Company Code: 600873 Short name: Meihua Bio

Meihua Holdings Group Co., Ltd.
Annual Report 2023

This is an English translation from the Annual Report 2023, in case of any inconsistency, the Chinese Version shall prevail.

Important Information

I. The Company's board of directors, board of supervisors, directors, supervisors, and officers guarantee that the contents of this annual report are true, accurate, and complete without any false records, misleading statements, or material omissions and bear joint and several legal liability.

II. All of the Company's directors have attended the board meeting.

III. Da Hua CPAs LLP (special general partnership) has issued an unqualified audit report for the Company.

IV. Wang Aijun, the principal of the Company, Wang Lihong, the accounting principal, and Wang Ailing, the principal of the accounting body (the accounting officer), hereby declare that they guarantee the truthfulness, accuracy, and completeness of the financial report in the annual report.

V. Profit distribution plan or capital reserve conversion plan for the Reporting Period as approved by the Board

Upon deliberation and approval of the 9th meeting of the 10th session of the board of directors, the profit distribution plan (proposal) for 2023 is as follows: with the total share capital registered on the registration date of equity distribution as the basis (before deducting the number of shares in the share repurchase account, the Company has a total of 2,943,426,102 shares in share capital; there are 69,634,252 shares in the share repurchase account, and after deducting those shares, the number of shares is 2,873,791,850), a dividend of 4.17 yuan (inclusive of tax) for every 10 shares is to be distributed to all shareholders, and a total of approximately 1.2 billion yuan (inclusive of tax) in cash dividend is estimated to be distributed. The plan is yet to be submitted to the general meeting for deliberation. The amount that is actually distributed will be subject to the notification on equity distribution published by the Company. If there is any change in the Company's total share capital before the registration date of equity distribution, the total amount to be distributed will remain unchanged, and the distribution proportion per share will be adjusted accordingly.

VI. Risk Disclosure on Forward-Looking Statements

√ Applicable ☐Not applicable

This annual report involves forward-looking descriptions such as future plans, and such statements do not constitute material commitments for investors. Investors are reminded to pay attention to the risk of investment.

VII. Any occupation of funds by the controlling shareholder or other affiliates for non-operating purposes

No

VIII. Any external guarantee that violates the decision-making procedures

No

IX. Is it the case that more than half of the directors cannot guarantee the truthfulness, accuracy, and completeness of the annual report disclosed by the Company?

No

X. Warning of Key Risks

For the details of the risks facing the Company, refer to the "Potential Risks" part in "Section 3 Discussion and Analysis by the Management" and the "Risks Related to Financial Instruments" part in "Section 10 Financial Report".

XI. Miscellaneous

☐ Applicable √Not applicable

Contents

List of documents for reference	Financial statements signed and sealed by the Company's principal, the accounting principal, and the principal of the accounting body (the accounting officer)
	The original of the audit report sealed by the CPAs firm and signed and sealed by the certified public accountants
	The originals of the Company's documents and announcements disclosed on the website of the Shanghai Stock Exchange during the Reporting Period

Section 1 Definitions

I. Definitions

In this report, the terms below have the following meanings, unless the context otherwise requires:

Definitions of common terms		
Company, the Company, the listed company, Meihua Bio, Meihua Group, or Meihua Company	means	Meihua Holdings Group Co., Ltd., whose stock name is "Meihua Bio" and stock code is 600873.
Xinjiang Meihua	means	Xinjiang Meihua Amino Acid Co., Ltd., a wholly-owned subsidiary of the Company.
Xinjiang Base or Xinjiang Company	means	the production base in the Wujiaqu Industry Park located in the Xinjiang Uygur autonomous region where Xinjiang Meihua is located.
Tongliao Meihua	means	Tongliao Meihua Biotech Co., Ltd., a wholly-owned subsidiary of the Company.
Tongliao Jianlong	means	Tongliao Jianlong Acid Production Co., Ltd., a wholly-owned subsidiary of Tongliao Meihua.
Tongliao Base or Tongliao Company	means	the production base located in Tongliao of the Inner Mongolia autonomous region as formed by Tongliao Meihua and Tongliao Jianlong.
Jilin Meihua	means	Jilin Meihua Amino Acid Co., Ltd., a wholly-owned subsidiary of the Company.
Jilin Base, Baicheng Base, or Jilin Company	means	the production base located in Baicheng of Jilin where Jilin Meihua Amino Acid Co., Ltd. is located.
Three production bases or all production bases	means	the Company's production bases in Tongliao of Inner Mongolia, Wujiaqu of Xinjiang, and Baicheng of Jilin.
Hong Kong Meihua	means	Meihua Group International Trade (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company.
Hengqin Meihua	means	Zhuhai Hengqin Meihua Biotech Co., Ltd., a wholly-owned subsidiary of the Company.
Hong Kong Holdings	means	Hong Kong Plum Holding Limited, a wholly-owned subsidiary of Hengqin Meihua.
Cayman Company	means	Cayman Plum Holding Limited, a wholly-owned subsidiary of Hong Kong Holdings.
Singapore Company	means	Plum Biotechnology Group Pte. Ltd., a wholly-owned subsidiary of Cayman Company.
Lhasa Meihua	means	Lhasa Meihua Bio-investment Holdings Co., Ltd., a wholly-owned subsidiary of the Company.
Da Hua or Da Hua CPAs	means	Da Hua CPAs LLP (special general partnership)
CSRC	means	the China Securities Regulatory Commission.
SSE or the Stock Exchange	means	the Shanghai Stock Exchange.
CSDC Shanghai	means	China Securities Depository and Clearing Co., Ltd. Shanghai Branch.
Environmental authorities	means	the Ministry of Ecology and Environment of the People's Republic of China and the environmental authorities authorized by it.
Amino acids for animal nutrition	means	the amino acids used as feed supplement for animal nutrition, which can enhance the effects of feed, improve the utilization of feed, and supplement and

		balance nutrition. The amino acids for animal nutrition produced by the Company include lysine, threonine, methionine, and valine.
Lysine	means	2,6-Diaminohexanoic acid, the only amino acid with side-chain primary amine in proteins. It is an amino acid and ketogenic amino acid essential for mammals. The common L-lysine is one of the 20 amino acids that make up proteins. Depending on content, lysine is classified into L-lysine hydrochloride (commonly known as the 98% lysine) and L-lysine sulfate (commonly known as the 70% lysine). The addition of lysine to feed improves meat quality, increases the ratio of lean, and refines meat texture. It increases the utilization of feed proteins and reduce the dosage of crude protein. It also reduces piglet diarrhea, cuts feeding costs, and increases economic returns.
Threonine	means	2-Amino-3-hydroxybutanoic acid, an aliphatic α-amino acid that contains an alcoholic hydroxyl. It is an amino acid and ketogenic amino acid essential for mammals. The common L-threonine is one of the 20 amino acids that make up proteins. Threonine is an essential amino acid. Threonine is often added to the feed for piglets and poultry. It is the first limiting amino acid in pig feed and the third limiting amino acid in poultry feed.
Valine	means	2-amino-3-methylbutanoic acid, a branched-chain non-polar α-amino acid that contains five carbon atoms. It is an amino acid and glycogenic amino acid essential for mammals. The common L-valine is one of the 20 amino acids that make up proteins. The addition of valine to sow feed can help increase lactation yield. It also helps improve animals' immunity and affects endocrine.
Starch byproduct protein powder, feed fiber, germ, mycoprotein, etc.	means	Corn gluten meal is a byproduct of the manufacture of starch from maize grain in the food industry or its purification in the brewing industry. It is rich in protein nutrients, has a special taste and color, and can be used as feed. Corn husk powder (feed fiber) is a byproduct of the manufacturing process of manufacturers engaged in the deep processing of corn. It is produced from maize grains being soaked, put into starch production, washed, squeezed, and dried. Its main components include fiber, starch, and proteins.
Food taste and trait improving products	means	The food additives (flavor enhancers) produced by the Company. It refers to artificial or natural substances that are added to food for the purpose of improving food quality, color, smell, and taste, as well as for preservation and processing.
MSG	means	99% MSG refers to monosodium glutamate. The key composition of MSG is glutamic acid monosodium salt, which is produced from the microbial fermentation, purification, and refinement of saccharic or starch raw materials. The finished product is white columnar crystal or crystalline powder. As a basic flavoring agent, MSG not only enhances the taste of dishes and stimulates appetite but also stimulates the secretion of digestive juice, thereby helping food digestion and absorption in human bodies.
Disodium 5'-ribonucleotide	means	a substance composed of disodium 5'-inosine (IMP) and disodium 5'-guanosine (GMP) in a 1:1 proportion. It is mostly used in condiments or condiment blends with MSG to enhance taste.
Disodium inosinate	means	is a flavor enhancer produced from glucose as the key raw material through microbial fermentation, extraction, and refinement.

Trehalose	means	a safe and reliable natural sugar with the superb ability to maintain cell viability and biomacromolecular activity. It is known as the "sugar of life" in the science community. With a moderately sweet taste, it serves as a unique food ingredient that prevents food deterioration, inhibits nutrient deterioration, preserves food flavors, and improves food quality. It is also an important ingredient for cosmetics that maintain cell viability and preserve moisture. It is generally recognized as safe (GRAS) by the FDA.
Amino acids for human medical purposes	means	are also known as pharmaceutical amino acids. The Company's pharmaceutical amino acids are mainly divided into two parts. One is amino acid products, including L-glutamine, branched-chain amino acids (L-isoleucine, L-valine, and L-leucine), and L-proline, etc., which are mainly used as upstream raw materials for sports nutrition food, food for special medical purposes, and drugs. The other part is pharmaceutical intermediate raw materials, including L-proline and nucleoside (inosine, guanosine, and adenosine), which are mainly used as upstream raw materials for drugs that treat chronic diseases (such as hypertension, diabetes, hepatitis B, etc.).
Proline	means	L-proline (known as proline for short) is one of the 18 amino acids for the human body to synthesize proteins. It is an important raw material for amino acid transfusions as well as a key intermediate for synthesizing first-line antihypertensive drugs, such as captopril and enalapril. It is widely applied in food and pharmaceutical industries. The Company produces L-proline through corn fermentation, which is free of all the chemical reagents added in synthesis and is thus safer.
Glutamine	means	with the scientific name of 2-amino-4-formamide butyric acid, is the amide of glutamic acid. L-glutamine is the coding amino acid in protein synthesis and an amino acid essential for mammals. In vivo, it can be converted from glucose. Glutamine prevents muscle breakdown and promotes muscle growth. It is an important nutrition supplement for bodybuilders and bodybuilding enthusiasts. It also improves human immunity and antioxidant capacity. It has superb healthcare and even medical effects for the gastrointestinal and digestive systems.
Isoleucine	means	L-isoleucine is one of the 20 common amino acids that make up proteins. It contains two asymmetric carbon atoms and is an amino acid and ketogenic amino acid essential for mammals.
Leucine	means	L-leucine is one of the 20 common amino acids that make up proteins. It is an amino acid and a ketogenic and glycogenic amino acid essential for mammals. Leucine, isoleucine, and valine are all branched-chain amino acids, which help promote muscle recovery after training. In particular, leucine is a very effective branched-chain amino acid that effectively prevents muscle loss as it is able to break down faster into glucose.
Pullulan	means	a water-soluble polysaccharide produced from the fermentation of Aureobasidium pullulans. Pullulan can be processed into a variety of products. With superb film-forming properties, it forms highly stable pullulan film. It also has excellent oxygen isolation performance. In pharmaceutical and food industries, it is widely used in capsule molding agents, thickeners, adhesives,

		and food packaging. Pullulan has been used as food accessories for more than 20 years in Japan and is generally recognized as safe (GRAS) by the FDA.
Xanthan gum	means	a monospore polysaccharide from the fermentation of pseudoxanthomonas. It offers many functions due to its special macromolecular structure and colloidal characteristics. It is widely used in different fields as emulsifiers, stabilizers, gel thickeners, impregnating compounds, and film molding agents. Xanthan gum is a microbial polysaccharide in mass production with broad applications around the world.
Bio-organic fertilizers	means	the fertilizers containing organic substances that provide multiple inorganic and organic nutrients for crops and fertilize and improve soil.
Fermentation	means	a reaction process in which massive metabolites are produced and accumulated through the growth and chemical changes of microorganisms (or animal/plant cells).
Traditional fermentation	means	mainly involves matrix conversion (the converted matrix is the product itself). Traditional fermentation gives unique tastes and nutrients to the product and changes the texture of the product, such as the fermentation process involved in the production of wine, bread, yogurt, fermented beancurd, and pickled vegetables. Traditional fermentation is generally natural fermentation. In this case, there are many kinds of fermentation microorganisms, and it is usually impossible to conduct pure culture. The specific microorganism types and proportions are not even known. There is also traditional fermentation involving pure microorganisms.
Precision fermentation	means	a process that uses microorganisms as cell factories to produce specific functional components. In general terms, precision fermentation is a process of genetic reprogramming. It is synthetic biology. Scientists change the genes of selected microorganisms based on specific designs, and their genes are programmed to produce specific fermentation products.

Section 2 Company Overview and Key Financial Indicators

I. Company Information

Chinese name	梅花生物科技集团股份有限公司
Short Chinese name	梅花生物、梅花集团
English name	MeiHua Holdings Group Co., Ltd
Abbreviation	MEIHUA BIO, MeiHua Group
Legal representative	Wang Aijun

II. Contact Person and Contact Information

	Board Secretary
Name	Liu Xianfang
Address	66 Huaxiang Road, Langfang Economic and Technological Development Zone, Hebei Province
Tel	0316-2359652
Fax	0316-2359670
Email	mhzqb@meihuagrp.com

III. Basic Profile

Registered Address	Unit 5, Building 11, Yangguang Xincheng, 158 Jinzhu West Road, Lhasa, Xizang Autonomous Region
Changes in the registered address	189 Jinzhu West Road, Lhasa (announcement published on January 23, 2018; change approved at the fourth extraordinary general meeting of 2017)
Office address	66 Huaxiang Road, Langfang Economic and Technological Development Zone, Hebei Province
Postal code of the office address	065001
Website	http://www.meihuagrp.com
Email	mhzqb@meihuagrp.com

IV. Places of Information Disclosure and Report Placement

Names and websites of media where the Company discloses annual reports	Shanghai Securities News, Securities Times, the website of Shanghai Stock Exchange
The stock exchange website where the Company discloses annual reports	www.sse.com.cn
Place where the Company prepares and keeps annual reports	The Company's securities department and Shanghai Stock Exchange

V. Company's Stock Information

Company's Stock Information				
Stock type	Stock Exchange for the listing of the Company's stock	Stock name	Stock code	Stock name before change
A-share	Shanghai Stock Exchange	Meihua Bio	600873	Meihua Group

VI. Other Relevant Information

CPA firm appointed by the Company (domestic)	Name	Da Hua CPAs LLP (special general partnership)
	Office address	Floor 12, Building 7, Courtyard 16, Xisihuan Middle Road, Haidian District, Beijing
	Names of signing accountants	Gong Chenyan, Li Qianqian

VII. Key Accounting Data and Financial Indicators for the Last Three Years

(I) Key Accounting Data

Unit: yuan Currency: RMB

Key accounting data	2023	2022		±(%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Revenue	27,760,612,259.07	27,937,152,798.85	27,937,152,798.85	-0.63	23,060,956,394.50	23,060,956,394.50
Net profit attributable to the shareholders of the listed company	3,180,949,695.48	4,406,241,981.92	4,406,312,397.53	-27.81	2,402,174,994.05	2,402,247,556.46
Net profit attributable to the shareholders of the listed company after deducting non-recurring profit or loss	3,083,801,516.17	4,220,155,225.29	4,220,225,640.90	-26.93	2,092,383,169.07	2,092,455,731.48
Net cash flows from operating activities	5,228,937,084.88	5,654,954,446.36	5,654,954,446.36	-7.53	3,734,331,862.05	3,734,331,862.05

	At the end of 2023	At the end of 2022		±(%)	At the end of 2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Net assets attributable to the shareholders of the listed company	14,163,014,813.67	13,515,990,374.75	13,516,133,352.77	4.79	10,672,616,672.10	10,672,689,234.51
Total assets	23,157,179,855.25	24,491,133,112.07	24,490,222,471.46	-5.45	20,979,912,384.01	20,979,450,562.75

(II) Key Financial Indicators

Key financial indicators	2023	2022		±(%)	2021	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Basic earnings per share (yuan/share)	1.06	1.44	1.44	-26.39	0.78	0.78
Diluted earnings per share (yuan/share)	1.06	1.43	1.43	-25.87	0.78	0.78
Basic earnings per share after deducting non-recurring profit or loss (yuan/share)	1.03	1.38	1.38	-25.36	0.68	0.68
Weighted average return on equity (%)	23.48	35.95	35.95	Decrease by 12.47 percentage points	26.77	26.77
Weighted average return on equity after deducting non-recurring profit or loss (%)	22.76	34.43	34.43	Decrease by 11.67 percentage points	23.61	23.61

Notes to the Company's key accounting data and financial indicators for the last three years as at the end of the Reporting Period

☐ Applicable √Not applicable

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

(I) Differences in the net profit and the net profit attributable to the shareholders of the listed company in the financial report disclosed in accordance with both the international accounting standards and the Chinese accounting standards

