors during the reporting period

1. Situation of the Board of Directors during this reporting period

Session of the meeting	Date of holding the meeting	Disclosure date	Meeting resolution
The Fourth Session of the Sixth Board of Directors	30 March 2023	31 March 2023	<i>Announcement of Resolutions of the 4th Meeting of the 6th Board of Directors (2023-010)</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.

Session of the meeting	Date of holding the meeting	Disclosure date	Meeting resolution
The Fifth Session of the Sixth Board of Directors	25 April 2023	26 April 2023	<i>Announcement of Resolutions of the 5th Meeting of the 6th Board of Directors (2023-016)</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.
The Sixth Session of the Sixth Board of Directors	4 May 2023	5 May 2023	<i>Announcement of Resolutions of the 6th Meeting of the 6th Board of Directors (2023-029)</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.
The Seventh Session of the Sixth Board of Directors	12 July 2023	13 July 2023	<i>Announcement of Resolutions of the 7th Meeting of the 6th Board of Directors (2023-044)</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.
The Eighth Session of the Sixth Board of Directors	30 August 2023	31 August 2023	<i>Announcement of Resolutions of the 8th Meeting of the 6th Board of Directors (2023-055)</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.
The Ninth Session of the Sixth Board of Directors	27 October 2023	-	-
The Tenth Session of the Sixth Board of Directors	20 November 2023	21 November 2023	<i>Announcement of Resolutions of the 10th Meeting of the 6th Board of Directors (2023-073)</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.
The Eleventh Session of the Sixth Board of Directors	11 December 2023	12 December 2023	<i>Announcement of Resolutions of the 11th Meeting of the 6th Board of Directors (2023-081)</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. Attendance of directors at board meetings and shareholders' meeting

Attendance of directors at board meetings and shareholders' meeting							
Name of director	Number of times that shall attend the board meetings during this reporting period	Number of times attending board meetings on-site	Number of times attending board meetings through communication	Number of times entrusting someone else to attend board meetings	Number of absences from board meetings	Have you not personally attended board meetings for two consecutive times?	Number of times attending shareholders' meeting
Wang Yingmei	8	8	0	0	0	No	3
He Kuang	8	8	0	0	0	No	3

Attendance of directors at board meetings and shareholders' meeting							
Name of director	Number of times that shall attend the board meetings during this reporting period	Number of times attending board meetings on-site	Number of times attending board meetings through communication	Number of times entrusting someone else to attend board meetings	Number of absences from board meetings	Have you not personally attended board meetings for two consecutive times?	Number of times attending shareholders' meeting
Chen Lijie	8	8	0	0	0	No	3
Jin Yizhong	8	8	0	0	0	No	3
Shao Hongming	8	8	0	0	0	No	3
Wang Lirong	8	8	0	0	0	No	3
Zheng Feng	1	1	0	0	0	No	1
Liu Zhiqiang	8	2	6	0	0	No	3
Zhang Weikun	8	3	5	0	0	No	3
Xu Yongbin	7	1	6	0	0	No	3

Explanation on not attending the board meetings personally for two consecutive times

Not applicable

3. Objections raised by directors regarding matters related to the Company

Whether the directors raise objections to the matters related to the Company

☐ Yes ☒ No

The directors did not raise any objections to the matters related to the Company during the reporting period.

4. Other explanations on the performance of duties by directors

Whether the director's suggestions regarding the Company have been adopted

☒ Yes ☐ No

Explanation from directors on whether the Company's relevant suggestions have been adopted or not

During the reporting period, the directors of the Company strictly carried out their work in accordance with the relevant regulations of the China Securities Regulatory Commission, the Articles of Association, the Rules of Procedure of the Board of Directors, and the Work System of Independent Directors. They performed their duties honestly, diligently, responsibly, and faithfully, actively participated in corporate governance and decision-making activities, and provided professional opinions on the system improvement and business development decisions of the Company.

VII. The situation of the special committee under the Board of Directors during the reporting period

Committee name	Membership situation	Number of meetings held	Date of holding the meeting	Meeting content	Important opinions and suggestions put forward	Other performance of responsibilities	Specific situation of objection matters (if any)
Audit Committee	Adjustments have been made to the members of the audit committee in this period. Before adjustment: Xu Yongbin, Wang Yingmei, He Kuang, Liu Zhiqiang, Zhang Weikun; after adjustment: Zhang Weikun, Liu Zhiqiang, Zheng Feng, Wang Yingmei, Shao Hongming	4	14 April 2023	Deliberate the 2023 Audit Plan, 2022 Internal Audit Work Report, 2022 Annual Report and its abstract, 2022 Important Matters Inspection Report, 2022 Internal Control Self-Evaluation Report, Proposal on Carrying out Foreign Exchange Hedging Business, Proposal on Renewing the 2023 Audit Institution, First Quarter Report of 2023, and First Quarter Internal Audit Work Report of 2023	The Audit Committee strictly carried out its work in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Audit Committee of the Board of Directors. They are diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
			18 August 2023	Deliberate the "2023 Semi-Annual Report and Summary", "2023 Q2 Internal Audit Work Report", "2023 Semi-Annual Important Matters Inspection Report", "Proposal on Carrying out Commodity Futures Hedging Business", and "Proposal on Feasibility Analysis Report on Carrying out Commodity Hedging Business".	The Audit Committee strictly carried out its work in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Audit Committee of the Board of Directors. They are diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
			24 October 2023	Deliberate the 2023 Q3 Report and the 2023 Q3 Internal Audit Work Report.	The Audit Committee strictly carried out its work in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Audit Committee of the Board of Directors. They are diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
			11 December 2023	Deliberate the Proposal on Electing Mr. Zhang Weikun as the Convenor of the 6th Audit Committee.	The Audit Committee strictly carried out its work in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Audit Committee of the	None	None

Committee name	Membership situation	Number of meetings held	Date of holding the meeting	Meeting content	Important opinions and suggestions put forward	Other performance of responsibilities	Specific situation of objection matters (if any)
					Board of Directors. They are diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.		
Nomination Committee	The members of the Nomination Committee have been adjusted in this period. Before adjustment: Liu Zhiqiang, Wang Yingmei, Xu Yongbin; after adjustment: Liu Zhiqiang, Zheng Feng, Wang Yingmei	1	17 November 2023	Deliberate the Proposal on the Byelection of Independent Directors for the 6th Board of Directors.	The Nomination Committee strictly operated in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Nomination Committee of the Board of Directors. It is diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
Remuneration and Assessment Committee	The members of the Remuneration and Assessment Committee were adjusted in this period. Before adjustment: Zhang Weikun, Xu Yongbin, Liu Zhiqiang; after adjustment: Zheng Feng, Liu Zhiqiang, Zhang Weikun	2	14 April 2023	Deliberate the Proposal on Performance Assessment of Directors and Senior Management Personnel of the Company for 2022 and the Proposal on Remuneration Plan for Directors and Senior Management Personnel for 2022.	The Remuneration and Assessment Committee strictly followed the Company Law, regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Remuneration and Assessment Committee of the Board of Directors to carry out its work. It is diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
			11 December 2023	Deliberate the Proposal on Electing Ms. Zheng Feng as the Convenor of the 6th Remuneration and Assessment Committee.	The Remuneration and Assessment Committee strictly followed the Company Law, regulatory rules of the China Securities Regulatory Commission, the Articles of Association, and the Implementation Rules of the Remuneration and Assessment Committee of the Board of Directors to carry out its work. It is diligent and responsible, put forward relevant opinions based on the actual situation of the Company, and unanimously passed all proposals.	None	None
Strategic Committee	The members of the Strategy Committee were adjusted in this period.	0	-	-	-	-	-

Committee name	Membership situation	Number of meetings held	Date of holding the meeting	Meeting content	Important opinions and suggestions put forward	Other performance of responsibilities	Specific situation of objection matters (if any)
	Before adjustment: Wang Yingmei, He Kuang, Xu Yongbin, Liu Zhiqiang, Zhang Weikun; after adjustment: Wang Yingmei, He Kuang, Liu Zhiqiang, Zhang Weikun, Zheng Feng						

VIII. Work situation of the Board of Supervisors

The Board of Supervisors discovered any risks of the Company in the supervisory activities during the reporting period.

☐ Yes ☒ No

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

IX. Employee situation of the Company

1. Number of employees, professional composition, and education level

Number of current employees of the Parent Company at the end of the reporting period (persons)	1,083
Number of current employees in major subsidiaries at the end of the reporting period (persons)	2,510
Total number of current employees at the end of the reporting period (persons)	3,593
Total number of employees receiving remuneration in the current period (persons)	3,593
Number of retired employees whose expenses need to be borne by the Parent Company and major subsidiaries (persons)	0
Professional composition	
Professional composition category	Number of professional composition (persons)
Production personnel	1,940
Sales personnel	184
Technical personnel	612
Financial personnel	66

Administrative personnel	791
Total	3,593
Education level	
Education level category	Quantity (persons)
Junior college or above	1,503
Below junior college	2,090
Total	3,593

2. Remuneration policy

Based on the Company's development strategy and business plan, we determine "ability and performance" as the cornerstone of remuneration, adhere to the connection between income and personal ability, and motivate employees to improve their own leadership and professional abilities; adhere to the connection between income and performance, and closely link employee interests with Company development.

3. Training plan

With the Company culture as the basis, with a focus on improving the actual job skills and work performance of employees, we establish a training mechanism with Company characteristics, comprehensively promote employee growth and development, and enhance the overall competitiveness of the employee team, so that training work can effectively promote the achievement of the Company's business strategy targets.

4. Labor outsourcing situation

☐ Applicable ☒ Not applicable

X. The Company's information on profit distribution and conversion of capital reserve fund into share capital

The development, implementation, or adjustment of profit distribution policies, especially cash dividend policies, during the reporting period

☒ Applicable ☐ Not applicable

The Company held its annual shareholders' meeting for 2022 on 16 May 2023, and approved the "2022 Profit Distribution Plan". Based on the total share capital of 876,566,295 shares as of 31 December 2022, a cash dividend of RMB 1.00 (including tax) will be distributed to all shareholders for every 10 shares, totaling RMB 87,656,629.50 (including tax), without bonus shares or conversion of provident funds to share capital. The profit distribution has been completed on 25 May 2023.

During the reporting period, the Company's cash dividend policy and implementation complied with the provisions of the Company's Articles of Association, the Company's Shareholder Return Plan for the Next Three Years (2021-2023), and the resolution requirements of the shareholders' meeting. The relevant decision-making procedures and mechanisms were complete, and independent directors diligently and responsibly expressed their opinions on the profit distribution plan. The profit distribution plan was separately counted for small and medium-sized investors, and their legitimate rights and interests were fully protected.

Special explanation on cash dividend policy	
Whether it complies with the provisions of the Company's Articles of Association or the requirements of the resolution of shareholders' meeting:	Yes
Whether the dividend standards and ratios are clear and explicit:	Yes
Whether the relevant decision-making process and mechanism	Yes

is complete:	
Whether independent directors have fulfilled their duties and played their due roles:	Yes
If the Company does not distribute cash dividends, specific reasons shall be disclosed, as well as the measures to be taken next to enhance investor's return level:	Not applicable
Whether small and medium-sized shareholders have sufficient opportunities to express their opinions and demands, and have their legitimate rights and interests been fully protected:	Yes
If the cash dividend policies are adjusted or changed, whether the conditions and procedures are compliant and transparent:	Not applicable

During the reporting period, the Company was profitable, and the Parent Company had a positive profit available for distribution to shareholders, but no cash dividend distribution plan was proposed.

☐ Applicable ☒ Not applicable

Profit distribution and conversion of capital reserve fund 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 the year.

XI. Implementation of the share incentive scheme, employee stock ownership plan or other employee incentives of the Company

☐ Applicable ☒ Not applicable

There is no share incentive scheme, employee stock ownership plan or other employee incentives and their implementation in the course of the reporting period in the Company.

XII. Internal control system construction and implementation during the reporting period

1. Internal control construction and implementation status

According to the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, the Company has followed the basic principles of internal control, and established and improved the internal control system based on the actual situation of the Company, which has been effectively implemented to reasonably guarantee the legality and compliance of business management and asset safety. The truthfulness and completeness of financial report and related information are conducive to improving the Company's operational efficiency and effectiveness, and promoting the Company to realize the development strategy. The 2023 Internal Control Evaluation Report of the Company reflects the actual situation of the Company's internal control comprehensively, truthfully, and accurately. The Company had no significant or important defects in internal control during the reporting period.

2. Specific situation of major internal control defects discovered during the reporting period

☐ Yes ☒ No

XIII. Management and control of subsidiaries by the Company during the reporting period

Company name	Integration plan	Integration progress	Problems encountered during integration	Solutions adopted	Solution progress	Subsequent solution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control evaluation report or internal control audit report

1. Internal control evaluation report

Disclosure date of the full text of the Internal Control Evaluation Report	26 April 2024	
Disclosure index of the full text of the Internal Control Evaluation Report	Juchao Information Website (http://www.cninfo.com.cn), 2023 Internal Control Evaluation Report	
The proportion of total assets of the units included in the evaluation scope to the total assets of the Company's consolidated financial statements	100.00%	
The proportion of operating income of the units included in the evaluation scope to the operating income of the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial Reports	Non-financial reporting
Qualitative criteria	The signs of significant defects in financial report include: 1) Fraudulent behavior by the Company's directors, supervisors, and senior management; 2) Correction of significant errors in publicly announced financial reports (excluding retrospective adjustments to previous years due to policy changes or other objective factors); 3) Significant misstatements in the current financial statements discovered by certified public accountants but not identified by the Company's internal controls; 4) The audit committee and audit department have ineffective supervision over the Company's external financial reporting and internal control over financial reporting. The signs of important defects in financial reporting include: 1) Failure to select and apply accounting policies in accordance with generally accepted accounting standards; 2) Failure to establish anti-fraud procedures and control measures; 3) Failure to establish or implement corresponding control mechanism and provide corresponding compensatory control for the accounting treatment of	The determination of non-financial reporting defects is mainly based on the degree of impact of defects on the effectiveness of business processes and the likelihood of occurrence. If the likelihood of defect occurrence is low, it will reduce the work efficiency or effectiveness, increase the uncertainty in effectiveness, and make it deviate from the expected target, it is a general defect. If the likelihood of defect occurrence is high, it will significantly reduce work efficiency or effectiveness, significantly increase the uncertainty in effectiveness, and make it significantly deviate from the expected targets, it is an important defect. If the likelihood of defect occurrence is high, it will seriously reduce work efficiency or effectiveness, significantly increase the uncertainty in effectiveness, and make it deviate significantly from the expected targets, it is a significant defect.

	unconventional or special transactions; 4) There are one or more defects in the control of the final financial reporting process and there is no reasonable guarantee that the financial statements prepared can achieve true and complete targets. General defects refer to the control defects other than the significant and important defects mentioned above.	
Quantitative standards	Quantitative standards use operating revenue and total assets as measurement indicators. If the internal control defects may lead to losses or the resulting losses are related to the income statement, they shall be measured by operating income indicators. If the defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 1% of operating income, it is recognized as a general defect. If it exceeds 1% but is less than 2% of operating revenue, it is considered an important defect. If it exceeds 2% of the operating revenue, it is considered a significant defect. If the internal control defects may lead to losses or the resulting losses are related to asset management, they shall be measured by the total asset indicator. If the defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 1% of total assets, it is recognized as a general defect. If it exceeds 1% but is less than 2% of total assets, it is considered an important defect. If it exceeds 2% of total assets, it is considered a significant defect.	Quantitative standards use operating revenue and total assets as measurement indicators. If the internal control defects may lead to losses or the resulting losses are related to profit statements, they shall be measured by operating income indicators. If the defect alone or in conjunction with other defects may result in a loss amount less than 1% of operating income, it is recognized as a general defect. If it exceeds 1% but is less than 2% of operating income, it is considered an important defect. If it exceeds 2% of operating income, it is considered a significant defect. If the internal control defects may lead to losses or the resulting losses are related to asset management, they shall be measured by the total asset indicator. If the defect alone or in conjunction with other defects may result in losses less than 1% of total assets, it is recognized as a general defect. If it exceeds 1% but is less than 2% of total assets, it is considered an important defect. If it exceeds 2% of total assets, it is considered a significant defect.
Number of significant defects in financial report (number)	0	
Number of significant defects in non-financial report (number)	0	
Number of important defects in financial report (number)	0	
Number of important defects in non-financial report (number)	0	

2. Internal control audit report

☒ Applicable ☐ Not applicable

Review comments section in the internal control audit report
We believe that your Company has maintained effective internal control over financial reporting in all material aspects as

of December 31 2023 in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of the full text of the Internal Control Audit Report	26 April 2024
Disclosure index of the full text of the Internal Control Audit Report	Juchao Information Website (http://www.cninfo.com.cn), 2023 Internal Control Audit Report
Types of opinions on internal control audit report	Standard unqualified opinions
Are there significant defects in non-financial report?	No

Whether the accounting firm issues an internal control audit report with non-standard opinions?

☐ Yes ☒ No

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

☒ Yes ☐ No

XV. Rectification of self-inspection issues in the special action on corporate governance of listed companies

Not applicable

Section V Environmental and Social Responsibility

I. Major environmental protection matters

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

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	2015.01.01	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	2018.12.29	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	2022.08.01	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	2018.01.01	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	2018.10.26	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 Pollution From Environmental Noise	2022.06.05	The 32 nd Meeting of the Standing Committee of the 13 th National People's Congress
7	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	2020.09.01	The 17 th Meeting of the Standing Committee of the 13 th National People's Congress
8	Measures for the Administration of Enterprise Environmental Information Disclosure by Law	2022.02.08	Ministry of Ecology and Environment

Environmental protection administrative licensing situation

The sewage discharge permit was issued on 21 December 2021, and it will be valid until 20 December 2026 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 27 November 2023, and is valid until 26 November 2028 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 7 November 2023, and is valid until 6 November 2028 for Inner Mongolia Yongtai.

The sewage discharge permit was issued on 28 October 2022, and is valid until 27 October 2027 for Yongtai Hi-tech.

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 15 January 2024, and is valid until 14 January 2029 for Shandong Yongtai.

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, NOx, SO ₂	Wastewater: indirect discharge Waste gas: organized emissions, unorganized emissions	Wastewater: 2; Waste gas: 3	The wastewater discharge outlets of Plant I are located in the east of the plant, and the waste gas discharge outlets are located in the middle part of the Plant; The discharge outlets of wastewater and waste gas of Plant II are located in the southeast of the Plant	COD: ≤ 500 mg/L; Ammonia nitrogen: ≤ 35 mg/L; VOCs ≤ 100 mg/Nm ³ ; NOx: ≤ 200 mg/Nm ³ ; SO ₂ ≤ 100 mg/Nm ³	<i>Emission Standard of Air Pollutants for Pharmaceutical Industry</i> (GB37823-2019); <i>Emission Standard of Air Pollution for Pharmaceutical Industry Chemical Synthesis Products Category</i> (DB33/310005-2021); Emission Standards for Odor Pollutants (GB14554-93); <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)	COD: 30.986 Ammonia nitrogen: 0.963 VOCs: 13.15 NOx: 0.68	COD: 186.95 Ammonia nitrogen: 13.08 VOCs: 50.4 NOx: 3.996	None
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>Integrated Wastewater Discharge Standard</i> (GB8978-1996) Level 3 standard; DB332015-2016	COD: 1.155571 Ammonia nitrogen: 0.031125	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 , NOx	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 ; NOx ≤ 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 Pollution for</i>	COD: 10.7161 NH ₃ -N: 0.0428 VOCs: 1.462	COD: 32.87 Ammonia nitrogen: 4.93 VOCs: 39.6 SO ₂ : 0.19 NOx: 7.2	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
							<i>Pharmaceutical Industry Chemical Synthesis Products Category</i> (DB33/310005-2021); <i>Emission Standard for Odor Pollutants</i> (GB14554-93)			
Zhejiang Chiral Medicine Chemicals Co., Ltd.	Water pollutants, air pollutants, soil pollutants	COD, ammonia nitrogen, VOCs	Wastewater: intermittent discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 2	Wastewater: In-plant sewage station discharge tank; Waste gas: The exhaust gas discharge outlet of the sewage station in the plant area, the exhaust gas discharge outlet on the top of Workshop 8	COD: 200 mg/L Ammonia nitrogen: 10 mg/L VOCs: 30 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: 16.235 Ammonia nitrogen: 0.8118 VOCs: 4.323	COD: 29.55 Ammonia nitrogen: 2.069 VOCs: 12.365	None
Inner Mongolia Yongtai Chemical Co., Ltd.	Water pollutants, air pollutants, soil pollutants	COD, ammonia nitrogen, SO ₂ , NOx, particulate matter	Wastewater: indirect discharge; Waste gas: organized emission	Wastewater: 1; Waste gas: 10	Wastewater: Discharge outlet in sewage station; Waste gas: 1 RTO discharge outlet, 2 boiler discharge outlets, 1 sewage treatment station discharge outlet, 1 thermal oil furnace discharge outlet, 1 discharge outlet of	Wastewater: COD: ≤ 500 mg/L; Ammonia nitrogen: ≤ 45mg/L; Discharge outlets of boiler and thermal oil furnace: SO ₂ ≤ 50 mg/Nm ³ ; NOx: ≤ 150 mg/Nm ³ ; Particulate matter ≤ 20mg/Nm ³ RTO discharge outlet: SO ₂ ≤ 200 mg/Nm ³ ; NOx: ≤ 200mg/Nm ³ ; Particulate	<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); Standard for Pollution Control of Hazardous Waste Incineration (GB 18484-2020); <i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015)	COD: 14.927984 Ammonia nitrogen: 1.725829 SO ₂ : 1.034219 NOx: 6.04739 Particulate matter: 0.519914	COD: 261.3228 Ammonia nitrogen: 13.2025 SO ₂ : 6.5166 NOx: 92.4234 Particulate matter: 4.32	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
					hazardous waste storage vault, 1 discharge outlet in 1111# workshop, 1 discharge outlet in 1113# workshop, 1 discharge outlet in 1203# workshop, 1 discharge outlet of chloride salt incinerator	matter ≤ 20 mg/Nm ³ ; Discharge outlet of chloride salt incinerator: SO ₂ ≤ 80 mg/Nm ³ ; NOx: ≤ 250 mg/Nm ³ ; Particulate matter ≤ 20 mg/Nm ³ ; Discharge outlet in 1113# workshop: SO ₂ ≤ 100 mg/Nm ³ ; NOx: ≤ 200 mg/Nm ³ ;				
Shaowu Yongtai Hi-tech Material Co., Ltd.	Water pollutants, air pollutants	Particulate matter, SO ₂ , NOx, COD, ammonia nitrogen	Wastewater: indirect discharge; Waste gas: organized emission	Waste gas: 12; Wastewater: 1	The wastewater discharge outlet is located at the southwest entrance of Plant 1 area; Waste gas discharge outlets are distributed in warehouses, production workshops, etc.	Sulfate: $\leq 2,500$ mg/L; Chlorine ion: $\leq 2,500$ mg/L; COD: ≤ 200 mg/L; SS: 100 mg/L; Fluoride: 6 mg/L; Total phosphorus: 2 mg/L; Total nitrogen: ≤ 60 mg/L; Ammonia nitrogen: 40mg/L; Dichloromethane: 0.2 mg/L	<i>Emission Standards of Pollutants for Inorganic Chemical Industry</i> (GB31573-2015); <i>Emission Standards of Pollutants for Petroleum Chemistry Industry</i> (GB31571-2015); <i>Emission Standards for Odor Pollutants</i> (GB14554-93); <i>Emission Standards of Air Pollutants from Boilers</i> (GB/13271-2014); <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 Influent Water Quality Standards of Shaowu Wujiatang Sewage Treatment Plant; <i>Emission Standards of Pollutants for Inorganic</i>	COD: 3.009; ammonia nitrogen: 0.69	COD: 5.557; Ammonia nitrogen: 1.117; Fluoride: 0.313; Dichloromethane: 0.009; Sulfur dioxide: 3.466; Nitrogen oxide: 10.979; Particulate matter: 10.628; Volatile organic compound: 0.735	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
							Chemical Industry (GB31573-2015); Emission Standards of Pollutants for Petroleum Chemistry Industry (GB31571-2015)			
Foshan Soin Chiral Pharma 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 plant	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: Discharge Standard of Water Pollutants for Pharmaceutical Industry Chinese Traditional Medicine Category (GB21906-2008); Drainage Agreement; Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/Compounding and Preparations Category; (GB-21908-2008) Waste gas: Emission Standards for Odor Pollutants (GB14554-93); Emission Standards of Air Pollutants from Boilers (DB44/765-2019); Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019); Emission Limits of Air Pollutants (DB-44/27-2001)	COD: 0.092979 Ammonia nitrogen: 0.00303 SO ₂ : / NO _x : 0.74302 Particulate matter: /	COD: 4.664 Ammonia nitrogen: 0.287 SO ₂ : / NO _x : / Particulate matter: /	None
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	Water pollutants , air pollutants , soil pollutants	COD, ammonia nitrogen, total nitrogen, VOCs	Wastewater: indirect discharge; Waste gas: organized emissions , unorganized emissions	Wastewater: 1; Rainwater : 1; Waste gas: 3	Wastewater: 1 in the sewage station within the plant area; Rainwater: 1 at the south side of the plant area; Waste gas: 1 in the waste gas treatment center and 2 in the boiler room in the plant area	COD: ≤ 500 mg/L; Ammonia nitrogen: ≤ 45 mg/L; Total nitrogen: ≤ 70 mg/L; VOCs ≤ 60 mg/m ³	Integrated Emission Standard for Air Pollutants GB 16297-1996; Emission Standards for Volatile Organic Compounds - Part 6: Organic Chemical DB37/2801.6-2018; Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-	COD: 0.720497 Ammonia nitrogen: 0.034276 Total nitrogen: 0.089778 VOCs: 1.818854	VOCs: 12.96 COD: 3,456.65 Ammonia nitrogen: 89.4915 Total nitrogen: 139.209	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
							2019); Emission Standard for Volatile Organic Compounds and Odor Pollutants from Wastewater Treatment Plants (Stations) of Organic Chemical Enterprises DB37/3161-2018; Integrated Emission Standard for Air Pollutants GB 16297-1996; Boiler Air Pollutant Emission Standard of Shandong Province DB37/2374-2018; <i>Integrated Wastewater Discharge Standard</i> (GB8978-1996); Water Quality Standard for Sewage Discharge into Urban Sewers GB/T31962-2015			

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 1,280 t/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 50,000 m³/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 1# plant 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.

The workshop waste gas is classified and collected by pollution factors; the organic waste gas is 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 is aggregated to a wastewater station for a three-stage spray treatment (acid washing + water washing + alkali washing) after the workshop pretreatment. All waste gas can reach discharge standards after treatment.

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 Hi-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.

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 4 sets of waste gas treatment facilities are in normal use.

Shandong Yongtai constructed a sewage treatment facility with a design scale of 500 m³/d, using a "PH regulation + micro electrolysis + catalytic oxidation + coagulation sedimentation + selective reaction + anaerobic reaction + A/O biochemistry + biochar filtration" treatment process. After the sewage is treated to up-to-standard, it enters the park's sewage pipeline network for treatment by the park's sewage treatment plant. 2 sets of waste gas treatment facilities and 1 set of RTO incinerator were constructed. The treatment process is to pre-treat the waste gas in each workshop and enter the RTO system through the waste gas main pipe (1 stage of alkaline washing + 1 stage of water washing + defogging + RTO incineration + 1 stage of cooling + 1 stage of alkaline washing + 1 stage of alkaline washing). After the waste gas is treated to up-to-standard, it is discharged, with the designed treatment air volume of 25,000 m³/h. A backup system, with a treatment process of pre-treatment in each workshop and entering 1 stage of water spray (with two spray towers, one in use and one for backup) + 1 stage of alkali spray (with two spray towers, one in use and one for backup) + 1 stage of alkali spray + gas-liquid separation + activated carbon adsorption + low-temperature plasma treatment. After the sewage is treated to up-to-standard, it is discharged, with the designed treatment air volume of 20,000 m³/h.

Emergency response plan for abrupt 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 2021 for 2# plant area.

The emergency response plan for abrupt environmental incidents of Yongtai Pharma has been prepared, and the preparation time is February 2021.

The emergency response plan for abrupt environmental incidents of Yongtai Chiral has been prepared, and the preparation time is November 2021.

The preparations of an emergency response plan for abrupt environmental incidents of Zhejiang Chiral is entrusted by Hangzhou Xinzilian Technology Co., Ltd., and the preparation time is 15 September 2022.

The emergency response plan for abrupt environmental incidents of Inner Mongolia Yongtai has been prepared, and the preparation time is 10 May 2023.

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

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

The emergency response plan for abrupt environmental incidents of Shandong Yongtai has been prepared, and the preparation time is July 2022.

Environmental self-monitoring program

YONGTAI TECH. has 30 environmental protection personnel, including 17 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 1# plant 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 the online monitoring system of wastewater and waste gas, and entrusted Hangzhou Tianliang Inspection Technology Co., Ltd. to monitor the waste gas and wastewater every month, and the indicators are in line with the national emission 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 2023 monitoring program, and has entrusted a qualified third party to carry out the monitoring in accordance with the monitoring program.

Yongtai Hi-tech has 16 environmental protection personnel, including 2 testing personnel. There is a laboratory with an area of nearly 2000 m², 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.

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.

Shandong Yongtai entrusted a testing company with testing qualification to conduct regular testing on waste gas and wastewater. The testing frequency is divided into four categories: monthly, quarterly, semi-annual, and annual. The testing indicators all meet the relevant national emission standards.

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 RMB101,438,600, and the environmental protection tax is RMB 51,100 in 2023.

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

☐ Applicable ☒ Not applicable

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
Shaowu Yongtai Hi-tech Material Co., Ltd.	Failure to collect initial rainwater in the plant area according to regulations.	General violations	Fine RMB 56,251 and rectify as required.	No significant impact	Pay fines and make corrections immediately
Shaowu Yongtai Hi-tech Material Co., Ltd.	Failure to construct wastewater resin adsorption facilities of wastewater treatment plant in accordance with environmental impact assessment requirements.	General violations	Fine RMB 257,144 and rectify as required.	No significant impact	Pay fines and make corrections immediately
Chongqing Yongyuansheng Technology Co., Ltd.	A large amount of hazardous waste is stored in salt storage sheds, and the storage location has not taken the protective measures that comply with national environmental protection standards.	Violated the <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i>	Fine of RMB 336,280	No significant impact	Actively rectify and standardize operation

Other environmental information to be disclosed

None.

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.

The Company shall 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 the chemical industry.

Relevant information on environmental accidents occurring in listed companies

None.

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.

The Company shall 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 the chemical industry.