☐ Applicable √Not applicable

(II) Differences in the net profit and the net profit attributable to the shareholders of the listed company in the financial report disclosed in accordance with both the foreign accounting standards and the Chinese accounting standards

☐ Applicable √Not applicable

(III) Explanation of differences between domestic and foreign accounting standards

☐ Applicable √Not applicable

IX. Key Financial Indicators for 2023 by Quarter

Unit: yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Revenue	6,950,072,385.57	6,638,198,131.66	6,937,900,936.52	7,234,440,805.32
Net profit attributable to the shareholders of the listed company	800,793,127.47	570,050,837.41	789,669,986.19	1,020,435,744.41
Net profit attributable to the shareholders of the listed company after deducting non-recurring profit or loss	786,151,871.17	620,341,263.47	691,979,710.43	985,328,671.10
Net cash flows from operating activities	333,494,806.92	1,936,997,486.40	2,613,793,889.22	344,650,902.34

Explanation of differences between the quarter-based data and the data in the disclosed periodic reports
☐ Applicable √Not applicable

X. Non-recurring Items and Amounts

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Non-recurring item	Amount for 2023	Notes (if applicable)	Amount for 2022	Amount for 2021
Gains or losses from the disposal of non-current assets, including the write-offs of the accrued provisions for asset impairment	-38,915,902.24		-14,259,233.56	274,464,740.54
Government grants recognized in the profit or loss, excluding government grants that are closely related to the Company's normal operations, conform with national policies, are enjoyed in accordance with established standards, and have continuous impact on the Company's profit or loss	240,560,349.82		176,066,538.92	89,462,801.04
Gains or losses from fair value changes arising from the financial assets and financial liabilities held by non-financial enterprises and gains or losses from the disposal of financial assets and financial liabilities, except for the effective hedging associated with the Company's normal operations,	-35,150,749.48		46,017,976.33	17,149,045.52
Fund possession fees collected from non-financial enterprises that are recognized in the profit or loss				
Gains or losses from the entrusted investment or management of assets				
Gains or losses from external entrusted loans				
Losses on assets arising from force majeure factors, such as natural disasters				
Reversal of provisions for the impairment of accounts receivable for which the impairment test is conducted separately	1,861,963.30			

Gains from the investment costs of the Company for the acquisition of subsidiaries, associates, and joint ventures being less than the fair value of the investees' identifiable net assets due to the Company at the acquisition of investment				
Net profit or loss of subsidiaries formed through business combinations under common control for the period from the beginning of the Reporting Period to the combination date				
Gains or losses from the exchange of non-monetary assets				
Gains or losses from debt restructuring				
Non-recurring expenses of the Company arising from the discontinuation of relevant operating activities, such as expenses for staff resettlement				
Once-off effect of adjustments to tax and accounting laws and regulations on the profit or loss				
Share payment expenses recognized once off due to the cancellation or change of the share incentive plan				
For share payment in cash, gains or losses from changes in the fair value of staff remuneration payable after the vesting date				
Gains or losses from changes in the fair value of investment property that is subsequently measured in the fair value model				
Gains from transactions with obviously unfair transaction prices				
Gains or losses from contingencies irrelevant to the Company's normal operations	-45,888,616.17			
Trusteeship income from trusteeship business				
Other non-operating income and expenditure than the above	-1,380,228.88		11,936,886.89	-14,002,962.34
Other profit or loss items that fall within the definition of the non-recurring profit or loss			-	
Less: effect of income tax	23,938,637.04		33,675,411.95	56,455,088.73
effect of minority interest (after tax)			-	826,711.05
Total	97,148,179.31		186,086,756.63	309,791,824.98

If the Company defines any items not listed in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses as non-recurring items which involve significant amounts or defines any non-recurring items listed in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses as recurring items, the Company should provide the reasons.

☐ Applicable √Not applicable

XI. Items Measured at Fair Value

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Closing balance	Change	Amount of impact on the profit
Financial assets held for trading	175,624,337.11	172,376,801.33	-3,247,535.78	14,201,175.30
Derivative financial assets	15,431,100.00	200,000.00	-15,231,100.00	-55,005,897.14
Derivative financial liabilities	-	250,000.00	250,000.00	
Other equity instrument investments	1,255,463,900.59	512,691,350.00	-742,772,550.59	6,934,595.00
Accounts receivable financing	118,425,206.87	60,013,169.98	-58,412,036.89	5,621,428.73
Total	1,564,944,544.57	745,531,321.31	-819,413,223.26	-28,248,698.11

XII. Miscellaneous

☐ Applicable √Not applicable

Section 3 Discussion and Analysis by the Management

I. Discussion and Analysis of Business Performance

In the face of complicated domestic and foreign environments during the Reporting Period, the Company continued to focus on its main business under the leadership of the Board, centered around the strategic goal of building a leading enterprise in synthetic biology. The Company made efforts to improve both technology and management and develop high-end manufacturing through standard, automatic, and fine management and operations, thereby achieving high-quality development.

During the Reporting Period, the Company increased R&D spending and beefed up technological upgrades. New strains for the production of glutamic acid, anaerobic valine, and glutamine were put into production at the production bases, and new techniques for the production of lysine and threonine achieved technological improvements, reducing production costs substantially. During the Reporting Period, the Company's new projects concerning xanthan gum, threonine, and raw material ammonia reached the planned capacity and efficiency, contributing to the continuous expansion of the Company's business and further improving its competitiveness. In 2023, the Company used the Manufacturing Execution System (MES) to create opportunities, refined the production management policies and processes, built the whole-process monitoring of production order, and continuously implemented the concept of "operations, creation, and sharing by all," thus achieving growth shared by the Company and its employees.

During the Reporting Period, the Company registered a revenue of 27.761 billion yuan, basically equal the previous year. The net profit attributable to the shareholders of the listed company reached 3.181 billion yuan, down 27.81% year-on-year. The decrease in revenue and in net profit was mainly caused by declining product prices. By product, during the Reporting Period, the sales volumes of the knockout products, which are lysine hydrochloride (98% lysine), lysine sulfate (70% lysine), and threonine, increased by 6.91%, 3.93%, and 24.33%, respectively, but their selling prices decreased by 16.75%, 10.41%, and 5.25% year-on-year, respectively. The falling prices caused a reduction in main business revenue and profit. While experiencing industrial adjustments and price falls for its knockout products, the Company continued to strengthen the sales of star products, including xanthan gum and minor amino acids. In 2023, both the sales volume and price of xanthan gum increased, with its sales volume up 26.86% year-on-year and its average selling price up 5.85% year-on-year. The sales volumes of medical amino acids such as glutamine and proline grew by 12.74% and 13.40% year-on-year, respectively, while the sales volume of valine rose by 31.69%. During the Reporting Period, the Company maintained relative stability in revenue based on its matrix of multiple products.

(I) Significant breakthroughs in new projects, new products, and new technologies through the hiring of research professionals and the increase of R&D spending

In 2023, the Company successfully hired nearly 40 professionals from prestigious domestic and foreign universities, including the Chinese Academy of Sciences (Tianjin Institute and the Institute of Microbiology), Tsinghua University, and Shanghai Jiao Tong University. They come from a variety of cutting-edge fields, including gene editing, metabolic pathway design, fermentation engineering, enzymatic catalysis, and artificial intelligence. The Company completed the distribution of research forces across the whole industrial chain of synthetic biology by setting up doctoral laboratory teams named after the doctors' names and building high-calibre supporting platforms that cover metabolic pathway design, gene editing and bacteria strain construction, enzyme engineering modifications, production application development, and precision fermentation.

During the Reporting Period, the Company continued to increase R&D spending and strengthen technological upgrades, thereby steadily advancing the development of new projects, new products, and new technologies. Through constant scientific research, new strains for the production of glutamic acid, anaerobic valine, and glutamine, as well as new techniques for the production of lysine and threonine were successfully put into production at the production bases in 2023, bringing an additional annualized return of nearly 200 million yuan. The new bacterium for the production of glutamic acid independently developed by the Company was put into production at all production bases within a quarter, cutting the production cost per ton by nearly 100 yuan and providing substantial support for boosting product competitiveness on the market. During the Reporting Period, the anaerobic fermentation technology developed by the Company in collaboration with external research institutions markedly improved the metabolism efficiency of microbial strains to an industrial leading level. Compared with traditional technologies, the new technology features a more streamlined process and brings higher production efficiency and excellent product quality while having a considerably lower impact on the environment. Through the mechanism of developing and selecting R&D professionals, the Company leveraged its platform and policy edges to motivate the creativity of its team members and further consolidate its core competitiveness.

During the Reporting Period, the Company included intellectual property distribution and protection as a critical part of its corporate strategy in its R&D work. In 2023, the Company participated in global intellectual property distribution through deep cooperation with domestic and foreign professional institutions, which effectively strengthened the whole-chain protection and management efficacy of intellectual property globally. In 2023, the Company had 11 new patents for invention and 8 granted patents. Centered around the Company’s core products, including glutamic acid, lysine, and threonine, the newly granted patents helped build a defense line for the whole life cycle of intellectual property, from product design, development and mass production to marketing. In 2023, the project entitled “Development and Application of Key Technology for the Green and Intelligent Manufacturing and Industrial Upgrading of Xanthan Gum,” which was submitted jointly by the Company and Nankai University, was awarded the First Prize of the Scientific and Technological Progress Award by the China National Light Industry Council. The achievements of the project reduce 33% of the alcohol consumption and 50% of the detergent consumption in the industrial production of xanthan gum. For some characteristic products, decolorants are totally removed, which substantially cuts the consumption of relevant raw materials, relieves environmental treatment pressure, and thus provides strong technical and product support for China’s eco-friendly and low-carbon development.

(II) Sound development of main business; implementation of new projects contributing to continuous business expansion and further improvement in competitiveness

Over the years, the Company has maintained the sound development of its main business and cultivated the “amino acid+” strategy in depth. For products with cost advantages, continuous technological upgrades, and room to be developed for market demand, the Company has steadfastly and rapidly expanded its production capacity to constantly consolidate its leading position in the industry. In recent years, the Company has expanded the production capacity for advantaged products, including MSG, lysine, threonine, xanthan gum, valine, glutamine, and isoleucine, and increased the market share of the products. While expanding its business, the Company enjoys a more stable leading position in the amino acid industry, with lower comprehensive costs and stronger core competitiveness brought by mass production.

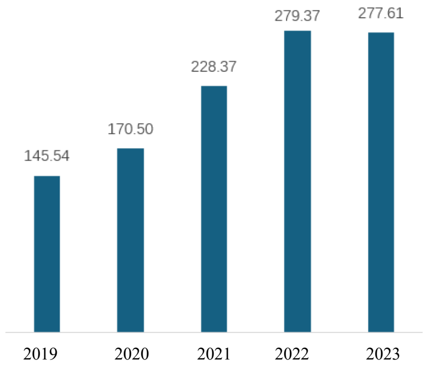
During the Reporting Period, based on the Company’s edges in cost control for xanthan gum and threonine, upon an adequate market evaluation, the xanthan gum project in Jilin was commissioned in March last year and reached the designed capacity and efficiency in June last year; the threonine project in Tongliao underwent a pilot test and quickly reached the design capacity and efficiency in July last year; and the anaerobic valine project achieved production at full capacity in the fourth quarter last year. The production expansion for xanthan gum, threonine, and valine has laid the foundation for the Company to gain stable revenue and profit.

In 2024, the Company will continue to expand production, complete the MSG project at Tongliao Base and the project of technological improvements for isoleucine at Xinjiang Base as per the plan, and meet the conditions for the commencement of the lysine project at Jilin Base.

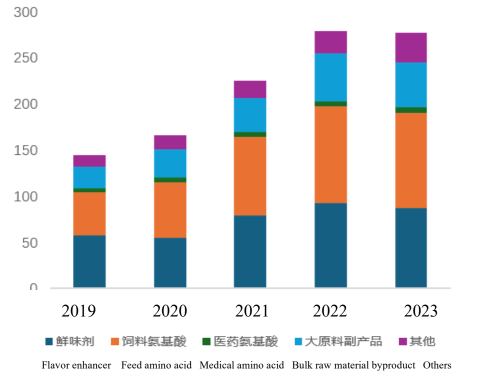
Changes in key financial data for the past five years are shown as follows:

Unit: hundred million yuan

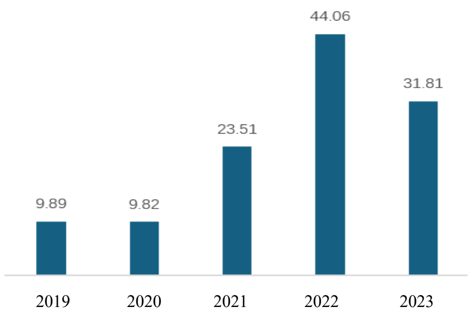
Changes in revenue for the past five years



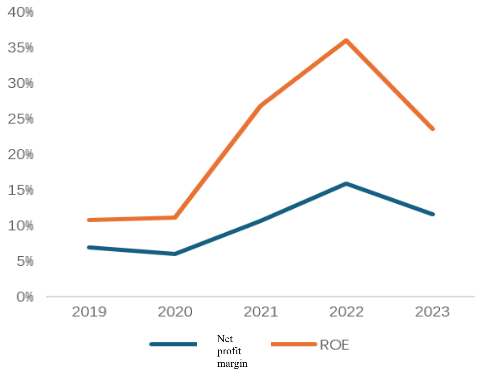
Changes in revenue for the past five years by segment



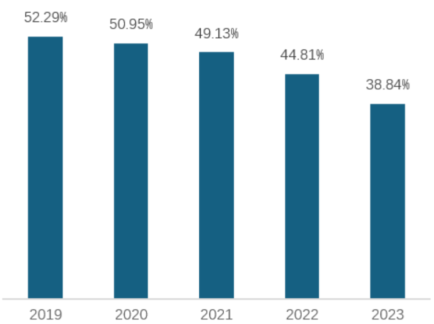
Changes in net profit attributable to the parent company for the past five years



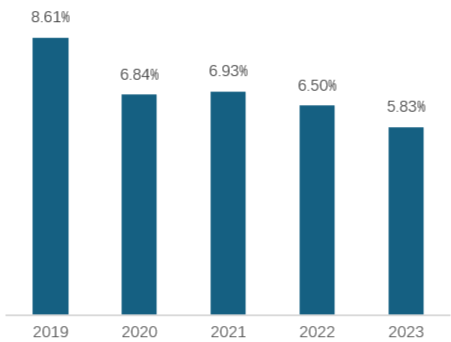
Net profit margin and ROE for the past five years



Liabilities to assets ratio



Period expense rate



(III) Using MES to create opportunities and promoting standardization in production, supply, and sales to assist in the development of a "lighthouse factory" as soon as possible

During the Reporting Period, the Company initiated the MES (Manufacturing Execution System) project at the headquarters and Jilin Base. With a view to maintaining continuous stability in production, the Company built intelligent production lines, established a dispatch center, and used the MES to create opportunities for refining its production management policies and processes and building the whole-process monitoring of production order. In terms of production planning, the Company followed the seven-step method to work out the planning logic and restraints, go through the management process for planning changes, and collate standard documentation to enable the whole-process monitoring of production plans. In terms of energy management, the Company went through production planning, generated an energy balance sheet offline, achieved coordination between production planning and energy planning, and promoted the stability of production order through the mechanism of energy quota control and deviation correction. In terms of lye management, the Company exercised quota control and reused waste lye, thereby saving 6.5473 million yuan in lye management. In terms of sugar warehouse management, with the warehouse at the center, the Company developed operation rules and an error adjustment mechanism, stabilized starch and fermentation, and promoted stable production order. In terms of report management, the Company sorted out the production order management report and made anomalies traceable and reviewable by tracking them with data.

During the Reporting Period, the Company continued to focus on its main business. With the strategic goal of "becoming a leading company in synthetic biology," the Company kept up with the national pace for high-quality growth and worked towards high-standard bio-manufacturing. In production, purchase, and sales, the Company established standard management models to improve its operations. In terms of production standardization, the Company enabled online real-time workshop management through the MES by carrying out a pilot project at Jilin Company. This has changed the management of process, equipment, safety, environment, and quality from post-incident management into preventive management, thus enhancing production efficiency and product quality. In terms of purchase standardization, the Company implemented a system of daily clearance and settlement, exposed problems through daily meetings, revealed facts through business performance, and faithfully reflected the conditions of suppliers and the market. The conformity of daily deliveries increased by 22% year-on-year. In terms of sales standardization, the Company basically realized the transformation of the marketing system targeting the business division by promoting "six shaping." The transformation is expected to effectively fasten market response in the future, laying the foundation for improving sales quality and customer stability.

During the Reporting Period, all production bases established an environmental civilization office by aligning at benchmark factories. They increased spending to keep improving hardware facilities and built garden-type factories and "environmentally civilized" lighthouse factories. The implementation of the MES project has boosted the Company's automation and intelligentization, and the continuous advancement of standardization in each business segment has laid the foundation for building smart and lighthouse factories.

(IV) Attaching importance to talent development and responding to the call for common prosperity by increasing staff income and achieving reciprocal and win-win results between staff and the Company

The Company upholds the concept of "operations, creation, and sharing by all." The Company attracts talents by virtue of a competitive remuneration and incentive mechanism, develops talents using all-round, multi-dimensional, and effective systematic approaches, smooths promotion channels, creates an equal, diverse, and inclusive cultural environment for staff, and accelerates the pace of high-quality talent development to achieve common growth between staff and the Company.