The Company has always attached great importance to safety production work, established and improved an EHS management system, formulated a relatively complete safety production management system and safety operation procedures, and promoted safety production standardization. The Company continuously optimizes and enhances safety production management capabilities, adheres to third-party audits, and consciously incorporates the operational status of enterprises into the supervision and control of safety, environmental protection, and other departments. In addition, the Company periodically provides safety operation skill training to employees, conducts safety inspections at the end of the month, promptly rectifies hidden dangers, continuously strengthens on-site safety management, increases investment in safety hardware facilities, improves the essential safety of production, and guarantees the safety of employee lives and Company property. The Company insists on taking safety as the lifeline of the enterprise. During this period, the safety supervision and guarantee system operate in an orderly and normal manner. Safety production investment is performed, safety training and promotion are strong, and safety prevention and control, supervision, and inspection are organized well. There have been no general or above production safety accidents.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

In 2023, the Company actively responded to the national call, deeply implemented the national strategic deployment of "comprehensively promoting rural revitalization", continuously consolidated and expanded the achievements of poverty alleviation, and promoted rural revitalization work. During the reporting period, the Company carried out multiple public-welfare donation projects such as education donations and charitable donations.

Section VI Significant Events

I. Fulfillment of commitment matters

I. Undertakings made by the Company's actual controllers, shareholders, related parties, acquirers, the Company, and other undertaking relating parties during the reporting period and those remaining unfulfilled as of the end of the reporting period

☒ Applicable ☐ Not applicable

Reason for commitment	Commitment party	Commitment type	Commitment content	Commitment time	Commitment term	Performance status
Commitment made during initial public offering or refinancing	The Company's directors, supervisors, and senior management personnel	Share reduction commitment	From the date of the Company's stock listing, the lock up period is 36 months. During the term of office, the annual transfer of shares shall not exceed 25% of the total number of shares held.	3 December 2009	Long-term	Strictly fulfill commitments
Commitment made during initial public offering or refinancing	Wang Yingmei, He Renbao	Commitment to peer competition	1. I will not directly or indirectly engage in or participate in any business or activity that competes with the Company in commerce, or have the rights and interests of any economic entity, institution, or organization that competes with the Company, both within and outside of China; or obtain control over the economic entity, institution, or economic organization in any other form; or serve as senior management or core technical personnel in the economic entity, institution, or organization. 2. I am willing to bear all economic losses caused to the Company due to violating the above commitments. This commitment is valid when I hold 5% or more of the shares in a joint-stock company.	3 December 2009	Long-term	Strictly fulfill commitments
Commitment made during initial public offering or refinancing	Wang Yingmei, He Renbao, Zhejiang Yongtai Holdings Co., Ltd.	Commitment to related party transactions	All transactions between this shareholder and the joint-stock company will strictly abide by market rules and be conducted in a fair and reasonable manner based on the general commercial principles of equality, mutual benefit, equivalence, and compensation. This shareholder guarantees not to obtain any improper benefits or make the joint-stock company bear any improper responsibilities and obligations through related party transactions, otherwise they are willing to bear	3 December 2009	Long-term	Strictly fulfill commitments

Reason for commitment	Commitment party	Commitment type	Commitment content	Commitment time	Commitment term	Performance status
			corresponding legal responsibilities.			
Other commitments made to small and medium-sized shareholders of the Company	Company	Dividend commitment	1. The Company's profit distribution can be done in a form of cash, stock, or a combination of cash and stock. The Board of Directors of the Company may propose a mid-term cash distribution based on the Company's financial needs. 2. After making up for losses and fully withdrawing the statutory provident funds, and on the premise that the Company is profitable and its cash flow meets the Company's continuous operation and long-term development, the cumulative distribution of profits in cash for three consecutive years from 2021 to 2023 shall not be less than 35% of the annual distributable profits achieved in those three years. The Company plans to distribute profits in each period during the next three years, with cash dividends accounting for no less than 20% of the current profit distribution. 3. The Company can repay investors by converting capital reserves into share capital or distributing stock dividends according to development needs.	20 May 2021	2021~2023	It has been fulfilled.
Whether the commitment is fulfilled on time	Yes					
If the commitment is not fulfilled on time, the specific reasons for the unfulfilled performance and the next step of the work plan shall be explained in detail	Not applicable					

2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain the reasons for the assets or projects reaching the original profit forecast.

☐ Applicable ☒ Not applicable

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 external guarantee

☐ Applicable ☒ Not applicable

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

IV. Explanation of the Board of Directors on the situation related to the current issue of “non-standard audit report”

☐ Applicable ☒ Not applicable

V. Explanation of the Board of Directors, the Board of Supervisors, and the independent directors (if any) on the “non-standard audit report” issued by the accounting firm for the reporting period

☐ Applicable ☒ Not applicable

VI. Explanation on changes in accounting policies and accounting estimates or significant accounting errors compared to the financial report in the previous year

☒ Applicable ☐ Not applicable

Please refer to Section X Financial Reports III. Significant accounting policies and accounting estimates (XXXII) Changes in significant accounting policies and accounting estimates .

VII. Explanation on changes in the scope of consolidated financial statements compared to the financial report in the previous year

☒ Applicable ☐ Not applicable

Please refer to IX. Changes in the Scope of Merger in Section X, Financial Reporting.

VIII. Appointment and dismissal of accounting firms

The accounting firm currently employed

Name of domestic CPA firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Remuneration for domestic accounting firms (RMB 10,000)	230
Continuous years of audit services provided by domestic accounting firms	18
Name of registered accountant of domestic accounting firm	Guo Xianming, Li Dan, Chen Fan
Continuous years of audit services provided by certified public accountants of domestic accounting firms	Guo Xianming for 4 years, Li Dan for 1 year, Chen Fan for 1 year

Whether to hire a new accounting firm in the current period

☐ Yes ☒ No

Employment of accounting firms, financial advisors, or sponsors for internal control audit

☒ Applicable ☐ Not applicable

During the reporting period, the company hired BDO CHINA Shu Lun Pan Certified Public Accountants LLP as its internal control audit accounting firm for the year 2023, with an internal control audit fee of RMB 200,000.

IX. Facing delisting situation after annual report disclosure

☐ Applicable ☒ Not applicable

X. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

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

XI. 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 generated	Progress of litigation (arbitration)	Outcome and impact of litigation (arbitration) trial	Enforcement of litigation (arbitration) judgments	Disclosure date	Index for disclosure
Contract dispute lawsuit filed 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)
Litigation for which the Company does not reach the criteria for disclosure of significant litigation	3,166.94	No	Amount of money involved in closed or mediated cases is RMB 28,590,800; the amount of money involved in pending cases is RMB 3,078,600.	Some cases have been closed or the other party has withdrawn the lawsuit, and some cases are under trial, with no significant impact on the Company's operations.	Not applicable		Not applicable

XII. Penalties and rectification

☐ Applicable ☒ Not applicable

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

XIII. Credit Worthiness 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.

XIV. Material related party transactions**1. Related party transactions related to daily operations**

☐ Applicable ☒ Not applicable

No related party transactions related to daily operations occurred during the reporting period.

2. Related party transactions in relation to the acquisition or disposal of assets or equity interests

☐ Applicable ☒ Not applicable

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

3. Related party transactions of joint investments

☐ Applicable ☒ Not applicable

No related transactions of joint 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 material related party transactions

☐ Applicable ☒ Not applicable

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

XV. 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

Description of the leasing

1. As the lessee

Item	Amount in the current period	Amount of previous period
Interest expense on lease liabilities	234,985.84	101,845.53
Short-term lease expenses included in the cost of the related assets or in the current profits and losses for simplified treatment	262,040.52	973,639.23
Total cash outflows related to leases	3,571,942.58	2,736,697.10

2. As the lessor

(1) Operating lease

Item	Amount in the current period	Amount of previous period
Operating lease income	1,679,341.67	1,229,109.79

Items generating profit or loss for the Company amounting to 10% or more of the total profit in the reporting period of the Company

☐ Applicable ☒ Not applicable

No leasing items that generated profit or loss for the Company amounting to 10% or more of the total profit in 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
Guarantee provided by the Company 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

Inner Mongolia Yongtai Chemical Co., Ltd.	17 May 2023	130,000	15 June 2022	10,000	Guarantee of joint and several liabilities			1 year	Yes	No
			8 June 2022	10,000	Guarantee of joint and several liabilities			1 year	Yes	No
			29 September 2022	20,000	Guarantee of joint and several liabilities			1 year	Yes	No
Shanghai E-tong Chemical Co., Ltd.	14 May 2022	33,000	20 January 2022	4,000	Guarantee of joint and several liabilities			1 year	Yes	No
Shaowu Yongtai Hi-tech Material Co., Ltd.	17 May 2023	105,000	15 June 2022	12,480	Guarantee of joint and several liabilities			90 months	Yes	No
			15 June 2022	7,000	Guarantee of joint and several liabilities			1 year	Yes	No
			20 December 2021	7,000	Guarantee of joint and several liabilities			3 years	Yes	No
Zhejiang Chiral Medicine Chemicals Co., Ltd.	14 May 2022	17,000	16 December 2019	5,500	Guarantee of joint and several liabilities			3 years	Yes	No
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	14 May 2022	30,000	11 June 2020	17,000	Guarantee of joint and several liabilities			30 months	Yes	No
Zhejiang Yongtai New Energy Material Co., Ltd.	17 May 2023	40,000	30 January 2021	0	Guarantee of joint and several liabilities			3 years	Yes	No
Chongqing Yongyuansheng Technology Co., Ltd.	17 May 2023	5,000	19 October 2020	0	Guarantee of joint and several liabilities		Counter guarantee has been provided by its minority shareholders	3 years	Yes	No
Inner Mongolia Yongtai Chemical Co., Ltd.	17 May 2023	130,000	8 October 2020	30,000	Guarantee of joint and several liabilities			6 years	No	No
			13 June 2023	40,000	Guarantee of joint and several liabilities			6 years	No	No
			4 December	15,000	Guarantee of			1 year	No	No

			er 2023		joint and several liabilities					
			27 July 2023	2,691.11	Guarantee of joint and several liabilities			33 months	No	No
Shandong Zhanhua Yongtai Pharmaceutical Co., Ltd.	17 May 2023	5,000	8 April 2022	2,983.29	Guarantee of joint and several liabilities			30 months	No	No
Shanghai E-tong Chemical Co., Ltd.	17 May 2023	45,000	25 January 2022	17,000	Guarantee of joint and several liabilities			3 years	No	No
			1 November 2022	5,000	Guarantee of joint and several liabilities			1 year	No	No
			1 February 2023	4,800	Guarantee of joint and several liabilities			18 months	No	No
			9 January 2023	4,900	Guarantee of joint and several liabilities			3 years	No	No
Shaowu Yongtai Hi-tech Material Co., Ltd.	17 May 2023	105,000	13 June 2022	13,000	Guarantee of joint and several liabilities			3 years	No	No
			29 September 2022	40,000	Guarantee of joint and several liabilities			6 years	No	No
			27 July 2023	7,000	Guarantee of joint and several liabilities			18 months	No	No
			28 December 2023	9,600	Guarantee of joint and several liabilities			3 years	No	No
Zhejiang Chiral Medicine Chemicals Co., Ltd.	17 May 2023	15,000	31 January 2023	5,500	Guarantee of joint and several liabilities			3 years	No	No
			19 May 2021	5,000	Guarantee of joint and several liabilities			3 years	No	No
Zhejiang Yongtai Chiral Medicine Technology Co., Ltd.	17 May 2023	30,000	10 April 2023	17,000	Guarantee of joint and several liabilities			3 years	No	No
			24 November 2022	5,000	Guarantee of joint and several liabilities			3 years	No	No
Zhejiang Yongtai New Energy	17 May 2023	40,000	29 September	20,000	Guarantee of joint and several			4 years	No	No

Material Co., Ltd.			r 2022		liabilities					
Total amount of approvals of guarantees to subsidiaries during the reporting period (B1)		375,000		Total amount of guarantees to subsidiaries actually incurred during the reporting period (B2)		106,491.11				
Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		375,000		Total actual balance of guarantees to subsidiaries at the end of the reporting period (B4)		244,474.4				
Guarantees by subsidiaries 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
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)		375,000		Total amount of guarantees actually incurred during the reporting period (A2+B2+C2)		106,491.11				
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)		375,000		Total actual balance of guarantees at the end of the reporting period (A4+B4+C4)		244,474.4				
Ratio of total amount of actual guarantees (i.e. A4+B4+C4) to the net assets of the Company				77.29%						
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)				109,691.11						
Amount of the portion of total amount of guarantees exceeding 50% of net assets (F)				91,291.11						
Total amount of the above three guarantees (D+E+F)				126,291.11						

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

None.

3. Entrusting others to manage cash assets

(1) Entrusted financial management situation

☐ Applicable ☒ Not applicable

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

(2) Entrusted loan situation

☐ Applicable ☒ Not applicable

The Company has no entrusted loans during the reporting period.

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
Zhejiang Yongtai Technology Co., Ltd.	Contemporary Ampere Technology Co., Ltd.	Lithium hexafluorophosphate, lithium bis(fluorosulfonyl)imide (LIFSI), vinylene carbonate (VC)	31 July 2021	-	-	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	<i>Announcement on the Material Procurement Agreement between the Company and CATL (Announcement No.: 2021-054)</i>

On 9 January 2024, the Company signed a Supplementary Agreement for Material Procurement with Ningde Times New Energy Technology Co., Ltd. Please refer to the relevant announcements published on 10 January 2024 and provided by the Company in Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily, and Juchao Information Website (<http://www.cninfo.com.cn>) for information.

XVI. Description of other significant events

☒ Applicable ☐ Not applicable

1. With the aim of expanding the Company's international financing channels, meeting the needs of the Company's business development at home and abroad, and upgrading the Company's internationalized brand and corporate image, the Company issued GDRs and listed them on 11 July 2023 on the London Stock Exchange plc. The number of GDRs issued by the Company this time is 7,438,900, corresponding to 37,194,500 A-shares of underlying securities, raising approximately \$70 million in funds. The GDR issued this time can be converted into the Company's A shares since 8 November 2023. As of the closing of the Shenzhen Stock Exchange on 9 November 2023, the number of the Company's A shares held by the GDR depositors Citibank and National Association as the nominal holders is less than 50% of the A-share underlying stocks corresponding to the actually issued GDR by the Company approved by the China Securities Regulatory Commission. Please refer to the relevant announcements published on 12 July 2023, 22 July 2023, 31 October 2023 and 10 November 2023 in the Securities Times, China Securities Journal, Shanghai Securities Journal, Securities Daily, and Juchao Information Website (<http://www.cninfo.com.cn>) for specific situation.

2. For establishing a new base for the pharmaceutical sector of the Company, the Company and the Management Committee of Hangzhou Airport Economic Demonstration Zone signed the *Agreement on Inviting and Landing of High-end Pharmaceutical Preparations Base Project*, in which the Company and its indirectly controlled subsidiary E-TONG CHEMICAL CO., LIMITED jointly set up a project company Hangzhou Yongtai Chiral Biopharmaceutical Co., Ltd. in Hangzhou Airport Economic Demonstration Zone and invested in the High-end Pharmaceutical Preparations Base Project of YONGTAI TECH., with a total project investment of RMB 1.15 billion. For details, please refer to the relevant announcements published by the Company on 5 May 2023 and 29 July 2023 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

XVII. Significant events of the Company's subsidiaries

☒ Applicable ☐ Not applicable

1. Zhejiang Yongtai Pharmaceutical Co., Ltd. has received a registration certificate from the Ministry of Health & Family Welfare of the Central Drugs Standard Control Organization of India for the API Siagliptin phosphate, the Notice of Approval for Market Application of Chemical APIs for Rosuvastatin Calcium and Siagliptin Phosphate issued by the National Medical Products Administration, and a notification from the US FDA about the approval of the application for the abbreviated new drug esomeprazole magnesium enteric coated capsules (ANDA, also known as the US generic drug application). For details, please refer to the relevant announcements published by the Company on 1 April 2023, 31 July 2023, 2 August 2023, and 29 December 2023 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

2. Zhejiang Yongtai Fule Technology Co., Ltd. and the Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences signed the *Technology Transfer Contract* for the transfer of the preparation technology of fluorine-containing cooling medium (fluoride) series products. For details, please refer to the relevant announcements published by the Company on 22 April 2023 in the *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

3. To meet the needs of the construction of the western extension project of Shanghai Metro Line 12, part of the properties of Shanghai Youngcobe Bio-pharma Co., Ltd. and Shanghai E-tong Chemical Co., Ltd. were expropriated, with a total compensation of RMB 60,586,825 and RMB 60,180,085, according to the *Compensation Agreement for Expropriation of Non-residential Houses on State-owned Land* signed with the Relocation and Resettlement Office of the People's Government of Dongjing Town of Songjiang District, respectively. For details, please refer to the relevant announcements published by the Company on 26 April 2023 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

4. Zhejiang Yongtai Chiral Medicine Technology Co., Ltd. has changed its business scope due to business development. For details, please refer to the relevant announcement published by the Company on 9 May 2023 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

5. Foshan Soin Chiralpharma Co., Ltd. has received the Notice on Approval of Drug Supplementary Application for chemical drugs norfloxacin capsules and amoxicillin capsules approved and issued by the National Medical Products Administration. For details, please refer to the relevant announcements published by the Company on 29 September 2023 and 25 November 2023 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

Section VII Changes in shares and Information on shareholders

I. Changes in shares

1. Changes in shares

Unit: Shares

Item	Before this change		Increase/decrease of this change (+, -)					After this change	
	Number of shares	Percentage	Issue of new shares	Bonus issue	Capital reserve converted to share	Others	Subtotal	Number of shares	Percentage
I. Restricted shares	229,250,094.00	26.15%				119,522,234.00	119,522,234.00	109,727,860.00	12.01%
1. Shares held by state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	229,250,094.00	26.15%				119,522,234.00	119,522,234.00	109,727,860.00	12.01%
Of which: Shares held by domestic legal persons									
Shares held by domestic natural persons	229,250,094.00	26.15%				119,522,234.00	119,522,234.00	109,727,860.00	12.01%
4. Shares held by foreign investors									
Of which: Shares held by foreign legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	647,316,201.00	73.85%	37,194,500.00			119,522,234.00	156,716,734.00	804,032,935.00	87.99%
1. RMB ordinary shares	647,316,201.00	73.85%	37,194,500.00			119,522,234.00	156,716,734.00	804,032,935.00	87.99%
2. Foreign shares listed in the PRC									

Item	Before this change		Increase/decrease of this change (+, -)					After this change	
	Number of shares	Percentage	Issue of new shares	Bonus issue	Capital reserve converted to share	Others	Subtotal	Number of shares	Percentage
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	876,566,295.00	100.00%	37,194,500.00			0.00	37,194,500.00	913,760,795.00	100.00%

Reasons for changes in shares

☒ Applicable ☐ Not applicable

During the reporting period, the total number of shares of the Company increased by 37,194,500 shares, which was due to the increase in A-shares of the underlying securities corresponding to the issuance of global depositary receipts by the Company, and the shares with restricted shares of the Company decreased by 119,522,234 shares, which was due to the change in the shares locked up by senior management.

Approval of share changes

☒ Applicable ☐ Not applicable

1. Internal decision-making process for GDR issuance: On 28 October 2022, the Company held the third meeting of the sixth Board of Directors, and on 14 November 2022, the second extraordinary shareholders' meeting was held. The meeting reviewed and approved the proposals related to GDR issuance and listing, including the Proposal on the Company's Issuance of GDR and Its Listing on the London Stock Exchange and Conversion into an Overseas Limited Liability Company and the Proposal on the Company's Issuance of GDR and Its Plan on Listing on the London Stock Exchange. For details, please refer to the relevant announcements published by the Company on 29 October 2022 and 15 November 2022 on *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>).

2. External decision-making process for GDR issuance: On 31 March 2023, the Company received an approval from the China Securities Regulatory Commission namely the Approval for Verifying the Issuance of Global Depositary Receipts and Listing Them on the London Stock Exchange by Zhejiang Yongtai Technology Co., Ltd. (CSRC Approval [2023] No. 684). On 6 July 2023 London time, the Company obtained approval from the Financial Conduct Authority of the United Kingdom. For specific details, please refer to the Company's relevant announcements published on *Securities Times*, *China Securities Journal*, *Shanghai Securities Journal*, *Securities Daily*, and Juchao Information Website (<http://www.cninfo.com.cn>) on 1 April 2023 and 7 July 2023.

Transfer of share changes

☒ Applicable ☐ Not applicable

On 24 July 2023, BDO CHINA Shu Lun Pan Certified Public Accountants LLP issued a capital verification report titled "Xin Kuai Shi Bao Zi [2023] No. ZF11080", which reviewed the Company's newly added registered capital and share capital as of 12 July 2023. It was found that as of 12 July 2023, the Company had received a subscription fee of \$70,000,049.00 collected by the underwriting institution Huatai Financial Holdings (Hong Kong) Limited. After deducting the tax exclusive issuance underwriting fee of \$840,000.00, the actual paid in share capital was \$69,160,049.00, equivalent to RMB 496,327,091.65, all of which are monetary funds. The total amount of funds raised by the Company this time is \$70,000,049.00, equivalent to RMB 502,355,351.65, with the underwriting fees and other issuance related expenses required for public issuance of securities totally RMB 25,756,354.78 deducted, the increased registered capital (share capital) of RMB 37,194,500.00 and the stock premium of RMB 439,404,496.87 are included in the capital reserve. As of 12 July 2023, the cumulative registered capital of the Company after the change is RMB 913,760,795.00, and the cumulative share capital is RMB 913,760,795.00.

Approved by the Zhejiang Provincial Administration for Market Regulation, the Company completed the business registration procedures for changes for increasing registered capital and obtained a new Business License on 25 September 2023. The registered capital after the change is RMB nine hundred and thirteen million seven hundred and sixty thousand seven hundred ninety five yuan (RMB 913,760,795).

Impact of share changes on the 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

The basic earnings per share and diluted earnings per share have been calculated and adjusted based on the increased share capital in this report.

Other disclosures deemed necessary by the Company or required by securities regulatory authorities.

☐ 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 increase of restricted shares during the period	Number of restricted shares released 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	229,250,094	0	119,522,234	109,727,860	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	229,250,094	0	119,522,234	109,727,860	--	--

II. Issuance and listing of securities

1. Securities issuance (excluding preferred shares) during the reporting period

☒ Applicable ☐ Not applicable

Names of stocks and their derivative securities	Issuing date	Issue price (or interest rate)	Number of issues	Listing date	Number of approved listings for trading	Transaction termination date	Index for disclosure	Disclosure date
Stock category								
Global Depositary Receipts (GDR)	11 July 2023	\$9.41 per GDR	7,438,900	11 July 2023	7,438,900		<i>Juchao Information Website</i> (http://www.cninfo.com.cn), Announcement on the Issuance of Global Depositary Receipts and Listing for Trading on the London Stock Exchange (2023-42)	12 July 2023
Convertible company bonds, convertible company bonds with separate transactions, company bond categories								
Not applicable								

Other derivative securities
Not applicable

Explanation on securities issuance (excluding preferred shares) during the reporting period

According to the Approval of Zhejiang Yongtai Technology Co., Ltd. to Issue Global Depositary Receipts and List on the London Stock Exchange (CSRC Approval [2023] No. 684) issued by the China Securities Regulatory Commission and the Decision on Zhejiang Yongtai Technology Co., Ltd. issued by the Financial Conduct Authority in the UK, the Company issued 7,438,900 GDRs, corresponding to 37,194,500 A-shares of underlying securities, with an issue price of \$9.41 per GDR, and was officially listed and traded on the London Stock Exchange on 11 July 2023.

2. Explanation on the changes in the total number of shares and shareholder structure of the Company as well as the changes in the Company's asset and liability structure

☒ Applicable ☐ Not applicable

During the reporting period, due to the issuance of global depositary receipts by the Company, there were changes in the total number of shares and shareholder structure of the Company. For specific changes, please refer to "I. Changes in Shares" of "Section VII Changes in Shares and Shareholders" in this report. The detailed information on the changes in the Company's asset and liability structure can be found in the relevant sections of "Section X: Financial Reporting".

3. Situation of existing internal employee stock

☐ Applicable ☒ Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholdings of the Company

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period	136,499	The total number of common stock shareholders as of the end of the previous month prior to the disclosure date of the annual report	133,756	Total number of preferred shareholders with voting rights restored (if any) at the end of the reporting period (refer to Note 8)	0	The total number of preferred shareholders with restored voting rights at the end of the previous month prior to the disclosure date of the annual report (if any) (Refer to Note 8)	0	
Shareholdings of the shareholders holding more than 5% or the top 10 shareholders (excluding the shares lent through refinancing)								
Name of shareholder	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held with limited sales conditions	Number of shares held without limited 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	66,058,000
He Renbao	Domestic natural persons	12.19%	111,400,000	0	0	111,400,000	Pledge	32,940,000

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
Hong Kong Securities Clearing Co., Ltd.	Overseas legal person	0.86%	7,878,445	-11,520,211	0	7,878,445	Not applicable	0
Citibank, National Association	Overseas legal person	0.82%	7,527,600	7,527,600	0	7,527,600	Not applicable	0
Jin Ying	Domestic natural persons	0.69%	6,277,680	519,400	0	6,277,680	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
Agricultural Bank of China Limited - CSI 500 ETF	Others	0.37%	3,355,207	-683000	0	3,355,207	Not applicable	0
Zheng Xiaojun	Domestic natural persons	0.33%	3,011,637	319800	0	3,011,637	Not applicable	0
Wang Ping	Domestic natural persons	0.31%	2,823,200	2176400	0	2,823,200	Not applicable	0
Information on strategic investors or general legal persons becoming the top 10 shareholders (if any) due to the placing of new shares (refer to Note 3)		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 description of the existence of repurchase special accounts among the top 10 shareholders (if any) (refer to Note 10)		None.						
Shareholdings of the top 10 shareholders without limited sales conditions								

Name of shareholder	Number of shares held without limited sales conditions at the end of the reporting period	Type of shares	
		Type of shares	Quantity
He Renbao	111,400,000.00	RMB ordinary shares	111,400,000.00
Wang Yingmei	36,062,100.00	RMB ordinary shares	36,062,100.00
Zhejiang Yongtai Technology Holdings Co., Ltd.	12,887,500.00	RMB ordinary shares	12,887,500.00
Hong Kong Securities Clearing Co., Ltd.	7,878,445.00	RMB ordinary shares	7,878,445.00
Citibank, National Association	7,527,600.00	RMB ordinary shares	7,527,600.00
Jin Ying	6,277,680.00	RMB ordinary shares	6,277,680.00
Shanghai Axing Investment Management Co., Ltd. - Axing Gezhi No.12 Private Equity Investment Fund	4,530,000.00	RMB ordinary shares	4,530,000.00
Agricultural Bank of China Limited - CSI 500 ETF	3,355,207.00	RMB ordinary shares	3,355,207.00
Zheng Xiaoju	3,011,637.00	RMB ordinary shares	3,011,637.00
Wang Ping	2,823,200.00	RMB ordinary shares	2,823,200.00
Description of the affiliation or acting in concert among the top 10 shareholders of circulating shares without limited sales conditions, and between the top 10 shareholders of circulating shares without limited sales conditions and the top 10 shareholders	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 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.		
Description of participation in securities margin trading business by the top 10 ordinary shareholders (if any) (refer to Note 4)	6,173,372 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; and 2,613,819 shares were held by Zheng Xiaoju through an investor credit securities account; 206,400 shares were held by Wang Ping through an investor credit securities account.		

Information on the top 10 shareholders' participating in the lending of shares through refinancing business

☒ Applicable ☐ Not applicable

Unit: Shares

Information on the top 10 shareholders' participating in the lending of shares through refinancing business								
Shareholder name (full name)	Shareholding of ordinary account and credit account at the beginning of the period		Lending shares through refinancing business at the beginning of the period, which haven't been returned yet		Shareholding of ordinary account and credit account at the end of the period		Lending shares through refinancing business at the end of the period, which haven't been returned yet	
	Total	Proportion	Total	Proportion	Total	Proportion	Total	Proportion

	quantity	to total share capital	quantity	to total share capital	quantity	to total share capital	quantity	to total share capital
Agricultural Bank of China Limited - CSI 500 ETF	4,038,207	0.46%	1,653,700	0.19%	3,355,207	0.37%	1,366,700	0.15%

Changes of the top 10 shareholders compared to the previous period

☒ Applicable ☐ Not applicable

Unit: Shares

Changes of the top 10 shareholders compared to the end of previous period					
Shareholder name (full name)	Additions/exits during this reporting period	The number of the shares lent through refinancing business but haven't been returned yet at the end of the period		The number of the shares held by shareholders in their ordinary accounts and credit accounts and the shares lent through refinancing business but haven't been returned yet at the end of the period	
		Total quantity	Proportion to total share capital	Total quantity	Proportion to total share capital
J. P. Morgan Securities PLC - own funds	Exit	0	0.00%	283,025	0.03%
CITIC Securities Co., Ltd.	Exit	0	0.00%	1,619,853	0.18%
Citibank, National Association	Addition	0	0.00%	7,527,600	0.82%
Wang Ping	Addition	0	0.00%	2,823,200	0.31%

Engagement of agreed repurchase transactions by the Company's top 10 ordinary shareholders and top 10 ordinary shareholders without limited 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.

2. Situation of controlling shareholders of the Company

Nature of controlling shareholder: natural person controlling

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Have you obtained residency rights in other countries or regions?
Wang Yingmei	China	No
He Renbao	China	No

Main occupation and position	Ms. Wang Yingmei serves as the Chairman of the Company, while Mr. He Renbao serves as the General Manager of the R&D Center and the Dean of the Research Institute
Equity information of other domestic and foreign listed companies controlled and participated in during the reporting period	None

Changes in controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

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

3. The actual controller and its concerted action persons of the Company

Nature of actual controller: domestic natural person

Type of actual controller: natural person

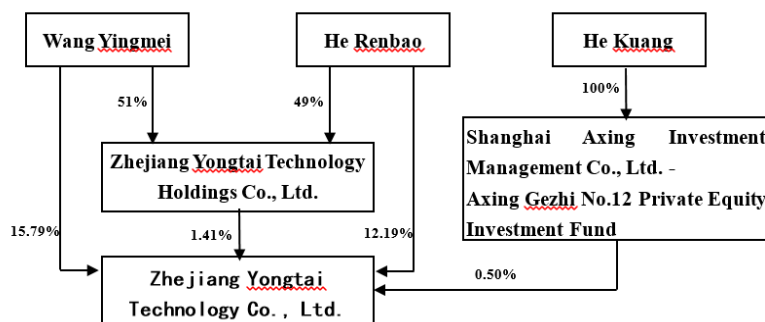
Name of actual controller	Relationship with actual controller	Nationality	Have you obtained residency rights in other countries or regions?
Wang Yingmei	Himself/herself	China	No
He Renbao	Himself/herself	China	No
Yongtai Technology Holdings	Concerted action (including agreements, relatives, and common control)	China	No
Shanghai Axing Investment Management Co., Ltd. - Axing Gezhi No.12 Private Equity Investment Fund	Concerted action (including agreements, relatives, and common control)	China	No
Main occupation and position	Ms. Wang Yingmei serves as the Chairman of the Company, while Mr. He Renbao serves as the General Manager of the R&D Center and the Dean of the Research Institute		
Situation of domestic and foreign listed companies with holding rights in the past 10 years	None		

Changes in actual controller during the reporting period

☐ Applicable ☒ Not applicable

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

Block diagram of property rights and control relationship between the Company and the actual controller



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

☐ Applicable ☒ Not applicable

4. The cumulative number of pledged shares held by the controlling shareholder or the largest shareholder and their concerted action persons of the Company accounts for 80% of the total number of shares held by them in the Company

☐ Applicable ☒ Not applicable

5. Other corporate shareholders holding more than 10% of the shares

☐ Applicable ☒ Not applicable

6. Information on the restriction and reduction of shares held by controlling shareholders, actual controllers, restructuring parties, and other committed entities

☐ Applicable ☒ Not applicable

IV. The specific implementation of share repurchase during the reporting period

Progress of implementation of share repurchase

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Section VIII Information related to preferred shares

☐ Applicable ☒ Not applicable

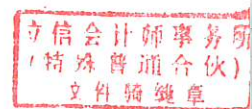
There were no preference shares in the Company during the reporting period.

Section IX Bond related information

☐ Applicable ☒ Not applicable

Section X Financial Reports

For the Consolidated Financial Statements together with Independent Auditor's Report for the year ended 31 December 2023, please refer to the attached pages.



Zhejiang Yongtai Technology Co., Ltd.

Independent Auditor's Report and Financial Statements

For the Year Ended 31 December 2023

Zhejiang Yongtai Technology Co., Ltd.

Independent Auditor's Report and Financial Statements

(From 1 January 2023 to 31 December 2023)

	Contents	Page
I.	Independent Auditor's Report	1-6
II.	Financial Statements	
	Consolidated and Company's Balance Sheets	1-4
	Consolidated and Company's Income Statements	5-6
	Consolidated and Company's Statements of Cash Flows	7-8
	Consolidated and Company's Statements of Changes in Owners' Equity	9-12
	Notes to the Financial Statements	1-117

Independent Auditor's Report

Xin Kuai Shi Bao Zi [2024] No. ZF10621

To the Shareholders of Zhejiang Yongtai Technology Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Zhejiang Yongtai Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated and company's balance sheets as at 31 December 2023, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at 31 December 2023 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matter	How the scope of our audit addressed the key audit matter
(I) Impairment of goodwill	
For details of accounting policies and analysis of impairment of goodwill, please refer to the accounting policies described in Note 19 of "III. Significant Accounting Policies and Accounting Estimates" and Note 20 of "V. Notes to Items in Consolidated	Our audit procedures related to the impairment of goodwill included the following: (1) Obtaining and reviewing supporting documents in relation to the key assumptions and calculation worksheet for the goodwill

Key Audit Matter	How the scope of our audit addressed the key audit matter
Financial Statements". As of 31 December 2023, the total book value of the Company's goodwill was RMB 600,936,834.86, with a corresponding impairment provision balance of RMB 133,374,263.93. Management of the Company ("Management") annually evaluates the impairment of goodwill. The impairment assessment of goodwill is performed by management based on the valuation report prepared by the external valuer engaged by the Company. The purpose of impairment assessment is to estimate the value in use of the goodwill, which is based on the discounted cash flow forecast prepared. The preparation of a discounted cash flow forecast involves the use of significant judgments and estimates, particularly in determining revenue growth rate, perpetual growth rate, and cost increase. In addition, there is an inherent risk of uncertainty and possible management bias when adjusting the discount rate with the risk applied. Due to the heightened inherent risk involved in assessment of the impairment of goodwill and predicting future cash flows, as well as the risk of management bias in selecting assumptions and making estimates, goodwill impairment is determined to be a key audit matter.	impairment assessment; (2) Evaluating the competence, professional quality, and objectivity of the external valuation experts engaged by management; (3) Evaluating appropriateness of the valuation methods used by management in its cash flow forecast, through comparison with industry practices; (4) Evaluating the key assumptions and judgments used in preparing the discounted cash flow forecast. This involved comparing the key input values such as revenue growth rate, perpetual growth rate, and cost increase with past performance, with management's forecasts, and with industry reports; (5) Recalculating with discount rate based on the market data from comparable companies in the same industry, and comparing our calculation results with the discount rate used by management when they calculated the present value of expected future cash flows to evaluate the reasonableness of the discount rate used in calculating the present value of expected future cash flows; (6) Evaluating the reliability and historical accuracy of management's forecasting process, through a retrospective review by comparing the previous year's forecast with the current year's performance.
(II) Operating income recognition	
For details of accounting policies for operating income recognition and analysis of operating income, please refer to the accounting policies described in Note 26 of "III. Significant Accounting policies and Accounting Estimates" and Note 45 of "V. Notes to Items in Consolidated Financial Statements" in the Notes to Consolidated Financial Statements For the year ended 31 December 2023, operating income of the Company derived from sales of chemical products was RMB 4,116,914,081.97. Operating income from product sales is recognised when the customer obtains control over the relevant goods. The recognition of sales operating income is usually based on the signature and acceptance of the products, or the completion of a customs declaration for export by the customer in accordance with the sales contract. Since operating income is one of the key performance indicators of the Company, there is an inherent risk of management manipulating operating income recognition to achieve specific goals or expectations. As such, operating income recognition is determined to be a key audit matter for the Company.	Our audit procedures related to operating income recognition included the following: (1) Understanding and evaluating the design and implementation of the direct internal controls implemented by management in relation to operating income recognition; (2) A review, on a sample basis, of sales contracts, in order to identify the contract terms and conditions related to the transfer of control over goods, and then to evaluate whether the operating income recognition point meets the requirements of the Accounting Standard for Business Enterprises; (3) Analysing operating income and gross profit by product types, to identify any abnormal fluctuation in operating income for in current period; (4) Inspecting documentation, including contracts or purchase orders, outbound orders or delivery receipts, customs declarations, bills of lading, invoices, etc., that relate to operating income transactions recorded in the current period, on a sample basis. This was, recorded for current period, to evaluate whether the relevant operating income recognition complies with the Company's accounting policy; (5) Cut-off test, to determine whether income was complete, and was included in the correct financial year. This involved inspecting supporting documentation such as outbound or delivery receipts, customs declarations, bills of lading, etc., for transactions recorded before and after the balance sheet date, on a sample basis. (6) Confirmation procedures to verify the transaction amounts and balances of accounts receivable and payable of main customers, on sample basis, to evaluate the occurrence of operating income recognition. (7) Inspecting documentation of the subsequent collection of receivables from major customers, on sample basis.

Other Information

Management of the Group and Company is responsible for the other information. The other information comprises all of the information included in the 2023 annual report of the Group and Company, other than the financial statements and our auditor's report thereon.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

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

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Xianming Guo.

BDO CHINA Shu Lun PanCertified Public Accountants LLP

BDO CHINA Shu Lun PanCertified Public Accountants LLP



Shanghai, China
25 April 2024

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Balance Sheet
As at 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note	31 December 2023	31 December 2022
Current assets:			
Cash and bank	V. (I)	1,109,138,410.05	959,294,353.56
Deposit reservation for balance			
Lending funds			
Financial assets held for trading	V. (II)	37,000,000.00	21,000,000.00
Derivative financial assets			
Notes receivable	V. (III)	157,936,185.71	
Accounts receivable	V. (IV)	905,514,989.36	1,097,584,586.54
Receivables financing	V. (V)	161,377,815.36	225,377,836.70
Advance to suppliers	V. (VI)	98,366,504.06	157,811,227.73
Premium receivable			
Reinsurance receivables			
Reinsurance contract reserves receivable			
Other receivables	V. (VII)	30,838,849.38	62,889,080.49
Purchase of resale financial assets			
Inventories	V. (VIII)	1,098,700,493.90	1,656,002,531.68
Contract assets			
Assets held for sale	V. (IX)	599,943.92	1,953,950.58
Non-current assets due within 1 year	V. (X)		30,000,000.00
Other current assets	V. (XI)	196,460,999.99	256,303,048.29
Total current assets		3,795,934,191.73	4,468,216,615.57
Non-current assets:			
Loans and advances issued			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	V. (XII)	266,469,783.28	247,198,773.17
Investment in other equity instruments	V. (XIII)	64,194,692.70	67,185,167.43
Other non-current financial assets			
Investment properties	V. (XIV)	24,784,293.94	24,359,844.60
Fixed assets	V. (XV)	3,554,687,028.57	3,202,901,214.03
Construction in progress	V. (XVI)	2,110,290,652.02	1,940,025,580.52
Productive biological assets			
Oil and gas assets			
Right of use assets	V. (XVII)	5,180,945.20	1,999,121.62
Intangible assets	V. (XVIII)	486,665,271.65	425,885,715.20
Development expenditure	VI. (II)	90,917,228.14	113,725,541.88
Goodwill	V. (XIX)	600,936,834.86	600,936,834.86
Long term deferred expenses	V. (XX)	23,505,002.13	11,585,854.49
Deferred income tax assets	V. (XXI)	263,850,165.15	123,341,459.42
Other non-current assets	V. (XXII)	116,890,688.45	126,960,096.65
Total non-current assets		7,608,372,586.09	6,886,105,203.87
Total assets		11,404,306,777.82	11,354,321,819.44

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Balance Sheet (continued)

As at 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owner's equity	Note V	31 December 2023	31 December 2022
Current liabilities:			
Short-term loans	V. (XXIV)	1,701,718,161.88	1,969,850,503.82
Borrowings from the Central Bank			
Borrowing funds			
Financial liabilities held for trading	V. (XXV)	519,898.30	5,808,202.02
Derivative financial liabilities			
Notes payable	V. (XXVI)	704,947,900.98	1,004,476,920.61
Accounts payable	V. (XXVII)	862,218,150.32	958,233,008.51
Advance from customers			
Contractual liabilities	V. (XXVIII)	891,679,158.45	927,870,015.78
Financial assets sold for repurchase			
Savings absorption and interbank deposits			
Acting trading securities			
Acting underwriting securities			
Employee benefits payable	V. (XXIX)	82,144,342.49	71,266,645.34
Taxes payable	V. (XXX)	35,617,679.60	77,603,095.90
Other payables	V. (XXXI)	54,849,843.53	51,450,665.61
Handling charges and commissions payable			
Accounts payable reinsurance			
Liabilities held for sale			
Non-current liabilities due within 1 year	V. (XXXII)	1,062,284,456.76	591,940,858.91
Other current liabilities	V. (XXXIII)	820,885,552.61	107,773,134.09
Total current liabilities		6,216,865,144.92	5,766,273,050.59
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans	V. (XXXIV)	1,562,568,363.63	1,023,262,713.96
Bonds payable			
Of which: Preferred shares			
Perpetual debt			
Lease liabilities	V. (XXXV)	2,500,445.31	876,313.54
Long-term payable	(XXXVI)	89,237,605.41	870,855,040.50
Long-term remuneration payable to employees			
Provisions	V. (XXXVII)		144,145.00
Deferred revenue	V. (XXXVIII)	145,621,385.39	130,900,287.43
Deferred income tax liabilities	V. (XXI)	8,630,103.13	16,390,363.86
Other non-current liabilities			
Total non-current liabilities		1,808,557,902.87	1,842,428,864.29
Total liabilities		8,025,423,047.79	7,608,701,914.88
Owner's equity:			
Share capital	V. (XXXIX)	913,760,795.00	876,566,295.00
Other equity instruments			
Of which: Preferred shares			
Perpetual debt			
Capital reserves	V. (XL)	648,399,583.24	208,995,086.37
Less: Treasury shares			
Other comprehensive incomes	V. (XLI)	29,826,973.84	69,479,618.61
Special reserves	V. (XLII)	8,697,025.76	2,375,120.26
Surplus reserves	V. (XLIII)	212,549,555.18	212,549,555.18
General risk provision			
Retained earnings	V. (XLIV)	1,349,661,779.20	2,057,079,840.83
Total owner's equity attributable to the Company		3,162,895,712.22	3,427,045,516.25
Non-controlling interests		215,988,017.81	318,574,388.31
Total owner's equity		3,378,883,730.03	3,745,619,904.56
Total liabilities and owner's equity		11,404,306,777.82	11,354,321,819.44

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.

Company's Balance Sheet

As at 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note XIV	31 December 2023	31 December 2022
Current assets:			
Cash and bank		584,437,202.41	331,088,834.32
Financial assets held for trading			
Derivative financial assets			
Notes receivable	(I)	24,923,304.25	70,000,000.00
Accounts receivable	(II)	235,132,083.44	314,053,350.17
Receivables financing	(III)	11,133,623.37	45,951,644.49
Advance to suppliers		15,257,434.60	24,248,471.09
Other receivables	(IV)	2,243,003,741.32	1,977,970,478.10
Inventories		427,170,369.83	517,476,220.65
Contract assets			
Assets held for sale		599,943.92	1,953,950.58
Non-current assets due within 1 year			30,000,000.00
Other current assets		58,967,818.52	52,614,108.14
Total current assets		3,600,625,521.66	3,365,357,057.54
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	(V)	3,313,035,054.10	2,903,854,074.85
Investment in other equity instruments		63,694,692.70	67,185,167.43
Other non-current financial assets			
Investment properties		131,141,071.98	55,454,005.34
Fixed assets		552,248,744.20	617,674,029.05
Construction in progress		8,919,363.87	15,899,512.71
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets		32,973,730.81	33,579,553.76
Development expenditure			
Goodwill			
Long term deferred expenses			
Deferred income tax assets		94,807,504.67	61,741,583.04
Other non-current assets		249,856,802.08	341,943,197.33
Total non-current assets		4,446,676,964.41	4,097,331,123.51
Total assets		8,047,302,486.07	7,462,688,181.05

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Company's Balance Sheet(continued)
As at 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and the owner's equity	Note	31 December 2023	31 December 2022
Current liabilities:			
Short-term loans		1,153,985,328.14	1,170,401,008.61
Financial liabilities held for trading		519,898.30	4,725,042.17
Derivative financial liabilities			
Notes payable		285,507,442.79	467,291,229.71
Accounts payable		133,717,263.73	141,455,837.51
Advance from customers			
Contractual liabilities		709,879,550.65	711,827,337.50
Employee benefits payable		25,552,895.09	26,917,922.45
Taxes payable		8,938,996.32	10,442,421.18
Other payables		362,247,470.92	385,114,621.47
Liabilities held for sale			
Non-current liabilities due within 1 year		686,552,263.21	365,586,562.58
Other current liabilities		114,000,190.99	92,382,772.36
Total current liabilities		3,480,901,300.14	3,376,144,755.54
Non-current liabilities:			
Long-term loans		720,410,686.92	586,470,000.00
Bonds payable			
Of which: Preferred shares			
Perpetual debt			
Lease liabilities			
Long-term payable		1,706,411.27	16,698,793.65
Long-term remuneration payable to employees			
Provisions			
Deferred revenue		7,375,509.54	6,815,968.98
Deferred income tax liabilities			5,746,311.29
Other non-current liabilities			
Total non-current liabilities		729,492,607.73	615,731,073.92
Total liabilities		4,210,393,907.87	3,991,875,829.46
Owner's equity:			
Share capital		913,760,795.00	876,566,295.00
Other equity instruments			
Of which: Preferred shares			
Perpetual debt			
Capital reserves		1,312,383,842.09	872,979,345.22
Less: Treasury shares			
Other comprehensive incomes		60,451,456.40	63,425,271.91
Special reserves			
Surplus reserves		209,741,527.78	209,741,527.78
Retained earnings		1,340,570,956.93	1,448,099,911.68
Total owner's equity		3,836,908,578.20	3,470,812,351.59
Total liabilities and owner's equity		8,047,302,486.07	7,462,688,181.05

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Income Statement
For the Year Ended 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Item	Note V	Year 2023	Year 2022
I. Total operating income		4,128,040,820.94	6,336,219,345.73
Of which: Operating income	V. (XLV)	4,128,040,820.94	6,336,219,345.73
Interest income			
Premium earned			
Incomes for handling charges and commissions		4,862,727,546.96	5,450,837,949.34
II. Total operating cost		3,786,932,047.51	4,450,407,936.40
Of which: Operating cost	V. (XLV)		
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	V. (XLVI)	43,896,334.25	44,594,579.40
Marketing expenses	V. (XLVII)	121,685,456.29	106,056,300.25
Management expenses	V. (XLVIII)	627,015,764.27	627,850,154.60
R&D expenses	V. (XLIX)	148,501,450.87	174,210,673.30
Financial expenses	V. (L)	134,696,493.77	47,718,305.39
Of which: Interest expenses		157,616,490.80	131,907,260.37
Interest income		28,668,488.13	10,205,673.13
Plus: Other income	V. (LI)	45,896,017.98	30,548,545.26
Income from investment (loss expressed with "-")	V. (LII)	4,283,769.68	21,255,846.10
Of which: Investment benefits to the associated enterprise and joint venture		11,114,760.11	36,962,247.03
Income from derecognition of financial assets measured at amortized cost			
Exchange gain (loss expressed with "-")			
Net exposure hedging income (loss expressed with "-")			
Gains from changes in fair value (loss expressed with "-")	V. (LIII)	-16,730,383.09	-7,339,941.06
Credit impairment loss (loss expressed with "-")	V. (LIV)	-54,865,059.13	-40,513,980.56
Asset impairment loss (loss expressed with "-")	V. (LV)	-125,747,370.71	-39,172,094.35
Income from asset disposal (loss expressed with "-")	V. (LVI)	71,931,510.11	-10,587,975.77
III. Operating profit (loss expressed with "-")		-809,918,241.18	839,571,796.01
Plus: Non-operating income	V. (LVII)	3,386,993.77	5,578,648.19
Less: Non-operating expenditure	V. (LVIII)	15,149,698.97	46,579,023.29
IV. Total profit (total loss expressed with "-")		-821,680,946.38	798,571,420.91
Less: Income tax expense	V. (LIX)	-98,156,696.44	138,784,103.07
V. Net profit (net loss expressed with "-")		-723,524,249.94	659,787,317.84
(I) Classification by business continuity			
1. Net profit from continuing operations (net loss expressed with "-")		-678,784,228.10	691,530,603.13
2. Net profit from discontinued operations (net loss expressed with "-")		-44,740,021.84	-31,743,285.29
(II) Classification by ownership			
1. Net profit attributable to shareholders of the Company (net loss expressed with "-")		-619,761,432.13	554,106,172.70
2. Non-controlling interests' profit and loss (net loss expressed with "-")		-103,762,817.81	105,681,145.14
VI. Net after-tax amount of other comprehensive incomes		-39,899,746.88	-707,876.08
Net after-tax amount of other comprehensive income attributable to the owner of the Company		-39,652,644.77	-707,876.08
(I) Other comprehensive incomes not to be reclassified into profit and loss		-2,973,815.51	-7,113,780.72
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit and loss under equity method			-2,020,970.23
3. Changes in fair value of other equity instrument investments		-2,973,815.51	-5,092,810.49
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive incomes to be reclassified into profit and loss		-36,678,829.26	6,405,904.64
1. Other comprehensive income that can be transferred to profit and loss 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		-36,678,829.26	6,405,904.64
7. Others			
Net after-tax amount of other comprehensive income attributable to non-controlling interests		-247,102.11	
VII. Total comprehensive income		-763,423,996.82	659,079,441.76
Total comprehensive incomes attributable to the Company's owners		-659,414,076.90	553,398,296.62
Total comprehensive incomes attributable to non-controlling interests		-104,009,919.92	105,681,145.14
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan / share)	V. LX	-0.69	0.63
(II) Diluted earnings per share (Yuan / share)	V. LX	-0.69	0.63

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Company's Income Statement
For the Year Ended 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Item	Note XIV	Year 2023	Year 2022
I. Operating income	(IV)	1,351,257,330.67	2,071,427,234.58
Less: Operating cost	(IV)	1,095,267,849.43	1,449,212,303.71
Taxes and surcharges		15,948,906.75	14,917,121.36
Marketing expenses		14,496,548.50	13,618,383.14
Management expenses		210,101,169.36	287,402,529.35
R&D expenses		76,678,484.16	76,237,037.00
Financial expenses		65,679,832.35	59,387,009.00
Of which: Interest expenses		96,555,876.99	96,000,649.45
Interest income		21,202,705.02	12,926,871.38
Plus: Other income		6,257,973.75	9,940,213.23
Income from investment (loss expressed with "-")	(V)	133,863,277.34	34,926,749.15
Of which: Investment benefits to the associated enterprise and joint venture		11,210,332.53	37,720,247.51
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss expressed with "-")			
Gains from changes in fair value (loss expressed with "-")		3,806,809.38	-5,717,549.48
Credit impairment loss (loss expressed with "-")		-54,646,967.13	-38,115,776.68
Asset impairment loss (loss expressed with "-")		-14,613,374.51	-4,328,518.32
Income from asset disposal (loss expressed with "-")		411,400.03	-627,038.50
II. Operating profit (loss expressed with "-")		-51,836,341.02	166,730,930.42
Plus: Non-operating income		100,425.36	3,285,494.83
Less: Non-operating expenditure		3,360,789.43	3,915,962.29
III. Total profit (total loss expressed with "-")		-55,096,705.09	166,100,462.96
Less: Income tax expense		-35,224,379.84	24,773,986.76
IV. Net profit (net loss expressed with "-")		-19,872,325.25	141,326,476.20
(I) Net profit from continuing operations (net loss expressed with "-")		-19,872,325.25	141,326,476.20
(II) Net profit from discontinued operations (net loss expressed with "-")			
V. Net after-tax amount of other comprehensive incomes		-2,973,815.51	-7,113,780.72
(I) Other comprehensive incomes not to be reclassified into profit and loss		-2,973,815.51	-7,113,780.72
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit and loss under equity method			-1,082,470.70
3. Changes in fair value of other equity instrument investments		-2,973,815.51	-6,031,310.02
4. Changes in fair value of enterprise's own credit risk			
(II) Other comprehensive incomes to be reclassified into profit and loss			
1. Other comprehensive income that can be transferred to profit and loss 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			
7. Others			
VI. Total comprehensive income		-22,846,140.76	134,212,695.48
VII. Earnings per share:			
(I) Basic earnings per share (Yuan / share)		-0.02	0.16
(II) Diluted earnings per share (Yuan / share)		-0.02	0.16

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2023	Year 2022
I. Cash flow from operating activities			
Cash received from sales of goods or rendering of labor services		3,018,251,669.94	4,703,668,494.43
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		266,604,395.89	233,064,469.03
Other cash received related to operating activities	V. (LXI)	117,688,780.65	84,841,264.42
Sub-total of cash inflows from operating activities		3,402,544,846.48	5,021,574,227.88
Cash paid for goods and services		2,428,673,974.65	3,506,134,252.04
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		478,684,759.45	468,043,764.22
Payments of taxes and surcharges		154,332,270.44	321,308,796.60
Other cash payments related to operating activities	V. (LXI)	669,980,425.94	502,405,188.65
Sub-total of cash outflows from operating activities		3,731,671,430.48	4,797,892,001.51
Net cash flow from operating activities		329,126,584.00	223,682,226.37
II. Cash flow from investment activities			
Cash received from investment recovery		82,665,915.87	189,272,145.87
Cash received from returns on investments		4,354,703.85	4,642,864.57
Net cash received from disposal of fixed assets, intangible assets & other long-term assets		168,384,731.78	56,311,465.42
Net cash received from the disposal of subsidiaries and other business entities			
Other cash received relating to investment activities			29,068,252.92
Sub-total of cash inflows from investment activities		255,405,351.50	279,294,728.78
Cash paid to acquire fixed assets, intangible assets & other long-term assets		671,871,240.93	739,182,653.51
Cash paid to acquire investments		89,125,685.51	130,419,698.90
Net increase in pledge loans			
Net cash payments for the acquisition of subsidiaries and other business entities			
Other cash payments related to investing activities	V. (LXI)		7,811,817.00
Sub-total of cash outflows from investment activities		760,996,926.44	877,414,169.41
Net cash flow from investing activities		-505,591,574.94	-598,119,440.63
III. Cash flow from financing activities			
Cash received from capital contributions		476,598,996.87	
Of which: Cash received from non-controlling interests' investment in subsidiaries			
Cash received from borrowings		3,586,438,310.18	2,954,054,915.75
Other cash received related to financing activities	V. (LXI)	133,308,614.23	160,343,800.00
Sub-total of cash inflows from financing activities		4,196,345,921.28	3,114,398,715.75
Cash payments for debt repayment		2,824,415,879.98	2,277,355,937.98
Cash payments for distributing dividends, profits or paying interest		240,722,805.97	212,835,034.36
Of which: Share dividends and profits paid to non-controlling interests by subsidiaries			
Other cash payments related to financing activities	V. (LXI)	178,803,817.30	212,561,087.56
Sub-total of cash outflows from financing activities		3,243,942,503.25	2,702,752,059.90
Net cash flow from financing activities		952,403,418.03	411,646,655.85
IV. Impact of currency fluctuation on cash and cash equivalents		-4,216,630.06	34,105,421.38
V. Net increase in cash and cash equivalents		113,468,629.03	71,314,862.97
Plus: Cash and cash equivalents balance at the beginning of the period		438,109,059.07	366,794,196.10
VI. Cash and cash equivalents balance at the end of the period		551,577,688.10	438,109,059.07

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Company's Statement of Cash Flows
For the Year Ended 31 December 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Note XIV	Year 2023	Year 2022
I. Cash flow from operating activities			
Cash received from sales of goods or rendering of labor services		1,079,313,072.33	1,572,738,846.47
Refunds of taxes		52,032,794.01	34,918,235.90
Other cash received related to operating activities		49,878,601.00	29,934,089.46
Sub-total of cash inflows from operating activities		1,181,224,467.34	1,637,591,171.83
Cash paid for goods and services		613,410,084.14	416,189,678.39
Cash paid to and on behalf of employees		161,386,923.78	171,478,618.56
Payments of taxes and surcharges		14,966,422.78	42,567,281.01
Other cash payments related to operating activities		355,854,324.04	205,454,445.87
Sub-total of cash outflows from operating activities		1,145,617,754.74	835,690,023.83
Net cash flow from operating activities		35,606,712.60	801,901,148.00
II. Cash flow from investment activities			
Cash received from investment recovery		30,465,334.49	86,271,474.67
Cash received from returns on investments		134,122,380.32	4,116,839.44
Net cash received from disposal of fixed assets, intangible assets & other long-term assets		35,998,936.00	5,222,572.33
Net cash received from the disposal of subsidiaries and other business entities			
Other cash received relating to investment activities		305,552,184.58	245,282,272.81
Sub-total of cash inflows from investment activities		506,138,835.39	340,893,159.25
Cash paid to acquire fixed assets, intangible assets & other long-term assets		150,796,158.04	38,059,493.47
Cash paid to acquire investments		409,440,082.23	
Net cash payments for the acquisition of subsidiaries and other business entities			259,896,760.95
Other cash payments related to investing activities		554,957,200.05	694,713,334.34
Sub-total of cash outflows from investment activities		1,115,193,440.32	992,669,588.76
Net cash flow from investing activities		-609,054,604.93	-651,776,429.51
III. Cash flow from financing activities			
Cash received from capital contributions		476,598,996.87	
Cash received from borrowings		2,240,200,000.00	1,911,407,240.37
Other cash received related to financing activities		111,522,108.56	17,030,000.00
Sub-total of cash inflows from financing activities		2,828,321,105.43	1,928,437,240.37
Cash payments for debt repayment		1,752,476,880.00	1,848,679,418.00
Cash payments for distributing dividends, profits or paying interest		184,911,193.10	181,775,147.19
Other cash payments related to financing activities		201,566,505.31	96,588,406.92
Sub-total of cash outflows from financing activities		2,138,954,578.41	2,127,042,972.11
Net cash flow from financing activities		689,366,527.02	-198,605,731.74
IV. Impact of currency fluctuation on cash and cash equivalents		5,218,137.94	3,031,550.98
V. Net increase in cash and cash equivalents		121,136,772.63	-45,449,462.27
Plus: Cash and cash equivalents balance at the beginning of the period		183,097,370.13	228,546,832.40
VI. Cash and cash equivalents balance at the end of the period		304,234,142.76	183,097,370.13

The accompanying notes form an integral part of these financial statements.