During the Reporting Period, the Company built a talent development system for management trainees in collaboration with an external consulting firm. The Company selected a group of postgraduates with a master's degree or a PhD from top universities and developed T-shaped skilled talents by means of executive coaching and project-based practice. In 2023, the Company hired nearly 600 fresh graduates through on-campus recruitment, including 103 management trainees with a master's degree or a PhD from double first-class universities. By means of one-to-one executive coaching and project-based practical training, the Company developed potential middle and senior management talents with interdisciplinary skills. In terms of mid-level and technical talents, the Company has established long-term cooperation with Tianjin University, Jiangnan University, and other colleges and universities that are highly compatible with the Company, set up targeted training classes, and hired lecturers from universities, laying a solid foundation for developing talents and future leaders.

During the Reporting Period, the Company further refined the information technology system, introduced Feishu as a collaborative office platform, and integrated daily work-related software, thereby building a convenient and fast office environment.

During the Reporting Period, the Company continued to improve working conditions, increase staff income through a continuous increase in spending, and refine staff benefits, in response to the country's call for "common prosperity." As of the end of the Reporting Period, the Company paid nearly 63 million yuan in housing allowance to more than 480 employees under its housing allowance policy. In 2023, the Company continued to raise the income for junior staff, with expenses for salary and staff welfare increasing by about 170 million yuan.

II. Industry Overview

(I) Industry

Based on the Guiding Catalogue of Key Products and Services for Strategic Emerging Industries (2016 Edition) issued by the National Development and Reform Commission (NDRC), the Company's main products fall within the "bio-manufacturing industry of the biological industry." Hence, the Company is in the bio-manufacturing industry. According to the industrial classification results for listed companies as published by the China Association for Public Companies, the Company is in the food production industry of the manufacturing industry.

Meihua Bio is a company engaged in the whole chain of synthetic biology, covering everything from genome editing to product implementation. By virtue of its superb capabilities in bacteria strain construction, process optimization, engineering design, and application development, the Company has achieved high-speed delivery of new industrial technologies and products from laboratories to customers. The fast upgrading of products and technologies is a representative element in the Company's development of synthetic biology.

At present, synthetic biology enables product manufacturing mainly based on biosynthesis in place of product manufacturing through traditional chemical engineering or extraction. With the development of synthetic biotechnology and the maturation of large-scale bio-manufacturing technology, more and more bio-manufactured products will have advantages in cost, environmental protection, and energy consumption and replace the traditional manufacturing process. Synthetic biology is regarded as one of the few new technologies that are most likely to change the world in the future. The continuous integration of AI technology and biotechnology and the constant development of new bio-editing technologies will further promote the advanced development of synthetic biology and give rise to new technical platforms, new applications, and new products.

The Company has large-scale bio-manufacturing capabilities, which are essential to application development and product implementation in synthetic biology and are scarce resources in synthetic biology globally. The Company is a globally leading enterprise engaged in the mass production of amino acids through synthetic biotechnology. Its powerful application development capability enables the Company to quickly commercialize its technological achievements. The fast advancement of synthetic biotechnology has brought substantial improvements in the Company's strain construction and testing capabilities, thereby providing important opportunities for the Company to increase construction efficiency to meet the changeable and diverse market demand. The rapid development of breeding fine strains for the production of amino acids provides powerful support for the Company to manufacture bulk amino acids with high efficiency at low costs and to develop market for high value-added minor amino acids.

In the future, the Company will strengthen cooperation with global top biotech companies and institutions and comb through technology-wise and product-wise opportunities in basic synthetic biotechnology, precision fermentation, and non-grain fermentation technology. Based on its globally leading capabilities for underlying engineering, process amplification, and mass production, the Company will continue to promote the absorption and implementation of advanced production and R&D technology and new products.

(II) Competent Authorities and Industrial Policies

1. Competent authorities

At present, competent authorities administering the Company include the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Agriculture and Rural Affairs, the State Administration for Market Regulation, the National Health Commission of the People's Republic of China, and competent local authorities. The industrial self-regulatory organizations include the China Biotech Fermentation Industry Association, the China Feed Industry Association, and the China Condiment Association, among others.

2. Key laws, regulations, and industrial policies published in the past five years that have significant impact on the development of the industry

Latest amendment	Laws and regulations	Promulgating body	Core content and impact on the industry
April 2023	Three-Year Action Plan for the Reduction and Substitution of Soybean Meal in Animal Feed	Ministry of Agriculture and Rural Affairs	**Core content:** It further specifies the goal and pathway for the reduction and substitution of soybean meal. The action plan proposes the goal of continuously reducing the proportion of soybean meal, strengthening the development and utilization of protein feed resources, and increasing the supply of quality feed grass. **Industrial impact:** The implementation of the action plan is expected, to a certain extent, to reduce the use of soybean meal in animal feed and increase the use of mixed meal, thus reducing reliance on imported soybeans and guaranteeing national food security. It will improve the sustainable development capacity, self-sufficiency capacity, and competitiveness of the domestic feed industry; enhance the competitiveness and stabilize

			the industrial chain of the domestic husbandry industry; and promote food conservation for the breeding industry, which is conducive to green development. The proposal for the reduction of soybean meal in animal feed has increased demand for minor amino acids for animal feed and opened up space for the use of formulation, thereby bringing new development opportunities for the biological fermentation industry that the Company is engaged in.
January 2023	Three-Year Action Plan for Accelerating the Innovative Development of Non-grain Bio-based Materials	Ministry of Industry and Information Technology, NDRC, Ministry of Finance	**Core content:** It is a systematic plan for accelerating the innovative development of the bio-based material industry based on the actual situation of the industrial technology. According to the action plan, by 2025, a green, circular, and low-carbon innovative development ecosystem featuring a strong independent innovation capability and an ever-richer product system will be basically formed for the non-grain bio-based material industry. By then, the technology for the utilization and application of non-grain biomass raw materials will basically mature; the competitiveness of some non-grain bio-based products will be comparable to that of fossil-based products; and a high-quality, sustainable supply and consumption system will be built. **Industrial impact:** The implementation of this action plan will accelerate the innovative development of the non-grain bio-based material industry, expand the application of bio-based materials in all areas, and improve China's international competitiveness in the global bio-based material industry. It will promote technological innovation in synthetic biology, which is beneficial to the development of technological platform companies in the domestic synthetic biology industry. It will also help reduce reliance on non-renewable resources such as petroleum, cut environmental pollution, promote the development of the green economy, and enhance the stability and safety of energy supply. The action plan has provided policy or plan support for the Company to develop non-grain fermentation technology and increase the secondary performance growth curve in the future.
May 2022	14th Five-Year Plan for Bioeconomic Development	NDRC	**Core content:** As China's first five-year plan for the bioeconomy, it proposes developing bio-breeding technologies in an orderly way, including genome-wide selection, systems biology, synthetic biology, and artificial intelligence, and developing synthetic biotechnology. **Industrial impact:** It will promote the high-quality development of China's bioeconomy, accelerate the development of a modern industry system with biotechnology at its core, and improve the innovation capabilities and competitiveness of the bioeconomy. It will help promote the innovation of synthetic biotechnology, improve the industrial structure, favorably contribute to the development of technological platform companies in the domestic synthetic biology industry, and accelerate the formation of enterprises and brands with international competitiveness. The plan is beneficial to the future development of the Company as a leading company in the industry.
March 2021	14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035	State Council	**Core and relevant content:** It proposes promoting the integration and innovation of biotechnology and information technology, expediting the development of bio-pharmaceutical, bio-breeding, bio-material, and bio-energy industries, and making the bioeconomy bigger and stronger. **Industrial impact:** The inclusion of making the bioeconomy bigger and stronger in the 14th five-year plan is beneficial to the development of the biology industry that the Company is engaged in. On the basis of biological fermentation, the Company may further extend to areas such as bio-materials based on technological development and market demand changes, thereby expanding the boundaries of its industrial development.
September 2020	Guiding Opinions on Expanding Investment in Strategic Emerging Industries and Cultivating Strengthened New Growth Points and Growth Poles	NDRC	**Core content:** It proposes increasing investment in bio-security and emergency areas, strengthening the development of the national innovation platform for the inspection and verification of bio-products, and supporting the development of the cytogenetics and genetic breeding technology R&D center, the synthetic biotechnology innovation center, and the bio-drug technology innovation center. **Industrial impact:** It will drive all industries towards stronger innovation, boost the level of industrial technology, and promote the optimization or transformation of the industrial structure. For example, strategic emerging industries such as new energy, new materials, and bio-pharmaceuticals will welcome stronger development, and the traditional manufacturing industry will shift towards intelligent and green manufacturing. It will also promote the clustered development of emerging industries, promote the coordinated development of the industrial chain, and speed up the formation of competitive industrial clusters with complete industrial chains.

III. Overview of the Company's Businesses during the Reporting Period

(I) Main business

The Company deeply cultivates the "amino acid+" strategy. As a company engaged in whole-chain synthetic biology producing amino acid products, the Company is equipped with core capabilities that cover the entire chain, from strain design, construction, fermentation, separation, and extraction to products. Based on more than 20 years of transcendence and innovation, the Company's integrated abilities, including R&D, production, and sales, have advanced to the industrial leading position. The products produced by the Company include:

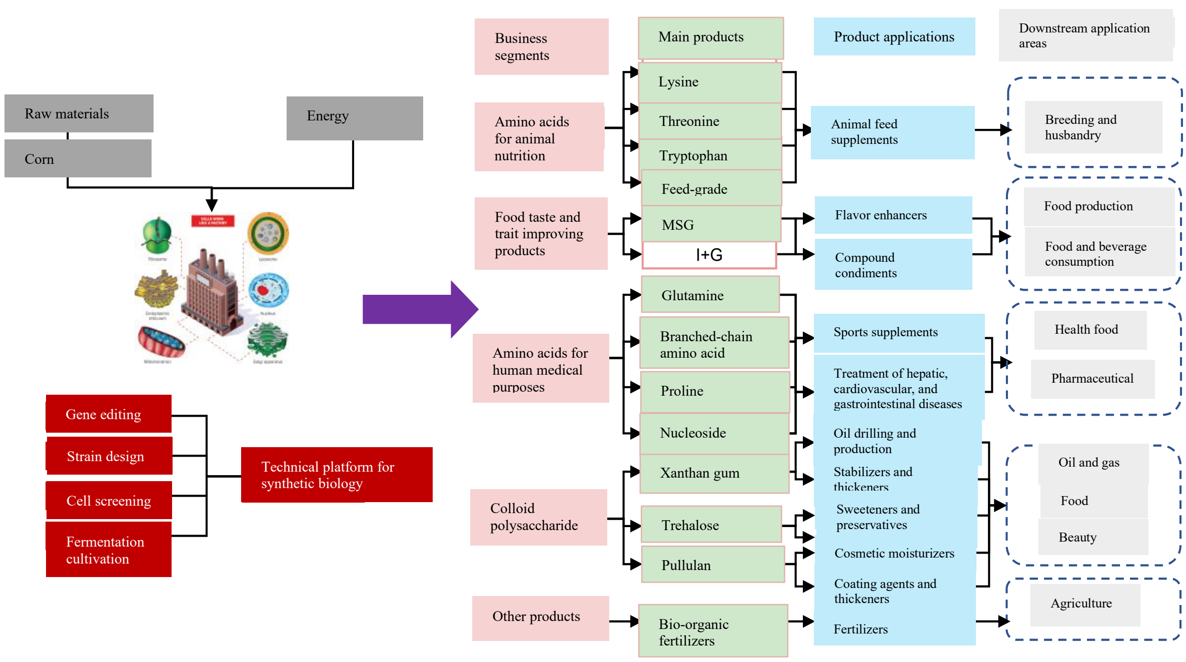
● Amino acids for animal nutrition: lysine, threonine, tryptophan, feed-grade lysine, MSG residue, starch byproduct feed fiber, corn germ, mycoprotein, etc.

● Food taste and trait improving products: glutamic acid, monosodium glutamate, Disodium 5'-ribonucleotide, disodium inosinate, food-grade xanthan gum, trehalose, natamycin, etc.

● Amino acids for human medical purposes: glutamine, proline, leucine, isoleucine, pharmaceutical valine, inosine, guanosine, adenosine, pullulan, Vitamin B2, etc.

● Other products: petroleum-grade xanthan gum, bio-organic fertilizers, etc.

See the following figure for the main products and the upstream and downstream of the industrial chain:



Data source: Company's marketing department and Huatai Securities' research report

(II) Business Model

The Company adopts a business model that combines R&D, production, and sales.

There was no material change in the Company's business model during the Reporting Period.

In terms of R&D, the Company deeply cultivated synthetic biotechnology and biological fermentation technology and further advanced the "amino acid+" strategy. The Company has R&D centers in Langfang and Shanghai, respectively. The R&D center in Langfang is equipped with a strain R&D laboratory, a fermentation technology laboratory, and a product application laboratory. It has more than 100 synthetic biological engineers and advanced research instruments and equipment, including new-generation genome sequencing instruments, LC-MS, and parallel bio-reactors. It has mastered the E. coli fermentation platform, the C. glutamicum fermentation platform, and anaerobic fermentation technology. The headquarters has a research institute for production technology to focus on the research and implementation of technologies throughout the entire industrial chain. The institute continuously promoted innovation in production technology, increased the utilization of resources, reduced energy consumption, and cut carbon footprints. Through gene editing, metabolic pathway modification, and computer-aided cell design, the Company built a multi-product microbial cell factory dominated by amino acids. The Company creatively developed a series of engineering technologies to address key technological challenges for high production, high conversion rates, and high production intensity in the engineering industry. These technologies were applied in the Company's industrial mass production of fermented products. By establishing long-term cooperation with top universities and research institutions, such as the Chinese Academy of Sciences and Jiangnan University, the Company promoted the delivery of technological breakthroughs in key scientific issues in intelligent bio-manufacturing and the industrial implementation of them.

In terms of purchase, the Group's purchase department and the purchase offices of the production bases continued to implement the goal of standardizing purchases and building an outstanding purchase system. The headquarters has a purchase department, and the production bases in Tongliao, Xinjiang, and Jilin have purchase offices. The purchase department is responsible for developing purchase standards and guiding the production bases towards implementation. By studying the market in depth and following the market trend closely, the purchase department develops market sensitivity to improve its forecast of long-term trends. It grasps market opportunities and implements the best strategies for the purchase of raw materials. In terms of corn purchase, based on their geographical locations and market characteristics, the production bases adopt a combination of purchase models, including collection and storage, market purchase, participation in the auctions of state-owned grain depots, and direct purchase from farmers. The proportion of each model in total purchases can be adjusted timely. In view of the unique location and corn supply of the Xinjiang production base, from the fourth quarter of 2022 to the third quarter of 2023, the base purchased corn in the collection and storage model to ensure the supply of raw materials required for routine production. Upon the end of the purchase season, the market price of corn dropped, causing the storage cost to be higher than the spot price of corn. As a result, the corn purchase at the Xinjiang production base failed to outperform the market. Tongliao and Baicheng production bases are closer to the major corn production areas of the northeast and have a longer purchase season. On the basis of collection and storage, the Company flexibly used a variety of models, including market purchase, auction, and direct purchase from farmers, which counteracted the impact of storage costs on production costs to a certain extent.

The production bases are responsible for producing the Company's products, and they are located in Tongliao of Inner Mongolia, Wujiaqu of Xinjiang, and Baicheng of Jilin, respectively. The three production bases are all equipped with integrated production lines that make comprehensive use of resources. The Company assigns production tasks to the production bases in consideration of their geographical locations and resources. With the goal of achieving standard, automatic, and intelligent production management as well as the integration of supporting management throughout the entire industrial chain, all production bases maintained a valid status for the ISO 9001 quality management system and the ISO 22000 food safety management system in 2023.

In terms of sales, the Company carries on the core value of "winning business through trust." The Company combines the model of production-based sales with the model of sales-based production. By building a market data analysis system, the Company improves stability for key accounts' continuous purchases, selling as much as production. During the Reporting Period, the Company continuously refined the customer ecosystem service system to better meet global customers' differentiated needs and provide better, more effective, and more professional services. Upholding the service philosophy of "stability in three aspects," the Company established a win-win cooperation model with customers to provide them with services featuring "stable quality, stable supply, and relatively stable prices." Meanwhile, the Company optimized the supporting service mechanism, increased service efficiency and timeliness, and improved customer service quality.

IV. Analysis of Core Competitiveness during the Reporting Period

√ Applicable ☐Not applicable

(I) Cost advantage brought by the standard management and high-efficiency operations of product scale and whole business chain

In 2023, the xanthan gum, raw material ammonia, and threonine projects were put into trial and production. In parallel with the continuous expansion of its business size, the Company enjoyed a more stable leading position in the amino acid industry. Mass production brought lower comprehensive costs. Meanwhile, the high utilization of production capacity for the Company's products and the advantage from the sale of product combos strengthened the Company's competitiveness in the biological fermentation area.