Person in charge
of the Company:

Person in charge
of accounting:

Person in charge
of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Statement of Changes in Owner's Equity
For the Year Ended 31 December 2023
(Amounts are expressed in RMB unless otherwise stated)

(Amounts are expressed in RMB unless otherwise stated)														
Item	Year 2023												Non-controlling interests	Total owner's equity
	Owner's equity attributable to the Company													
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings	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											-168,421.21	-168,421.21		-168,421.21
Correction of prior errors														
Business consolidation under the same control														
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		2,057,079,840.83	3,427,045,516.25	318,574,388.31	3,745,619,904.56
III. Increase / decrease amount of the period (decrease expressed with "-")	37,194,500.00				439,404,496.87		-39,652,644.77	6,321,905.50			-707,418,061.63	-264,149,804.03	-102,586,370.50	-366,736,174.53
(I) Total comprehensive income							-39,652,644.77				-619,761,432.13	-659,414,076.90	-104,009,919.92	-763,423,996.82
(II) Capital contributed or withdrawn by owners	37,194,500.00				439,404,496.87							476,598,996.87		476,598,996.87
1. Capital contribution by owners	37,194,500.00				439,404,496.87							476,598,996.87		476,598,996.87
2. Capital contribution by holders of other equity instruments														
3. Amount of share payment included into owner's equity														
4. Others														
(III) Distribution of profits											-87,656,629.50	-87,656,629.50		-87,656,629.50
1. Appropriation to surplus 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) Transfer within owner's 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								6,321,905.50				6,321,905.50	1,423,549.42	7,745,454.92
1. Withdrawal in the current period								38,542,818.48				38,542,818.48	2,083,409.71	40,626,228.19
2. Use in the current period								32,220,912.98				32,220,912.98	659,860.29	32,880,773.27
(VI) Others														
IV. Balance at the end of current period	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

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Consolidated Statement of Changes in Owner's Equity (Continued)
For the Year Ended 31 December 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2022														
	Owner's equity attributable to the Company													Non-controlling interests	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	General risk provision	Retained earnings	Subtotal			
	Preferred shares	Perpetual debt	Others												
I. Balance at the end of the last year	876,566,295.00				771,657,893.90		70,187,494.69	447,664.21	198,416,907.56		1,605,109,202.90	3,522,385,458.26	212,272,573.74	3,734,658,032.00	
Plus: Changes in accounting policies											-346,257.65	-346,257.65		-346,257.65	
Correction of prior errors															
Business consolidation under the same control															
Others															
II. Balance at the beginning of the year	876,566,295.00				771,657,893.90		70,187,494.69	447,664.21	198,416,907.56		1,604,762,945.25	3,522,039,200.61	212,272,573.74	3,734,311,774.35	
III. Increase / decrease amount of the period (decrease expressed with "-")					-562,662,807.53		-707,876.08	1,927,456.05	14,132,647.62		452,316,895.58	-94,993,684.36	106,301,814.57	11,308,130.21	
(I) Total comprehensive income							-707,876.08				554,106,172.70	553,398,296.62	105,681,145.14	659,079,441.76	
(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) Distribution of profits									14,132,647.62		-101,789,277.12	-87,656,629.50		-87,656,629.50	
1. Appropriation to surplus reserves									14,132,647.62		-14,132,647.62				
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) Transfer within owner's 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								1,927,456.05				1,927,456.05	620,669.43	2,548,125.48	
1. Withdrawal in the current period								21,026,650.98				21,026,650.98	1,398,680.00	22,425,330.98	
2. Use in the current period								19,099,194.93				19,099,194.93	778,010.57	19,877,205.50	
(VI) Others					-562,662,807.53							-562,662,807.53		-562,662,807.53	
IV. Balance at the end of current period	876,566,295.00				208,995,086.37		69,479,618.61	2,375,120.26	212,549,555.18		2,057,079,840.83	3,427,045,516.25	318,574,388.31	3,745,619,904.56	

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Company's Statement of Changes in Owners' Equity
For the Year Ended 31 December 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	(Amounts are expressed in RMB unless otherwise stated)										
	Year 2023										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Retained earnings	Total owner's 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 period (decrease expressed with "-")	37,194,500.00				439,404,496.87		-2,973,815.51			-107,528,954.75	366,096,226.61
(I) Total comprehensive income							-2,973,815.51			-19,872,325.25	-22,846,140.76
(II) Capital contributed or withdrawn by owners	37,194,500.00				439,404,496.87						476,598,996.87
1. Capital contribution by owners	37,194,500.00				439,404,496.87						476,598,996.87
2. Capital contribution by holders of other equity instruments											
3. Amount of share payment included into owner's equity											
4. Others											
(III) Distribution of profits										-87,656,629.50	-87,656,629.50
1. Appropriation to surplus reserves										-87,656,629.50	-87,656,629.50
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Transfer within owner's 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								16,767,878.02			16,767,878.02
2. Use in the current period								16,767,878.02			16,767,878.02
(VI) Others											
IV. Balance at the end of current period	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

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.
Company's Statement of Changes in Owners' Equity (Continued)
For the Year Ended 31 December 2023
(Amounts are expressed in RMB unless otherwise stated)

Item	Share capital	Other equity instruments			Year 2022						Total owner's equity
		Preferred shares	Perpetual debt	Others	Capital reserves	Less: Treasury shares	Other comprehensive incomes	Special reserves	Surplus reserves	Retained earnings	
I. Balance at the end of the last year	876,566,295.00				872,979,345.22		70,539,052.63		195,608,880.16	1,408,562,712.60	3,424,256,285.61
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		70,539,052.63		195,608,880.16	1,408,562,712.60	3,424,256,285.61
III. Increase / decrease amount of the period (decrease expressed with "-")							-7,113,780.72		14,132,647.62	39,537,199.08	46,556,065.98
(I) Total comprehensive income							-7,113,780.72			141,326,476.20	134,212,695.48
(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) Distribution of profits									14,132,647.62	-101,789,277.12	-87,656,629.50
1. Appropriation to surplus reserves									14,132,647.62	-14,132,647.62	
2. Distribution to owners (or shareholders)										-87,656,629.50	-87,656,629.50
3. Others											
(IV) Transfer within owner's 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								12,235,307.87			12,235,307.87
2. Use in the current period								12,235,307.87			12,235,307.87
(VI) Others											
IV. Balance at the end of current period	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

The accompanying notes form an integral part of these financial statements.

Person in charge of the Company:

Person in charge of accounting:

Person in charge of the accounting authority:

Zhejiang Yongtai Technology Co., Ltd.

For the Year Ended 31 December 2023

Notes to the Financial Statements

(Amounts are expressed in RMB unless otherwise stated)

I. Basic Information about the Company

(I) Company Profile

Zhejiang Yongtai Technology Co., Ltd. (hereinafter referred to as the “Company” or “Yongtai Technology”) is a company limited by shares through overall change from original Zhejiang Yongtai Chemical Co., Ltd., with Zhejiang Yongtai 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: Raw chemical materials and chemical products manufacturing.

As of 31 December 2023, the Company has issued a total of 913,760,795 shares, with a registered capital of RMB 913,760,795. Its registered place is: No.1, Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical Raw Material Medicine Base; headquarters address: No.1, Donghai Fifth Avenue, Linhai Park, Zhejiang Chemical Raw Material Medicine Base. Main business activities of the Company are: manufacturing and sales of fluorinated pharmaceuticals, crop science, and new energy materials. 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 on 25 April 2024.

(II) Scope of consolidated financial statements

As of 31 December 2023, Subsidiaries within the scope of consolidated financial statements of the Company 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 Pharmaceutical”)
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”)

Name of subsidiary
SYTpharm (Shanghai) Inc. (hereinafter referred to as “SYTpharm (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-Tong Chemical (Hongkong) Co., Limited (hereinafter referred to as “E-Tong Chemical (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-Tong Chemical Co., Limited (hereinafter referred to as “E-Tong Chemical”)
Inner Mongolia Hehui Technology Co., Ltd. (hereinafter referred to as “Inner Mongolia Hehui”)
Hangzhou Yongtai Biomedical 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.)”)

Name of subsidiary

Lideal Mines Limited (hereinafter referred to as “Lideal Mines”)

AGRO JUNTOS COLOMBIA S.A.S. (hereinafter referred to as “Etong Colombia”)

FarmaLine CropCare Bangladesh Limited (hereinafter referred to as “Etong Bangladesh”)

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”)

For details of related information of the Company's subsidiaries, please refer to “Note VIII Interests in Other Subjects”.

For details of changes in consolidation scope during the reporting period, please refer to “Note VII. Change in scope of consolidation ”.

II. Basis of preparation for the financial statements

(I) Basis of preparation

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.

(II) Continuous operation

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.

III. Significant accounting policies and accounting estimates

(I) 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 company's financial position as of 31 December 2023 and the consolidated and

company's business performance and cash flows for the year ended 31 December 2023.

(II) Accounting period

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

(III) Business cycle

The business cycle of the Company is 12 months.

(IV) Accounting base currency

The company adopts RMB as its accounting base currency.

The accounting base currency of the company's subsidiaries is determined according to the main economic environment of operation in which they operate. The accounting base currency of the company's American subsidiary Yongtai Technology (United States), Hong Kong Second-tier Subsidiary Hong Kong Etong and New Hong Kong Etong is USD, and the accounting base currency of Indonesia Second-tier Subsidiary Indonesia Etong is IDR.

The accounting base currency of Philippine Second-tier Subsidiary is PHP, the accounting base currency of Nigerian Second-tier Subsidiary Nigerian Etong and Lideal Mines is NGN , the accounting base currency of Pakistani Second-tier Subsidiary Pakistani Etong is Pakistani rupeePKR, the accounting base currency of Colombian Second-tier Subsidiary is COP,

The accounting base currency of Bangladesh Second-tier Subsidiary Bangladesh Etong is BDT, the accounting base currency of Vietnam Company Vietnam Etong is VND, and the accounting base currency of other companies is RMB.

The financial statements are presented in RMB.

(V) The accounting treatment method for business consolidation under the common control and not under the common control

Business consolidation under the common control: Assets and liabilities acquired by a consolidating party in a business consolidation (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the book value of the consolidated party's assets and liabilities in the consolidated financial statements of the ultimate controlling party at the date of the consolidation. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration during consolidation (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 to be offset, the retained earnings shall be adjusted.

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

Directly related costs incurred for a business consolidation are included into the current profit and loss as incurred; Transaction costs for the issuance of equity securities or debt securities for a business consolidation are included into the initial recognition amount of the equity securities or debt securities.

(VI) Judgmental Criteria for Control and Preparation Method of Consolidated Financial Statements

1. Judgmental Criteria for Control

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.

2. Procedure of consolidation

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 non-controlling interests in owner's equity, the net profit and loss in the current period and the comprehensive income in the current period 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 non-controlling interests of the subsidiary subtracting the shares enjoyed by non-controlling interests from period-beginning owner's equity of the subsidiary shall offset against the non-controlling interests.

(1) Increase subsidiaries or business

During the reporting period, if a subsidiary or any business is added as a result of a business consolidation under the common 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 consolidated 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 common control, the equity investment held before the acquisition of control of the consolidated party, and the relevant profit and loss, 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 consolidating party and the consolidated party are under the common control (which one is later) to the consolidation date will write down the opening retained earnings or current profit and loss for the period of comparative statement, respectively.

During the reporting period, if a subsidiary or any business is added as a result of a business consolidation not under the common 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 common 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 profit and loss 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 profit and loss 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's 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 profit and loss 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 consolidation, 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.

(VII) 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 "(XIV) Long-term Equity Investments" of Note III.

(VIII) 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.

(IX) Foreign currency business and conversion of foreign currency statements

1. Foreign currency business

Foreign currency business is charged to an account in RMB using the approximate exchange rate of spot exchange rate on the date of the transaction as the conversion rate.

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 profit and loss, 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 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 profit and loss.

(X) 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 the financial assets, the financial assets are classified at initial recognition as: Financial assets measured at amortized cost, financial assets measured at fair value whose changes are included into other comprehensive income, and financial assets measured at fair value whose changes are included into the current profit and 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 profit and loss 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 profit and loss 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 profit and loss. 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 profit and loss.

Financial liabilities are classified on initial recognition as: Financial liabilities measured at fair value whose changes are included into the current profit and loss and financial liabilities measured 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 profit and loss:

- 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 receivables, long-term receivables 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 profit and loss.

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

(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 receivables 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 gain 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 profit and loss.

(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 profit and loss.

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 profit and loss

Financial assets measured at fair value whose changes are included into the current profit and loss, 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 profit and loss. The financial asset is subsequently measured at fair value, with changes in fair value included into the current profit and loss.

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

Financial liabilities measured at fair value whose changes are included into the current profit and loss, including financial liabilities held for trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included into the current profit and loss. The

financial liability is subsequently measured at fair value, with changes in fair value included into the current profit and loss.

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

(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 profit and loss.

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

3. Derecognition of financial assets 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 doesn't retain control over the financial asset.

When the Company modifies or renegotiates a contract with a counterparty and the modification constitutes a material change, the original financial asset is derecognized and a new financial asset is 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 profit and loss:

- (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 profit and loss:

(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 doesn't meet the termination 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 profit and loss.

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 profit and loss.

5. Method to determine 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 Assets

The Company estimates expected credit losses on financial assets measured at amortized cost, financial assets measured at fair value whose changes are included into other comprehensive income (debt instruments) and financial guarantee contracts, etc., either individually or in combination.

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 regulated by Accounting Standards for Business Enterprises No. 14 - Revenue, the Company always measures its loss provisions at an amount equivalent to the expected credit losses during the entire term of existence, regardless of whether they contain a significant financing component.

For leasing receivables resulting from transactions regulated by Accounting Standards for Business Enterprises No. 21 - Leasing, the Company elects to always measure its loss provisions at an amount equivalent to the expected credit losses during the entire term of existence.

For other financial instruments, the Company evaluates on each balance sheet date the changes in the credit risk of the relevant financial instruments since the initial recognition.

The Company compares the risk of default of a financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the relative change in the risk of default of a financial instrument during its expected lifetime, so as to assess whether the credit risk of a financial instrument has increased significantly since the initial recognition.

Generally, if overdue for more than 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

If the credit risk of the financial instrument has significantly increased since the initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss during the entire existence of the financial instrument;

If the credit risk of the financial instrument has not significantly increased since the initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the following 12 months.

The resulting increase or reversal of the loss provision shall be recorded into the current profit and loss as impairment loss or gain.

For financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, the loss provision shall be recognized in other comprehensive income, and the impairment loss or gain shall be included in the current profit and loss, without reducing the book value of the financial asset listed in the balance sheet.

If there is objective evidence that a receivable is credit impaired, the Company makes an allowance for impairment of that 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
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Item	Combination category	Determination basis
Notes receivable	Aging analysis combination	Divide accounts receivable based on the different 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 point of recognition of receivables as the starting point for aging, and the aging statistics are based on the first-in, first-out principle.

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.

(XI) Inventories

1. Classification and cost of inventories

Inventory is classified as: Raw materials, Materials in transit ,circulating materials, materials outsourced for processing, products in progress, stock goods and goods in transit 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. Recognition criteria and provision methods for inventory depreciation reserves

Basis for determining the net realizable value of different categories of inventories 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 impairment 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 impairment 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 impairment in value of inventory is reversed within the original provision amount, and the amount reversed is included into the current profit and loss.

(XII) 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 (X) 6. Test Methods and Accounting Treatment Methods for Impairment of Financial Assets of Note III.

(XIII) Holding for sale and discontinued operations

1. Holding 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 1 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. Discontinued 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.

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

(XIV) 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 consolidation

For long-term equity investment in subsidiaries acquired through business consolidation under the common control, the initial investment cost of long-term equity investment at the date of consolidation is based on the share of the owner's equity of the combined 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, adjust the stock premium in capital surplus; If the stock premium in capital surplus is not sufficient for write-down, adjust the retained earnings. If it is possible to exercise control over an investee under the common 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 consolidation and the book value of the consideration paid for further acquisition of shares at the date of consolidation, adjust the stock premium, and if the stock premium is not sufficient for write-down, write down the retained earnings.

For long-term equity investments in subsidiaries formed by business consolidations not under the common control, the initial investment cost of long-term equity investments is based on the cost of the consolidation determined at the date of acquisition. Where the invested units not under the common 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 consolidations

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is 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 profit and loss

(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 profit and loss, 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 gains 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 profit and loss.

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 profit and loss 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 profit and loss; 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 profit and loss, 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 profit and loss when control is lost. If the transaction is not part of a package, each transaction is conducted with accounting treatment method separately.

(XV) Investment properties

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 profit and loss 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.

(XVI) Fixed assets

1. Recognition and initial measurement of fixed assets

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 profit and loss as incurred.

2. Depreciation method

The depreciation of fixed assets is classified and accrued by using the straight-line method. The depreciation rate is determined based on the category, estimated service life and estimated net residual value ratio of fixed assets. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods based on their book value net of provision for impairment and based on their remaining useful lives. If the service life of each component of the fixed assets is different or the economic benefits are provided for enterprises in different ways, the different depreciation rates or depreciation methods shall be selected for depreciation respectively.

The depreciation methods, depreciation lives, residuals rates and annual depreciation rates for various types of fixed assets are as follows:

Category	Depreciation method	Period of depreciation (years)	Residual value rate (%)	Annual depreciation rate (%)
House and building	Straight-line method	20	5.00	4.75
Machinery equipment	Straight-line method	2-10	5.00	47.50-9.50
Electronic equipment and others	Straight-line method	5-10	5.00	19.00-9.50
Transportation equipment	Straight-line method	5	5.00	19.00

3. 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 profit and loss.

(XVII) Construction in progress

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.

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

Category	The criteria and timing for converting to fixed assets
	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.

(XVIII) 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 profit and loss.

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 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 profit and loss 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.

During the 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 profit and loss.

(XIX) Intangible assets

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	Basis
Land-use right	40-50 years	Straight-line method	Land-use Right Certificate
Trademarks	10 years	Straight-line method	Estimated useful life
Patent and proprietary technology	5-10years	Straight-line method	Estimated useful life
Software and others (pollution discharge license, production permission, etc.)	5-10 years	Straight-line method	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.

4. The scope of collection of research and development expenses

The company will classify all expenses directly related to research and development activities as R&D expenses, including personnel salaries, materials consumption, relevant depreciation and amortization expenses, outsourcing expenses, and other related expenses incurred in conducting R&D activities.

5. Specific criteria for classifying the research and development phases

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

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

Development phase: 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.

6. Specific conditions for capitalization of development phase expenditures

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

- (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 phase from the expenditure in the development phase, all R&D expenditures incurred are included into the current profit and loss.

(XX) 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, oil and gas assets, 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 business consolidations, 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 consolidation 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 consolidation.

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.

(XXI) 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 cost	Average amortization in the benefit period	3-5 years
Others	Average amortization in the benefit period	2-5 years

(XXII) Contractual 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.

(XXIII) 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 profit and loss 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 profit and loss 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 profit and loss 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 profit and loss 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 profit and loss: 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.

(XXIV) Provisions

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

- (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.

The provisions 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 of 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 the provisions 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 the provisions 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.

(XXV) 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 during the 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 profit and loss, 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 during the 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.

The Company modifies the terms and conditions of the cash-settled share-based payment agreement to equity-settled share-based payment, the difference between the modification date (whether occurring during the waiting period or after the end of the period) should be measured at the fair value of the equity instrument granted at the fair value of the date of modification of the equity instrument, the services obtained should be included in the capital reserve, and the balance between the cash-settled share-based payment recognized liabilities recognized on the amendment date should be derecognized, and the difference should be included in the current profit and loss. If the waiting period is extended or shortened due to the modification, the company will conduct accounting treatment according to the revised waiting period.

(XXVI) Income

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.

Our company determines whether it acts as a principal or an agent in a transaction based on whether it has control over the goods or services being transferred to the customer. If our company has control over the goods or services before transferring them to the customer, we act as a principal and recognize revenue based on the total amount of consideration received or expected to be received. If we do not have control over the goods or services, we act as an agent and recognize revenue based on the expected commission or fee that we are entitled to receive.

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 mode of domestic sales: Customers recognize revenue after receiving the goods and passing the inspection.

Domestic sales consignment mode: After the products are delivered to the warehouse designated by the consignment customer, the customer takes the products from the consignment warehouse. The company regularly checks accounts with the customer according to the contract and confirms the income according to the quantity and amount of products actually taken 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.

(XXVII) Contract costs

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 profit and loss 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 profit and loss, 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.

(XXVIII) 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. Confirm time 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 institution allocates the discounted interest funds 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 institution subsidies are directly allocated to the Company, the Company will write down the corresponding subsidies against the related borrowing costs.

(XXIX) The deferred income tax assets and 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 profit and loss, except for income tax arising from business consolidations 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 calculation 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;
- A transaction or event that is neither a business consolidation nor, when it occurs, affects accounting profit and taxable income (or deductible loss).

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.

(XXX) Rental

Leasing refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period of time.

On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease.

A contract is regarded as a leasing or includes a leasing if a party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains a number of separate leases at the same time, the company will divide the contract and conduct accounting treatment for each separate lease.

If the contract contains both leased and non-leased parts, the lessee and the lessor shall divide the leased and non-leased parts.

1. The Company as the 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 (XX) Impairment of Long-term Assets of Note III.

(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 profit and loss 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 profit and loss 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 profit and loss:

- 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 profit and loss 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 profit and loss. 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.

2. The Company as the 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 profit and loss 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 profit and loss 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

At 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 (IX) Financial Instruments of Note III.

Variable lease payments not included in the net lease investment measurement are included into the current profit and loss 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 (X) Financial Instruments of Note III.

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 (XXVI) Income of Note III.

(1) As the lessee

If the asset transfer in the after-sales leaseback transaction belongs to sales, the Company, namely the lessee, shall measure the use right assets formed by the after-sales leaseback according to the part related to the use right acquired by leaseback in the book value of original assets, and only recognizes relevant gains or losses for the rights transferred to the lessor. If the asset transfer in the leaseback transaction does not belong to sales, the Company, namely the lessee, will continue to recognize the transferred asset and a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to (X) Financial Instruments of Note III.

(2) As the lessor

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. For details of the accounting treatment of financial assets, please refer to (X) Financial Instruments of Note III.

(XXXI) Determination method and selection basis for importance criteria

Item	Importance criteria
Important ongoing project	Single item amount $\geq$ RMB 20 million
Important development expenses	Single item amount $\geq$ RMB 10 million
Important accounts receivable for single provision for bad debt reserves	Single item amount $\geq$ RMB 8 million
Important accounts payable with an aging of over one year or overdue. Advance payment	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

(XXXII) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

(1) Implement the provisions of “The deferred income tax related to assets and liabilities arising from individual transactions is not subject to the accounting treatment of initial recognition exemption” stated in Accounting Standard for Business Enterprises Interpretation No. 16.

On 30 November 2022, the Ministry of Finance issued Accounting Standard for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”), of which, the provisions of “The deferred income tax related to assets and

liabilities arising from individual transactions is not subject to the accounting treatment of initial recognition exemption” shall come into effect on 1 January 2023.

Interpretation No. 16 stipulates that, for the individual transactions that are not business combinations, do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities (including the leasing transactions in which the lessee initially recognizes the leasing liability and includes it in the right of use assets on the start date of the lease term, as well as the transactions in which the lessee recognizes the expected liability and includes it in the relevant asset cost due to the abandonment obligations from fixed assets, etc.), the provisions exempting initial recognition of deferred income tax liabilities and deferred income tax assets do not apply. Therefore, the enterprises shall recognize the corresponding deferred income tax liabilities and deferred income tax assets separately in accordance with relevant provisions such as Accounting Standard for Business Enterprises No. 18 - Income Tax at the time of transaction occurrence.

For the individual transactions that apply this provisions that occur between the beginning and the implementation date during the earliest period in which this provisions is first implemented in the financial statements, and the lease liabilities and right of use assets recognized at the beginning of the earliest period in the financial statements due to the application of this provisions in individual transactions, as well as the expected liabilities and corresponding assets related to the abandonment obligations, if there are taxable temporary differences and deductible temporary differences, the enterprise shall adjust in accordance with this provisions.

The Company implemented the provisions of Interpretation No. 16 on 1 January 2023. For the individual transactions that occurred between the beginning of the earliest period in which Interpretation No. 16 was first implemented in the financial statements (i.e. 1 January 2022) and 1 January 2023, the Company will adjust in accordance with the provisions of Interpretation No. 16. For the lease liabilities and right of use assets recognized on 1 January 2022 due to the individual transactions applicable to Interpretation 16, which result in taxable temporary differences and deductible temporary differences, the Company will adjust the cumulative impact amount to the retained earnings and other related financial statement items as of 1 January 2022 in accordance with the provisions of Interpretation 16 and Accounting Standard for Business Enterprises No. 18 - Income Tax.

The Company has retrospectively adjusted the relevant items of the consolidated comparative financial statements for Year 2022 and 1 January 2022 as follows to implement this accounting treatment provisions:

Consolidated statements:

Affected statement items	31 December 2022/Year 2022			1 January 2022		
	Before adjustment	Adjustment amount	After adjustment	Before adjustment	Adjustment amount	After adjustment
Balance sheet items:						
Deferred income tax assets	123,509,880.63	168,421.21	123,341,459.42	108,042,448.17	346,257.65	107,696,190.52
Retained earnings	2,057,248,262.04	168,421.21	2,057,079,840.83	1,605,109,202.90	346,257.65	1,604,762,945.25
Income statement items:						
Income tax expense	138,961,939.51	177,836.44	138,784,103.07			

2. Significant changes in accounting estimates

The main accounting estimates for this period have not changed.

IV. Taxes

(I) 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%, 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]
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%
Enterprise income tax	Calculated and paid according to taxable income	9%, 8.25%, 16.5%, 15%, 20%, 22%, 25%, 29%, 30%, 35%

[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 Nigeria, Etong Chemicals (Pvt.), Lideal Mines, Agro Juntos Colombia, Etong Bangladesh, and Etong Vietnam are not subject to pay value-added tax.

The output tax is calculated at 10% of the revenue from sales of goods for PT. ETONG.

YONGTAI TECH. sells houses and is subject to a simplified tax rate of 5%. YONGTAI TECH. and Shanghai Yongtai Technology Transfer Services shall pay taxes at a rate of 6% of their taxable income.

[Note 2]:

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

Yongtai Hi-tech, 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 Nigeria, Etong Chemicals (Pvt.), Lideal Mines, Agro Juntos Colombia, Etong Bangladesh, and Etong Vietnam are not subject to pay urban maintenance and construction tax.

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 (HONGKONG)	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	25%
Etong Chemicals (Pvt.)	29%
Etong Nigeria, Lideal Mines, Etong Bangladesh	30%
Etong Colombia	35%

(II) Tax preferences

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 2023.

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 2023.

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 2023.

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 2023.

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 2023.

6. Pursuant to the Announcement on the Implementation of Preferential Policies on Income Tax for the Development of Small and Micro Enterprises and Individual Businesses (CS [2021] No. 12), the portion of the annual taxable income of small and micro enterprises that does not exceed RMB 1 million shall be reduced by 12.5% of the taxable income and the enterprise income tax is payable at a tax rate of 20% during the period from 1 January 2021 to 31 December 2022; and pursuant to the Announcement on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises (CS [2022] No. 13), the portion of the annual taxable income of small and micro enterprises exceeding RMB 1 million but not exceeding RMB 3 million shall be reduced by 25% of the annual taxable income of small and micro enterprises and shall be subject to enterprise income tax at a tax rate of 20% during the period from 1 January 2022 to 31 December 2024. 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 2023.

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.

V. Notes to consolidated financial statement items

(I) Cash and bank

Item	31 December 2023	31 December 2022
Cash on hand	347,670.23	328,479.76
Bank deposit	796,487,012.85	436,002,870.76
Other cash and bank	312,303,726.97	522,963,003.04
In total	1,109,138,410.05	959,294,353.56
Of which: Total amount of money deposited abroad	38,986,343.45	39,569,885.85

(II) Financial assets held for trading

Item	31 December 2023	31 December 2022
Financial assets measured at fair value with their changes included into the current profit and loss	37,000,000.00	21,000,000.00
Of which: Wealth management products	37,000,000.00	21,000,000.00
In total	37,000,000.00	21,000,000.00

(III) Notes receivable

1. Presentation of notes receivable by category

Item	31 December 2023	31 December 2022
Banker's acceptance bill	157,936,185.71	
In total	157,936,185.71	

2. Notes receivable was classified and disclosed by bad debt provision method

Category	31 December 2023					31 December 2022				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Provision for bad debts made on an individual basis										
Provision for bad debts made on a portfolio basis	157,936,185.71	100.00			157,936,185.71					
Of which:										
Risk offsetting portfolio	157,936,185.71	100.00			157,936,185.71					
In total	157,936,185.71	100.00			157,936,185.71					

3. There is no provision, reversal or recovery of bad debt reserves in this period.

4. Notes receivable pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Banker's acceptance bill	1,530,000.00
In total	1,530,000.00

5. Notes receivable that have been endorsed or discounted by the Company and are outstanding at the balance sheet date at the end of the period

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance bill		130,801,761.56
In total		130,801,761.56

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

(IV) Accounts receivable

1. Accounts receivable disclosed by account age

Account age	31 December 2023	31 December 2022
Within 1 year	781,426,905.30	1,126,955,584.89
1-2 years	200,220,544.84	28,959,953.35
2-3 years	16,121,603.48	16,802,748.88
Above 3 years	44,320,677.14	28,301,140.35
Subtotal	1,042,089,730.76	1,201,019,427.47
Less: Bad debt provision	136,574,741.40	103,434,840.93
In total	905,514,989.36	1,097,584,586.54

2. Accounts receivable disclosed by bad debt provision method

Category	31 December 2023					31 December 2022				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Provision for bad debts made on an individual basis	13,286,789.02	1.28	13,286,789.02	100.00		11,275,467.40	0.94	11,275,467.40	100.00	
Provision for bad debts made on a portfolio basis	1,028,802,941.74	98.72	123,287,952.38	11.98	905,514,989.36	1,189,743,960.07	99.06	92,159,373.53	7.75	1,097,584,586.54
Of which:										
Aging analysis combination	1,028,802,941.74	98.72	123,287,952.38	11.98	905,514,989.36	1,189,743,960.07	99.06	92,159,373.53	7.75	1,097,584,586.54
In total	1,042,089,730.76	100.00	136,574,741.40		905,514,989.36	1,201,019,427.47	100.00	103,434,840.93		1,097,584,586.54

Important accounts receivable with individual provision for bad debts:

Name	31 December 2023				31 December 2022	
	Book balance	Bad debt provision	Accrual proportion (%)	Withdrawal reason	Book balance	Bad debt provision
CBM GROUP, etc.	13,286,789.02	13,286,789.02	100.00	Not expected to be recovered	11,275,467.40	11,275,467.40
In total	13,286,789.02	13,286,789.02			11,275,467.40	11,275,467.40

Provision for bad debts based on a combination of credit risk characteristics:

Accrued items in aging analysis combination:

Name	31 December 2023		
	Accounts receivable	Bad debt provision	Accrual proportion (%)
Within 1 year	781,053,648.19	39,052,682.43	5.00
1-2 years	195,183,124.94	39,036,624.99	20.00
2-3 years	14,735,047.33	7,367,523.68	50.00
Above 3 years	37,831,121.28	37,831,121.28	100.00
In total	1,028,802,941.74	123,287,952.38	

3. Provision, reversal or recovery for bad debts in this period

Category	31 December 2022	Amount of change in the current period				31 December 2023
		Accrual	Recovery or reversal	Transfer or write-off	Other changes	
Receivable bad debt reserves	103,434,840.93	36,654,602.95		3,514,702.48		136,574,741.40
In total	103,434,840.93	36,654,602.95		3,514,702.48		136,574,741.40

4. Accounts receivable actually written off in this period

Item	Write-off amount
Accounts receivable actually written off	3,514,702.48

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

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	Percentage of the total period-ending balance of prepayments (%)	Period-ending balances for bad debt provision of accounts receivable and impairment provision of contract asset
NO.1	132,599,505.20		132,599,505.20	12.72	21,717,566.05
NO.2	101,731,548.64		101,731,548.64	9.76	13,368,639.73
NO.3	90,130,190.58		90,130,190.58	8.65	4,506,509.53
NO.4	44,618,176.92		44,618,176.92	4.28	2,230,908.85
NO.5	25,459,205.67		25,459,205.67	2.44	1,272,960.28
In total	394,538,627.01		394,538,627.01	37.85	43,096,584.44

(V) Receivables financing

1. Classification of accounts receivable financing

Item	31 December 2023	31 December 2022
Notes receivable	161,377,815.36	225,377,836.70
Of which: Banker's acceptance bill	161,377,815.36	225,377,836.70
In total	161,377,815.36	225,377,836.70

2. Increase/decrease in receivables financing and changes in fair value in this period

Item	31 December 2022	Newly increased amount in the current period	Derecognition in the current period	Other changes	31 December 2023	Accumulated provision for losses recognized in other comprehensive income
Notes receivable	225,377,836.70	1,454,495,784.30	1,518,495,805.64		161,377,815.36	
In total	225,377,836.70	1,454,495,784.30	1,518,495,805.64		161,377,815.36	

3. Receivables financing pledged by the Company at the end of the period

Item	Amount pledged at the end of the period
Notes receivable	74,490,531.06
In total	74,490,531.06

4. 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

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Notes receivable	557,592,952.52	
In total	557,592,952.52	

(VI) Advance to suppliers

1. Advance payments are listed as per account age

Account age	31 December 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	77,064,763.11	78.34	135,654,282.84	85.96
1-2 years	12,340,746.22	12.55	10,750,241.96	6.81
2-3 years	4,599,468.08	4.68	9,744,959.72	6.18
Above 3 years	4,361,526.65	4.43	1,661,743.21	1.05
In total	98,366,504.06	100.00	157,811,227.73	100.00