Over the years, the Company's business divisions, including all production bases, the purchase department, and the sales department, have stabilized production order, improved production indicators, and enhanced the management efficiency, thereby constantly boosting the Company's operation indicators. The Company's inventory turnover maintained at around 60 days. The Company sold most of its products by means of spot cash and advance payment. The accounts receivable turnover maintained within 10 days. The high operation efficiency saved the overall management cost. Over the years, the Company's business divisions, including all production bases, the purchase department, and the sales department, have stabilized production order, improved production indicators, and enhanced management efficiency, thereby constantly boosting the Company’s operation indicators. The Company’s inventory turnover was maintained at around 60 days. The Company sold most of its products by means of spot cash and advance payments. The accounts receivable turnover was maintained within 10 days. The high operation efficiency saved on overall management costs.

(II) Accumulation of R&D, laboratory amplification of R&D results, and rapid advancement of industrialization

In recent years, the Company has increased spending on R&D in the application of synthetic biotechnology. During the Reporting Period, the Company spend 834 million yuan on R&D. The accumulative spending on basic R&D and application R&D brought continuous improvements in technical indicators and conversion efficiency. In terms of product technology upgrading, it takes only six to nine months for the Company to upgrade the performance of a generation of bacterial strains by virtue of its continuous R&D spending and strong strain construction capability. This has ensured that the Company is always in a leading position for its existing product technologies.

One of the Company’s advantages lies in its laboratory amplification of R&D results and rapid advancement of industrialization. By virtue of a strong capability for application R&D, the Company can quickly commercialize technological achievements. With a capability for independent engineering design, the Company is able to build an intelligent and digital “lighthouse” factory as soon as possible. To maintain advanced manufacturing and consolidate its foundation, the Company has set up an institute for production technology to conduct research on technologies for the whole industrial chain. The institute has continued to lead technological revolutions in pursuit of higher energy efficiency and lower energy consumption. All the Company’s production bases use equipment manufactured by renowned manufacturers at home and abroad. Their key production equipment reaches the international advanced level, allowing the Company to control parameters stably and effectively save energy. The Company’s engineering department has fostered a group of engineering teams with extensive experience in building production lines for biological fermentation. This has equipped the Company with unique technical edges and processes in engineering design, engineering construction, the control of technical indicators, environmental protection, and comprehensive and circular utilization.

(III) Stronger resistance to cycle risk with rich product varieties and large supplies

Both the amino acid industry for animal nutrition and the MSG industry are segmented areas of the biological fermentation industry. The Company persists in both quality improvements and quantity increases. All product groups are developing in coordination, with balanced and good product structures and continuous increases in the quantity of star products. Products of the biological fermentation industry can be applied in a broad range of areas. Downstream applications include the processing of agricultural products, basic chemical engineering, food processing, feed-based breeding, medical and healthcare purposes, daily consumption, and bio-based materials. Each category is applied to different downstream application areas. The multi-product layout not only guarantees the continuous development of the Company’s overall business scale but also improves the Company’s resistance to cycle risk.

(IV) Persistence in "operations, creation, and sharing by all" to build an organizational culture of openness, co-creation, and win-win results

Over the years, the Company has upheld the concept of "operations, creation, and sharing by all." The Company deeply binds corporate interests with the personal interests of its core teams and builds an organizational culture of co-creation, sharing, and win-win results. By offering high rewards for strong business performance, the Company motivates top talents to create top performance and encourages staff to deliver greater achievements, thereby gaining more profits and providing generous rewards for core personnel who are willing to shoulder more responsibilities. As of the Reporting Period, the Company has built an all-round performance traction system from top to bottom. Every year, the Company implements an employee stock ownership plan to link financial results with team and personal incomes. The Company refines the incentive policy in a number of aspects, including salary, performance, bonus pool, project bonus, share incentives, and stock ownership plan, and encourages staff to create better financial results and gain more interest driven by strong performance. The creation of a sharing-based organizational culture has provided important support for the Company to achieve strategic development, fulfill business goals, and stabilize its core management teams.

V. Major Business Performance during the Reporting Period

During the Reporting Period, the Company registered a revenue of 27.761 billion yuan, down 0.63% year-on-year; the net profit attributable to the shareholders of the listed company was 3.181 billion yuan, down 27.81% year-on-year.

(I) Analysis of Main Business

1. Analysis of changes in relevant items in the profit statement and the cash flow statement

Unit: yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period in the previous year	Change (%)
Revenue	27,760,612,259.07	27,937,152,798.85	-0.63
Operating costs	22,297,122,025.25	20,915,783,841.63	6.60
Selling expenses	413,512,921.96	441,189,063.68	-6.27
General and administrative expenses	924,598,280.87	1,010,824,495.08	-8.53
Financial expenses	-33,426,675.32	83,876,800.66	-139.85
R&D expenses	314,222,682.89	279,682,517.92	12.35
Net cash flows from operating activities	5,228,937,084.88	5,654,954,446.36	-7.53
Net cash flows from investment activities	-1,509,146,234.23	-1,738,221,543.73	13.18
Net cash flows from financing activities	-3,108,097,192.17	-3,093,970,372.78	-0.46

Explanation of change in revenue: During the Reporting Period, the Company registered a revenue of 27.761 billion yuan, representing a slight decrease year-on-year. Main reasons: With the release of production capacity from the new projects of the Company's subsidiaries, the sales volume of threonine and xanthan gum increased, but the prices of MSG, threonine, lysine, and other feed products declined, thus causing a drop in revenue.

Explanation of change in operating costs: During the Reporting Period, the Company's operating costs reached 22.297 billion yuan, up 6.6% year-on-year. Main reasons: The increased sales volume of the Company's threonine, xanthan gum, and lysine caused an increase in operating costs.

Explanation of change in selling expenses: During the Reporting Period, the Company's selling expenses dropped by 6.27% year-on-year. Main reasons: Product allocations from external warehouses decreased during the Reporting Period, causing a drop in transportation costs along with declines in promotion costs, labor costs, and share incentive costs.

Explanation of change in general and administrative expenses: During the Reporting Period, the Company's general and administrative expenses fell by 8.53% year-on-year. Main reasons: Labor costs and share incentive costs decreased.

Explanation of change in financial expenses: During the Reporting Period, the Company's financial expenses dropped by 139.85% year-on-year. Main reasons: The financing amount and interest expenses decreased, and exchange gains and interest income increased.

Explanation of change in R&D expenses: During the Reporting Period, the Company's R&D expenses increased by 12.35% year-on-year. Main reasons: The Company increased spending on R&D during the Reporting Period.

Explanation of change in net cash flows from operating activities: During the Reporting Period, the Company's net cash flows from operating activities dropped by 7.53% year-on-year. Main reasons: Sales revenue decreased during the Reporting Period.

Explanation of change in net cash flows from investment activities: During the Reporting Period, the Company's net cash flows from investment activities increased by 13.18% year-on-year. Main reasons: During the Reporting Period, project investments decreased, and investments in financing were recovered.

Explanation of change in net cash flows from financing activities: During the Reporting Period, the Company's net cash flows from financing activities decreased by 0.46% year-on-year. Main reasons: During the Reporting Period, repayments for borrowings and expenditures for share repurchases increased.

Detailed explanation of significant changes in the Company's business type, profit composition, or profit sources during the Reporting Period

☐ Applicable √ Not applicable

2. Analysis of Revenue and Costs

√ Applicable ☐Not applicable

During the Reporting Period, the Company realized a revenue of 27.761 billion yuan, down 0.63 percentage points year-on-year; operating costs reached 22.297 billion yuan, down by 1.558 billion yuan, representing a decrease of 5.45 percentage points year-on-year.

Key factors for the change in revenue: With the release of production capacity from the new projects of the Company's subsidiaries, the sales volume of threonine and xanthan gum increased, but the prices of main products, including MSG, threonine, lysine, and other feed products, declined, thus causing a drop in main business revenue.

During the Reporting Period, the prices of the Company's main products, including MSG, threonine, lysine, and other feed products, dropped, thus causing a drop in both gross profit and gross profit margin year-on-year.

(1) Main Business Performance by Industry, Product, Region, and Sales Model

Unit: yuan Currency: RMB

Main business performance by industry						
By industry	Revenue	Operating costs	Gross profit margin (%)	Change in revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Biological fermentation	26,875,853,508.58	21,622,873,608.16	19.55	-1.16	6.00	Down 5.43 percentage points
Pharmaceutical and health	562,658,107.07	409,339,493.72	27.25	2.25	12.40	Down 6.56 percentage points
Main business performance by product						
By product	Revenue	Operating costs	Gross profit margin (%)	Change in revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Amino acids for animal nutrition	14,539,372,320.25	12,763,217,281.69	12.22	-2.46	11.49	Down 10.98 percentage points
Amino acids for human medical purposes	562,658,107.07	409,339,493.72	27.25	2.25	12.40	Down 6.56 percentage points
Food taste and trait improving products	9,832,306,593.11	7,578,210,297.47	22.93	-2.64	-4.19	Up 1.25 percentage points
Others	2,504,174,595.22	1,281,446,029.00	48.83	14.46	22.92	Down 3.52 percentage points
Main business performance by region						
By region	Revenue	Operating costs	Gross profit margin (%)	Change in revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Domestic	18,966,892,718.66	15,754,837,487.69	16.94	-0.66	7.82	Down 6.53 percentage points
Foreign	8,471,618,896.99	6,277,375,614.19	25.90	-2.06	2.03	Down 2.97 percentage points
Main business performance by sales model						
Sales model	Revenue	Operating costs	Gross profit margin (%)	Change in revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Direct sales	16,074,229,725.88	13,305,934,621.21	17.22	-5.50	3.99	Down 7.55 percentage points
Sales via agency	11,364,281,889.77	8,726,278,480.67	23.21	5.88	9.51	Down 2.55 percentage points

Explanation of main business performance by industry, product, region, and sales model

1) During the Reporting Period, the Company's revenue from the sales of amino acids for animal nutrition was down by 2.46 percentage points year-on-year, and gross profit margin down 10.98 percentage points year-on-year. Main reasons: The prices of threonine, lysine, and byproducts of major raw materials dropped, causing a decrease in revenue and gross profit margin.

2) During the Reporting Period, the Company's revenue from the sales of amino acids for human medical purposes was up by 2.25 percentage points year-on-year, and gross profit margin down 6.56 percentage points year-on-year. The increased sales volumes of products such as glutamine and proline brought an increase in revenue. The drop in gross profit margin was caused by falling product prices during the Reporting Period.

3) During the Reporting Period, the Company's revenue from the sales of food taste and trait improving products was down by 2.64 percentage points year-on-year, and gross profit margin up 1.25 percentage points year-on-year. The decrease in revenue was mainly caused by falling product prices, and technological improvements caused a drop in costs, thereby increasing the gross profit margin.

4) During the Reporting Period, the Company's revenue from the sales of other products was up by 14.46 percentage points year-on-year, and gross profit margin down 3.52 percentage points. The increase in revenue was mainly caused by an increase in both the sales volume and price of petroleum-grade xanthan gum, and the drop in gross profit margin was mainly caused by a drop in fertilizers and the price of liquid ammonia and an increase in costs.

(2) Analysis of Production and Sales

√ Applicable ☐Not applicable

Main products	Unit	Production	Sales	Inventory	Change in production from prior year (%)	Change in sales from prior year (%)	Change in inventory from prior year (%)
Amino acids for animal nutrition	ton	2,610,484	2,635,319	63,053	4.47	7.47	-28.26
Amino acids for human medical purposes	ton	10,713	9,962	1,742	6.64	5.01	75.76
Food taste and trait improving products	ton	1,042,596	1,046,713	33,412	0.88	1.41	-10.97

Explanation of production and sales

1) Reasons for change in the production, sales, and inventory of amino acids for animal nutrition: The new project released production capacity for threonine during the Reporting Period, causing an increase in the production of threonine and corn byproducts, which drove sales to increase; the inventory of products such as lysine dropped;

2) Reasons for change in the inventory of amino acids for human medical purposes: The increased production of products such as glutamine and proline caused an increase in sales and inventory.

(3) Performance of Significant Purchase Contracts and Significant Sales Contracts

☐ Applicable √ Not applicable

(4) Analysis of Costs

Unit: yuan

By industry							
By industry	Cost composition	Amount for the current period	Percentage in total costs (%)	Amount for the corresponding period in prior year	Percentage in total costs (%)	Percentage of change (%)	Explanation
Biological fermentation	Raw materials	16,648,593,644.08	74.67	16,051,220,505.56	76.74	3.72	
	Energy	3,091,052,434.82	13.86	2,349,819,566.69	11.23	31.54	
	Labor	575,261,550.75	2.58	404,486,178.27	1.93	42.22	
	Manufacturing overhead	1,307,965,978.52	5.87	1,594,319,963.25	7.62	-17.96	
	Total product manufacturing costs	21,622,873,608.16	96.98	20,399,846,213.77	97.53	6.00	
Pharmaceutical and healthcare	Product manufacturing costs	409,339,493.72	1.84	364,196,692.27	1.74	12.40	
Sales of materials and others		264,908,923.37	1.18	151,740,935.59	0.73	74.58	
Total		22,297,122,025.25	100.00	20,915,783,841.63	100.00	6.60	
By product							
By product	Cost composition	Amount for the current period	Percentage in total costs (%)	Amount for the corresponding period in prior year	Percentage in total costs (%)	Percentage of change (%)	Explanation
Amino acids for animal nutrition	Raw materials	10,111,486,972.12	45.35	9,182,225,489.93	43.9	10.12	
	Energy	1,647,784,617.63	7.39	1,275,339,079.10	6.1	29.20	
	Labor	270,485,094.51	1.21	180,647,042.79	0.86	49.73	
	Manufacturing overhead	733,460,597.43	3.29	809,454,797.74	3.87	-9.39	
	Total product manufacturing costs	12,763,217,281.69	57.24	11,447,666,409.56	54.73	11.49	
Amino acids for human medical purposes	Product manufacturing costs	409,339,493.72	1.84	364,196,692.27	1.74	12.40	
Food taste and trait improving products	Raw materials	6,068,929,235.15	27.22	6,558,364,576.05	31.36	-7.46	
	Energy	873,192,281.80	3.92	582,317,796.14	2.78	49.95	
	Labor	211,491,210.59	0.95	145,632,960.09	0.7	45.22	
	Manufacturing overhead	424,597,569.93	1.9	623,343,306.03	2.98	-31.88	
	Total product manufacturing costs	7,578,210,297.47	33.99	7,909,658,638.32	37.82	-4.19	
Others	Product manufacturing costs	1,281,446,029.00	5.75	1,042,521,165.89	4.98	22.92	
Sales of materials and others		264,908,923.37	1.18	151,740,935.59	0.73	74.58	
Total		22,297,122,025.25	100.00	20,915,783,841.63	100	6.60	

Other information regarding the analysis of costs

None

(5) Change in Consolidation Scope Caused by Share Changes in Key Subsidiaries during the Reporting Period

☐ Applicable √ Not applicable

(6) Significant Changes or Adjustments to the Company's Businesses, Products, or Services during the Reporting Period

☐ Applicable √ Not applicable

(7) Information of Key Customers and Suppliers

A. Information of the Company's key customers

√ Applicable ☐Not applicable

Sales to the top five customers amounted to 2,898,029,000 yuan, accounting for 10.45% of the total sales for the year; in particular, among sales to the top five customers, sales to related parties were 0 yuan, accounting for 0% of the total sales for the year.

No.	Customer name	Sales (yuan)	Percentage in the total sales for the year (%)
1	No. 1	731,748,004.84	2.64
2	No. 2	629,438,959.04	2.27
3	No. 3	572,111,547.60	2.06
4	No. 4	491,154,232.14	1.77
5	No. 5	473,576,288.40	1.71
6	Total	2,898,029,032.02	10.45

Circumstance during the Reporting Period where sales to a single customer exceeded 50% of the total sales, there was any new customer among the top five customers, or the Company relied heavily on a minority of customers

☐ Applicable √ Not applicable

B. **Information of the Company's key suppliers**

√ Applicable ☐Not applicable

Purchases from the top five suppliers amounted to 1,856,911,000, accounting for 10.33% of the total purchases for the year; in particular, among purchases from the top five suppliers, purchases from related parties were 0 yuan, accounting for 0% of the total purchases for the year.

No.	Name of supplier	Purchase amount (yuan)	Percentage in the annual total purchase (%)
1	No. 1	612,358,561.72	3.41
2	No. 2	413,869,146.56	2.3
3	No. 3	289,667,990.55	1.61
4	No. 4	287,940,175.81	1.6
5	No. 5	253,075,110.49	1.41
6	Total	1,856,910,985.13	10.33

Circumstance during the Reporting Period where purchases from a single supplier exceeded 50% of the total sales, there was any new supplier among the top five suppliers, or the Company relied heavily on a minority of suppliers

☐ Applicable √ Not applicable

Other information

None

3. Expenses

√ Applicable ☐Not applicable

During the Reporting Period, the Company's selling expenses were down by 6.27% year-on-year. Main reasons: Product allocations from external warehouses decreased during the Reporting Period, causing a drop in transportation costs along with declines in promotion costs, labor costs, and share incentive costs.

During the Reporting Period, the Company's general and administrative expenses were down by 8.53% year-on-year. Main reasons: Labor costs and share incentive costs decreased.