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

2. Top five prepayments with period-ending balance grouped by prepaid objects

Prepaid objects	31 December 2023	Percentage of the total closing balance of prepayments (%)
NO.1	10,620,796.46	10.80
NO.2	10,000,000.00	10.17
NO.3	8,824,045.06	8.97
NO.4	6,616,729.17	6.73
NO.5	4,460,216.98	4.53
In total	40,521,787.67	41.20

(VII) Other receivables

Item	31 December 2023	31 December 2022
Other receivables	30,838,849.38	62,889,080.49
In total	30,838,849.38	62,889,080.49

1. Other receivables**(1) Disclosure by account age**

Account age	31 December 2023	31 December 2022
Within 1 year	40,682,484.94	45,135,685.42
1-2 years	8,288,527.03	24,425,743.61
2-3 years	2,534,159.96	6,248,004.69
Above 3 years	16,694,714.93	11,767,021.33
Subtotal	68,199,886.86	87,576,455.05
Less: Bad debt provision	37,361,037.48	24,687,374.56
In total	30,838,849.38	62,889,080.49

(2) Disclosure by bad debt provision method

Category	31 December 2023					31 December 2022				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual proportion (%)		Amount	Proportion (%)	Amount	Accrual proportion (%)	
Provision for bad debts made on an individual basis	19,053,998.61	27.94	19,053,998.61	100.00		4,200,021.90	4.80	4,200,021.90	100.00	
Provision for bad debts made on a portfolio basis	49,145,888.25	72.06	18,307,038.87	37.25	30,838,849.38	83,376,433.15	95.20	20,487,352.66	24.57	62,889,080.49
Of which:										
Aging analysis combination	49,145,888.25	72.06	18,307,038.87	37.25	30,838,849.38	83,376,433.15	95.20	20,487,352.66	24.57	62,889,080.49
In total	68,199,886.86	100.00	37,361,037.48		30,838,849.38	87,576,455.05	100.00	24,687,374.56		62,889,080.49

Other important accounts receivable with individual provision for bad debts:

Name	31 December 2023				31 December 2022	
	Book balance	Bad debt provision	Accrual proportion (%)	Withdrawal reason	Book balance	Bad debt provision
Shijiazhuang Sanduo Trading Co., Ltd.	9,600,000.00	9,600,000.00	100.00	Advance purchase payment, the other party defaulted and cannot be executed. The company has reported the case and it is uncertain whether the payment can be recovered.		
In total	9,600,000.00	9,600,000.00				

Provision for bad debts based on a combination of credit risk characteristics:

Accrued items in aging analysis combination:

Name	31 December 2023		
	Other receivables	Bad debt provision	Accrual proportion (%)
Within 1 year	25,044,891.66	1,252,244.57	5.00
1-2 years	8,002,511.67	1,600,502.35	20.00
2-3 years	1,288,385.96	644,192.99	50.00
Above 3 years	14,810,098.96	14,810,098.96	100.00
In total	49,145,888.25	18,307,038.87	

(3) Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	In 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 31 December 2022	20,487,352.66		4,200,021.90	24,687,374.56
Balance as of 31 December 2022 in the current period				
– Transferred to Phase II				
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Current provision	-2,180,313.79		20,390,769.97	18,210,456.18
Current reversal				
Current reselling				
Current write-off			5,536,793.26	5,536,793.26
Other changes				
Balance as of 31 December 2023	18,307,038.87		19,053,998.61	37,361,037.48

Changes in book balance of other receivables are as follows:

Book balance	Phase I Expected credit losses for the next 12 months	Phase II Expected credit losses for the entire duration (no credit impairment occurred)	Phase III Expected credit losses for the entire duration (with credit impairment occurred)	In total
Balance as of 31 December 2022	83,376,433.15		4,200,021.90	87,576,455.05
Balance as of 31 December 2022 in the current period				
– Transferred to Phase II				
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Newly increased amount in the current period	316,612,629.71		20,390,769.97	337,003,399.68
Derecognition in the current period	350,843,174.61		5,536,793.26	356,379,967.87
Other changes				
Balance as of 31 December 2023	49,145,888.25		19,053,998.61	68,199,886.86

(4) Bad debt reserves withdrawn, recovered, or reversed in this period

Category	31 December 2022	Amount of change in the current period				31 December 2023
		Accrual	Recovery or reversal	Transfer or write-off	Other changes	
Other receivables bad debt reserves	24,687,374.56	18,210,456.18		5,536,793.26		37,361,037.48
In total	24,687,374.56	18,210,456.18		5,536,793.26		37,361,037.48

(5) Other receivables actually written off in this period

Item	Write-off amount
Other receivables actually written off	5,536,793.26

(6) Breakdown by nature of payments

Nature of funds	Book balance as of 31 December 2023	Book balance as of 31 December 2022
Deposit and security deposit	4,157,297.97	9,511,062.39
Reserves and loans	4,618,029.55	4,571,719.25
Export tax rebate	12,270,472.35	14,860,220.40
Land compensation receivable		18,879,000.00
Inter-unit transactions	27,653,478.32	15,050,742.86
Others	19,500,608.67	24,703,710.15
In total	68,199,886.86	87,576,455.05

(7) Other accounts receivable ranking in the top five in the period-ending balance summarized by the debtors

Unit name	Nature of funds	31 December 2023	Account age	Percentage of the total ending balance of other receivables (%)	Closing balance of provision for bad debts
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Unit name	Nature of funds	31 December 2023	Account age	Percentage of the total ending balance of other receivables (%)	Closing balance of provision for bad debts
NO.1	Export tax refunds	12,270,472.35	Within 1 year	17.99	613,523.62
NO.2	Unit account	9,600,000.00	Within 1 year	14.08	9,600,000.00
NO.3	Unit account	6,560,030.47	1-2 years	9.62	1,312,006.09
NO.4	Unit account	5,838,081.92	Above 3 years	8.56	5,838,081.92
NO.5	Others	5,484,778.27	Above 3 years	8.04	5,484,778.27
In total		39,753,363.01		58.29	22,848,389.90

(VIII) Inventories**1. Classification of inventories**

Item	31 December 2023			31 December 2022		
	Book balance	Provision for decline in value of inventories / provision for impairment of contract performance costs	Book value	Book balance	Provision for decline in value of inventories / provision for impairment of contract performance costs	Book value
Raw materials	187,300,543.60	6,221,741.47	181,078,802.13	335,388,662.49	1,291,093.53	334,097,568.96
Materials in transit	3,178,899.93		3,178,899.93	1,503,459.85		1,503,459.85
Circulating materials	3,249,192.03		3,249,192.03	3,619,304.19		3,619,304.19
Materials outsourced for processing	19,168,549.31	5,351,693.27	13,816,856.04	7,594,891.78		7,594,891.78
Products in progress	188,904,124.41	15,938,800.24	172,965,324.17	239,667,051.77	3,455,791.74	236,211,260.03
Stock goods	800,154,268.82	81,231,559.37	718,922,709.45	1,058,286,903.40	10,148,535.13	1,048,138,368.27
Goods in transit	6,498,299.05	1,009,588.90	5,488,710.15	24,837,678.60		24,837,678.60
In total	1,208,453,877.15	109,753,383.25	1,098,700,493.90	1,670,897,952.08	14,895,420.40	1,656,002,531.68

2. Provision for impairment in value of inventories and provision for impairment of contract performance costs

Item	31 December 2022	Amount increased in the current period		Decreased amount in the current period		31 December 2023
		Accrual	Others	Reversal or reselling	Others	
Raw materials	1,291,093.53	5,766,249.84		835,601.90		6,221,741.47
Materials outsourced for processing		5,351,693.27				5,351,693.27
Products in progress	3,455,791.74	15,054,966.22		2,571,957.72		15,938,800.24
Stock goods	10,148,535.13	78,002,204.15		6,919,179.91		81,231,559.37
Goods in transit		1,009,588.90				1,009,588.90
In total	14,895,420.40	105,184,702.38		10,326,739.53		109,753,383.25

(IX) Assets held for sale

Category	31 December 2023	31 December 2022
Assets classified as held for sale	599,943.92	1,953,950.58
In total	599,943.92	1,953,950.58

1. Assets classified as held for sale

Category	Ending balance			Fair value	Expected disposal costs	Expected disposal time	Sale method	Reason for sale
	Book balance	Provision for impairment of assets held for sale	Book value					
Zijingang Apartment	599,943.92		599,943.92	1,013,191.84	125,949.40	Year 2024	Sales in cash	Sales of apartments
In total	599,943.92		599,943.92	1,013,191.84	125,949.40			

(X) Non-current assets due within 1 year

Item	31 December 2023	31 December 2022
Time Deposit Certificates		30,000,000.00
In total		30,000,000.00

(XI) Other current assets

Item	31 December 2023	31 December 2022
VAT credit refund	77,595,582.51	95,887,089.22
Prepaid income tax	10,710,612.86	13,322,354.99
Input tax to be certified	108,046,106.86	96,605,260.43
Time Deposit Certificates		50,000,000.00
Others	108,697.76	488,343.65
In total	196,460,999.99	256,303,048.29

(XII) Long-term equity investment

1. Long-term equity investment situation

Invested unit	31 December 2022	Year-end balance of impairment provision of the previous year	Increase and decrease in the current period								31 December 2023	Ending balance of impairment provision
			Additional investment	Decreased investment	Profit and loss 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		
1. Associated enterprises												
Chongqing Heya Huayi Venture Capital Partnership (L.P.)	58,741,494.08				-27,368.30						58,714,125.78	
Shanghai Carelinker Medical Technology Co., Ltd.	19,653,590.51				-531,480.40						19,122,110.11	
Guizhou Balai Agricultural Science and Technology Co., Ltd.	3,512,095.51				-230,143.14						3,281,952.37	
Shanghai Anbison Lab. Co., Ltd.	156,302,261.21				11,872,776.07			2,343,750.00			165,831,287.28	
Hangzhou Mubang Equity Investment Partnership (Limited Partnership)	5,000,000.00				-103,594.84						4,896,405.16	
Yichang Chengbang Pharmaceutical Co., Ltd.	3,989,331.86		10,500,000.00		134,570.72						14,623,902.58	
Subtotal	247,198,773.17		10,500,000.00		11,114,760.11			2,343,750.00			266,469,783.28	
In total	247,198,773.17		10,500,000.00		11,114,760.11			2,343,750.00			266,469,783.28	

(XIII) Investment in other equity instruments

1. Investments in other equity instruments

Item	31 December 2023	31 December 2022	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 the current period	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	66,459,813.95		3,444,394.77	34,864,347.18		1,778,630.32	Non-marketable equity investment
Chongqing Heya Huayi Investment Management Co., Ltd.	679,273.52	725,353.48		46,079.96	179,273.52			Non-marketable equity investment
Linhai Qiu Zhi Safety Training Co., Ltd.	500,000.00							Non-marketable equity investment
In total	64,194,692.70	67,185,167.43		3,490,474.73	35,043,620.70		1,778,630.32	

2. There is no derecognition in this period.

(XIV) Investment properties**1. Investment properties with cost measurement model**

Item	Houses and buildings	Land-use right	In total
1. Original book value			
(1) 31 December 2022	26,383,276.90	3,213,314.51	29,596,591.41
(2) Amount increased in the current period	2,405,049.40		2,405,049.40
—Transfer of fixed assets	2,405,049.40		2,405,049.40
(3) Amount decreased in the current period			
(4) 31 December 2023	28,788,326.30	3,213,314.51	32,001,640.81
2. Accumulated depreciation and accumulated amortization			
(1) 31 December 2022	4,668,192.06	568,554.75	5,236,746.81
(2) Amount increased in the current period	1,980,600.06		1,980,600.06
—Provision or amortization	1,442,593.64		1,442,593.64
—Transfer of fixed assets	538,006.42		538,006.42
(3) Amount decreased in the current period			
(4) 31 December 2023	6,648,792.12	568,554.75	7,217,346.87
3. Impairment reserve			
(1) 31 December 2022			
(2) Amount increased in the current period			
(3) Amount decreased in the current period			
(4) 31 December 2023			
4. Book value			
(1) Book value as of 31 December 2023	22,139,534.18	2,644,759.76	24,784,293.94
(2) Book value as of 31 December 2022	21,715,084.84	2,644,759.76	24,359,844.60

2. There was no investment real estate with outstanding title certificates at the end of the period.

(XV) Fixed assets**1. Fixed assets**

Item	31 December 2023	31 December 2022
Fixed assets	3,554,687,028.57	3,202,901,214.03
In total	3,554,687,028.57	3,202,901,214.03

2. Fixed assets

Item	House and building	Machinery equipment	Transport tools	Electronic equipment and others	In total
1. Original book value					
(1) 31 December 2022	1,859,590,088.06	2,591,836,789.69	69,728,338.34	310,033,902.83	4,831,189,118.92
(2) Amount increased in the current period	248,514,313.41	532,355,331.48	2,873,230.96	29,954,366.07	813,697,241.92
- Purchase	6,868,739.45	54,256,315.27	2,409,786.32	20,760,761.35	84,295,602.39
- Transfer in of construction in progress	241,645,573.96	478,099,016.21	463,444.64	9,193,604.72	729,401,639.53
(3) Amount decreased in the current period	70,427,513.37	52,009,269.95	9,427,202.84	10,193,961.32	142,057,947.48
- Disposal or scrapping	68,022,463.97	34,598,089.48	3,616,714.21	6,710,752.25	112,948,019.91
- Transfer to assets held-for-sale	2,405,049.40				2,405,049.40
- Transferred to construction in progress		3,699,412.44		876,319.26	4,575,731.70
—Translation difference of foreign currency statements		13,711,768.03	5,810,488.63	2,606,889.81	22,129,146.47
(4) 31 December 2023	2,037,676,888.10	3,072,182,851.22	63,174,366.46	329,794,307.58	5,502,828,413.36
2. Accumulated depreciation					
(1) 31 December 2022	515,112,163.86	877,459,443.21	46,142,169.87	189,574,127.95	1,628,287,904.89
(2) Amount increased in the current period	78,825,124.08	246,441,393.67	6,016,117.92	37,286,102.94	368,568,738.61
- Accrual	78,825,124.08	246,441,393.67	6,016,117.92	37,286,102.94	368,568,738.61
(3) Amount decreased in the current period	13,265,256.08	36,431,275.11	1,773,318.10	5,279,230.77	56,749,080.06
- Disposal or scrapping	11,936,527.89	29,942,689.48	1,540,877.28	4,393,657.83	47,813,752.48
- Transferred to held for sale	538,006.42				538,006.42
- Transferred to construction in progress	790,721.77	5,866,760.23		876,319.26	7,533,801.26
—Translation difference of foreign currency statements		621,825.40	232,440.82	9,253.68	863,519.90
(4) 31 December 2023	580,672,031.86	1,087,469,561.77	50,384,969.69	221,581,000.12	1,940,107,563.44
3. Impairment reserve					
(1) 31 December 2022					
(2) Amount increased in the current period		8,033,821.35			8,033,821.35

Item	House and building	Machinery equipment	Transport tools	Electronic equipment and others	In total
- Accrual		8,033,821.35			8,033,821.35
(3) Amount decreased in the current period					
(4) 31 December 2023		8,033,821.35			8,033,821.35
4. Book value					
(1) Book value as of 31 December 2023	1,457,004,856.24	1,976,679,468.10	12,789,396.77	108,213,307.46	3,554,687,028.57
(2) Book value as of 31 December 2022	1,344,477,924.20	1,714,377,346.48	23,586,168.47	120,459,774.88	3,202,901,214.03

3. There were no temporary idle fixed assets at the end of the period.

4. There were no fixed assets leased out under operating leases at the end of the period.

5. Fixed assets with outstanding title certificates

Item	Book value	Reasons for not completing the certificate of title
House and building	511,570,615.94	In process

6. Impairment test of fixed assets

(1) ShaoWu YongTai, Inner Mongolia YongTai, YongTai New Energy, YongTai Chiral Asset Group

In this period, the Company conducted impairment tests on the asset groups of ShaoWu YongTai, Inner Mongolia YongTai, YongTai New Energy, and YongTai Chiral, respectively. The above asset groups are composed of various long-term assets as of December 31, 2023, including fixed assets, construction in progress, intangible assets, etc. The Company determined the recoverable amount of each asset group based on the present value of their respective estimated future cash flows.

The present value of the estimated future cash flows of the above asset groups was determined by analyzing various factors such as historical operating conditions, market competition, etc. to estimate the cash flows for the next five years and perpetuity. Key data such as revenue growth rate, gross profit margin, etc. were determined, and the discount rate used reflects the current market time value of money and the pre-tax rate of return on specific risks of the asset group. After testing, no impairment occurred for the above asset groups in this period.

(2) YongTai New Materials, Binhai Meikang, Chongqing Yongyuansheng Asset Group

In this period, the Company conducted impairment tests on the asset groups of YongTai New Materials, Binhai Meikang, and Chongqing Yongyuansheng, respectively. The above asset groups are composed of various long-term assets as of December 31, 2023, including fixed assets, construction in progress, intangible assets, etc. The Company determined their recoverable amount by subtracting the disposal costs from the fair value of each asset group.

After testing, except for the impairment of Chongqing Yongyuansheng Asset Group of RMB 10,006,605.95 (fixed assets impairment of RMB 8,033,821.35 and construction in progress impairment of RMB 1,972,784.60), no impairment occurred for the asset groups of YongTai New Materials and Binhai Meikang.

(XVI) Construction in progress

1. Construction in progress and construction materials

Item	31 December 2023			31 December 2022		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Construction in progress	2,005,639,250.53	1,972,784.60	2,003,666,465.93	1,769,581,671.27		1,769,581,671.27
Engineering materials	106,624,186.09		106,624,186.09	170,443,909.25		170,443,909.25
In total	2,112,263,436.62	1,972,784.60	2,110,290,652.02	1,940,025,580.52		1,940,025,580.52

2. Construction in progress

Item	31 December 2023			31 December 2022		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Inner Mongolia Yongtai Project	1,098,756,808.11		1,098,756,808.11	881,257,180.76		881,257,180.76
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	598,211,417.36		598,211,417.36	378,628,224.18		378,628,224.18
Yongtai New Energy 150,000t/a Electrolyte Project	3,485,942.22		3,485,942.22	189,146,951.95		189,146,951.95
Yongtai Hi-tech Lithium Battery Material Phase II Expansion Project and 1005 Workshop Production Expansion Project	132,302,108.90		132,302,108.90	165,655,549.29		165,655,549.29
Binhai Meikang Phase I Project	30,185,512.91		30,185,512.91	28,258,296.72		28,258,296.72
Chongqing Yongyuansheng Project of Fine Chemical Products	58,169,731.06	1,972,784.60	56,196,946.46	54,978,308.75		54,978,308.75
Yongtai Chiral Engineering Project Phase II	21,374,325.86		21,374,325.86	9,237,528.13		9,237,528.13
Other projects	63,153,404.11		63,153,404.11	62,419,631.49		62,419,631.49
In total	2,005,639,250.53	1,972,784.60	2,003,666,465.93	1,769,581,671.27		1,769,581,671.27

3. Changes in major construction projects in process in this period

Project name	Budget amount	31 December 2022	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other amount decreased in the current period	31 December 2023	Proportion of cumulative project investment in budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: Amount of interest capitalized during the period	Capitalization rate of interest in the current period (%)	Source of funds
Inner Mongolia Yongtai Project	3,000,000,000.00	881,257,180.76	547,764,238.61	327,310,693.15	2,953,918.11	1,098,756,808.11	77.96	Under construction	37,610,520.67	7,406,632.99	2.41	Proprietary funds and borrowings
Yongtai Hi-tech 134,000t/a Liquid Lithium Salt Industrialization Project	792,697,400.00	378,628,224.18	294,194,847.78	74,611,654.60		598,211,417.36	84.88	Under construction				Proprietary funds and borrowings
Yongtai Hi-tech Lithium Battery Material Phase II Expansion Project and 1005 Workshop Production Expansion Project	390,000,000.00	165,655,549.29	13,611,002.87	46,939,576.00	24,867.26	132,302,108.90	101.87	Under construction				Proprietary funds and borrowings
Chongqing Yongyuansheng Project of Fine Chemical Products	189,000,000.00	54,978,308.75	3,949,276.71	757,854.40		58,169,731.06	87.80	Under construction				Own funds
Binhai Meikang Phase I Project	150,000,000.00	28,258,296.72	1,927,216.19			30,185,512.91	123.24	Under construction				Own funds
Yongtai Chiral Engineering Project Phase II	50,000,000.00	9,237,528.13	12,136,797.73			21,374,325.86	42.75	Under construction				Own funds
In total		1,518,015,087.83	873,583,379.89	449,619,778.15	2,978,785.37	1,938,999,904.20			37,610,520.67	7,406,632.99		

4. The provision for impairment of constructions in progress in this period

Item	31 December 2022	Amount of change in the current period		31 December 2023	Reason for accrual
		Accrual	Transfer out		
Chongqing Yongyuansheng Project of Fine Chemical Products		1,972,784.60		1,972,784.60	The recoverable amount is less than the book value.
In total		1,972,784.60		1,972,784.60	

5. Impairment test of construction in progress

Specific impairment testing information for fixed assets can be found in Note XV, 6.

(XVII) Right of use assets

1. Right of use assets situation

Item	House and building	In total
1. Original book value		
(1) 31 December 2022	5,877,579.34	5,877,579.34
(2) Amount increased in the current period	6,385,862.13	6,385,862.13
- New lease	6,385,862.13	6,385,862.13
(3) Amount decreased in the current period	1,395,499.92	1,395,499.92
—Other transfer out	1,395,499.92	1,395,499.92
(4) 31 December 2023	10,867,941.55	10,867,941.55
2. Accumulated depreciation		
(1) 31 December 2022	3,878,457.72	3,878,457.72
(2) Amount increased in the current period	3,204,038.55	3,204,038.55
- Accrual	3,204,038.55	3,204,038.55
(3) Amount decreased in the current period	1,395,499.92	1,395,499.92
—Other transfer out	1,395,499.92	1,395,499.92
(4) 31 December 2023	5,686,996.35	5,686,996.35
3. Impairment reserve		
(1) 31 December 2022		
(2) Amount increased in the current period		
(3) Amount decreased in the current period		
(4) 31 December 2023		
4. Book value		
(1) Book value as of 31 December 2023	5,180,945.20	5,180,945.20
(2) Book value as of 31 December 2022	1,999,121.62	1,999,121.62

(XVIII) Intangible assets

1. Intangible assets

Item	Land-use right	Patent and proprietary technology	rights vested on trade mark	Software and others	In total
1. Original book value					
(1) 31 December 2022	388,482,651.18	154,652,014.00	30,108,100.00	36,189,642.40	609,432,407.58
(2) Amount increased in the current period	29,214,675.00	58,948,600.85		6,390,130.72	94,553,406.57
- Purchase	29,214,675.00	25,358,516.29		6,390,130.72	60,963,322.01

Item	Land-use right	Patent and proprietary technology	rights vested on trade mark	Software and others	In total
- Internal R&D		33,590,084.56			33,590,084.56
(3) Amount decreased in the current period					
(4) 31 December 2023	417,697,326.18	213,600,614.85	30,108,100.00	42,579,773.12	703,985,814.15
2. Accumulated amortization					
(1) 31 December 2022	72,808,017.63	79,986,281.65	15,070,716.55	15,681,676.55	183,546,692.38
(2) Amount increased in the current period	8,333,997.19	18,693,290.28	3,140,900.00	3,605,662.65	33,773,850.12
- Accrual	8,333,997.19	18,693,290.28	3,140,900.00	3,605,662.65	33,773,850.12
(3) Amount decreased in the current period					
(4) 31 December 2023	81,142,014.82	98,679,571.93	18,211,616.55	19,287,339.20	217,320,542.50
3. Impairment reserve					
(1) 31 December 2022					
(2) Amount increased in the current period					
(3) Amount decreased in the current period					
(4) 31 December 2023					
4. Book value					
(1) Book value as of 31 December 2023	336,555,311.36	114,921,042.92	11,896,483.45	23,292,433.92	486,665,271.65
(2) Book value as of 31 December 2022	315,674,633.55	74,665,732.35	15,037,383.45	20,507,965.85	425,885,715.20

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

3. Impairment test of intangible assets

Specific impairment testing information for fixed assets can be found in Note XV, 6.

(XIX) Goodwill

1. Changes in goodwill

Name of investee or matters forming goodwill	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
		Formation of business combination	Disposal	
Original book value				
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
Subtotal	734,311,098.79			734,311,098.79
Impairment reserve				
Yongtai New Energy	17,848,185.57			17,848,185.57
Shanghai E-Tong	22,753,297.61			22,753,297.61
Zhejiang Chiral				
Foshan Soin				
Jiangsu Subin	92,772,780.75			92,772,780.75
Binhai Meikang				
Subtotal	133,374,263.93			133,374,263.93
Book value	600,936,834.86			600,936,834.86

2. The composition of the asset group or asset group combination to which goodwill belongs and the information related to the operating segments to which it belongs

Name of investee or matters forming goodwill	Information related to the asset group or combination of asset groups	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. at the end of each reporting period, including fixed assets, etc	Yes
Zhejiang Chiral	Goodwill-related asset groups formed by the M&A of Zhejiang Chiral Medicine Chemicals Co., Ltd. are the long-term asset groups that comprise the asset groups of Zhejiang Chiral Medicine Chemicals Co., Ltd. at the end of each reporting period, including fixed assets, intangible assets, etc.	Yes
Foshan Soin	Goodwill-related asset groups formed by the M&A of Foshan Soin Chiralpharma Ltd. are the long-term asset groups that comprise the asset groups of Foshan Soin Chiralpharma Ltd. at the end of each reporting period, including fixed assets, intangible assets, etc.	Yes
Binhai Meikang	Goodwill-related asset groups formed by the M&A of Binhai Meikang Pharmaceutical Co., Ltd. are the long-term asset groups that comprise the asset groups of Binhai Meikang Pharmaceutical Co., Ltd. at the end of each reporting period, including fixed assets, intangible assets, etc.	Yes

3. The specific method for determining the recoverable amount

Shanghai E-Tong: Our company uses the present value of future cash flows estimated from the asset portfolio as the recoverable amount. We hired Tianjin Zhonglian Asset Appraisal Co., Ltd. to conduct a recoverable amount assessment, with December 31, 2023 as the valuation date, and issued an valuation report. The valuation report comprehensively analyzes factors such as historical operating conditions and market competition to estimate future cash flows for the next five years and the perpetual period, and determines key data such as sales revenue growth rate and gross profit margin. The discount rate used reflects the current market time value of money and specific risks of the asset portfolio before tax.

Zhejiang Chiral: Our company uses the present value of future cash flows estimated from the asset portfolio as the recoverable amount. We hired Tianjin Zhonglian Asset Appraisal Co., Ltd. to conduct a recoverable amount assessment, with December 31, 2023 as the valuation date, and issued an valuation report. The valuation report comprehensively analyzes factors such as historical operating conditions and market competition to estimate future cash flows for the next five years and the perpetual period, and determines key data such as sales revenue growth rate and gross profit margin. The discount rate used reflects the current market time value of money and specific risks of the asset portfolio before tax.

Foshan Soin: Our company uses the present value of future cash flows estimated from the asset portfolio as the recoverable amount. We hired Tianjin Zhonglian Asset Appraisal Co., Ltd. to conduct a recoverable amount assessment, with December 31, 2023 as the valuation date, and issued an valuation report. The valuation report comprehensively analyzes factors such as historical operating conditions and market competition to estimate future cash flows for the next five years and the perpetual period, and determines key data such as sales revenue growth rate and gross profit margin. The discount rate used reflects the current market time value of money and specific risks of the asset portfolio before tax.

After testing, there was no impairment of goodwill for the above-mentioned asset portfolio in this period.

(XX) Long-term deferred expenses

Item	31 December 2022	Amount increased in the current period	Amortization amount in the current period	Other decreased amount	31 December 2023
Equipment transformation	5,551,700.56	10,929,742.68	4,108,186.09		12,373,257.15
Decoration cost	1,959,251.78	8,664,882.71	2,568,175.18	233,335.02	7,822,624.29
Others	4,074,902.15	1,929,435.40	2,695,216.86		3,309,120.69
In total	11,585,854.49	21,524,060.79	9,371,578.13	233,335.02	23,505,002.13

(XXI) Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets without offsetting

Item	31 December 2023		31 December 2022	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Bad debt provision	119,738,156.28	22,285,540.23	90,919,564.76	17,296,856.13
Inventory price falling reserve	107,465,846.05	19,238,979.49	12,690,256.17	2,221,547.13
Provision for impairment of subsidiary equity	268,000,000.00	40,200,000.00	98,000,000.00	14,700,000.00
Deductible losses	874,905,365.59	149,229,409.01	188,902,116.53	43,350,883.76
Deferred revenue	114,589,959.58	26,422,376.95	125,332,129.07	27,588,847.68
Withholding costs and expenses	21,817,942.32	4,430,344.61	10,046,463.93	1,506,969.59
Unrealized internal sales profit and loss	45,379,000.83	7,187,193.26	73,121,733.33	15,865,230.05
Changes in fair value of financial assets held for trading	918,232.80	137,734.92	5,808,202.02	979,546.29
Rental tax differences	1,760,014.42	264,002.16	876,313.54	131,447.03
In total	1,554,574,517.87	269,395,580.63	605,696,779.35	123,641,327.66

2. Deferred income tax liabilities without offsetting

Item	31 December 2023		31 December 2022	
	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 common control	39,326,211.40	8,630,103.13	48,056,211.85	10,644,052.57
Changes in fair value of other equity investments	34,864,347.20	5,229,652.08	38,308,741.95	5,746,311.29
Rental tax differences	2,105,089.33	315,763.40	1,999,121.62	299,868.24
In total	76,295,647.93	14,175,518.61	88,364,075.42	16,690,232.10

3. Deferred income tax assets or liabilities shown net of offset

Item	31 December 2023		31 December 2022	
	Offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset	Offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	5,545,415.48	263,850,165.15	299,868.24	123,341,459.42
Deferred income tax liabilities	5,545,415.48	8,630,103.13	299,868.24	16,390,363.86

4. Details of unrecognized deferred income tax assets

Item	31 December 2023	31 December 2022
Deductible temporary differences	141,143,982.28	71,919,315.35
Deductible losses	976,010,919.78	800,182,978.81
In total	1,117,154,902.06	872,102,294.16

5. Deductible losses on unrecognized deferred income tax assets will expire in the following years

Year	31 December 2023	31 December 2022	Remarks
2023		74,817,675.83	
2024	103,584,135.82	105,407,440.06	
2025	81,317,430.19	83,959,884.36	
2026	319,922,132.78	285,366,388.05	
2027	123,220,839.07	143,952,244.99	
2028	226,266,215.72		
Years after 2028	121,700,166.20	106,679,345.52	
In total	976,010,919.78	800,182,978.81	

(XXII) Other non-current assets

Item	31 December 2023			31 December 2022		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Prepayment for engineering equipment	71,285,593.60		71,285,593.60	98,280,195.42		98,280,195.42
Prepaid R&D expenditure	11,296,844.85		11,296,844.85	28,679,901.23		28,679,901.23
Prepaid land fee	34,308,250.00		34,308,250.00			
In total	116,890,688.45		116,890,688.45	126,960,096.65		126,960,096.65

(XXIII) Assets with restricted ownership or use rights

Item	31 December 2023				31 December 2022			
	Book balance	Book value	Limited type	Reasons for restrictions	Book balance	Book value	Limited type	Reasons for restrictions
Cash and bank	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	521,185,294.49	521,185,294.49	Pledge	For issuing a pledge of bank acceptance bill and a pledge of borrowings
Accounts receivable	151,491,596.31	143,917,016.49	Pledge	For issuing a pledge of bank acceptance bill and a pledge of borrowings	181,724,102.85	172,637,897.71	Pledge	For issuing a pledge of bank acceptance bill
Notes receivable	1,530,000.00	1,530,000.00	Pledge	For issuing a pledge of bank acceptance bill				
Notes receivable	130,801,761.56	130,801,761.56	Others	For issuing a pledge of bank acceptance bill				
Receivables financing	74,490,531.06	74,490,531.06	Pledge	For issuing a pledge of bank acceptance bill	50,130,311.57	50,130,311.57	Pledge	For issuing a pledge of bank acceptance bill
Fixed assets	1,171,768,547.79	778,177,146.81	Mortgage	For a mortgage	1,285,115,202.04	905,167,360.40	Mortgage	For a mortgage
Investment	32,001,640.81	25,571,325.38	Mortgage	For a				

Item	31 December 2023				31 December 2022			
	Book balance	Book value	Limited type	Reasons for restrictions	Book balance	Book value	Limited type	Reasons for restrictions
properties				mortgage				
Intangible assets	181,725,533.39	146,128,537.49	Mortgage	For mortgage a	215,745,842.07	181,436,085.32	Mortgage	For mortgage a
Construction in progress	223,205,231.90	223,205,231.90	Mortgage	For mortgage a	135,840,892.20	135,840,892.20	Mortgage	For mortgage a
Other current assets					50,000,000.00	50,000,000.00	Pledge	For issuing a pledge of bank acceptance bill
Non-current assets due within 1 year					30,000,000.00	30,000,000.00	Pledge	For issuing a pledge of bank acceptance bill
In total	2,524,575,564.77	2,081,382,272.64			2,469,741,645.22	2,046,397,841.69		

(XXIV) Short-term loans**1. Classification of short-term loan**

Item	31 December 2023	31 December 2022
Pledge loan	30,000,000.00	185,082,480.00
Mortgage loan	435,900,000.00	442,681,400.00
Guaranteed loan	1,233,080,000.00	1,340,420,684.02
Unexpired interest payable	2,738,161.88	1,665,939.80
In total	1,701,718,161.88	1,969,850,503.82

(XXV) Financial liabilities held for trading

Item	31 December 2023	31 December 2022
Financial liabilities held for trading	519,898.30	5,808,202.02
Of which: Derivative financial liabilities	519,898.30	5,808,202.02
In total	519,898.30	5,808,202.02

(XXVI) Notes payable

Category	31 December 2023	31 December 2022
Banker's acceptance bill	704,947,900.98	1,004,476,920.61
In total	704,947,900.98	1,004,476,920.61

(XXVII) Accounts payable**1. Presentation of accounts payable**

Item	31 December 2023	31 December 2022
Within 1 year	759,698,072.72	883,447,306.95
1-2 years	57,401,333.46	45,682,761.80
2-3 years	22,286,852.22	9,821,992.12
Above 3 years	22,831,891.92	19,280,947.64
In total	862,218,150.32	958,233,008.51

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

(XXVIII) Contractual liabilities**1. Contractual liabilities**

Item	31 December 2023	31 December 2022
Within 1 year	37,549,652.59	344,479,277.78
1-2 years	286,780,536.94	578,095,931.81
2-3 years	562,318,955.64	2,800,759.68
Above 3 years	5,030,013.28	2,494,046.51
In total	891,679,158.45	927,870,015.78

2. Significant contractual liabilities with an aging of over one year

Item	31 December 2023	Reasons for outstanding or carry-forward
NO.1	530,973,451.33	The contract has not been fulfilled yet
NO.2	177,005,964.60	The contract has not been fulfilled yet
NO.3	57,787,610.62	The contract has not been

Item	31 December 2023	Reasons for outstanding or carry-forward
		fulfilled yet
NO.4	43,992,000.00	The contract has not been fulfilled yet
NO.5	25,553,982.30	The contract has not been fulfilled yet
In total	835,313,008.85	

(XXIX) Employee benefits payable

1. Payroll payable list

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
Short-term compensation	70,169,695.85	466,651,582.88	457,719,459.40	79,101,819.33
Post-employment benefits - defined contribution plan	1,096,949.49	32,165,137.04	30,219,563.37	3,042,523.16
In total	71,266,645.34	498,816,719.92	487,939,022.77	82,144,342.49

2. List of short-term compensation

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
(1) Wages, bonuses, allowances and subsidies	67,340,390.87	401,202,931.92	393,177,451.36	75,365,871.43
(2) Welfare expenses for the employees	444,932.07	32,241,825.88	31,730,466.70	956,291.25
(3) Social insurance expenses	979,641.29	19,309,016.74	19,205,296.96	1,083,361.07
Of which: Medical insurance premiums	876,282.85	16,908,509.24	16,944,557.99	840,234.10
Industrial injury insurance premiums	103,358.44	2,238,184.51	2,098,415.98	243,126.97
Maternity insurance premiums		154,025.43	154,025.43	
Others		8,297.56	8,297.56	
(4) Housing accumulation fund	20,819.00	10,425,712.37	10,418,105.37	28,426.00
(5) Labor union expenditure and employee education expenses	1,383,912.62	3,472,095.97	3,188,139.01	1,667,869.58
In total	70,169,695.85	466,651,582.88	457,719,459.40	79,101,819.33

3. Defined contribution plan list

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
Basic endowment insurance	1,059,525.61	31,114,898.92	29,219,815.75	2,954,608.78
Unemployment insurance premiums	37,423.88	1,050,238.12	999,747.62	87,914.38
In total	1,096,949.49	32,165,137.04	30,219,563.37	3,042,523.16

(XXX) Taxes payable

Tax items	31 December 2023	31 December 2022
Enterprise income tax	12,564,915.24	41,055,385.46
House property tax	11,323,646.21	9,506,348.24
Land use tax	4,899,531.12	2,834,399.44
Value added tax	1,983,985.08	15,993,438.77
Urban maintenance and construction tax	732,094.10	2,080,501.35
Education surcharges and local education surcharges	627,279.08	1,855,178.75

Tax items	31 December 2023	31 December 2022
Security fund for the disabled	1,139,418.04	1,743,212.21
Stamp duty	1,359,733.32	1,305,624.24
Individual income tax	589,623.19	570,975.02
Environmental protection tax and others	397,454.22	658,032.42
In total	35,617,679.60	77,603,095.90

(XXXI) Other payables

Item	31 December 2023	31 December 2022
Other payables	54,849,843.53	51,450,665.61
In total	54,849,843.53	51,450,665.61

1. Other payables

(1) By nature of payment

Item	31 December 2023	31 December 2022
Overnight money	1,983,999.17	1,194,119.17
Accrued expenses	24,106,437.64	22,600,632.18
Security deposit	9,460,327.56	9,410,079.09
Others	19,299,079.16	18,245,835.17
In total	54,849,843.53	51,450,665.61

(XXXII) Non-current liabilities due within 1 year

Item	31 December 2023	31 December 2022
Long-term loans due within 1 year	950,725,424.73	458,745,965.58
Long-term payable due within 1 year	109,044,266.90	132,339,681.51
Lease liabilities due within 1 year	2,514,765.13	855,211.82
In total	1,062,284,456.76	591,940,858.91

(XXXIII) Other current liabilities

Item	31 December 2023	31 December 2022
Output tax to be written off	106,883,791.05	107,773,134.09
Endorsed but not derecognized notes receivable	130,801,761.56	
Forward acquisition funds with repurchase obligations recognized	583,200,000.00	
In total	820,885,552.61	107,773,134.09

(XXXIV) Long-term loans

Item	31 December 2023	31 December 2022
pledge borrowings	36,000,000.00	54,000,000.00
Mortgage loan	976,657,676.71	242,707,496.08
Guaranteed loan	549,910,686.92	726,555,217.88
In total	1,562,568,363.63	1,023,262,713.96

(XXXV) Lease liabilities

Item	31 December 2023	31 December 2022
Warehouse leasing	2,500,445.31	876,313.54
In total	2,500,445.31	876,313.54

(XXXVI) Long-term payable

Item	31 December 2023	31 December 2022
Long-term payable	89,237,605.41	670,855,040.50
In total	89,237,605.41	670,855,040.50

(XXXVII) Provisions

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023	Cause of formation
Environmental restoration expense	144,145.00		144,145.00		
In total	144,145.00		144,145.00		

(XXXVIII) Deferred revenue

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023	Cause of formation
Government subsidies	130,900,287.43	31,770,800.00	17,049,702.04	145,621,385.39	Government subsidies
In total	130,900,287.43	31,770,800.00	17,049,702.04	145,621,385.39	

(XXXIX) Share capital

Item	31 December 2022	Change in the current period: increase (+) / decrease (-)					31 December 2023
		Issue of new shares	Stock dividend	Transfer from provident fund	Others	Subtotal	
Total number of shares	876,566,295.00	37,194,500.00				37,194,500.00	913,760,795.00

Explanation: In accordance with the resolution of the second extraordinary general meeting of shareholders of the Company in 2022 and the provisions in the revised Articles of Association, and with the approval of the China Securities Regulatory Commission's "Approval for Zhejiang Yongtai Technology Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the London Stock Exchange" (CSRC Permit [2023] No. 684) and the approval of the Financial Conduct Authority in the UK, the Company issued 7,438,900 Global Depositary Receipts with a face value of USD 9.41, corresponding to 37,194,500 A-shares of the Company, with a face value of RMB 1.00 per share. After the raised funds are implemented, the registered capital will be increased by RMB 37,194,500.00. The registered capital after the change is RMB 913,760,795.00, and the share capital is RMB 913,760,795.00. This capital increase has been verified by BDO China Shu Lun Pan CPAs (SGP), and a capital verification report titled "Xin Kuai Shi Bao Zi [2023] No. ZF11080" was issued on 24 July 2023.

The business registration procedures for changes have been completed.

(XL) Capital reserves

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
Share premium (equity premium)	769,996,901.67	439,404,496.87		1,209,401,398.54
Other capital reserve	-561,001,815.30			-561,001,815.30
In total	208,995,086.37	439,404,496.87		648,399,583.24

Explanation: In accordance with the resolution of the second extraordinary general meeting of shareholders of the Company in 2022 and the provisions in the revised Articles of Association, and with the approval of the China Securities Regulatory Commission's "Approval for Zhejiang Yongtai Technology Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the London Stock Exchange" (CSRC Permit [2023] No. 684) and the approval of the Financial Conduct Authority in the UK, the Company issued 7,438,900 Global Depositary Receipts with a face value of USD 9.41, corresponding to 37,194,500 A-shares of the Company, with a face value of RMB 1.00 per share. The total amount raised for this issuance is USD 70,000,049.00, equivalent to RMB 502,355,351.65, deducting underwriting fees and other issuance related expenses required for public issuance of stocks totaling RMB 25,756,354.78, the net amount of raised funds is equivalent to RMB 476,598,996.87, of which RMB 37,194,500.00 is registered capital and RMB 439,404,496.87 is included in the capital reserve.

(XLI) Other comprehensive incomes

Item	31 December 2022	Amount incurred in the current period						31 December 2023
		Amount before income tax in the current period	Less: The profit and loss transferred in the current period but previously included in other comprehensive income	Less: Income tax expense	Net profit attributable to owners of the company	Net profit attributable to minority shareholders	Less: The retained earnings transferred in the current period but previously included in other comprehensive income	
1. Other comprehensive incomes not to be reclassified into profit and loss	63,425,271.91	-3,490,474.73		-516,659.22	-2,973,815.51			60,451,456.40
Of which, remeasurement of changes in defined benefit plans								
Other comprehensive income that cannot be transferred to profit and loss under equity method	30,637,487.77							30,637,487.77
Changes in fair value of other equity instrument investments	32,787,784.14	-3,490,474.73		-516,659.22	-2,973,815.51			29,813,968.63
2. Other comprehensive incomes to be reclassified into profit and loss	6,054,346.70	-36,925,931.37			-36,678,829.26	-247,102.11		-30,624,482.56
Of which: The balance arisen from the translation of foreign currency financial statements	6,054,346.70	-36,925,931.37			-36,678,829.26	-247,102.11		-30,624,482.56
Total other comprehensive income	69,479,618.61	-40,416,406.10		-516,659.22	-39,652,644.77	-247,102.11		29,826,973.84

(XLII) Special reserves

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
Work safety cost	2,375,120.26	38,542,818.48	32,220,912.98	8,697,025.76
In total	2,375,120.26	38,542,818.48	32,220,912.98	8,697,025.76

(XLIII) Surplus reserves

Item	31 December 2022	Increase in the current period	Decrease in the current period	31 December 2023
Statutory surplus reserve	212,549,555.18			212,549,555.18
In total	212,549,555.18			212,549,555.18

(XLIV) Retained earnings

Item	Year 2023	Year 2022
Retained earnings at the end of the previous year before adjustment	2,057,079,840.83	1,605,109,202.90
Adjustment to total retained earnings at the beginning of the year (increase +, decrease -)		-346,257.65
Retained earnings at the beginning of the year after adjustment	2,057,079,840.83	1,604,762,945.25
Plus: Net profits attributable to the owners of the company in the current period	-619,761,432.13	554,106,172.70
Less: Appropriation to statutory surplus reserve		14,132,647.62
Appropriation to discretionary surplus reserve		
Appropriation to common risk provision		
Common stock dividends payable	87,656,629.50	87,656,629.50
Common stock dividends converted to share capital		
Retained earnings at the end of the period	1,349,661,779.20	2,057,079,840.83

(XLV) Operating income and operating cost**1. Information on operating income and operating costs**

Item	Year 2023		Year 2022	
	Income	Cost	Income	Cost
Main business	4,116,914,081.97	3,774,573,620.37	6,312,976,794.89	4,426,966,971.13
Other business	11,126,738.97	12,358,427.14	23,242,550.84	23,440,965.27
In total	4,128,040,820.94	3,786,932,047.51	6,336,219,345.73	4,450,407,936.40

Breakdown of operating income:

Item	Year 2023	Year 2022
Main business	4,116,914,081.97	6,312,976,794.89
Of which: Pharmaceutical product business	1,175,640,941.74	1,464,320,337.47
crop science	536,789,757.65	703,960,440.31
lithium battery materials and other materials	865,077,311.36	1,981,939,962.10
Trading business	1,539,406,071.22	2,162,756,055.01
Other business	11,126,738.97	23,242,550.84
Of which: Sales materials	6,131,690.27	20,779,328.92
Rental income	1,679,341.67	1,174,064.00
Others	3,315,707.03	1,289,157.92
In total	4,128,040,820.94	6,336,219,345.73

2. Operating income generated from contracts

The breakdown of income in this period is as follows:

Contract classification	Amount in the current period	
	Operating income	Operating costs
Commodity type:		
Product sales revenue	4,126,361,479.27	3,785,693,322.01
In total	4,126,361,479.27	3,785,693,322.01
Classification by timing of commodity transfer:		
Recognition at a point of time	4,126,361,479.27	3,785,693,322.01
In total	4,126,361,479.27	3,785,693,322.01

(XLVI) Taxes and surcharges

Item	Year 2023	Year 2022
House property tax	16,119,486.53	14,442,029.41
Urban maintenance and construction tax	6,652,733.04	7,683,348.12
Education surcharges	5,822,818.86	7,209,728.77
Land use tax	10,196,955.55	8,483,928.79
Stamp duty	3,796,830.06	4,042,106.52
Vehicle and vessel tax and others	1,307,510.21	2,733,437.79
In total	43,896,334.25	44,594,579.40

(XLVII) Marketing expenses

Item	Year 2023	Year 2022
Commission	21,616,794.90	28,040,429.62
Market development expense	28,163,551.80	22,751,948.55
Employee compensation	32,995,877.30	24,227,253.21
Insurance expense	3,118,657.53	5,792,555.77
Business entertainment fee	10,218,858.00	5,531,567.42
Travel expenses	7,358,955.11	4,657,557.57
Others	18,212,761.65	15,054,988.11
In total	121,685,456.29	106,056,300.25

(XLVIII) Management expenses

Item	Year 2023	Year 2022
Employee compensation	217,855,704.36	204,493,607.95
Depreciation and amortization	133,784,723.48	155,329,880.89
Environmental protection expenses	101,438,639.57	149,645,570.25
Office expense	27,371,945.19	20,357,737.68
Work safety cost	23,198,489.88	24,846,663.59
Business entertainment fee	33,290,842.19	12,580,372.44
Agency fees	11,998,889.55	12,492,666.14
Car cost	4,642,103.62	4,254,455.36
Insurance expense	3,325,174.33	2,629,255.74
Travel expenses	4,920,515.29	2,243,063.12
Others	65,188,736.81	38,976,881.44
In total	627,015,764.27	627,850,154.60

(XLIX) R&D expenses

Item	Year 2023	Year 2022
Direct material	60,287,561.08	90,033,679.28
Employee compensation	57,501,300.27	54,800,861.61
Depreciation and amortization	11,701,962.98	11,692,118.29
Outsourcing expenses	10,252,920.06	10,464,356.40
Others	8,757,706.48	7,219,657.72
In total	148,501,450.87	174,210,673.30

(L) Financial expenses

Item	Year 2023	Year 2022
Interest expenses	157,616,490.80	131,907,260.37
Less: Interest income	28,668,488.13	10,205,673.13
Exchange gains and losses	-4,670,680.85	-81,958,229.18
Others	10,419,171.95	7,974,947.33
In total	134,696,493.77	47,718,305.39

(LI) Other income

Item	Year 2023	Year 2022
Government subsidies	45,350,301.67	30,308,503.21
Input tax plus deduction	308,163.81	116,301.90
Refund of service charge for withholding individual income tax	237,552.50	123,740.15
In total	45,896,017.98	30,548,545.26

(LII) Investment income

Item	Year 2023	Year 2022
Long-term equity investment incomes accounted by the equity method	11,114,760.11	36,962,247.03
Investment income from disposal of trading financial assets	-8,841,944.28	-18,005,515.50
Income from investment generated from disposal of wealth management products	232,323.53	526,025.13
Dividend income earned during the holding period of investments in other equity instruments	1,778,630.32	1,773,089.44
In total	4,283,769.68	21,255,846.10

(LIII) Gains from changes in fair value

Sources of gains from changes in fair value	Year 2023	Year 2022
Financial assets held for trading		-3,155,277.44
Financial liabilities held for trading	3,806,809.38	-4,184,663.62
Fair value changes in financial liabilities for minority equity repurchases	-20,537,192.47	
In total	-16,730,383.09	-7,339,941.06

(LIV) Credit impairment loss

Item	Year 2023	Year 2022
Bad debt losses on accounts receivable	36,654,602.95	38,681,991.25
Bad debt losses on other receivables	18,210,456.18	1,831,989.31
In total	54,865,059.13	40,513,980.56

(LV) Assets impairment loss

Item	Year 2023	Year 2022
Losses from impairment of inventory	105,184,702.38	5,800,939.15
Impairment loss on fixed assets and construction in progress	10,006,605.95	
Impairment loss of business reputation		29,356,744.86
Impairment loss on development expenses	10,556,062.38	4,014,410.34
In total	125,747,370.71	39,172,094.35

(LVI) Income from asset disposal

Item	Year 2023	Year 2022	Amounts included into the current nonrecurring profit and loss
Gains from disposal of non-current assets	71,524,194.79	-10,587,975.77	71,524,194.79
Gains from disposal of assets held for sale	407,315.32		407,315.32
In total	71,931,510.11	-10,587,975.77	71,931,510.11

(LVII) Non-operating income

Item	Year 2023	Year 2022	Amounts included into the current nonrecurring profit and loss
Government subsidies		49,402.12	
Income from compensation	780,750.00	3,675,717.98	780,750.00
Others	2,606,243.77	1,853,528.09	2,606,243.77
In total	3,386,993.77	5,578,648.19	3,386,993.77

(LVIII) Non-operating expenditure

Item	Year 2023	Year 2022	Amounts included into the current nonrecurring profit and loss
External donations	2,616,074.57	2,059,284.80	2,616,074.57
Loss on retirement of non-current assets	8,502,344.00	41,169,231.48	8,502,344.00
Penalty expenditure	878,983.85	249,171.72	878,983.85
Others	3,152,296.55	3,101,335.29	3,152,296.55
In total	15,149,698.97	46,579,023.29	15,149,698.97

(LIX) Income tax expense

1. Income tax expense statement

Item	Year 2023	Year 2022
Income tax expenses in the current period	48,384,987.73	169,260,313.38
Deferred income tax expense	-146,541,684.17	-30,476,210.31
In total	-98,156,696.44	138,784,103.07

2. The process of adjusting accounting profit and income tax expense

Item	Year 2023
Total profit	-821,680,946.38
Income tax expense at statutory [or applicable] tax rates	-123,252,141.96
Effect of different tax rates applied to subsidiaries	-44,394,905.93
Effect of adjustments to income taxes of prior periods	5,567,202.85
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	7,801,428.08
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-8,311,048.53
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current period	109,447,022.33
Effect of additional deduction for R&D expenditure	-21,842,036.74
Others	-23,172,216.54
Income tax expense	-98,156,696.44

(LX) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net income attributable to ordinary shareholders of the company by the weighted average number of ordinary shares of the Company outstanding:

Item	Year 2023	Year 2022
Consolidated net profit attributable to ordinary shareholders of the Company	-619,761,432.13	554,106,172.70
Weighted average number of common shares of the Company issued	892,064,003.33	876,566,295.00
Basic earnings per share	-0.69	0.63
Of which: Basic earnings per share from continuing operations	-0.64	0.67
Basic earnings per share from discontinued operations	-0.05	-0.04

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net income (diluted) attributable to ordinary shareholders of the company by the weighted average number (diluted) of ordinary shares of the Company outstanding:

Item	Year 2023	Year 2022
Consolidated net profit (diluted) attributable to common shareholders of the Company	-619,761,432.13	554,106,172.70
Weighted average number (diluted) of common shares of the Company issued	892,064,003.33	876,566,295.00
Diluted earnings per share	-0.69	0.63
Of which: Diluted earnings per share from continuing operations	-0.64	0.67
Diluted earnings per share from discontinued operations	-0.05	-0.04

(LXI) Cash flow statement items

1. Cash related to operating activities

(1) Other cash received related to operating activities

Item	Year 2023	Year 2022
Income from government subsidies	60,065,672.05	33,399,511.06
Interest income	25,889,272.61	10,205,673.13
Transaction expense	27,846,584.34	31,820,669.50
Others	3,887,251.65	9,415,410.73
In total	117,688,780.65	84,841,264.42

(2) Other cash payments related to operating activities

Item	Year 2023	Year 2022
Scientific research costs	72,698,187.62	107,717,693.40
Environmental protection expenses	101,438,639.57	149,645,570.25
Travel expenses	12,279,470.40	6,900,620.69
Intermediary and advisory fees	11,998,889.55	12,492,666.14
Work safety cost	23,198,489.88	24,846,663.59
Commission	21,616,794.90	28,040,429.62
Business entertainment fee	22,217,747.55	18,111,939.86
Insurance expense	3,118,657.53	8,421,811.51
Office expense	27,371,945.19	20,357,737.68
Donation expenditure	2,616,074.57	2,059,284.80

Item	Year 2023	Year 2022
Others	371,425,529.18	123,810,771.11
In total	669,980,425.94	502,405,188.65

2. Cash related to investment activities

(1) Other cash received relating to investment activities

Item	Year 2023	Year 2022
Performance compensation		29,068,252.92
In total		29,068,252.92

(2) Other cash payments related to investing activities

Item	Year 2023	Year 2022
Investment funds	0.00	6,962,220.00
Environmental improvement funds for mining rights		849,597.00
In total	0.00	7,811,817.00

3. Cash related to financing activities

(1) Other cash received related to financing activities

Item	Year 2023	Year 2022
Cash received from finance lease	133,308,614.23	158,620,000.00
Margin on foreign exchange swap		955,800.00
Margin on loan financing		768,000.00
In total	133,308,614.23	160,343,800.00

(2) Other cash payments related to financing activities

Item	Year 2023	Year 2022
Cash paid for finance lease	175,558,656.40	199,473,495.89
Payment for the principal of lease liability	3,245,160.90	2,161,586.67
Margin on loan financing		10,288,065.00
Margin on foreign exchange swap		637,940.00
In total	178,803,817.30	212,561,087.56

(3) Changes in liabilities arising from fundraising activities.

Item	31 December 2022	Amount increased in the current period		Amount decreased in the current period		31 December 2023
		Cash changes	Non cash changes	Cash changes	Non cash changes	
Short-term loans	1,969,850,503.82	1,988,984,000.00		2,255,935,880.00	1,180,461.94	1,701,718,161.88
Long-term loans (include Non-current liabilities due within 1 year)	1,482,008,679.54	1,597,454,310.18	2,310,798.62	568,479,999.98		2,513,293,788.36
Long-term payable (include Non-current liabilities due within 1 year)	240,531,914.48	133,308,614.23		175,558,656.40		198,281,872.31
Lease liabilities (include Non-current liabilities due within 1 year)	1,731,525.36		6,528,845.98	3,245,160.90		5,015,210.44
Total	3,694,122,623.20	3,719,746,924.41	8,839,644.60	3,003,219,697.28	1,180,461.94	4,418,309,032.99

(LXII) Supplementary materials of cash flow statement

1. Supplementary materials of cash flow statement

Supplement materials	Year 2023	Year 2022
1. Cash flow for adjusting net profits to operating activities		
Net profit	-723,524,249.94	659,787,317.84
Plus: Credit impairment loss	54,865,059.13	40,513,980.56
Impairment reserves of assets	125,747,370.71	39,172,094.35
Depreciation of fixed assets	370,011,332.24	329,634,848.58
Depreciation of right-to-use assets	3,204,038.55	2,071,669.80
Amortization of intangible assets	33,773,850.12	29,960,295.07
Amortization of long-term deferred expenses	9,371,578.13	8,208,402.25
Losses on disposal of fixed assets, intangible assets, and other long-term assets (income expressed with "-")	-71,931,510.11	10,587,975.77
Losses on scrapping of fixed assets (income expressed with "-")	8,502,344.00	41,169,231.48
Loss from changes in fair value (income expressed with "-")	16,730,383.09	7,339,941.06
Finance costs (income expressed with "-")	152,540,033.66	49,949,031.19
Investment loss (income expressed with "-")	-4,283,769.68	-21,255,846.10
Decrease in deferred income tax assets (increase expressed with "-")	-139,992,046.51	-14,706,769.37
Increase in deferred income tax liabilities (decrease expressed with "-")	-7,760,260.73	-15,912,574.48
Decrease in inventories (increase expressed with "-")	452,117,335.40	-445,456,008.12
Decrease in operating receivables (increase expressed with "-")	-422,889,830.79	-1,230,336,324.35
Increase in operating payables (decrease expressed with "-")	-192,956,603.03	738,675,833.29
Others	7,348,361.76	-5,720,872.45
Net cash flow from operating activities	-329,126,584.00	223,682,226.37
2. Major investment and financing activities irrelevant to cash income and expenditure		
Transfer from debts to capital		
Convertible corporate bonds due within 1 year		
Right of use assets obtained by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Closing balance of cash	551,577,688.10	438,109,059.07
Less: Opening balance of cash	438,109,059.07	366,794,196.10
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	113,468,629.03	71,314,862.97

2. Composition of cash and cash equivalents

Item	31 December 2023	31 December 2022
I. Cash	551,577,688.10	438,109,059.07
Of which: Cash on hand	347,670.23	328,479.76
Bank deposit available for payment at any time	543,386,693.98	436,002,870.76
Other monetary capitals available for payment at any time	7,843,323.89	1,777,708.55
II. Cash equivalents		
III. Cash and cash equivalents balance at the end of the period	551,577,688.10	438,109,059.07

Cash and bank that are not classified as cash or cash equivalents:

Item	31 December 2023	31 December 2022	Reasons for not being classified as cash and cash equivalents
Bank acceptance draft margin	302,273,981.77	509,926,468.15	Restricted
Letter of Guarantee for Security Deposit	724,271.86	746,065.00	Restricted
Letter of credit guarantee deposit	438,309.45		Restricted
Loan guarantee deposit		10,000,000.00	Restricted
Futures margin	1,023,840.00		Restricted
Litigation frozen funds	203,100,318.87	512,761.34	Restricted
Pledged fixed deposit	50,000,000.00		Restricted
In total	557,560,721.95	521,185,294.49	

(LXIII) Foreign currency monetary items

1. Foreign currency monetary items

Item	Foreign currency balance	Exchange rate	Converted RMB balance
Cash and bank			254,014,649.11
Of which: USD	31,395,549.33	7.0828	222,367,420.43
Euro	494,774.80	7.8592	3,888,533.56
Rupiah	4,133,414,392.42	0.0005	1,905,504.04
Pakistan Rupee	73,016,632.29	0.0251	1,833,082.55
Nigerian Naira	2,965,666,360.61	0.0079	23,405,038.91
Vietnamese Dong	980,721,324.00	0.0003	286,370.63
Philippine Peso	1,182,097.72	0.1279	151,182.02
Hong Kong dollar	102,877.47	0.9062	93,229.37
Bengali taka	1,094,920.00	0.0650	71,126.00
Colombian peso	7,200,000.00	0.0018	13,161.60
Accounts receivable			484,034,230.91
Of which: USD	66,073,359.04	7.0828	467,984,387.41
Euro	156,464.97	7.8592	1,229,689.32
Rupiah	19,577,687,958.00	0.0005	9,025,314.17
Nigerian Naira	734,267,614.00	0.0079	5,794,840.01
Other receivables			8,036,895.37
Of which: USD	374,638.30	7.0828	2,653,488.15
Rupiah	173,129,396.00	0.0005	79,812.65
Pakistan Rupee	839,000.00	0.0251	21,063.09
Nigerian Naira	665,726,746.01	0.0079	5,253,915.48
Vietnamese Dong	98,000,000.00	0.0003	28,616.00
Accounts payable			428,588.31
Of which: USD	59,740.50	7.0828	423,128.16
Rupiah	11,844,145.00	0.0005	5,460.15
Other payables			1,037,021.74
Of which: Rupiah	4,002,857.00	0.0005	1,845.32
Pakistan Rupee	583,250.00	0.0251	14,642.49
Nigerian Naira	128,298,772.44	0.0079	1,012,533.91
Philippine Peso	62,552.42	0.1279	8,000.02

2. The company does not have any significant overseas operating entities

(LXIV) Rental

1. As the lessee

Item	Year 2023	Year 2022
Interest expense on lease liabilities	234,985.84	101,845.53
Short-term lease expenses included in the cost of the related assets or in the current profit and loss for simplified treatment	262,040.52	973,639.23
Total cash outflow associated with leases (tax-)	3,571,942.58	2,736,697.10

Item	Year 2023	Year 2022
exclusive)		

2. As the lessor

(1) Operating lease

Item	Year 2023	Year 2022
Operating lease income	1,679,341.67	1,229,109.79

VI. R&D expenses

(I) R&D expenses

Item	Year 2023	Year 2022
Direct material	61,691,596.94	91,728,724.83
Employee compensation	64,351,471.18	61,277,125.19
Depreciation and amortization	16,219,080.55	13,469,408.70
Outsourcing expenses	17,281,722.02	19,442,928.59
Others	10,347,943.78	9,470,875.39
In total	169,891,814.47	195,389,062.70
Of which: Expensed R&D expenses	148,501,450.87	174,210,673.30
Capitalized R&D expenses	21,390,363.60	21,178,389.40

(II) Development expenditure

Item	31 December 2022	Amount increased in the current period		Decreased amount in the current period		31 December 2023
		Internal development expenditure	Others	Recognized as intangible assets	Included in current profit or loss	
API project	22,802,200.65	864,872.80		6,763,564.31	2,305,640.85	14,597,868.29
Projects of preparations	90,923,341.23	20,525,490.80	52,530.40	26,826,520.25	8,250,421.53	76,319,359.85
Subtotal	113,725,541.88	21,390,363.60	52,530.40	33,590,084.56	10,556,062.38	90,917,228.14
In total	113,725,541.88	21,390,363.60	52,530.40	33,590,084.56	10,556,062.38	90,917,228.14

1. The situation of important capitalized R&D projects

Item	Final research and development progress	The starting point of capitalization	The starting point of capitalization	The specific basis for determining the starting point of capitalization
API project	The pilot scale test as well as DMF filing and CDE review are in progress	Through product production and sales	2013.6-2023.3	Start pilot testing
Projects of	The pilot scale test as	Through product	2013.3-2023.3	Start pilot testing

Item	Final research and development progress	The starting point of capitalization	The starting point of capitalization	The specific basis for determining the starting point of capitalization
preparations	well as FDA declaration and CDE review are in progress	production and sales		

2. Development expenditure impairment provision

Item	Year-end balance from last year	The amount added in this period		The amount reduced in this period		Final balance	Impairment testing status
		Provision	others	Reselling	others		
API project		2,305,640.85		2,305,640.85			Project termination, full impairment
Projects of preparations		8,250,421.53		8,250,421.53			Project termination, full impairment
Total		10,556,062.38		10,556,062.38			

(III) There are no significant capitalized or expensed cases of outsourced research projects in this period.