During the Reporting Period, the Company's financial expenses were down by 139.85% year-on-year. Main reasons: The financing amount and interest expenses decreased, and exchange gains and interest income increased.

4. R&D Spending

(1) Information of R&D spending

√ Applicable ☐Not applicable

Unit: yuan

Expensed R&D spending for the period	833,917,914.99
Capitalized R&D spending for the period	
Total R&D spending	833,917,914.99
Percentage of total R&D spending in revenue (%)	3.00
Proportion of capitalized R&D spending (%)	0

(2) Information of R&D personnel

√ Applicable ☐Not applicable

Number of R&D personnel	372
Percentage of R&D personnel in total headcount (%)	2.86
Educational structure of R&D personnel	
Educational level	Number of personnel
PhD	17
Master	73
Bachelor	133
Diploma	149

Age structure of R&D personnel	
Age group	Number of personnel
Below 30 (not inclusive of 30)	154
30-40 (inclusive of 30 and not inclusive of 40)	149
40-50 (inclusive of 40 and not inclusive of 50)	61
50-60 (inclusive of 50 and not inclusive of 60)	8
60 and above	0

(3) Explanation

☐ Applicable √ Not applicable

(4) Reasons for significant changes in the structure of R&D personnel and impact on the Company's future development

☐ Applicable √ Not applicable

5. Cash flows

√ Applicable ☐Not applicable

During the Reporting Period, the Company's net cash flows from operating activities were 5.229 billion, down 7.53% year-on-year. Main reasons: Sales revenue decreased during the Reporting Period.

During the Reporting Period, the Company's net cash flows from investment activities were -1.509 yuan, up 13.18% year-on-year. Main reasons: During the Reporting Period, project investments decreased, and investments in financing were recovered.

During the Reporting Period, the Company's net cash flows from financing activities were -3.108 billion yuan, down 0.46% year-on-year. Main reasons: During the Reporting Period, repayments for borrowings and expenditures for share repurchases increased.

(II) Explanation of Significant Changes in Profit Caused by Business Other than Main Business

☐ Applicable √ Not applicable

(III) Analysis of Assets and Liabilities

√ Applicable ☐Not applicable

1. Assets and liabilities

Unit: ten thousand yuan

Item	Amount as at the end of the Reporting Period	Percentage in total assets (%)	Amount as at the end of the previous reporting period	Percentage in total assets (%)	Change from the previous reporting period (%)	Explanation
Derivative financial assets	20.00	-	1,543.11	0.06	-98.70	Decrease in forward business as of the end of the Reporting Period
Accounts receivable	64,112.79	2.77	34,085.26	1.39	88.10	Increase in revenue from customers during payment days of the Reporting Period
Accounts receivable financing	6,001.32	0.26	11,842.52	0.48	-49.32	Addition of held-to-maturity contractual cash flows

Other receivables	5,138.45	0.22	10,092.89	0.41	-49.09	Non-recovery of export tax rebates during the Reporting Period
Non-current assets due within one year	1,935.60	0.08	-	-	Not applicable	Addition of recovery of investments in Huier Agriculture in installments
Long-term receivables	36.49	-	25.42	-	43.55	Increase in deposits for finance lease during the Reporting Period
Other equity instrument investment	51,269.14	2.21	125,546.39	5.13	-59.16	Effect of change in the fair value of other equity instrument investment
Construction in progress	16,196.17	0.70	174,614.32	7.13	-90.72	Conversion of completed projects into fixed assets during the Reporting Period
Short-term borrowings	154,386.91	6.67	107,049.86	4.37	44.22	Increase in borrowings during the Reporting Period
Derivative financial liabilities	25.00	-	-	-	Not applicable	Fluctuations in the closing undelivered fair value of forward business
Staff remuneration payable	32,295.96	1.39	46,615.22	1.90	-30.72	Decrease in non-payment of staff remuneration payable during the Reporting Period
Taxes payable	25,647.25	1.11	36,966.92	1.51	-30.62	Decrease in income tax payable
Non-current liabilities due within one year	53,508.53	2.31	26,542.96	1.08	101.59	Increase in borrowings due within one year
Other current liabilities	11,868.87	0.51	24,116.95	0.98	-50.79	Increase in unmatured notes
Long-term borrowings	199,996.30	8.64	367,601.14	15.01	-45.59	Repayment for borrowings due
Lease liabilities	259.03	0.01	501.90	0.02	-48.39	Decrease in remaining lease term
Estimated liabilities	4,588.86	0.20	-	-	Not applicable	Estimated losses from creditor's rights and debts in the original share transfer
Deferred tax liabilities	2,149.56	0.09	18,128.54	0.74	-88.14	Decrease in the fair value of other equity instrument investment during the Reporting Period
Capital reserve	103,270.78	4.46	192,926.01	7.88	-46.47	Cancellation of treasury stock for the previous reporting period
Other comprehensive income	568.76	0.02	54,107.26	2.21	-98.95	Change in the fair value of other equity instrument investment
Special reserve	395.24	0.02	206.04	0.01	91.83	Increase in the accrual of safety costs during the Reporting Period

Other information

None

2. Overseas assets

√ Applicable ☐Not applicable

(1) Asset size

The Company's overseas assets reached 1.032 (unit: billion yuan, currency: RMB), accounting for 4.46% of the total assets.

(2) Explanation of a high proportion of overseas assets

☐ Applicable √ Not applicable

3. Restrictions over major assets as of the end of the Reporting Period

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Book value	Reasons for restriction
Monetary fund	172,543,312.10	Refer to VII. Note 1 to the Financial Report in Section X for more detail
Fixed assets	423,641,966.22	Mortgage
Total	596,185,278.32	

4. Other information

☐ Applicable √ Not applicable

(IV) Analysis of Industrial Business Information

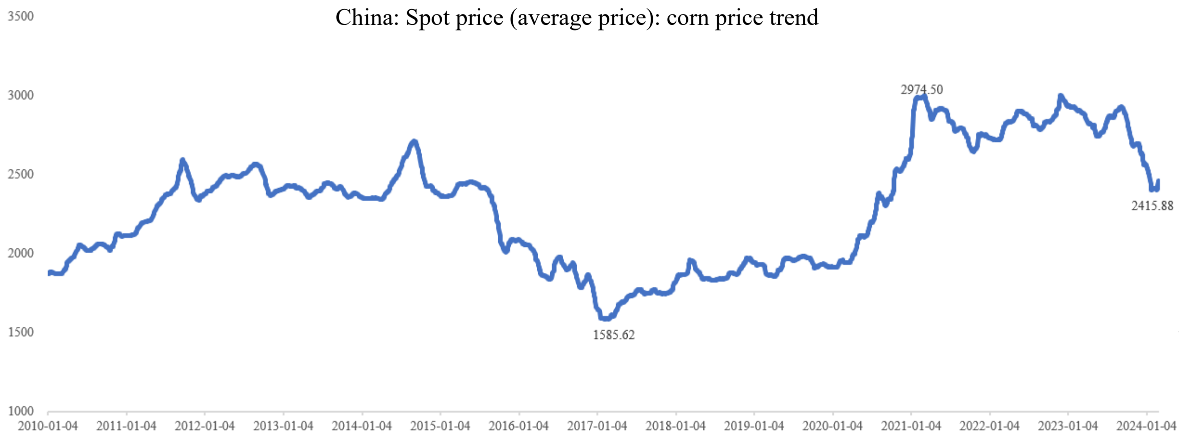
√ Applicable ☐Not applicable

1. Main raw materials - analysis of change in corn market

The Company produces products using corn as a raw material and coal as an energy sourceto provide the heat required for production. Corn accounts for more than 50% of all materials. Hence, changes in the corn price have a direct impact on the production costs of the Company's products.

The corn price trend is associated with a number of factors, including the national collection and storage policy, the prices of feed substitutes, including soybeans/wheat/barley, the demand of the downstream breeding industry, the international political and economic situations, and even changes in ethanol/gasoline prices. The Company acquires the corn required for production mainly through domestic purchases.

Changes in the average price of corn during the period from 2010 until now are shown as follows:



the Chinese market and became China's top import country in place of the United States; imports of South African corn increased. In the context of falling global grain prices and the tight balance between supply and demand in China, domestic and foreign grain prices were closely associated. In 2023, the domestic corn price fell with great volatility. In the first half of 2023, China imported massive amounts of corn from the United States and Brazil. Coupled with the concentrated release of bearish factors, including the increased supply of moist grain in grassroots production areas and the wheat price drop to 1.3 yuan/jin, the domestic corn price fell for five consecutive months. In May 2023, the average corn price dropped by more than 150 yuan/ton compared with the price at the beginning of the year. In the third quarter, the price quickly soared due to the supply shortage period. In September, the average corn price soared to 2,879 yuan/ton, reaching its peak in the year; in the fourth quarter, with the release of new grain alongside an expected harvest, the market bearish sentiment became stronger, with future and spot prices of corn dropping substantially. In December, dominant contracts fell to 2,364 yuan/ton, and the spot price approached 2,500 yuan/ton, a record low for three years. Overall, the domestic average corn price was 2,775 yuan/ton in 2023, down 1.39% year-on-year.

In terms of corn purchase, based on the geographical locations and market characteristics of its production bases, the Company adopts a combination of purchase models, including collection and storage, market purchase, participation in the auctions of state-owned grain depots, and direct purchase from farmers. The proportion of each model in total purchases can be adjusted timely. Corn consumption by the Xinjiang Base is estimated to account for about 30% of the local annual corn supply. Also, in view of the unique location and corn supply of the Xinjiang Base, from the fourth quarter of 2022 to the third quarter of 2023, the base purchased corn in the collection and storage model to ensure the supply of raw materials required for routine production. Upon the end of the purchase season, the market price of corn dropped, causing the storage cost to be higher than the spot price of corn. As a result, the corn purchase at the Xinjiang production base failed to outperform the market. Tongliao and Baicheng production bases are closer to the major corn production areas of the northeast and have a longer purchase season. On the basis of collection and storage, the Company flexibly used a variety of models, including market purchase, auction, and direct purchase from farmers, which counteracted the impact of storage costs on production costs to a certain extent.

For the industry that the Company is engaged in, a sufficient corn supply is conducive to the sustainable and stable development of the industry. However, great fluctuations in the corn price might result in increasing uncertainties in the cost of raw materials for the industry.

2. Analysis of changes in products

Both the amino acid industry for animal nutrition and the MSG industry, which the Company is engaged in, are segmented areas of the biological fermentation industry. Products of the biological fermentation industry can be applied in a broad range of areas. Downstream applications include the processing of agricultural products, basic chemical engineering, food processing, feed-based breeding, medical and healthcare purposes, daily consumption, and bio-based materials. At present, the products that have been applied on a mass scale in the industry mainly include four categories. The first category is amino acids for animal nutrition, including lysine, threonine, methionine, valine, and tryptophan; the second category is food additives, including flavor enhancers such as MSG and I+G; the third category is bio-based materials, including emerging materials such as cadaverine and polylactic acid; the fourth category is medical amino acids and others, including minor amino acids such as glutamine, leucine, isoleucine, pharmaceutical valine, and proline, as well as nucleoside products such as inosine, guanosine, and adenosine.

The Company’s product lines cover the amino acids for animal nutrition and food additives in the aforementioned four categories. At the same time, the company also expands its business to include amino acids for human medical purposes and other categories. The Company’s main products include feed and food additives and flavor-enhancing condiments such as lysine, threonine, and MSG, as well as byproducts such as organic fertilizers.

On April 12, 2023, the Ministry of Agriculture and Rural Affairs published the Three-Year Action Plan for the Reduction and Substitution of Soybean Meal in Animal Feed (hereinafter referred to as the "Action Plan"), which further specifies the goal and pathway for the reduction and substitution of soybean meal. The Action Plan proposes the goal of continuously reducing the proportion of soybean meal, strengthening the development and utilization of protein feed resources, and increasing the supply of quality feed grass. The implementation of the plan will help build a feed formula structure that fits the national conditions and resource characteristics of China and establish a usable feed resource database system, a low-protein, high-quality feed standard system, a high-efficiency feed processing and application technology system, and a feed industrial grain-saving policy support system. Therefore, the feed conversion efficiency in the livestock and poultry breeding industry will be substantially improved, and obvious achievements will be delivered in grain conservation and reduction for the breeding industry. While ensuring stability in the production efficiency of livestock and poultry, the dosage of soybean meal in feed should drop by more than 0.5 percentage points every year. By 2025, it should drop to less than 13%. A reduction in the dosage of soybean meal in feed will cause an increase in the dosage of mixed meal. The addition of feed amino acids should be increased to ensure the overall amino acid balance in feed and improve feed efficiency. The soybean meal reduction plan has increased demand for feed amino acids. With technological improvements and the expansion of production capacity, demand for minor amino acids will grow rapidly upon the decrease in their costs, thereby developing more space for formulation dosage.

(1) Lysine

According to the preliminary statistics of Boyar, the global production capacity for lysine (converted to 98% lysine, which applies hereinafter) was 4.593 million tons in 2023, up 14.5%; China's production capacity for lysine was 3.502 million tons, up 16.9% year-on-year. According to estimation, the global production of lysine was 3.461 million tons in 2023, up 2.7% year-on-year; China's production of lysine was 2.825 million tons, up 10.7% year-on-year, which accounted for 81.6% of the global production, up 5.9 percentage points compared with 2022. In 2023, the operating rate for the global lysine industry was about 75.4%, down 8.7 percentage points year-on-year; the operating rate for China's lysine industry was 80.7%, down 4.6 percentage points year-on-year.

According to the estimation of Boyar, the number of lysine manufacturers around the world reached 20 in 2023. With production expansion in the existing enterprises and capacity optimization in some manufacturers, the overall production capacity maintained growth, and industrial competition was fierce and market prices were weak. In the first half of 2023, lysine exports declined, and the average price of 98% lysine was 8.69 yuan/kg, down 8.72% from the previous period and down 28.65% year-on-year; the average price of 70% lysine was 5.58 yuan/kg, down 13.49% from the previous period and down 15.84% year-on-year. In the second half of 2023, under the impact of the supply and demand landscape and manufacturers' sales strategies, the prices and profitability of lysine hydrochloride (98% lysine) and lysine sulfate (70% lysine) presented different trends. Exports of 98% lysine increased, causing the price to rebound and the industry to make profits. The supply of 70% lysine increased, causing a continuous decrease in the price, and the industry remained at a loss for most of the months of the year (without the offset of byproducts).

The Company is the enterprise with the biggest production capacity for lysine. The falling lysine price caused a decrease in the Company's main business revenue and profit. In the future, the Company will capitalize on its advantages in the production, technology, and sales of lysine to improve the overall profitability of the lysine industry.

(2) Threonine

According to the statistics of Boyar, the global production capacity for threonine was 1.235 million tons in 2023, up 17.3% year-on-year; China's production capacity for threonine was 1.145 million tons, up 20.5% year-on-year. The global production of threonine was 950,000 tons, up 3.3% year-on-year; China's production of threonine was 900,000 tons, up 7.1% year-on-year, accounting for 95% of the global production of threonine. European customers overbought threonine previously. Hence, they mainly digested their inventory in the first half of 2023. With the consumption of inventory in the first half of 2023, China's exports of threonine recovered. Hence, the exports were weak in the first half of 2023 and strong in the second half. According to estimation, China exported 540,000 tons of threonine in 2023, representing a slight decrease of 0.9% year-on-year; the domestic supply was 360,000 tons, up 22% year-on-year.

The threonine industry features a high concentration, with its supply concentration CR4 maintaining between 88% and 91% for five years in a row. To improve the profitability of the industry, the leading enterprises raised the price and adopted a strategy of tie-in sales. The market price of threonine was adjusted to a higher level from the third quarter onwards, causing the whole industry to make profits, and the profits were getting bigger gradually, with the annual average profit growing by approximately 33% year-on-year.

During the Reporting Period, a new production line at the Tongliao Base was put into production. After it was put into production, the Company's market share of threonine globally was estimated to be 40% to 45%. To sell as much as production and improve profits from products, the Company made plans in advance. Based on changes in supply and demand, the Company grasped favorable market opportunities to raise the price, providing support for gaining stable income and profits in 2023.

(3) Valine

The promotion of low-protein diet technology and the reduction and substitution of soybean meal are further boosting rapid growth in the consumption of minor amino acids, including tryptophan, arginine, valine, and isoleucine. With technological improvements and the expansion of production capacity, the prices of minor amino acids are getting reasonable, developing space for formulation dosage.

In 2023, the valine industry welcomed explosive growth in production capacity. According to the statistics of Boyar, as of the end of 2023, there were 13 valine manufacturers, and the production capacity increased to about 281,000 tons, causing the market supply to further exceed demand. In terms of the product price, in the first half of 2023, the valine price remained high. From the third quarter onwards, due to an increase in market supply, the valine price at the end of July fell to 17 yuan/kg; in the same month, due to an increase in the soybean meal price, manufacturers' quotations rebounded instead of dropping further. However, due to the continuously weakening end-user demand, end users did not have a strong intention to place more orders. As of mid-to-late December, some manufacturers offer a quotation of less than 16 yuan/kg. In 2023, the average market price of valine was 23.03 yuan/kg, down 0.42% year-on-year. It is estimated that the production capacity for valine will continue to increase in 2024.

During the Reporting Period, the anaerobic fermentation technology developed by the Company in collaboration with external research institutions was implemented in production. It markedly improved the metabolism efficiency of microbial strains to an industrial leading level. Compared with traditional technologies, the new technology features a more streamlined process and brings higher production efficiency and excellent product quality while having a considerably lower impact on the environment. The fact that anaerobic valine products were put into production is a hallmark that the Company has mastered both aerobic and anaerobic fermentation technologies in valine technology and production. The increase in production capacity for valine has enriched the Company's product spectrum and improved its competitiveness in the amino acid industry.

It is estimated that production capacity for minority amino acids will be at a stage of rapid growth in the coming two years. While some projects might stagnate due to fast market changes, a substantial increase in production capacity is bound to happen. Competition will drive technological improvements and a decrease in cost and price, thus further developing room for more consumption of minority amino acids.

Analysis of Business Information in the Food Industry

1 Composition of Main Business during the Reporting Period

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Main business performance during the Reporting Period by product						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Flavor enhancer	8,750,162,248.82	7,062,998,745.11	19.28	-5.99	-5.94	-0.04
Feed amino acid	10,323,499,472.69	9,160,000,784.01	11.27	-0.77	6.48	-6.04
Pharmaceutical amino acid	562,658,107.07	409,339,493.72	27.25	2.25	12.40	-6.56
Major raw material byproduct	4,872,429,249.28	4,075,179,642.71	16.36	-7.11	22.26	-20.10
Others	2,929,762,537.79	1,324,694,436.33	54.78	31.03	38.70	-2.50
Subtotal	27,438,511,615.65	22,032,213,101.88	19.70	-1.10	6.11	-5.45
Main business performance during the Reporting Period by sales model						
Sales model	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Direct sales	16,074,229,725.88	13,305,934,621.21	17.22	-5.50	3.99	-7.55
Sales via agency	11,364,281,889.77	8,726,278,480.67	23.21	5.88	9.51	-2.55
Subtotal	27,438,511,615.65	22,032,213,101.88	19.70	-1.10	6.11	-5.45
Main business performance during the Reporting Period by region						
Region	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue from prior year (%)	Change in operating costs from prior year (%)	Change in gross profit margin from prior year (%)
Domestic	18,966,892,718.66	15,754,837,487.69	16.94	-0.66	7.82	-6.53
Foreign	8,471,618,896.99	6,277,375,614.19	25.90	-2.06	2.03	-2.97
Subtotal	27,438,511,615.65	22,032,213,101.88	19.70	-1.10	6.11	-5.45
Total	27,438,511,615.65	22,032,213,101.88	19.70	-1.10	6.11	-5.45

2 Profit from Online Sales Channels during the Reporting Period

☐ Applicable √ Not applicable

(V) Analysis of Investment

Overall analysis of external equity investment

√ Applicable ☐Not applicable

Investee	Proportion of shareholding in investee (%)	Book balance			
		Opening balance	Increase	Decrease	Closing balance
Bank of Tibet	4.2414	157,000,000.00			157,000,000.00
Xinjiang Huier Agriculture Group Co., Ltd.	9.4044	30,000,000.00		30,000,000.00	-
AIM Vaccine Corporation	4.1286	1,062,991,300.00	-707,299,950.00		355,691,350.00
SenseUp GmbH		5,472,600.59		5,472,600.59	-
Tongliao Desheng Bio-tech Co., Ltd.	49	12,005,325.58	214,371.65		12,219,697.23
Beitun Zefeng Agricultural Development Co., Ltd.	33.33	6,890,969.08	1,631,564.33	1,800,000.00	6,722,533.41
Total		1,274,360,195.25	-705,454,014.02	37,272,600.59	531,633,580.64

1. Significant equity investment

☐ Applicable √ Not applicable

2. Significant non-equity investment

☐ Applicable √ Not applicable

3. Financial assets measured at fair value

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Asset type	Opening amount	Gains or losses on changes in fair value for the Reporting Period	Accumulated fair value changes included in equity	Impairment accrued during the Reporting Period	Purchase amount for the Reporting Period	Sales/repurchase amount for the Reporting Period	Other changes	Closing amount
Trust products	29,747,999.99	9,861,128.57			550,000,000.00	589,609,128.56		-

Private equity	45,174,193.03	-15,207,391.70						29,966,801.33
Derivatives	15,431,100.00	-54,755,897.14				-39,524,797.14		200,000.00
Others	1,474,591,251.55	-693,567,411.59	6,691,350.00	-5,621,428.73	2,766,387,860.96	2,773,885,144.05	-48,422,870.62	715,114,519.98
Total	1,564,944,544.57	-753,669,571.86	6,691,350.00	-5,621,428.73	3,316,387,860.96	3,323,969,475.47	-48,422,870.62	745,281,321.31

Securities investment

☐ Applicable √ Not applicable

Explanation of securities investment

☐ Applicable √ Not applicable

Private equity investment

☐ Applicable √ Not applicable

Derivatives investment

☐ Applicable √ Not applicable

4. Progress of the restructuring and integration of material assets during the Reporting Period

☐ Applicable √ Not applicable

(VI) Sale of Material Assets and Equity

☐ Applicable √ Not applicable

(VII) Analysis of Major Holding and Joint Stock Companies

√ Applicable ☐Not applicable

The Company's subsidiary Tongliao Meihua mainly produces MSG and amino acids, which is classified as the manufacturing industry. Its registered capital is 1.8 billion yuan, and its legal representative is Gong Hua. As of December 31, 2023, Tongliao Meihua had 7.362 billion yuan in total assets and 4.736 billion yuan in net assets and realized a revenue of 10.02 billion yuan and net profits of 1.01 billion yuan.

The Company's subsidiary Xinjiang Meihua mainly produces amino acids, which is classified as the manufacturing industry. Its registered capital is 2.5 billion yuan, and its legal representative is Wang You. As of December 31, 2023, Xinjiang Meihua had 6.149 billion yuan in total assets and 4.815 billion yuan in net assets and realized a revenue of 8.096 billion yuan and net profits of 1.539 billion yuan.

The Company's subsidiary Jilin Meihua mainly produces MSG and amino acids, which is classified as the manufacturing industry. Its registered capital is 2 billion yuan, and its legal representative is Zhang Jinlong. As of December 31, 2023, Jilin Meihua had 6.295 billion yuan in total assets and 3.079 billion yuan in net assets and realized a revenue of 7.928 billion yuan and net profits of 421 million yuan.

(VIII) Structured Entities Controlled by the Company

☐ Applicable √ Not applicable

VI. The Company's Discussion and Analysis of its Future Development

(I) Industrial Landscape and Trend

√ Applicable ☐Not applicable

In recent years, the amino acid industry has developed rapidly, with a strong impetus for the expansion of the global production capacity and increasingly fiercer industrial competition. By product, the industrial landscape for threonine and glutamic acid is relatively stable, while it requires further integration for lysine because of the great number of manufacturers at home and abroad. For major amino acids, the existing enterprises have a stronger voice in the industry due to their first mover's advantage, scale advantage, and cost advantage; for minor amino acids, the promotion of low-protein diet technology and the reduction and substitution of soybean meal further drive fast growth in the dosage of minor amino acids, including tryptophan, arginine, valine, and isoleucine. With technological improvements and the expansion of production capacity, demand for minor amino acids will grow rapidly upon the decrease in their costs, thereby developing more space for formulation dosage. It is estimated that production capacity for minority amino acids will be at a stage of rapid growth in the coming two years. While some projects might stagnate due to fast market changes, a substantial increase in production capacity is bound to happen.

With the development of synthetic biotechnology and the increasingly maturation of mass bio-manufacturing technology, enterprises are paying greater attention to spending on R&D technology and intellectual property protection. The production of products is developing towards the high-quality manufacturing industry, and leading enterprises are starting to push for the development of information-based, intelligent, and standard factories.

(II) The Company's Development Strategy

√ Applicable ☐Not applicable

The Company's development strategy remains unchanged: 1) focusing on the high-quality growth of the main business, striving to become a leading enterprise in synthetic biology, ensuring the sustainable growth of profitability, and becoming the most competitive industrial leader, and building a smart factory and a lighthouse factory in the amino acid industry; 2) driven by both technology and management, strengthening the Company's defense line through the concerted efforts of its R&D, supply, production, sales, and all functional departments; 3) persisting in creation and sharing, sticking to a customer-centered approach, and upholding the principle of integrity.

The Company has large-scale bio-manufacturing capabilities, which are essential to application development and product implementation in synthetic biology and are scarce resources in synthetic biology globally. Its large-scale bio-manufacturing capabilities cover a number of areas, including biotechnology, process capabilities, engineering capabilities, and production management. In the future, the Company will strengthen cooperation with global top biotech companies and institutions and comb through technology-wise and product-wise opportunities in basic synthetic biotechnology, precision fermentation, and non-grain fermentation technology. Based on its globally leading capabilities for underlying engineering, process amplification, and mass production, the Company will continue to promote the absorption and implementation of advanced production and R&D technology and new products.

Later on, the Company will promote project progress flexibly by a combination of means and establish cooperation using different models based on the different development stages, technical features, and business models of the projects. In addition to the traditional technology licensing model, the Company will establish project-based cooperation by means of joint ventures, minority equity investment, and M&A in a bid to expand strategic channels for the acquisition of new technologies and new products.

(III) Business Plan

√ Applicable ☐Not applicable

In 2024, the Company will continue to increase input on organizational development, institutional improvements, and technology R&D, promote the standardization of production, purchase, sales, and finance, improve production automation, perform fine operations and management, and complete construction projects as per the plan to achieve sustainable growth in sales revenue.

In 2024, the Company will strive to boost internal cultural development while accomplishing the budget goal. In terms of organizational development, the Company will carry on the organizational culture of "creation and sharing," continuously improve its HR management system, give play to the subjective initiative of leaders and employees at all levels, reform the performance appraisal by adding a process performance design, and step up efforts to build the reserve talent pool, thereby building a talent team for the construction of factories overseas. In terms of the distribution of production capacity, the Company will complete the survey and selection of overseas sites. In 2024, the MSG production expansion project at Tongliao Base and the project of technological improvements for isoleucine at Xinjiang Base will be completed and put into production, and the conditions will be met for the commencement of the lysine project at Jilin Base.

(IV) Potential Risks

√ Applicable ☐Not applicable

1. Fluctuations in the prices of main products and risk of market competition

The prices of the Company's main products, including threonine, lysine, and xanthan gum, experienced great fluctuations during the Reporting Period. At present, the market competition pattern of the industry that the Company is engaged in is relatively stable. However, all enterprises in the industry are expanding business vertically and horizontally to increase their market share of existing products and gain the first mover's advantage for new products. The Company also has a plan to improve technology or expand production capacity in 2024. In the future, product prices might drop substantially due to a variety of factors, including the prices of raw materials, fiercer market competition, and changes in downstream demand, which will have an adverse impact on the Company's profitability.

As the Company's business volume increases, its asset size will increase, and its service capabilities will improve, which will pose new tests to the Company's existing management level, organizational structure, and business processes. In the future, if the Company's management capabilities cannot keep up with the expansion of its business scale or maintain high efficiency, it might be subject to risks such as rising operating costs and declining profitability.

2. Risk of overseas market sales

During the past three years, the Company's revenue from overseas sales was 6.229 billion yuan, 8.65 billion yuan, and 8.472 billion yuan, respectively, accounting for 27.68%, 31.18%, and 30.87% of the main business revenue, respectively. For overseas sales, the Company is required to comply with the laws and regulations of the countries and regions where the customers are located, meet the local requirements for supplier qualifications, and conform to the customers' requirements for products.

(1) Additional trade restrictions, increasing costs, and sanctions will have a negative impact on the Company's business in overseas regions. Specifically, the factors include imposing additional tariffs and import duties, setting quotas and other non-tariff barriers, import and export restrictions, license restrictions, and exercising sanctions, as well as other retaliatory measures. The negative impact of such events on the Company might involve multiple aspects, including reputation and product sales, as well as existing legal and financial arrangements, thus adversely impacting the Company's business development. For example, the European Union, the U.S., Indonesia, and Vietnam have launched anti-dumping investigations against China for the export of MSG.

(2) The trade tension between China and the U.S. might affect the export of some products. As the U.S. government imposes restrictions on commodities and trade with China, the prospects for future trade between the two countries are uncertain. The U.S. President signed the "Uyghur Forced Labor Prevention Act" (hereinafter referred to as the "Act") on December 23, 2021 (U.S. time). After the Act was passed, the U.S. imposed restrictions on the import of products produced in Xinjiang to the U.S. Further escalations in the China-U.S. trade tension and other tensions, or news or rumors on such escalations, may bring uncertainties to export, thereby affecting the Company's business operations.

3. Risk of environmental compliance

The Company's subsidiaries, Tongliao Meihua, Xinjiang Meihua, and Jilin Meihua, are all classified as key pollutant discharge entities by the environmental authorities. The Company's main products are produced through biological methods, and the production process will produce certain amounts of waste water, waste gas, and waste residue. The Company strictly implements the laws and regulations represented by the Environmental Protection Law of the People's Republic of China. Based on the actual status of its environmental protection, the Company has published the Management Policy for Odors to Steadily Achieve Standards and the Management Policy for the Stable Operations of Wastewater Workshops. Al production bases strictly implement the Company's requirements and have formulated internal management documents, including the Management Policy for Environmental Protection, the Policy for the Monitoring of Environmental Protection, the Policy for Education and Training on Environmental Protection, and the Policy for the Inspection of Environmental Protection. They perform environmental management in accordance with the principles of prioritizing prevention, controlling pollution sources, performing end treatment, discharging up to standards, and the accountability system. If the Company has any major accident of environmental pollution due to factors such as inadequate management or force majeure, it will be subject to the punishments of the environmental authorities and even be required to suspend production and make rectifications, thus having an adverse impact on the Company's operations. In addition, if the national environmental policies put forward stricter requirements, the Company must increase spending on environmental protection to meet the regulatory requirements of national and local environmental authorities for companies' daily operating activities. Hence, the Company's operating costs might also rise.

During the Reporting Period, the Xinjiang Company was given multiple administrative punishments by the local environmental authority due to the excessive unorganized emissions of boundary odors. The incidents reflected the fact that the production management personnel at the production base slacked off, were not serious enough with management, and failed to run environmental facilities according to the Company's standards. The Company attached great importance to the incidents and strictly implemented the accountability system. It addressed all problems, further inspected the factory, identified the location of odors, allocated funds for treatment, developed solutions, and specified the rectification goal, measures, responsible personnel, and time limit for deep treatment of the odors.

4. Risk of production safety

It takes long production processes to produce the Company's main products. From corn sieving and soaking at the start to the fermentation and extraction of amino acids, it requires the use of steam with the specified pressure, power supply facilities with various voltage levels, and special equipment. Further, the production involves the storage and use of such liquids as liquid ammonia and vitriol. The Company has formulated the Management Policy for Production Safety strictly in accordance with the requirements for internal control, implements safety accountability for all departments and subsidiaries, and has established comprehensive policies and processes for production safety. However, with the continuous expansion of its business scale and the aging of its facilities and equipment in the future, if the Company cannot strictly implement all safety management measures at all times, continuously improve staff abilities and awareness for production safety, or maintain and update relevant facilities and equipment, it will still face a risk of safety accidents, which will cause significant losses to employees' personal safety and the Company's property safety, thereby having an adverse impact on the Company's operations. In the event of a serious accident, it might cause disruption to the Company's business operations and increase operating costs, thus affecting its business performance.

5. Risk of change in the industrial regulatory environment

The Company is mainly engaged in the R&D, production, and sales of amino acid products, and the products are mainly applied in food, feed-based breeding, pharmaceutical and health, and daily chemical areas. In its industry, the Company is subject to the regulation of such competent authorities as the NDRC, the Ministry of Industry and Information Technology, and the Ministry of Agriculture and Rural Affairs. To ensure the safety, effectiveness, and controllability of products, China has formulated a suite of legal and regulatory documents that stipulate strict standards for the production licensing, quality management, and registration management of relevant products. Also, developed countries and regions, such as the EU, have developed higher access requirements for the products entering them. If there is any significant change in the industrial policies or access policies in relevant countries or regions in the future, or if the Company is unable to make timely operational adjustments to adapt to the change, it will have an adverse impact on the Company's normal production and operating activities.

6. Technical risk

(1) Risk of the leakage of core technology or the loss of core technical personnel

The Company has developed an advantage in core technology in strain culture, fermentation control, separation and extraction, and purification, and accumulated rich experience in industrialization. The Company has gained satisfying economic returns by promoting the effective commercialization of scientific and technological improvements. Meanwhile, the patents that the Company has been granted and the patents that it is applying for cover a spectrum of production stages, including strain culture, fermentation control, separation and extraction, application extension, and the whole chain of core technology. In consideration of the importance of core technology, the Company attaches great importance to technological innovation and development. It has set up a designated research team equipped with designated research personnel to take charge of its technological development. The Company retains its core technical team by entering into long-term contracts and offering competitive remuneration and benefits, and signs a non-disclosure agreement with staff members who have knowledge of core technology to prevent the leakage of core technology. However, with the expansion of its business scale, the Company still faces a risk from the diffusion of its core technology, thus having an adverse impact on its business performance. With the burgeoning of the biological industry in China, high-calibre technical talents are in increasing shortage and are being competed for by the Company's competitors. If the Company has a serious brain drain and cannot guarantee a stable technical team internally, it might have an adverse impact on the Company's product development, production, and operations.

(2) Risk of the development and promotion of new products

The development and promotion of new products help the Company maintain its competitive edge. The Company always values independent innovation and technological development. In the future, the Company will continue to develop more products that are technologically leading and can be applied in different areas through technological innovation and development. However, the development of new technologies and new products has inherent risks, such as long cycles and heavy investments. While the Company has built a mature system for technological development and hired professional R&D personnel, the possibility of failure in product R&D cannot be ruled out. In addition, the question of whether a new product, upon successful development, can be quickly introduced to the market depends on a variety of internal and external factors, including the Company's marketing capabilities as well as the downstream application market. Hence, the Company faces uncertainties in terms of whether it can gain economic returns from new products as soon as possible. If the Company cannot gain accurate knowledge of the trend of technological development or reduce various risks in product and technology development in the future, it might face such risks as failed product development, failure to launch new products as per the plan, or products failing to meet market requirements, which will have an adverse impact on the Company's operations.

7. Financial risk

(1) Risk of fluctuations in exchange rate

The Company's exports are mainly settled in US dollars. In 2023, the Company realized a revenue of 8.472 billion yuan. The Company is engaged in the trading of financial derivatives to reduce the risk of fluctuations in dollar-currency exchange rates. The Company has credit lines for financial derivative business with multiple cooperating banks. The Company trades financial derivatives by occupying credit lines. The occupied credit lines are associated with the product term and category, and the Company operates within the bank's credit line. Exchange rates usually change with changes in domestic and foreign political situations and the global economic environment and thus present great uncertainties. If there are greater fluctuations in exchange rates and the Company cannot match its foreign trade and forward exchange settlement, it will have an adverse impact on the Company's business performance.

(2) Risk of change in corporate income tax policies

The Company's wholly-owned subsidiaries, Tongliao Meihua and Xinjiang Meihua, are entitled to the corporate income tax at a rate of 15% for encouraged industrial enterprises incorporated in the western region from January 1, 2021, to December 31, 2030, in accordance with the provisions of the

Announcement on Extending the Corporate Income Tax Policy for Western Development (2020 No. 23) published by the Ministry of Finance, the State Taxation Administration, and the NDRC. On September 28, 2021, Jilin Meihua was recognized as a hi-tech enterprise by the Jilin Provincial Leadership Group for Managing the Recognition of Hi-Tech Enterprises and obtained a hi-tech enterprise certificate with the document No. GR202122000280, which is valid from September 28, 2021, to September 27, 2024. In 2023, Jilin Meihua was entitled to a corporate income tax rate of 15%. If there is any change to the aforementioned tax preference policies in the future, or if the Company cannot be continuously recognized as a hi-tech enterprise upon the expiration of the tax preference, it will cause an increase in the Company tax payment, which in turn has an adverse impact on the Company's performance.

8. Risk of dispute on intellectual property

Industrially leading enterprises that have mastered advanced technologies usually set high access barriers by means such as patent applications to maintain their technological advantages and competitiveness and prevent the risk of the leakage of technology. The Company always prioritizes the development of independent intellectual property and has thus built a science-based R&D system and an intellectual property protection system. Given the increasingly fiercer competition among companies in the industry, if the Company fails to protect its self-owned intellectual property from being infringed upon, or if the Company infringes upon others' intellectual property in the process of schematic design or product development due to management omissions or other factors, the Company might face the risk of litigation or disputes on intellectual property. Additionally, if any competent authority holds that the Company infringes upon intellectual property, or if any intellectual property owned by the Company is held to be invalid, it may also affect the production and sales of the Company's relevant products, thereby having an adverse impact on the Company's business development.

(V) Miscellaneous

☐ Applicable √ Not applicable

VII. Explanation of circumstances where the Company does not disclose information according to the standards due to special reasons, such as the standards not applicable to the Company or the information classified as state secret or trade secret, and the reasons

☐ Applicable √ Not applicable

Section 4 Corporate Governance

I. Information of Corporate Governance

√ Applicable ☐Not applicable

In 2023, based on the annual key work plan for audit, the Company used the internal control method to perform closed-loop inspections on its important business areas, including funds, entrusted storage, purchases, sales, assets, inventory, costs, engineering, and human resources, oriented towards risk control. The Company mainly diagnosed deficiencies and omissions in daily management in business process compliance, waste, and losses, and assisted in controlling, reducing, transferring, and averting risks for business, thereby effectively reducing and avoiding business risks. At the same time, the Company continued to improve its internal control system and risk management, which played a positive supporting role in its operations management.

During the Reporting Period, the Company strengthened inspections and supervision over the management of entrusted corn storage projects at the three production bases and strictly implemented the management standards for entrusted corn storage. Meanwhile, the Company advised the purchase department to take advantage of market opportunities and choose to cooperate with high-quality suppliers, which reduced the cooperation risk to a certain extent. The inspection results showed that the outgoing quality of corn under entrusted storage and the storage facilities and equipment were improving year by year. The Company also conducted training and made rectifications for problems that were identified, and improved the management mechanism for the approval process for storage location changes.

During the Reporting Period, the Company's audit department and asset management performed a joint inspection of assets. The inspection results and rectifications were included in the quarterly appraisal management of the asset management office, which effectively promoted the closed-loop management of the accounting process and problems with assets at the production bases, consolidated the basic management of assets and basic work for ensuring consistency between accounting records and reality, and strengthened the daily performance of duties in asset accounting. The inspection results showed that the foundation for asset management at the production bases was getting stronger. For the problems identified, the audit department will continue to strengthen control and perform inspections and monitoring in 2024.

During the Reporting Period, the Company conducted special audit checks of accounts receivable for its sales and accounts payable for its purchases. The results showed that the risk of the sales business was basically controllable. The Company constantly strengthened daily compliance management and job training and consolidated internal control and basic management of sales. The purchase risk at the three production bases was concentrated in the hardware, engineering, and corn businesses. The purchase offices of the production bases strictly implemented the management processes and requirements of the Purchase Handbook of the Company and the Supplier Quality Management Policy to strengthen the internal control and management of purchases. They also built a daily internal inspection mechanism to immediately correct any deviations in daily activities.

Based on the Company's sustainable development planning, the audit department identified and teased out the planning, supporting, operations, assessment, and improvement processes required for the anti-bribery management system in accordance with the ISO 37001:2016 standard. The audit department specified the requirements for the operational control of bribery risk and established the Anti-bribery Management System and the Management Process, which stipulated the assessment and rating of bribery risk. By organizing risk assessments, the Company formed a sheet containing the criteria for the levels of bribery risk. The Company successfully passed the external review three months after the trial of the system, which strengthened internal and external compliance management to a certain extent.

During the Reporting Period, the audit department proactively organized and assisted Da Hua CPAs LLP in conducting an inspection and evaluation of internal control for 2023, and no major defects were identified. For general defects that were identified, the audit department developed rectifications with the business divisions, and all rectifications were completed.

In 2023, the Company kept developing and improving internal control policies and effectively implemented them in accordance with the requirements of the Basic Specifications for Internal Control of Enterprises and based on its operational characteristics. The policies fit the Company's existing management requirements and development needs and could provide a beneficial guarantee for the sound operations of its business and the control of its operational risk. Overall, the Company's internal control was complete, reasonable, and effective without any major defects. It played a managerial and controlling role in all the Company's operations management processes and key links, thus ensuring the long-term and stable development of the Company.

Are there any significant differences between the Company's corporate governance and the laws, administrative regulations, and the CRSC's rules on the governance of listed companies? If yes, state the reasons.

☐ Applicable √ Not applicable

II. The Company's controlling shareholder's and actual controller's specific measures that ensure the Company's independence in assets, personnel, finance, institution, and business, as well as solutions, work progress, and subsequent work plans that affect the Company's independence

☐ Applicable √ Not applicable

Circumstances where the controlling shareholder, the actual controller, or other entities under their control are engaged in the same or similar business as the Company, or the impact of the competitive business or a substantial change in the competitive business on the Company, the countermeasures taken, the progress of the countermeasures, and subsequent plans for solving the issue

☐ Applicable √ Not applicable

III. Overview of General Meetings

Meeting	Date	Search index of the designated website on which the resolution was published	Resolution disclosure date	Resolutions
1st extraordinary general meeting of 2023	January 6, 2023	http://www.sse.com.cn	January 7, 2023	The Proposal on the Company's Employee Stock Ownership Plan for 2023 and its Summary, the Proposal on Management Measures for the Company's Employee Stock Ownership Plan for 2023, and relevant proposals on the election of the directors, supervisors, and officers for the 10th session were deliberated and approved at the meeting.
Annual general meeting of 2022	March 28, 2023	http://www.sse.com.cn	March 29, 2023	The Proposal on the Work Reports of the Board of Directors and the Board of Supervisors for 2022, the Proposal on the Annual Report of 2022 and its Summary, the Proposal on the Financial Report of 2022, the Proposal on the Company's Profit Distribution Plan for 2022, the Proposal on

				Estimated Guarantees Provided to Wholly-owned Subsidiaries in 2023, the Proposal on Engagement in the Trading of Financial Derivative Business, and the Proposal on the Company's Major Investment Plans for 2023 were deliberated and approved at the meeting.
2nd extraordinary general meeting of 2023	April 28, 2023	http://www.sse.com.cn	April 29, 2023	The Proposal on Changing the Company's Registered Capital the Proposal on Amending Some Terms of the Articles of Association, the Proposal on Repurchasing the Company's Shares by Means of Centralized Bidding, and the Proposal on Requesting Authorization from the Annual General Meeting for Handling the Repurchase of the Company's Shares were deliberated and approved at the meeting.

Any extraordinary general meeting convened at the request of preferred shareholders with restored voting rights

☐ Applicable √ Not applicable

Explanation of general meetings

√ Applicable ☐Not applicable

During the Reporting Period, the Company held three general meetings, including one annual general meeting and two extraordinary general meetings. There was no rejection of proposals at the general meetings.

IV. Information of Directors, Supervisors, and Officers

(1) Changes in the shares held by and remuneration of the directors, supervisors, and officers currently in office and those who resigned during the Reporting Period

√ Applicable ☐Not applicable

Unit: share

Name	Position	Gender	Age	Start date of term of office	End date of term of office	Number of shares held as at the beginning of the year	Number of shares held as at the end of the year	Change in the shares	Reasons for the change	Total before-tax remuneration received from the Company during the Reporting Period (‘0000 yuan)	Any remuneration received from a related party of the Company
Wang Aijun	Chairman	F	52	January 16, 2017	January 6, 2026	71,316,274	71,316,274	0		1,226	No
He Jun	Director and General Manager	M	50	January 16, 2017	January 6, 2026	23,449,758	23,449,758	0		1,145	No
Liang Yubo	Director and Deputy General Manager	M	60	January 16, 2017	January 6, 2026	53,668,518	53,668,518	0		1,083	No
Lu Chuang	Independent Director	M	44	January 6, 2023	January 6, 2026	0	0	0		20	No
Liu Xinghua	Independent Director	M	57	January 6, 2023	January 6, 2026	0	0	0		20	No
Chang Libin	Chairman of Board of Supervisors	M	55	January 16, 2017	January 6, 2026	0	0	0		1,773	No
Liu Qiang	Supervisor	M	54	January 6, 2023	January 6, 2026	0	0	0		66	No
Liu Xiaojing	Staff Supervisor	F	49	January 6, 2023	January 6, 2026	0	0	0		54	No
Wang You	Deputy General Manager	M	49	January 16, 2017	January 6, 2026	294,600	294,600	0		568	No
Wang Lihong	CFO	F	43	September 6, 2019	January 6, 2026	62,400	62,400	0		119	No
Liu Xianfang	Board Secretary	F	40	January 16, 2017	January 6, 2026	156,600	156,600	0		97	No
Total	/	/	/	/	/	148,948,150	148,948,150	0	/	6,171	/

Explanation of the statistical basis for the “total before-tax remuneration received from the Company during the Reporting Period:” In previous annual reports, the statistical basis is the remuneration (before tax) paid to the directors, supervisors, and officers in the payroll for a complete accounting year. In the 2023 annual report 2023, the accrual basis is used. In other words, the total before-tax remuneration (before tax) of the directors, supervisors, and officers for 2023 is not inclusive of the amount deferred to the Reporting Period but is inclusive of the amount deferred to subsequent years.

Name	Main working experience
Wang Aijun	Her previous positions include general manager of Meihua MSG and director and general manager of Meihua Group. She is the chairman of Meihua Group now.
He Jun	His previous positions include plant director and department manager at Meihua MSG and director and general manager of Meihua Group. He is a director and the general manager of Meihua Group now.
Liang Yubo	His previous positions include department manager and general manage of the marketing center at Meihua MSG and director and deputy general manager of Meihua Group. He is a director and the deputy general manager of Meihua Group now.
Liu Xinghua	He was born in 1967 and is a Chinese national and of the Han ethnic group. He is a member of the CPC and a distinguished professor at TongJi University. He holds a PhD in management. From November 2021 until now, he has been a distinguished professor at TongJi University and has been engaged in the research and teaching of economic theories. Mr. Liu Xinghua has served as Independent Director at Lihuayi Weiyuan Chemical Co., Ltd. (short stock name: Weiyuan; stock code: 600955) since December 2021. Mr. Liu Xinghua is not associated with the Company's actual controller and does not hold any shares in any listed companies. He has obtained the qualification certificate for independent directors from the Shanghai Stock Exchange. He is an independent director at the Company now.
Lu Chuang	He was born in 1980 and is a Chinese national and of the Han ethnic group. He is a member of the CPC. He holds a PhD in management. He has been a professor at the School of Accountancy at the Central University of Finance and Economics since 2015. Mr. Lu Chuang has been an independent director at Beijing Bashi Media Co., Ltd. (short stock name: Beiba Media; stock code: 600386) since June 28, 2022; an independent director at Ourpalm Co., Ltd. (short stock name: Ourpalm; stock code: 300315) since January 25, 2021; an independent director at China Isotope & Radiation Corporation (short stock name: CIRC, 01763.HK) since February 25, 2021; and an independent director at Huiying Medical Technology (Beijing) Co., Ltd. (short stock name: Huiying Medical; stock code: 874245) since December 17, 2021, and he resigned in May 2023. Mr. Lu Chuang is not associated with the Company's actual controller and does not hold any shares in any listed companies. He has obtained the qualification certificate for independent directors from the Shanghai Stock Exchange. He is an independent director at the Company now.
Chang Libin	He was born in 1969 and is a Chinese national and of the Han ethnic group. He joined the former Meihua Group in February 2005 and served as head of engineering at the Company's Tongliao Base, head of project technology at Xinjiang Company, and head of the engineering company. Now he serves as head of the minority product business division and chairman of the board of supervisors of the Company.
Liu Qiang	He was born in 1970 and is a Chinese national and of the Han ethnic group. He joined the former Meihua Group in 1999 and served as executive deputy general manager of the marketing center, head of the food raw materials office at the sales company, and head of the sales department for domestic sales of food. Now he serves as sales manager at the sales company and supervisor at the Company.
Liu Xiaojing	She was born in 1975, and her native place is Baoding, Hebei. She joined Meihua Hebei in 2001. Her previous positions include senior manager of the finance office at Tongliao Meihua and head of the finance office at Tongliao Meihua. Now she serves as project head at the asset management office of the finance department and staff supervisor of the Company.

Wang You	He was born in 1975 and is a Chinese national. He holds a bachelor's degree and is a member of the CPC. He joined Meihua MSG in July 2002. His previous positions include manager of the production office, manager of the amino acid project department, production manager for eastern Tongliao, and deputy general manager at Tongliao Meihua. Now he serves as general manager of the Xinjiang Base and deputy general manager of the Company.
Wang Lihong	She was born in 1981 and is a Chinese national. She is a member of the CPC. She graduated from Tianjin University of Commerce as a major in accounting. She is a certified public accountant. Since 2005, she has served as an accountant, accounting supervisor, accounting manager, and general ledger accountant in the finance department of Meihua Group. She has extensive experience and expertise in financial accounting, financial analysis, and financial management. Now she is the CFO of the Company.
Liu Xianfang	She was born in 1984 and is a Chinese national. She holds a bachelor's degree. She joined the Company in July 2006. Her previous positions include information disclosure specialist, information disclosure supervisor, and corporate securities representative in the securities department of the Company. She is the board secretary of the Company.

Other information

√ Applicable ☐Not applicable

Due to the expiration of the term of the ninth session of the board of directors and the board of supervisors, the Company held the first extraordinary general meeting of 2023 on January 6, 2023. Directors for the tenth session of the board of directors and supervisors for the tenth session of the board of supervisors were elected at the meeting. On the same day, the Company held the first meeting of the tenth session of the board of directors and the first meeting of the tenth session of the board of supervisors, where the chairman for the tenth session of the board of directors, the chairman for the tenth session of the board of supervisors, and members for the special committees under the board of directors were elected, and officers were appointed. For details, refer to the related announcements published by the Company on the website of the Shanghai Stock Exchange.

(2) Positions held by the directors, supervisors, and officers currently in office and those who resigned during the Reporting Period

1. Positions held in shareholders

☐ Applicable √ Not applicable

2. Positions in other entities

√ Applicable ☐Not applicable

Name of personnel	Name of entity	Position in the entity	Start date of the term of office	End date of the term of office
Lu Chuang	Ourpalm Co., Ltd.	Independent Director	January 25, 2021	
	China Isotope & Radiation Corporation	Independent Director	February 25, 2021	
	Beijing Bashi Media Co., Ltd.	Independent Director	June 28, 2022	
	Huiying Medical Technology (Beijing) Co., Ltd.	Independent Director	December 17, 2021	May 2023
Liu Xinghua	Lihuayi Weiyuan Chemical Co., Ltd.	Independent Director	December 22, 2021	
Wang Aijun	AIM Vaccine Corporation	Director	September 2017	
Chang Libin	Tongliao Desheng Bio-tech Co., Ltd.	Supervisor	March 2019	
Liu Xiaojing	Tongliao Desheng Bio-tech Co., Ltd.	Supervisor	March 2019	April 2023
Liu Qiang	Tibet Hezhong Investment Co., Ltd.	Director and General Manager	July 4, 2014	
Explanation of positions in other entities				

(3) Remuneration of directors, supervisors, and officers

√ Applicable ☐Not applicable

Procedures for determining the remuneration of directors, supervisors, and officers	The remuneration for the Company's directors and non-staff supervisors is determined by the general meeting after being reviewed and approved by the board of directors. The remuneration for officers is determined by the board of directors after being submitted by the general manager's office to the remuneration and appraisal committee of the board. The remuneration for staff supervisors is determined based on their positions and position levels and in accordance with the Company's internal HR management policy.
Do the directors avoid participating in the discussion of their own remuneration?	Yes
Circumstances where the remuneration and appraisal committee or any meetings of independent directors issue opinions on the remuneration of directors, supervisors, and officers	At the 2nd meeting of 2024 of the Company's remuneration and appraisal committee, the performance appraisal and remuneration payment proposals for directors, supervisors, and officers for 2023 were deliberated and submitted to the board of directors for review.
Basis for determining the remuneration of directors, supervisors, and officers	Directors, supervisors, and officers who receive pay from the Company and actually assume management duties are subject to the annual salary system that combines position-based remuneration and performance appraisals. According to the Company's performance appraisal management, total remuneration is comprised of basic salary, position-based salary, performance pay, and incentives. The remuneration and appraisal committee determines remuneration based on comprehensive evaluations, including job responsibilities and performance.

Actual payment of the remuneration of directors, supervisors, and officers	On an accrual basis, the directors, supervisors, and officers received a total remuneration of 61.71 million yuan (before tax) from the Company in 2023. During the Reporting Period, the monthly salary and performance pay were paid. Some annual pay and incentives were paid in March 2024.
Total remuneration actually received by all directors, supervisors, and officers as of the end of the Reporting Period	The total remuneration actually received from the Company by the directors, supervisors, and officers in 2023 was 75.99 million yuan (before tax), inclusive of deferments from previous periods to the Reporting Period.

(4) Changes in directors, supervisors, and officers

☐ Applicable √ Not applicable

(5) Explanation of punishments by securities regulatory bodies during the last three years

☐ Applicable √ Not applicable

(6) Miscellaneous

☐ Applicable √ Not applicable

V. Information of Board Meetings Held during the Reporting Period

Meeting	Date	Resolutions
1st meeting of the tenth session of the board of directors	January 6, 2023	The proposal on the appointment of directors, supervisors, and officers for the new session, the proposal on the election of members for the nomination committee, the remuneration and appraisal committee, the audit committee, and the strategy committee of the tenth session of the board of directors, and the Proposal on Cancelling Tongliao Meihua Amino Acid Co., Ltd. were deliberated and approved at the meeting.
2nd meeting of the tenth session of the board of directors	March 6, 2023	The Proposal on the Work Report of the Board of Directors for 2022, the Proposal on the Annual Report of 2022 and its Summary, the Proposal on the Financial Report of 2022, the Proposal on the Profit Distribution Plan for 2022, the Proposal on Engagement in the Trading of Financial Derivatives, the Proposal on the Performance Appraisal and Remuneration Payment Scheme for Directors, Supervisors, and Officers for 2022, and the Proposal on Engagement in Corn Futures Trading were deliberated and approved at the meeting.
3rd meeting of the tenth session of the board of directors	April 8, 2023	The Proposal on Changing the Company's Registered Capital, the Proposal on Amending Some Terms of the Articles of Association, the Proposal on Repurchasing the Company's Shares by Means of Centralized Bidding, and the Proposal on Requesting Authorization from the Annual General Meeting for Handling the Repurchase of the Company's Shares were deliberated and approved at the meeting.
4th meeting of the tenth session of the board of directors	April 28, 2023	The Proposal on the Q1 Report of 2023 was deliberated and approved at the meeting.
5th meeting of the tenth session of the board of directors	August 18, 2023	The Proposal on the Semi-annual Report of 2023 and its Summary and the Proposal on the Establishment of Wholly-Owned Subsidiaries and Sub-subsidiaries through Outbound Investment were deliberated and approved at the meeting.
6th meeting of the tenth session of the board of directors	October 18, 2023	The Proposal on the Q3 Report of 2023 was deliberated and approved at the meeting.
7th meeting of the tenth session of the board of directors	December 21, 2023	The Proposal on Extending the Employee Stock Ownership Plan of 2021 was deliberated and approved at the meeting.

VI. Duty Performance of Directors

(I) Directors' participation in board meetings and general meetings

Name of director	Whether the director is an independent director	Attendance at board meetings						Participation in general meetings
		Due attendance for the year	Attendance in person	Attendance by means of telecommunication	Attendance by proxy	Absence	Failed to attend two consecutive meetings in person	Attendance at general meetings
Wang Aijun	No	7	7	0	0	0	No	3
He Jun	No	7	7	2	0	0	No	3
Liang Yubo	No	7	7	3	0	0	No	3
Lu Chuang	Yes	7	7	3	0	0	No	3
Liu Xinghua	Yes	7	7	3	0	0	No	3

Explanation of failure to attend two consecutive meetings in person
☐ Applicable √ Not applicable

Number of board meetings held in the year	7
including: number of onsite meetings	2
number of meetings held by means of telecommunication	2
number of meetings held onsite and by means of telecommunication	3

(II) Circumstances where directors raised an objection to any matter

☐ Applicable √ Not applicable

(III) Miscellaneous

☐ Applicable √ Not applicable

VII. Information of Specialized Committees under the Board of Directors

√ Applicable ☐Not applicable

(1) Members of the specialized committees under the board of directors

Type of special committee	Member names
Audit Committee	Lu Chuang, Liu Xinghua, Wang Aijun
Nomination Committee	Liu Xinghua, Lu Chuang, Wang Aijun
Remuneration and Appraisal Committee	Liu Xinghua, Lu Chuang, Wang Aijun
Strategy Committee	Wang Aijun, He Jun, Liang Yubo, Lu Chuang, Liu Xinghua

(2) The audit committee held five meetings during the Reporting Period.

Date	Content	Important opinions and suggestions	Other duty performance
March 6, 2023	A number of proposals were reviewed, including the Annual Report of 2022, the Duty Performance of the Audit Committee for 2022, the Internal Control Evaluation Report, and the Annual Profit Distribution Plan for 2022.	The meeting agreed to submit the relevant proposals to the board of directors for deliberation and focused on matters such as the write-off of bad debts in the financial report.	
April 28, 2023	The Q1 report of 2023 was reviewed at the meeting.	The Q1 report of 2023 prepared by the Company faithfully and fairly reflected the Company's business performance during the first quarter of 2023, and the meeting agreed to submit it to the board of directors for deliberation.	

August 18, 2023	The semi-annual report of 2023 was reviewed at the meeting.	The content and format of the semi-annual report conformed to the rules of the CSRC and the Shanghai Stock Exchange and truthfully and fairly relected the Company's operations management and financial conditions for the first half of 2023, and the meeting agreed to submit it to the board of directors for deliberation.	
October 18, 2023	The Q3 report of 2023 was reviewed at the meeting.	The Q3 report of 2023 prepared by the Company faithfully and fairly reflected the Company's business performance during the first quarter of 2023, and the meeting agreed to submit it to the board of directors for deliberation.	They participated in the quarterly summary meeting, listened to the analysis and summary of the operations of all business models, and gained a deeper understanding of the Company's business.
December 13, 2023	The first extraordinary meeting of 2023 was held. The participants studied the latest comparison between the management measures for independent directors before and after amendments.	At the meeting, the participants studied the latest comparison between the management measures for independent directors before and after amendments. The meeting agreed that the Company systematically amend the work rules for the audit committee and the working procedures for the annual report of the audit committee according to relevant regulatory rules and submit it to the board of directors for deliberation as soon as possible.	

(3) The remuneration and appraisal committee held two meetings during the Reporting Period.

Date	Content	Important opinions and suggestions	Other duty performance
March 6, 2023	The 2022 remuneration scheme for directors, supervisors, and officers was deliberated and approved.	The meeting agreed to submit the scheme to the board of directors for deliberation.	
December 21, 2023	The Proposal on Extending the Employee Stock Ownership Plan of 2021 was deliberated and approved at the meeting.	The meeting discussed the reasons for extension and agreed to submit it to the board of directors for deliberation.	

(4) The strategy committee held two meetings during the Reporting Period.

Date	Content	Important opinions and suggestions	Other duty performance
March 6, 2023	The meeting reviewed the Company's major project investment plans for 2023.	The meeting discussed the future investment scale.	
August 18, 2023	The meeting reviewed the Company's investment in subsidiaries and sub-subsidiaries.	The meeting discussed future overseas market plans and the reasons for establishing overseas subsidiaries.	

(5) Circumstances where an objection was raised to any matter

☐ Applicable √ Not applicable

VIII. Explanation of Circumstances Where the Board of Supervisors Identified Risks in the Company

☐ Applicable √ Not applicable

The board of supervisors had no objections to supervised matters during the Reporting Period.

IX. Staff Overview of the Parent Company and Key Subsidiaries as at the end of the Reporting Period

(I) Staff overview

Headcount of the parent company	985
Headcount of key subsidiaries	12,044
Total headcount	13,029
Number of retirees for whom the parent company and key subsidiaries are required to bear costs	
Speciality	
Type of specialty	Number of employees
Production personnel	9,672
Sales personnel	330
Technical personnel	603
Financial personnel	356
Administrative personnel	103
Management personnel	1,965
Total	13,029
Educational level	
Educational level	Number of employees
Master’s degree and above	238
Bachelor’s degree	1,864
Diploma	4,307
High school and below	6,620
Total	13,029

(II) Remuneration policy

√ Applicable ☐Not applicable

The Company adheres to the remuneration concept of fairness and attractiveness. Specifically, in a fair, equal, and open environment, the Company strives to offer the highest pay locally and in the industry with the highest per capita productivity at the lowest manual cost per ton of products, thus attracting excellent talents.

The remuneration offered by the Company is based on a number of indicators, including the Company’s size, operating conditions, performance goals, working abilities, and industrial and regional remuneration levels. It should reflect the level of competition and the actual situation of the Company. Staff salaries include the basic salary, the performance pay, and the annual bonus. The Company sticks to the guidelines of “operations, creation, and sharing by all” and strengthens work planning and effectiveness through the implementation of the performance management process. By adopting reasonable working methods, the Company drives employees to improve their abilities and deliver better performance and guides and motivates all employees to create value in their respective areas towards better business performance for the Company.

(III) Training plan

√ Applicable ☐Not applicable

1. In terms of talent development, the Company upgraded its talent development based on the integration and standardization of “recruitment, selection, development, and retainment” under the Zhiyuan Program last year. In 2023, the Company hired 103 management trainees with a master’s degree or a PhD. Further, the Company strengthened cooperation with Tianjin University, Jiangnan University, and other universities and majors that are highly compatible with the Company. They offer excellent graduates to the Company, laying the foundation for building a talent pool and developing leaders. At the same time, the Company is developing and improving a talent development mechanism, always putting people at the center. Through the Trot Program, the Company develops qualified undergraduates, identifies highly potential employees, and promotes them quickly. During the Reporting Period, there were 220 employees and 330 fresh graduates in the Trot Program, with more than 70 highly potential employees selected to enter the reserve talent pool. By improving the workers ability certification system, on the basis that the promotion channels for workers and shift foremen have been opened up, the Company organized a workshop interest class for the production system to develop professional skills and assist workers in developing towards a specialized technical system, thereby helping build a talent pool for the production and technical systems.

2. In 2023, the Company run training classes for employees at different levels, including fresh graduates, shift foremen, supervisors, and managers. Meanwhile, the Company developed a process for standard leader development that covers the whole process, from theory teaching and case studies to practical training and practice at work. The Company used a combination of models, including training at school, apprenticeship, training by external trainers, job rotation, and tutoring by officers, and established a mechanism for trainer certification and starred trainer assessment in “training process control” and “trainer management.”

Through the training of production leaders at all levels during the last three years, including managers, supervisors, and shift foremen, the Company has continuously improved the standard training handbook. During the Reporting Period, the Company used realistic cases that had occurred in the departments of the Company for the last three years as the main content of the training class and updated all training courses to make leaders draw lessons from the cases, accumulate abilities, and be relaxed and happy management leaders. The training included skill training, working ability training, and leadership training to develop reserve leaders’ abilities in all aspects, laying the foundation for them to become competent for their jobs. In the training, the Company applied the training content better, faster, and more accurately to the practice and selected outstanding leaders as reserve talents. In 2023, the Company selected and trained more than 240 excellent managers, supervisors, and shift foremen.

(IV) Labor outsourcing

√ Applicable ☐Not applicable

Total man hours of labor outsourcing	1,768,000.00
Total remuneration paid for labor outsourcing	58,686,680.29

X. Plans for Profit Distribution or the Conversion of Capital Reserve

(I) Formulation, implementation, or adjustment to the cash dividend policy

√ Applicable ☐Not applicable

The Articles of Association has very specific provisions on the cash dividend policy.

According to the Articles of Association, the Company will distribute dividends in cash, and, in principle, pay cash dividends once every year. The Company's board of directors may propose paying mid-term cash dividends based on the Company's profitability and need for funds. The specific distribution plans shall be made by the board of directors within its authority based on the Company's actual operating and financial status and shall be submitted to the general meeting for approval.

Before the deliberation of the specific cash dividend plans at the general meeting, the Company shall communicate and exchange with its shareholders through multiple channels, in particular the minority shareholders, fully listen to their opinions and appeals, and immediately respond to their concerns."

The Company's profit distribution plan conforms to the relevant provisions of the Articles of Association. In the future, the Company will continue to increase returns to shareholders through cash dividends and the cancellation of buybacks combined.

Upon deliberation and approval of the 9th meeting of the 10th session of the board of directors, the profit distribution plan (proposal) for 2023 is as follows: with the total share capital registered on the registration date of equity distribution as the basis (before deducting the number of shares in the share repurchase account, the Company has a total of 2,943,426,102 shares in share capital; there are 69,634,252 shares in the share repurchase account, and after deducting those shares, the number of shares is 2,873,791,850), a dividend of 4.17 yuan (inclusive of tax) for every 10 shares is to be distributed to all shareholders, and a total of approximately 1.2 billion yuan (inclusive of tax) in cash dividend is estimated to be distributed. The plan is yet to be submitted to the general meeting for deliberation. The amount that is actually distributed will be subject to the notification on equity distribution published by the Company. If there is any change in the Company' s total share capital before the registration date of equity distribution, the total amount to be distributed will remain unchanged, and the distribution proportion per share will be adjusted accordingly.

(II) Explanation of specific matters related to the cash dividend policy

√ Applicable ☐Not applicable

Did it conform to the provisions of the articles of association or the requirements of the general meeting's resolution?	√ Yes ☐No
Were the distribution standard and proportion specified and clear?	√ Yes ☐No
Were the relevant decision-making procedures and mechanism complete?	√ Yes ☐No
Did the independent directors perform their duties and play their due roles?	√ Yes ☐No

Did the minority shareholders have adequate chance to express their opinions and appeals? Were their legitimate rights and interested protected fully?	√ Yes ☐No

(III) For the circumstance where the Company made a profit and the parent company's profit distributable to shareholders was positive but no cash profit distribution plan was proposed during the Reporting Period, the Company should disclose the reasons as well as the use and use plan of the retained profit in detail.

☐ Applicable √ Not applicable

(IV) Plans for profit distribution and the conversion of capital reserve during the Reporting Period

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Number of bonus shares per 10 shares (share)	0
Amount of dividends per 10 shares (yuan)	4.17
Number of shares for conversion per 10 shares (share)	0
Amount of cash dividends (inclusive of tax)	1,198,371,201.45
Net profit distributable to the common shareholders of the listed company in the consolidated statements for the year of dividend distribution	3,180,949,695.48
Percentage in the net profit distributable to the common shareholders of the listed company in the consolidated statements (%)	37.67
Amount of share buybacks in cash that are included in cash dividends	891,788,014.84
Total dividends (inclusive of tax)	2,090,159,216.29
Percentage of total cash dividends in the net profit attributable to the common shareholders of the Company in the consolidated statements (%)	65.71

XI. Information of the Company's Share Incentive Plan, Employee Stock Ownership