VII. Change in scope of consolidation

(I) Business merger not under the common control

None.

(II) Business merger under the common control

None.

(III) Reverse purchase

None.

(IV) Disposal of subsidiaries

None.

(V) Change in scope of consolidation for other reasons

In 2023, the Company included its established companies Agro Juntos Colombia, Etong

Bangladesh, Yongtai Fluquid, Hangzhou Yongtai Chiral, Etong Vietnam, Shandong Yonghong, and Yongtai Fule in the scope of consolidation.

VIII. Interests in other subjects

(I) Interests in subsidiaries

1. Composition of enterprise group

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Binhai Yongtai	RMB 160 million	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing	100.00		Business consolidation under the common control
Shanghai E-Tong	RMB 10 million	Songjiang District, Shanghai	Songjiang District, Shanghai	Commerce	100.00		Business consolidation not under the common control
Yongtai Hi-tech	RMB 300 million	Shaowu City, Fujian Province	Shaowu City, Fujian Province	Manufacturing	75.00		Establishment or investment
Xinhui Mining	RMB 35 million	Qiongzong County, Hainan Province	Qiongzong County, Hainan Province	Mining	70.00		Business consolidation not under the common control
Yongtai Pharmaceutical	RMB 300 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00		Establishment or investment
Youngtech Pharmaceuticals	USD 14,256,224.09	America	America	Commerce	100.00		Establishment or investment
Shandong Yongtai	RMB 100 million	Zhanhua District, Shandong Province	Zhanhua District, Shandong Province	Manufacturing	100.00		Establishment or investment
Yongtai New Material	RMB 100 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00		Establishment or investment
SYTpharm (Shanghai)	RMB 25 million	Pudong New District, Shanghai	Pudong New District, Shanghai	Service industry and commercial industry	90.00	10.00	Business consolidation not under the common control
Yongtai New Energy	RMB 300 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00		Business consolidation not under the common control
Shanghai Youngcobe	RMB 1 million	Songjiang District, Shanghai	Songjiang District, Shanghai	Service industry		100.00	Business consolidation not under the common control
E-Tong Chemical (Hongkong)	10,000 Hong Kong dollars	Hong Kong	Hong Kong	Trade		100.00	Establishment or investment
Zhejiang Chiral	RMB 20,348,152	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Manufacturing	100.00		Business consolidation not under the

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
							common control
Foshan Soin	RMB 213.15 million	Foshan City, Guangdong Province	Foshan City, Guangdong Province	Manufacturing	90.00		Business consolidation not under the common control
Yongtai Chiral	RMB 150 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	100.00		Establishment or investment
Chongqing Yongyuansheng	RMB 170 million	Chongqing	Chongqing	Manufacturing	51.00		Establishment or investment
Jiangsu Subin	RMB 74.6 million	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing		85.00	Business consolidation not under the common control
H&G (China)	RMB 44.86 million	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing		72.25	Business consolidation not under the common control
Binhai Meikang	RMB 100 million	Binhai County, Jiangsu Province	Binhai County, Jiangsu Province	Manufacturing	100.00		Business consolidation not under the common control
Inner Mongolia Yongtai	RMB 591 million	Wuhai City, Inner Mongolia	Wuhai City, Inner Mongolia	Manufacturing	100.00		Establishment or investment
E-Tong Chemical	10,000 Hong Kong dollars	Hong Kong	Hong Kong	Trade		100.00	Establishment or investment
Inner Mongolia Hehui	RMB 100 million	Wuhai City, Inner Mongolia	Wuhai City, Inner Mongolia	Manufacturing	100.00		Establishment or investment
Hangzhou Yongtai	RMB 10 million	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Service industry	100.00		Establishment or investment
Pt. Etong	10,000,002,761 Indonesian Rupiah	Indonesia	Indonesia	Trade		80.00	Establishment or investment
Yongtai Trading	RMB 100 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Trade	100.00		Establishment or investment
E-tong Chemical (Philippines)	699,999 pesos	Philippines	Philippines	Trade		99.90	Business consolidation not under the common control
Etong Agrotech Nigeria	9.9 million Naira	Nigeria	Nigeria	Trade		98.00	Establishment or investment
Lideal Mines	10 million Naira	Nigeria	Nigeria	Mining		100.00	Establishment or investment
Etong Chemicals (Pvt.)	20 million rupees	Pakistan	Pakistan	Trade		90.00	Establishment or investment
Etong Colombia	180 million pesos	Colombia	Colombia	Trade		100.00	Establishment or investment
Etong Bangladesh	10.9 million Taka	Bangladesh	Bangladesh	Trade		99.00	Establishment or investment

Name of subsidiary	Registered capital	Main business locations	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Yongtai Fule	RMB 120 million	Taizhou City, Zhejiang Province	Taizhou City, Zhejiang Province	Manufacturing	80.00		Establishment or investment
Hangzhou Yongtai Chiral	RMB 200 million	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Manufacturing	51.00	49.00	Establishment or investment
Etong Vietnam	USD 100,000	Vietnam	Vietnam	Trade		100.00	Establishment or investment
Yonghong Lithium Industry	RMB 100 million	Zhanhua District, Shandong Province	Zhanhua District, Shandong Province	Manufacturing	100.00		Establishment or investment
Yongtai Fuyuan	RMB 150 million	Shaowu City, Fujian Province	Shaowu City, Fujian Province	Manufacturing	65.00		Establishment or investment

Note:

1. In 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.

(II) There is no transaction in which the share of ownership interest changes in a subsidiary but the subsidiary is still under control in this period.

(III) Interest 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	Strategic or not to the Company's activities
				Direct	Indirect		
Shanghai Anbison Lab. Co., Ltd.	Shanghai	Shanghai	Scientific Research and Technical Services	15.00		Equity method	No

2. Key financial information of important associated enterprises

	31 December 2023 / Year 2023	31 December 2022 / Year 2022
	Shanghai Anbison Lab. Co., Ltd.	Shanghai Anbison Lab. Co., Ltd.
Total assets	1,050,926,900.01	931,893,401.09
Operating income	350,001,415.06	402,448,145.91
Net profit	119,237,271.64	260,227,077.72
Total comprehensive income	119,237,271.64	260,227,077.72
Dividends received from associated enterprises in this year	2,343,750.00	

IX. Government subsidies

(I) Types, amounts, and reporting items of government subsidies

1. Government subsidies included in current profits and losses

Government subsidies related to assets

Balance sheet presentation	Amount	Amounts included in the current profit and loss or written off against related costs and expenses losses		Items included in the current profit and loss or written off against related costs and expenses losses
		Year 2023	Year 2022	
Deferred revenue	145,621,385.39	17,049,702.04	16,042,502.15	Other income
In total	145,621,385.39	17,049,702.04	16,042,502.15	

Government subsidies related to income

Items included in the current profit and loss or written off against related costs and expenses losses	Amount	Amounts included in the current profit and loss or written off against related costs and expenses losses	
		Year 2023	Year 2022
Other income	28,300,599.63	28,300,599.63	14,266,001.06
Non-operating income			49,402.12
In total	28,300,599.63	28,300,599.63	14,315,403.18

(II) Refund of government grants

	Amount returned	Reason
The government subsidy returned in this period	161,700.00	Refund of surplus funds from technological transformation projects

X. Risks associated with financial instruments

(I) 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	31 December 2023				
	Within 1 year	1-5 years	Above 5 years	In total	Book value
Short-term loans	1,728,964,591.76			1,728,964,591.76	1,701,718,161.88
Notes payable	704,947,900.98			704,947,900.98	704,947,900.98
Accounts payable	862,218,150.32			862,218,150.32	862,218,150.32
Other payables	54,849,843.53			54,849,843.53	54,849,843.53
Non-current liabilities due within 1 year	1,093,464,199.10			1,093,464,199.10	1,062,284,456.76
Lease liabilities		2,545,608.52		2,545,608.52	2,500,445.31
Long-term payable		92,195,764.81		92,195,764.81	89,237,605.41
Long-term loans	60,426,008.17	1,395,129,937.22	274,300,767.12	1,729,856,712.51	1,562,568,363.63
In total	4,504,870,693.86	1,489,871,310.55	274,300,767.12	6,269,042,771.53	6,040,324,927.82

Item	31 December 2022				
	Within 1 year	1-5 years	Above 5 years	In total	Book value
Short-term loans	2,014,199,397.05			2,014,199,397.05	1,969,850,503.82
Notes payable	1,004,476,920.61			1,004,476,920.61	1,004,476,920.61
Accounts payable	958,233,008.51			958,233,008.51	958,233,008.51
Other payables	51,450,665.61			51,450,665.61	51,450,665.61
Non-current liabilities due within 1 year	617,766,557.89			617,766,557.89	591,940,858.91
Lease liabilities		881,184.76		881,184.76	876,313.54
Long-term payable		676,806,764.89		676,806,764.89	670,855,040.50
Long-term loans	44,882,389.42	1,003,758,370.98	96,687,455.43	1,145,328,215.83	1,023,262,713.96
In total	4,691,008,939.09	1,681,446,320.63	96,687,455.43	6,469,142,715.15	6,270,946,025.46

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	31 December 2023			31 December 2022		
	USD	Other foreign currencies	In total	USD	Other foreign currencies	In total
Cash and bank	222,367,420.43	31,647,228.68	254,014,649.11	171,439,658.74	18,276,880.19	189,716,538.93
Accounts receivable	467,984,387.41	16,049,843.50	484,034,230.91	602,073,900.06	11,135,230.40	613,209,130.46

Item	31 December 2023			31 December 2022		
	USD	Other foreign currencies	In total	USD	Other foreign currencies	In total
Other receivables	2,653,488.15	5,383,407.22	8,036,895.37	40,583,215.48	2,180,935.91	42,764,151.39
Subtotal	693,005,295.99	53,080,479.40	746,085,775.40	814,096,774.28	31,593,046.50	845,689,820.78
Accounts payable	423,128.16	5,460.15	428,588.31	9,529,014.82	10,208,424.21	19,737,439.03
Short-term loans				89,146,880.00		89,146,880.00
Other payables		1,037,021.74	1,037,021.74	70,294,614.80	388,643.75	70,683,258.55
In total	423,128.16	1,042,481.89	1,465,610.05	168,970,509.62	10,597,067.96	179,567,577.58

As of 31 December 2023, with all other variables held constant, the Company will increase or decrease its net profit by RMB 37,231,008.27 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.

(II) Financial asset transfer

1. Financial asset transfer situation

Financial asset transfer method	Transferred financial assets		Derecognition situation	Judgment basis for derecognition
	Nature	Amount		
Endorsement/discounting	Commercial bank acceptance bills accepted by general commercial banks	454,825,958.66	As of the balance sheet date, the amount endorsed and unexpired is RMB 130,801,761.56, 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	1,317,071,367.73	Derecognition for all	If the payee has high credit and has no overdue payment in history, derecognition can be conducted during endorsement/discounting.
Total		1,771,897,326.39		

2. Financial assets derecognized due to transfer

Item	Methods for transferring financial assets	Derecognition amount	Gains or losses related to derecognition
Banker's acceptance bill	Endorsement/discounting	1,641,095,564.83	1,942,665.18
Total		1,641,095,564.83	1,942,665.18

3. Transfer of financial assets and continued involvement

Item	Methods for transferring financial assets	Types of continued involvement	Amount of assets formed from continued involvement	Amount of liabilities formed from continued involvement
Notes receivable			130,801,761.56	130,801,761.56
Of which: Bank acceptance bills	Endorsement	Endorsed but unexpired	130,801,761.56	130,801,761.56
Total			130,801,761.56	130,801,761.56

XI. Disclosure of fair value

The input value used in the fair value measurement is divided into three levels:

The first level input value is the quotation not adjusted in the active market for the same assets or liabilities that can be obtained on the measurement date.

The second level input value is the direct or indirect observable input value of related assets or liabilities except for the first level input value.

The third level input value is the unobservable input value of related assets or liabilities.

The level of the fair value measurement results shall be decided according to the minimum level of input value that is of great significance to the overall fair value measurement.

(I) Period-ending fair value of assets and liabilities measured at fair value

Item	Fair value as of 31 December 2023			
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	In total
I. Continuous fair value measurement				
◆ Financial assets held for trading			37,000,000.00	37,000,000.00
1. Financial assets measured at fair value with their changes included into the current profit and loss			37,000,000.00	37,000,000.00
(1) Wealth management products			37,000,000.00	37,000,000.00
(2) Derivative financial assets				
◆ Receivables financing			161,377,815.36	161,377,815.36
◆ Investment in other equity instruments			64,194,692.70	64,194,692.70
Total assets continuously measured at fair value			262,572,508.06	262,572,508.06
◆ Financial liabilities held for trading		519,898.30		519,898.30
1. Financial liabilities held for trading		519,898.30		519,898.30
(1) Derivative financial liabilities		519,898.30		519,898.30
Total liabilities continuously measured at fair value		519,898.30		519,898.30
◆ Assets held for sale			599,943.92	599,943.92
Total assets measured at discontinued fair value measurement			599,943.92	599,943.92

(II) 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.

(III) 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.

XII. Related parties and related transactions

(I) Couple He Renbao and Wang Yingmei are the ultimate actual controllers of the Company.

(II) Information about the subsidiaries of the Company:

For details of the Company's subsidiaries, please refer to “Note VIII Interests in Other Subjects”.

(III) Information on the Company's joint ventures and associated enterprises

For details of the Company's significant joint ventures or associated enterprises, please refer to “Note VIII Interests in Other Subjects”.

(IV) Information on other related parties

Names of other related parties	Relationship between other related parties and the Company
Zhejiang Yongtai Holdings Co., Ltd.	Enterprises controlled by shareholders and the common controllers of the Company

(V) 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	256,170,000.00	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	85,000,000.00	17 May 2022	25 September 2024	No
Wang Yingmei, He Renbao	Company	200,000,000.00	166,325,553.73	11 November 2022	11 November 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	176,000,000.00	160,954,310.62	10 April 2023	10 April 2026	No
Wang Yingmei, He Renbao	Company	CNY 143,000,000.00, USD 550,000.00	0.00	23 February 2022	22 February 2027	No
Zhejiang Yongtai Technology Holdings Co., Ltd.	Company	200,000,000.00	150,000,000.00	2 December 2022	2 December 2025	No
Wang Yingmei, He Renbao	Company	90,000,000.00	54,000,000.00	22 December 2021	21 December 2026	No

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	180,000,000.00	169,850,000.00	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	194,616,741.60	10 April 2023	10 April 2026	No
Wang Yingmei, He Renbao	Company	160,000,000.00	91,467,494.64	5 July 2023	5 July 2028	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	300,000,000.00	299,300,000.00	19 May 2023	19 May 2028	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	200,000,000.00	148,000,000.00	15 February 2023	14 February 2024	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	360,000,000.00	100,000,000.00	21 December 2022	21 December 2025	No
Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei, He Renbao	Company	Zhejiang Yongtai Technology Holdings Co., Ltd. : 180,000,000.00 Wang Yingmei, He Renbao :	178,200,000.00	25 April 2023	24 May 2024	No

Name of guarantor	Name of guaranteed party	Guaranteed contract amount	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
		300,000,000.00				
The Company, Wang Yingmei, He Renbao	Inner Mongolia Yongtai	300,000,000.00	180,000,000.04	8 October 2020	8 October 2026	No
The Company, Wang Yingmei, He Renbao	Inner Mongolia Yongtai	150,000,000.00	130,000,000.000	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	77,680,000.00	25 January 2022	25 January 2025	No
Company	Shanghai E-Tong	49,000,000.00	0.00	09 January 2023	06 January 2026	No
The Company, Wang Yingmei	Shanghai E-Tong	48,000,000.00	35,989,999.39	1 February 2023	31 July 2024	No
Company	Shanghai E-Tong	50,000,000.00	33,326,696.28	1 November 2022	1 November 2023	No
Company	Yongtai Hi-tech	96,000,000.00	50,000,000.00	28 December 2023	27 December 2026	No
The Company, Wang	Yongtai	130,000,000.00	111,000,000.00	13 June 2022	20 May 2025	No

Name of guarantor	Name of guaranteed party	Guaranteed contract amount	Guarantee amount	Guarantee start date	Guarantee expiration date	Whether the guarantee has been fulfilled
Yingmei, He Renbao	Hi-tech					
Company	Yongtai Hi-tech	400,000,000.00	341,589,465.56	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	78,800,000.00	29 September 2022	20 December 2026	No
Company	Yongtai Chiral	50,000,000.00	20,000,000.00	24 November 2022	24 November 2025	No
Company	Yongtai Chiral	170,000,000.00	144,566,000.00	10 April 2023	10 April 2026	No
Wang Yingmei, He Renbao	Yongtai Chiral	270,000,000.00	190,000,000.00	10 April 2023	10 April 2026	No
The Company, Wang Yingmei	Zhejiang Chiral	50,000,000.00	50,000,000.00	19 May 2021	19 May 2024	No
The Company, Wang Yingmei	Zhejiang Chiral	55,000,000.00	31,084,507.60	31 January 2023	30 January 2026	No

2. Remuneration of key management personnel

Unit:RMB10,000.00

Item	Year 2023	Year 2022
Key management personnel remuneration	937.99	1,027.33

(VI) Unsettled items such as accounts receivable and payable from unrelated parties at the end of the period.

None.

XIII. Share-based payment

None.

XIV. Commitments and contingencies

(I) Important commitments

1. Significant commitments existed at balance sheet date

(1) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Taizhou Branch of Shanghai Pudong Development Bank with RMB 44,755,738.50 in other monetary funds as a deposit.

(2) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Taizhou Branch of Guangdong Development Bank with RMB 5,550,000.00 in other currencies as a deposit.

(3) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd. with RMB 2,387,471.64 in other currencies as a deposit.

(4) As of 31 December 2023, the Company applied for issuing a bank acceptance bill at Taizhou Branch of China CITIC Bank Corporation Limited with RMB 20,383,258.40 in other monetary funds as a deposit.

(5) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Hang Seng Bank Limited Shanghai Branch with RMB 4,116,873.66 of other monetary funds as a deposit.

(6) As of 31 December 2023, the Company applied for opening a letter of guarantee in Linhai Branch of Bank of China with RMB 275,391.46 in other currencies as a deposit.

(7) As of 31 December 2023, the Company's bank deposit of RMB 202,734,325.99 was frozen by the court due to litigation with Guoxuan High-tech.

(8) As of December 31, 2023, Jiangsu Subin's bank deposits of 95,809.02 yuan have been frozen by the court due to litigation reasons.

(9) As of 31 December 2023, Shanghai E-Tong has applied for opening a bank acceptance bill at Zhejiang Commercial Bank Co., Ltd. Taizhou Linhai Branch with a fixed deposit certificate of RMB 50,000,000.00 as collateral.

(10) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill in Taizhou Branch of China Zheshang Bank Co., Ltd. with RMB 137,495,918.80 in other currencies as a deposit.

(11) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill at Taizhou Branch of China Zheshang Bank Co., Ltd. with USD 6,252,338.73 in other currencies as a deposit.

- (12) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill in Songjiang Branch of Bank of Shanghai with RMB 3,996,513.81 in other currencies as a deposit.
- (13) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill in Shanghai Songjiang Branch of Bank of Dalian with RMB 22,215,790.37 in other currencies as a deposit.
- (14) As of 31 December 2023, Shanghai E-Tong has applied to open a futures account with CITIC Futures Co., Ltd. using other monetary funds of RMB 1,023,840.00 as deposited investment funds.
- (15) As of 31 December 2023, Yongtai Pharma applied for issuing a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd. with RMB 502,527.69 in other currencies as a deposit.
- (16) As of 31 December 2023, Yongtai New Energy applied for issuing a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd. with RMB 438,143.29 in other currencies as a deposit.
- (17) As of 31 December 2023, Yongtai New Energy with RMB 194,411.28 in other monetary funds as a deposit to apply for opening a letter of guarantee at Linhai Branch of Bank of China Limited.
- (18) As of 31 December 2023, Zhejiang Chiral applied for issuing a bank acceptance bill in Binjiang Branch of Bank of Hangzhou Co., Ltd. with RMB 6,154,360.40 in other currencies as a deposit.
- (19) As of 31 December 2023, Zhejiang Chiral applied for issuing a bank acceptance bill at Jincheng Sub-branch of Hua Xia Bank Co., Limited in Xiaoshan, Hangzhou with RMB 5,397,400.00 in other monetary funds as a deposit.
- (20) As of 31 December 2023, Yongtai Chiral applied for opening a letter of guarantee at Linhai Duqiao Sub-branch of Bank of China Limited with RMB 254,469.12 in other monetary funds as a deposit.
- (21) As of 31 December 2023, Yongtai Chiral applied for issuing a bank acceptance bill at Taizhou Branch of Shanghai Pudong Development Bank with RMB 1,764,000.00 in other currencies as a deposit.
- (22) As of 31 December 2023, Inner Mongolia Yongtai has applied for opening a bank acceptance bill at Zhejiang Commercial Bank Co., Ltd. Taizhou Linhai Branch with other monetary funds of RMB 2,756,620.33 as collateral.
- (23) As of 31 December 2023, Due to the litigation of Chongqing Yongyuansheng, the bank deposit of 270,183.86 yuan, the land use right with an original value of 3,090,000.00 yuan and a net value of RMB 2,714,050.00 have been judicially frozen.
- (24) As of 31 December 2023, Chongqing Yongyuansheng has applied for opening a bank acceptance bill at the Chongqing Branch of Zhejiang Commercial Bank Co., Ltd. with other monetary funds of RMB 75,925.36 as a deposit.
- (25) As of 31 December 2023, Etong Chemicals (Pvt.) has applied for opening a letter of credit in Faysal Bank Account with foreign currency of 17,459,050.00 Pakistani rupees and other monetary funds as a deposit.
- (26) As of 31 December 2023, the Company has pledged accounts receivable of RMB 100,000,000.00, and the highest guarantee contract signed by Zhejiang Yongtai Holdings Co., Ltd., Wang Yingmei, and He Renbao with Zhejiang Commercial Bank Co., Ltd. Taizhou Linhai Branch provides guarantee for a short-term loan of RMB 160,000,000.00 from Zhejiang Commercial Bank Co., Ltd. Taizhou Linhai Branch.
- (27) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill in Taizhou Branch of China Zheshang Bank Co., Ltd. with accounts receivable of RMB 51,491,596.31 as the pledge.
- (28) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Taizhou

Linhai Branch of China Zheshang Bank Co., Ltd. with receivables financing of RMB 608,000.00 as the pledge.

(29) As of 31 December 2023, Shanghai E-Tong applied for issuing a bank acceptance bill in Taizhou Branch of China Zheshang Bank Co., Ltd. with receivables financing of RMB 12,000,000.00 as the pledge.

(30) As of 31 December 2023, Yongtai Hi-tech applied for issuing a bank acceptance bill in Shaowu Branch of Industrial Bank Co., Ltd. with receivables financing of RMB 61,160,281.06 as the pledge.

(31) As of 31 December 2023, Yongtai New Energy applied for issuing a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd. with receivables financing of RMB 722,250.00 as the pledge.

(32) As of 31 December 2023, the Company applied for issuing a bank acceptance bill at Taizhou Branch of China CITIC Bank Corporation Limited, with notes receivable of RMB 530,000.00 as the pledge.

(33) As of 31 December 2023, the Company applied for issuing a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd., with notes receivable of RMB 500,000.00 as the pledge.

(34) As of 31 December 2023, Yongtai Pharma issued a bank acceptance bill in Taizhou Linhai Branch of China Zheshang Bank Co., Ltd. with notes receivable of RMB 500,000.00 as the pledge.

(35) The Company signed a maximum amount mortgage contract with Linhai Branch of Bank of China Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 35,170,000.00 of the Company from 15 September 2022 to 15 September 2025 with the investment properties with original value of RMB 29,596,591.41 and net book value of RMB 23,670,746.08. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 82,000,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contract signed between Zhejiang Yongtai Technology Holdings Co., Ltd. and Linhai Branch of Bank of China Co., Ltd. and the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Linhai Branch of Bank of China Co., Ltd.

(36) The Company signed a maximum amount mortgage contract with Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 133,520,000.00 of the Company from 13 August 2023 to 22 July 2024, with the house and buildings with original value of RMB 141,284,985.22 and net book value of RMB 93,822,513.31. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 66,000,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd.

(37) The Company has signed a maximum amount mortgage contract with the Taizhou Branch of CITIC Bank Co., Ltd., providing mortgage guarantees for all debts not exceeding RMB 23,120,000.00 of the Company from 24 June 2021 to 24 June 2026, with the investment properties with an original value of RMB 2,405,049.40 and a net book value of RMB 1,900,579.30 and the fixed assets with an original value of RMB 12,025,247.04 and a net book value of RMB 9,441,589.75. As of 31 December 2023, the short-term loan balance under the maximum amount mortgage contract was RMB 147,000,000.00. The above loan and letter of credit were jointly guaranteed by the maximum amount guarantee contracts signed by Zhejiang Yongtai Holdings Limited, Wang Yingmei, and He Renbao respectively with Taizhou Branch of China CITIC Bank Corporation Limited.

(38) The Company has signed a maximum amount mortgage contract with Bank of China Limited Linhai Branch, providing mortgage guarantees for all debts not exceeding RMB 219,220,000.00 of the Company from 15 December 2021 to 15 December 2024, with the buildings with an original value of RMB 276,930,160.70 and a net book value of RMB 148,796,070.39, as well as the land use rights with an original value of RMB 24,952,860.00 and a net book value of RMB 16,779,653.96. As of 31 December 2023, the corresponding short-term loan balance under the

maximum amount mortgage contract was RMB 192,900,000.00, and the corresponding long-term loan balance was RMB 134,850,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contract signed between Zhejiang Yongtai Technology Holdings Co., Ltd. and Linhai Branch of Bank of China Co., Ltd. and the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Linhai Branch of Bank of China Co., Ltd.

(39) SYT pharm (Shanghai) and Shanghai Bank Songjiang Branch signed a maximum amount mortgage contract, providing mortgage guarantee for all debts not exceeding RMB 40,000,000.00 of Shanghai E-Tong from 12 January 2021 to 12 January 2026, with the buildings with an original value of RMB 37,009,841.05 and a net book value of RMB 15,428,281.76. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 30,000,000.00. The above-mentioned loan is guaranteed by the maximum amount guarantee contract signed between Zhejiang Yongtai Holdings Co., Ltd. and Shanghai Bank Songjiang Branch and the maximum amount guarantee contract signed between Wang Yingmei, He Renbao, and Shanghai Bank Songjiang Branch.

(40) The Company signed a maximum amount mortgage contract with Linhai Branch of Bank of China Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 31,030,000.00 of the Company from 8 July 2015 to 15 September 2025, with housing and buildings with original value of RMB 18,945,436.38 and net book value of RMB 7,433,160.19 and land use rights with original value of RMB 1,346,605.33 and net book value of RMB 907,659.10. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 192,900,000.00, and the corresponding long-term loan balance was RMB 38,950,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contract signed between Zhejiang Yongtai Technology Holdings Co., Ltd. and Linhai Branch of Bank of China Co., Ltd. and the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Linhai Branch of Bank of China Co., Ltd.

(41) The Company has signed a maximum amount mortgage contract with the Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 6,780,000.00 of the Company from 7 November 2022 to 7 November 2025, with the buildings with an original value of RMB 4,255,007.18 and a net book value of RMB 1,923,787.07, as well as the land use rights with an original value of RMB 2,670,008.20 and a net book value of RMB 1,574,731.71. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 0.00. The above loan was jointly guaranteed by the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd.

(42) The Company signed a maximum amount mortgage contract with Linhai Branch of China Construction Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 39,062,000.00 of the Company from 17 October 2022 to 16 January 2024, with housing and buildings with original value of RMB 35,077,368.59 and net book value of RMB 8,318,855.23 and land use rights with original value of RMB 2,470,764.00 and net book value of RMB 1,463,498.89. As of 31 December 2023, the corresponding long-term loan balance under the maximum amount mortgage contract was RMB 20,000,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contracts signed by Zhejiang Yongtai Technology Holdings Co., Ltd., Wang Yingmei and He Renbao with Linhai Branch of China Construction Bank Co., Ltd. respectively.

(43) Shandong Yongtai signed a maximum amount mortgage contract with Linhai Branch of China Construction Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 39,690,000.00 of the Company from 6 December 2021 to 6 December 2026, with housing and buildings with original value of RMB 18,077,379.92 and net book value of RMB 12,369,300.96 and land use rights with original value of RMB 19,788,840.00 and net book value of RMB 14,888,039.04. As of 31 December 2023, the corresponding short-term bank loan under the maximum amount mortgage contract was RMB 50,000,000.00. The above loan was jointly guaranteed by the maximum amount guarantee contracts signed by Zhejiang Yongtai Technology Holdings Co., Ltd., He Renbao and Wang Yingmei respectively with Linhai Branch of China Construction Bank Co., Ltd.

(44) Yongtai New Material signed a maximum amount mortgage contract with Linhai Branch of China Construction Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 41,204,000.00 of the Company from 2 December 2021 to 1 December 2024, with housing and buildings with original value of RMB 47,831,154.42 and net book value of RMB 34,194,601.64 and land use rights with original value of RMB 14,832,000.00 and net book value of RMB 11,693,134.80. As of 31 December 2023, the long-term loan balance under the maximum amount mortgage contract was RMB 50,000,000.00, and the aforesaid loan was jointly guaranteed by the maximum amount guarantee contracts signed by Zhejiang Yongtai Technology Holdings Co., Ltd., He Renbao, and Wang Yingmei with Linhai Branch of China Construction Bank Co., Ltd. respectively.

(45) Yongtai Chiral signed a maximum amount mortgage contract with Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd., providing mortgage guarantee for all debts not exceeding RMB 201,870,000.00 of Yongtai Chiral from 17 January 2020 to 22 December 2025, with the housing and buildings with original value of RMB 194,507,153.05 and net book value of RMB 166,450,260.19 and land use rights with original value of RMB 67,370,373.00 and net book value of RMB 57,964,539.28. As of 31 December 2023, the corresponding long-term loan balance under the maximum amount mortgage contract was RMB 84,950,000.00. Among the aforesaid loan, the loan amounted to RMB 49,550,000.00 was jointly guaranteed by the maximum amount guarantee contract signed between Wang Yingmei and He Renbao and Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd., and the loan amounted to RMB 35,400,000.00 was jointly guaranteed by the maximum amount guarantee contract signed between the Company and Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd. and the maximum amount guarantee contract signed between Wang Yingmei, He Renbao and Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd.

(46) Shandong Yongtai signed a sale-and-leaseback contract with Ping'an Dianchuang International Financial Leasing Co., Ltd. with a financing amount of RMB 49,000,000.00 for the period from 1 April 2022 to 1 October 2024, with the machinery and equipment with original value of RMB 49,022,215.31 and net book value of RMB 41,668,883.01 as the mortgage. As of 31 December 2023, the loan balance was RMB 25,422,944.25, and a deposit of RMB 4,410,000.00 was deposited.

(47) Inner Mongolia Yongtai signed two financing lease contracts with Everbright Financial Leasing Co., Ltd., with the machinery and equipment with an original value of RMB 179,361,711.36 and a net book value of RMB 145,275,764.90 as collateral. Of which, Contract 1 is an after-sales leaseback contract with a financing amount of RMB 100,000,000.00, with a contract period from 3 January 2023 to 3 January 2026. As of 31 December 2023, the loan balance was RMB 76,545,411.47, and a deposit of RMB 3,000,000.00 was deposited. Contract 2 is an after-sales leaseback contract with a financing amount of RMB 100,000,000.00, with a contract period from 23 December 2022 to 23 December 2025. As of 31 December 2023, the loan balance was RMB 61,725,523.86, and a deposit of RMB 3,000,000.00 was deposited.

(48) The Company signed a lease-back goods transfer agreement with Taijin Finance Leasing (Tianjin) Co., Ltd. with a financing amount of RMB 10,000,000.00 for the period from 11 August 2022 to 8 August 2025, with the machinery and equipment with original value of RMB 21,883,522.36 and net book value of RMB 1,094,176.12 as the mortgage. As of 31 December 2023, the loan balance was RMB 5,962,801.60, and a deposit of RMB 700,000.00 was deposited.

(49) The Company signed a lease-back goods transfer agreement with Far East International Finance Leasing Co., Ltd. with a financing amount of RMB 30,000,000.00, with the machinery and equipment with original value of RMB 30,064,273.03 and net book value of RMB 7,495,844.88, with a contract term from 30 June 2021 to 30 June 2024. As of 31 December 2023, the loan balance was RMB 5,455,440.00.

(50) Yongtai New Energy signed a maximum amount mortgage contract with the Linhai Branch of Bank of China Limited with an amount of RMB 100,920,000.00, with the houses with an original value of RMB 9,136,682.72 and a net book value of RMB 5,532,443.24, as well as the land use right with an original value of RMB 13,544,500.00 and a net value of RMB 9,119,278.96 as collateral. The contract period is from 29 November 2023 to 10 August 2024. As of 31 December

2023, the corresponding long-term loan balance under the mortgage contract was RMB 67,063,239.00. The above-mentioned loan is guaranteed by a guarantee contract signed between Zhejiang Yongtai Technology Co., Ltd. and Bank of China Linhai Branch and a guarantee contract signed between Wang Yingmei, He Renbao, and Bank of China Linhai Branch.

(51) As of 31 December 2023, Chongqing Yongyuansheng has mortgaged a house with an original value of RMB 19,957,447.75 and a net value of RMB 10,894,565.02 and the land use right with an original value of RMB 8,053,122.32 and a net value of RMB 7,113,588.17 to the investor Chongqing Tianyuan Chemical Co., Ltd. and Zhejiang Yongtai Technology Co., Ltd., with a corresponding debt amount of RMB 32,360,318.47.

(52) Inner Mongolia Yongtai signed a mortgage contract with Industrial and Commercial Bank of China Wuhai Hainan Branch, providing collateral guarantee for a long-term loan of RMB 400,000,000.00 signed by Inner Mongolia Yongtai on 22 May 2023, with the land with an original value of RMB 6,823,923.04 and a net book value of RMB 6,414,487.48 as collateral. As of 31 December 2023, the corresponding long-term loan balance under the mortgage contract was RMB 300,000,000.00. The aforesaid loan was jointly guaranteed by the guarantee contract signed between the Company and Wuhai Hainan Sub-branch of Industrial and Commercial Bank of China Limited and the guarantee contract signed between Wang Yingmei and He Renbao and Wuhai Sub-branch of Industrial and Commercial Bank of China Limited.

(53) Yongtai Hi-tech has signed a maximum amount mortgage contract with the Fujian Branch of the Export Import Bank of China, providing mortgage guarantee for all debts not exceeding RMB 400,000,000.00 of Yongtai Hi-tech from 18 October 2022 to 18 October 2028, with the land use right with an original value of RMB 16,782,537.50 and a net book value of RMB 15,495,876.10, as well as the construction equipment in progress with an original value of RMB 189,015,828.00 and a net book value of RMB 189,015,828.00. As of 31 December 2023, the corresponding short-term loan balance under the maximum amount mortgage contract was RMB 341,589,465.56. The above-mentioned loan is guaranteed by the maximum amount guarantee contract signed between Zhejiang Yongtai Holdings Co., Ltd. and the Fujian Branch of the Export Import Bank of China.

(54) Inner Mongolia Yongtai has signed a maximum amount mortgage contract with Industrial and Commercial Bank of China Wuhai Hainan Branch, providing collateral guarantee for a long-term loan of RMB 300,000,000.00 of Inner Mongolia Yongtai from 29 October 2020 to 29 October 2026, with the fixed assets with an original value of RMB 76,398,961.71 and a net book value of RMB 68,037,049.15 and the construction in progress with an original value of RMB 2,100.38 and a net book value of RMB 2,100.38. As of 31 December 2023, the corresponding long-term loan balance under the mortgage contract was RMB 180,000,000.04. The aforesaid loan was jointly guaranteed by the guarantee contract signed between the Company and Wuhai Hainan Sub-branch of Industrial and Commercial Bank of China Limited and the guarantee contract signed between Wang Yingmei and He Renbao and Wuhai Sub-branch of Industrial and Commercial Bank of China Limited.

(55) Inner Mongolia Yongtai signed a sale-and-leaseback contract with SPDB Financial Leasing Co., Ltd. for a financing amount of RMB 30,000,000.00 for a period from 10 April 2023 to 21 April 2026, with the construction in progress with original value of RMB 34,187,303.52 and net book value of RMB 34,187,303.52 as mortgage. As of 31 December 2023, the loan balance was RMB 25,284,426.66.

(56) The Company signed a pledge contract with Taizhou Branch of China Minsheng Bank Co., Ltd., providing mortgage guarantee for all debts of the Company from 22 December 2021 to 21 December 2026 with 15% equity interest in Shaowu Yongtai Hi-tech Material Co., Ltd. held by the Company. As of 31 December 2023, the corresponding long-term loan balance under the mortgage contract was RMB 54,000,000.00. The above-mentioned loan is guaranteed by a maximum amount guarantee contract signed between Wang Yingmei, He Renbao, and China Minsheng Bank Taizhou Branch.

(II) Contingencies

None.

XV. Matters after the balance sheet date

(I) Profit distribution

According to the profit distribution plan for Year 2023 passed at the 14th meeting of the 6th Meeting of Directors of the Company, the Company planned not to distribute cash dividends, bonus shares and conversion of reserve funds to share capital. The above proposal still needs to be submitted for review and approval at the 2023 Shareholders' Meeting of the Company before it is implemented.

(II) Explanations for the matters after the balance sheet date

1. Proposed dissolution and liquidation of the subsidiary under control

Chongqing Yongyuansheng Technology Co., Ltd., a holding subsidiary, is affected comprehensively by various factors such as single product structure and regional development restrictions, resulting in relatively weak market competitiveness and continuous losses. To reduce management costs, improve asset liquidity, optimize resource allocation, and improve the overall operational efficiency of the Company, the 13th meeting of the 6th Meeting of Directors was held on 19 March 2024, which reviewed and approved the Proposal on Dissolution and Liquidation of Holding Subsidiaries, and proposed to dissolve and liquidate the holding subsidiary Chongqing Yongyuansheng in accordance with relevant laws and regulations.

XVI. Other important matters

(I) Discontinued operations

1. Net profit from continuing operations and net profit from discontinued operations attributable to the owners of the company

Item	Year 2023	Year 2022
Net profit from continuing operations attributable to owners of the Company	-579,855,580.46	583,941,563.48
Net profit from discontinued operations attributable to owners of the Company	-39,905,851.67	-28,781,754.65

2. Net profit from discontinued operations

Item	Year 2023	Year 2022
Profit or loss from discontinued operations:		
Income	570,870.35	14,999,615.97
Cost expenses	22,915,043.94	34,415,476.38
Total profit	-44,730,521.84	-22,177,898.97
Income tax expense (income)	9,500.00	9,565,386.32
Net profit	-44,740,021.84	-31,743,285.29
Of which: Net profit from discontinued operations attributable to owners of the Company	-39,905,851.67	-28,781,754.65

3. Cash flows from discontinued operations

Item	Year 2023	Year 2022
Net cash flows from operating activities	-15,056,756.63	-8,478,354.48
Net cash flows from investment activities	11,813,871.02	42,460,349.20
Net cash flows from financing activities	420,000.00	-34,054,219.48

Others

Lawsuit regarding contract disputes between the company and Feidong Guoxuan New Materials Co., Ltd. (hereinafter referred to as "Feidong Guoxuan") and Hefei Qianrui Technology Co., Ltd.

(hereinafter referred to as "Hefei Qianrui")

As of December 31, 2023, the company filed a civil lawsuit with the Taizhou Intermediate People's Court regarding the contract disputes with Feidong Guoxuan and Hefei Qianrui. The Taizhou Intermediate People's Court accepted the case on December 18, 2023, with case number (2023) Zhe 10 Min Chu 1133. On January 9, 2024, the company announced that it had received a subpoena and other litigation materials from Feidong Guoxuan, which were delivered by the Intermediate People's Court of Hefei City, Anhui Province, with case number (2023) Wan 01 Min Chu 1693. The company and Feidong Guoxuan filed counterclaims against each other. The relevant facts of the lawsuit are as follows:

1. Basic situation:

In early 2022, the market for lithium hexafluorophosphate was booming, and the product was in short supply. Feidong Guoxuan New Materials Co., Ltd. signed a "Material Purchase Agreement" with the company, stipulating the minimum monthly purchase quantity of lithium hexafluorophosphate and ethylene carbonate to be purchased from the company, as well as the purchase price, prepayment of the deposit, contract period, and breach of contract liability. The breach of contract liability includes: 1) Feidong Guoxuan should complete the minimum purchase quantity as stipulated in the agreement. If it fails to do so and causes losses to the company, the company has the right to claim compensation from Feidong Guoxuan, and the specific compensation amount shall be negotiated by both parties. 2) Feidong Guoxuan should pay the payment for the purchase and sale order/contract in accordance with the agreement and the written agreement between the two parties. If it fails to pay on time, the company has the right to refuse to deliver the goods, and Feidong Guoxuan should pay the corresponding interest (calculated based on the LPR from the payment due date to the actual payment date).

After signing the contract, Feidong Guoxuan paid a deposit of RMB 200 million to the company. Both parties fulfilled part of the purchase and sale business in the form of purchase and sale orders/contracts. On June 1, 2022, the company agreed that Feidong Guoxuan would continue to fulfill the contract by entrusting Hefei Qianrui Technology Co., Ltd. to purchase the materials. The "Authorization Letter" stipulates that Feidong Guoxuan agrees that Hefei Qianrui will act as the trustee to fulfill the "Material Purchase Agreement" with the company. Feidong Guoxuan acknowledges all documents signed by Hefei Qianrui and all matters related to it, and all liabilities and obligations arising from it shall be borne by Feidong Guoxuan. Later, the company continued to cooperate with Hefei Qianrui in the form of purchase and sale orders/contracts.

As of December 31, 2023, the company should have received a total of RMB 101,731,548.64 from Hefei Qianrui for completed delivery and sales, and the company should have accounted for the outstanding contract liability of RMB 200 million from Feidong Guoxuan (including the pending transfer of sales tax).

2. Claims of both parties:

(1) Company's claims:

1) Request the court to order Feidong Guoxuan and Hefei Qianrui to jointly pay the company a total of RMB 229,337,048.64 (RMB 101,731,548.64 for the unpaid amount of goods received by Feidong Guoxuan and Hefei Qianrui from the company, and RMB 127,605,500.00 for the unpaid amount of goods completed by the company for the orders placed by Feidong Guoxuan and Hefei Qianrui);

2) Request the court to order Feidong Guoxuan and Hefei Qianrui to jointly compensate the company for losses (sales losses due to failure to complete the minimum purchase quantity and interest on overdue payment of goods) totaling RMB 281,846,135.87;

3) After deducting the deposit of RMB 200 million under the "Material Purchase Agreement", Feidong Guoxuan and Hefei Qianrui should jointly pay the company RMB 311,183,184.51.

(2) Feidong Guoxuan's claims:

Request the court to order the company to return the performance bond of RMB 200 million and compensate for the loss of funds of RMB 2,539,167.00.

3. Impact on the company's financial situation:

As of December 31, 2023, the company had an accounts receivable of RMB 101,731,548.64 from Hefei Qianrui and a contract liability of RMB 200 million from Feidong Guoxuan (including the pending transfer of sales tax). Based on the "Material Purchase Agreement", "Authorization Letter", and the purchase and sale orders/contracts under them, the company fulfilled the relevant supply obligations as stipulated. Feidong Guoxuan and Hefei Qianrui have joint liability for the RMB 101,731,548.64 receivable by the company. Based on the company's lawyer's opinion on the company's accounts receivable claims and Feidong Guoxuan's joint liability, the company expects that the recoverability risk of the RMB 101,731,548.64 accounts receivable has not deteriorated significantly. Therefore, the company made a provision for bad debts for the accounts receivable, with a provision amount of RMB 13,368,639.73 based on the aging of the accounts.

The above-mentioned lawsuit has not had any other financial impact on the company as of the date of this report.

XVII. Notes to the principal items of the Company's financial statements

(I) Accounts receivable

1. Accounts receivable disclosed by account age

Account age	31 December 2023	31 December 2022
Within 1 year	247,390,070.72	329,920,726.67
1-2 years	75,460.00	140,950.72
2-3 years	102,296.52	1,031,798.51
Above 3 years	3,092,489.49	2,493,481.35
Subtotal	250,660,316.73	333,586,957.25
Less: Bad debt provision	15,528,233.29	19,533,607.08
In total	235,132,083.44	314,053,350.17

2. Accounts receivable disclosed by bad debt provision method

Category	31 December 2023					31 December 2022				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts made on a portfolio basis	250,660,316.73	100.00	15,528,233.29	6.19	235,132,083.44	333,586,957.25	100.00	19,533,607.08	5.86	314,053,350.17
Of which:										
Aging analysis combination	250,660,316.73	100.00	15,528,233.29	6.19	235,132,083.44	333,586,957.25	100.00	19,533,607.08	5.86	314,053,350.17
In total	250,660,316.73	100.00	15,528,233.29		235,132,083.44	333,586,957.25	100.00	19,533,607.08		314,053,350.17

Provision for bad debts based on a combination of credit risk characteristics:

Accrued items in aging analysis combination:

Name	31 December 2023		
	Accounts receivable	Bad debt provision	Accrual proportion (%)
Within 1 year	247,390,070.72	12,369,503.54	5.00
1-2 years	75,460.00	15,092.00	20.00
2-3 years	102,296.52	51,148.26	50.00
Above 3 years	3,092,489.49	3,092,489.49	100.00
In total	250,660,316.73	15,528,233.29	

3. Provision, reversal or recovery for bad debts in this period

Category	31 December 2022	Amount of change in the current period				31 December 2023
		Accrual	Recovery or reversal	Transfer or write-off	Other changes	
Receivable bad debt reserves	19,533,607.08	-3,952,720.46		52,653.33		15,528,233.29
In total	19,533,607.08	-3,952,720.46		52,653.33		15,528,233.29

4. Accounts receivable actually written off in this period

Item	Write-off amount
actual write-off of accounts receivable	52,653.33

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

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	90,130,190.58		90,130,190.58	35.96	4,506,509.53
NO.2	44,618,176.92		44,618,176.92	17.80	2,230,908.85
NO.3	19,662,000.16		19,662,000.16	7.84	983,100.01
NO.4	9,542,800.00		9,542,800.00	3.81	477,140.00
NO.5	6,119,452.80		6,119,452.80	2.44	305,972.64
In total	170,072,620.46		170,072,620.46	67.85	8,503,631.03

(II) Other receivables

Item	31 December 2023	31 December 2022
Other receivables	2,243,003,741.32	1,977,970,478.10
In total	2,243,003,741.32	1,977,970,478.10

1. Other receivables

(1) Disclosure by account age

Account age	31 December 2023	31 December 2022
Within 1 year	2,136,141,045.53	1,930,530,502.32
1-2 years	198,632,595.44	125,864,309.34
2-3 years	109,527,343.45	86,550,106.87

Account age	31 December 2023	31 December 2022
Above 3 years	58,285,361.87	36,008,476.95
Subtotal	2,502,586,346.29	2,178,953,395.48
Less: Bad debt provision	259,582,604.97	200,982,917.38
In total	2,243,003,741.32	1,977,970,478.10

(2) Disclosure by bad debt provision method

Category	31 December 2023					31 December 2022				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts made on a portfolio basis	2,502,586,346.29	100.00	259,582,604.97	10.37	2,243,003,741.32	2,178,953,395.48	100.00	200,982,917.38	9.22	1,977,970,478.10
Of which:										
Aging analysis combination	2,502,586,346.29	100.00	259,582,604.97	10.37	2,243,003,741.32	2,178,953,395.48	100.00	200,982,917.38		1,977,970,478.10
In total	2,502,586,346.29	100.00	259,582,604.97		2,243,003,741.32	2,178,953,395.48	100.00	200,982,917.38		1,977,970,478.10

Provision for bad debts based on a combination of credit risk characteristics:

Accrued items in aging analysis combination:

Name	31 December 2023		
	Other receivables	Bad debt provision	Accrual proportion (%)
Within 1 year	2,136,141,045.53	106,807,052.28	5.00
1-2 years	198,632,595.44	39,726,519.09	20.00
2-3 years	109,527,343.45	54,763,671.73	50.00
Above 3 years	58,285,361.87	58,285,361.87	100.00
In total	2,502,586,346.29	259,582,604.97	

(3) Provision for bad debts

Bad debt provision	Phase I	Phase II	Phase III	In 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 31 December 2022	200,982,917.38			200,982,917.38
Balance as of 31 December 2022 in the current period				
– Transferred to Phase II				
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Current provision	58,599,687.59			58,599,687.59
Current reversal				
Current reselling				
Current write-off				
Other changes				
Balance as of 31 December 2023	259,582,604.97			259,582,604.97

(4) Changes in book balance of other receivables are as follows:

Book balance	Phase I	Phase II	Phase III	In 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 31 December 2022	2,178,953,395.48			2,178,953,395.48
Balance as of 31 December 2022 in the current period				
– Transferred to Phase II				
– Transferred to Phase III				
– Transferred back to Phase II				
– Transferred back to Phase I				
Newly increased amount in the current period	3,087,736,078.09			3,087,736,078.09
Derecognition in the current period	2,764,103,127.28			2,764,103,127.28
Other changes				

Book balance	Phase I	Phase II	Phase III	In 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 31 December 2023	2,502,586,346.29			2,502,586,346.29

(5) Bad debt reserves withdrawn, recovered, or reversed in this period

Category	31 December 2022	Amount of change in the current period				31 December 2023
		Accrual	Recovery or reversal	Transfer or write-off	Other changes	
Other receivables bad debt reserves	200,982,917.38	58,599,687.59				259,582,604.97
In total	200,982,917.38	58,599,687.59				259,582,604.97

(6) Breakdown by nature of payments

Nature of funds	Book balance as of 31 December 2023	Book balance as of 31 December 2022
Transaction between associated parties	2,483,767,200.02	2,154,391,614.89
Reserves and loans	917,567.91	856,818.69
Deposit and security deposit	2,400.00	
Export tax rebate	4,033,057.91	3,493,669.90
Other transactions	13,866,120.45	20,211,292.00
In total	2,502,586,346.29	2,178,953,395.48

(7) Other accounts receivable ranking in the top five in the period-ending balance summarized by the debtors

Unit name	Nature of funds	31 December 2023	Account age	Percentage of the total ending balance of other receivables (%)	Closing balance of provision for bad debts
No.1	Transaction between associated parties	1,241,188,481.64	Within 1 year	49.60	62,059,424.08
No.2	Transaction between associated parties	379,170,384.61	Within 1 year	15.15	18,958,519.23
No.3	Transaction between associated parties	173,932,827.13	Within 1 year	6.95	8,696,641.36
No.4	Transaction between associated parties	154,393,143.56	1-3 years	6.17	37,595,330.78
No.5	Transaction between associated parties	124,678,902.82	1-3 years	4.98	47,364,434.28

Unit name	Nature of funds	31 December 2023	Account age	Percentage of the total ending balance of other receivables (%)	Closing balance of provision for bad debts
In total		2,073,363,739.76		82.85	174,674,349.73

(III) Long-term equity investment

Item	31 December 2023			31 December 2022		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	3,237,276,210.33	172,805,084.56	3,064,471,125.77	2,836,961,813.61	172,805,084.56	2,664,156,729.05
Investment in associated enterprises and joint ventures	248,563,928.33		248,563,928.33	239,697,345.80		239,697,345.80
In total	3,485,840,138.66	172,805,084.56	3,313,035,054.10	3,076,659,159.41	172,805,084.56	2,903,854,074.85

1. Investment in subsidiaries

Invested unit	31 December 2022	Year-end balance of impairment provision of the previous year	Increase and decrease in the current period				31 December 2023	Ending balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Binhai Yongtai	174,737,877.40						174,737,877.40	
Xinhui Mining	98,000,000.00	98,000,000.00					98,000,000.00	98,000,000.00
Youngtai Pharmaceuticals	100,000,000.00		50,000,000.00				150,000,000.00	
Shandong Yongtai	100,000,000.00						100,000,000.00	
Youngtech Pharmaceuticals	90,062,137.21		2,757,433.31				92,819,570.52	
Yongtai New Material	100,000,000.00						100,000,000.00	
SYTpharm (Shanghai)	22,500,000.00						22,500,000.00	
Binhai Meikang	100,000,000.00						100,000,000.00	
Shanghai E-Tong	190,000,000.00						190,000,000.00	
Chongqing Yongyuansheng	86,700,000.00						86,700,000.00	
Yongtai New Energy	250,000,000.00	74,805,084.56					250,000,000.00	74,805,084.56
Yongtai Hi-tech	330,000,000.00						330,000,000.00	
Zhejiang Chiral	553,861,799.00						553,861,799.00	
Foshan Soin	200,000,000.00						200,000,000.00	
Yongtai Chiral	100,000,000.00		50,000,000.00				150,000,000.00	
Inner Mongolia Yongtai	240,000,000.00		251,000,000.00				491,000,000.00	
Yongtai Trading	100,000,000.00						100,000,000.00	
Hangzhou Yongtai	1,100,000.00		3,200,000.00				4,300,000.00	
Yongtai Fule			10,356,963.41				10,356,963.41	
Hangzhou Yongtai Chiral			33,000,000.00				33,000,000.00	
In total	2,836,961,813.61	172,805,084.56	400,314,396.72				3,237,276,210.33	172,805,084.56

2. Investment in associated enterprises and joint ventures

Invested unit	31 December 2022	Year-end balance of impairment provision of the previous year	Increase and decrease in the current period								31 December 2023	Ending balance of impairment provision
			Additional investment	Decreased investment	Profit and loss 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		
1. Associated enterprises												
Chongqing Heya	58,741,494.08				-27,368.30						58,714,125.78	

Invested unit	31 December 2022	Year-end balance of impairment provision of the previous year	Increase and decrease in the current period								31 December 2023	Ending balance of impairment provision
			Additional investment	Decreased investment	Profit and loss 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		
Huayi Venture Capital Partnership (L.P.)												
Shanghai Carelinker Medical Technology Co., Ltd.	19,653,590.51				-531,480.40						19,122,110.11	
Shanghai Anbison Lab. Co., Ltd.	156,302,261.21				11,872,776.07			2,343,750.00			165,831,287.28	
Hangzhou Mubang Equity Investment Partnership (Limited Partnership)	5,000,000.00				-103,594.84						4,896,405.16	
Subtotal	239,697,345.80				11,210,332.53			2,343,750.00			248,563,928.33	
In total	239,697,345.80				11,210,332.53			2,343,750.00			248,563,928.33	

(IV) Operating income and operating cost

1. Information on operating income and operating costs

Item	Year 2023		Year 2022	
	Income	Cost	Income	Cost
Main business	1,313,508,577.14	1,060,912,653.44	1,989,968,340.03	1,385,936,170.84
Other business	37,748,753.53	34,355,195.99	81,458,894.55	63,276,132.87
In total	1,351,257,330.67	1,095,267,849.43	2,071,427,234.58	1,449,212,303.71

Breakdown of operating income:

Item	Year 2023	Year 2022
Main business income	1,313,508,577.14	1,989,968,340.03
Of which: Pharmaceutical product business	672,138,498.75	890,817,622.76
crop science	438,396,912.32	570,106,121.16
lithium battery materials and other materials	91,446,104.55	366,469,258.45
Trading business	111,527,061.52	162,575,337.66
Other operating income	37,748,753.53	81,458,894.55
Of which: Sales materials	18,759,293.32	77,101,509.43
Rental income	11,140,847.16	3,086,164.63
Others	7,848,613.05	1,271,220.49
In total	1,351,257,330.67	2,071,427,234.58

2. Revenue generated from contracts

The breakdown of income in this period is as follows:

Contract classification	Year 2023	
	Income	Cost
Commodity type:		
Product sales revenue	1,340,116,483.51	1,084,803,116.89
In total	1,340,116,483.51	1,084,803,116.89
Classification by timing of commodity transfer:		
Recognition at a point of time	1,340,116,483.51	1,084,803,116.89
In total	1,340,116,483.51	1,084,803,116.89

(V) Investment income

Item	Year 2023	Year 2022
Long-term equity investment incomes accounted by the cost method	130,000,000.00	
Long-term equity investment incomes accounted by the equity method	11,210,332.53	37,720,247.51
Investment income from disposal of trading financial assets	-9,125,685.51	-4,566,587.80
Dividend income earned during the holding period of investments in other equity instruments	1,778,630.32	1,773,089.44
In total	133,863,277.34	34,926,749.15

XVIII. Supplement materials

(I) Schedule of current nonrecurring profits and losses

Item	Amount	Explanation
Profit and loss on disposal of non-current assets , including the reversal of the provision for impairment of assets that has been recognized	63,429,166.11	
Government grants recognized in the current profit and loss (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount	45,350,301.67	

Item	Amount	Explanation
according to the national uniform standard)		
Profit and loss from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and other debt investments, except for effective hedging operations related to the Company's normal business operations	-4,802,811.37	
Capital utilization fee charged from non-financial enterprises and included in the current profit and loss		
Profit and loss from entrusting others to invest or manage assets		
Profit and loss on external entrusted loans		
Provision for impairment of various assets due to force majeure factors, such as natural disasters		
Reversal of specific bad debt provision of receivables or provision for impairment of contract assets		
The revenue generated because the investment costs in the subsidiaries, associated enterprises and joint ventures acquired by the enterprise is less than the fair value of the identifiable net assets of the investees at the time the investment is acquired		
Net profit and loss in the current period from the beginning of the period to the date of consolidation of a subsidiary resulting from a business consolidation under the common control		
Profit and loss on exchange of non-monetary assets		
Profit and loss on debt restructuring		
One-time expenses incurred by a company due to the discontinuation of relevant business activities, such as expenses for employee resettlement.		
Impact of one-time adjustment to the current profit and loss in accordance with tax, accounting and other laws and regulations on the current profit and loss		
Share-based payment expenses recognized due to the cancellation or modification of equity incentive plans on a one-time basis		
For share-based payments settled in cash, any gains or losses arising from changes in the fair value of the employee compensation payable after the vesting date should be recognized.		
Profit and loss arising from changes in fair value of investment properties subsequently measured using the fair value model		
Profit and loss beyond fair value arising from transactions where the transaction price is clearly unfair		
Profit and loss arising from contingencies unrelated to the Company's normal operating business		
Custodian fee income earned from entrusted operations		
Non-operating income and expenses other than those mentioned above	-3,260,361.20	
Other profit and loss items that meet the definition of non-recurring profit and loss	3,456,787.78	Equity method accounting for non-recurring gains and losses of joint ventures
Subtotal	104,173,082.99	
Amount impacted of income tax	26,738,536.64	
Amount impacted of non-controlling interests' equity (after tax)	834,389.42	
In total	76,600,156.93	

(II) Return on net assets and earnings per share

Year 2023	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	-19.08	-0.69	-0.69
Net profit attributable to common shareholders of the Company after deducting non-recurring profit and loss	-21.44	-0.78	-0.78

Zhejiang Yongtai Technology Co., Ltd.

(with official seal)

25 April 2024

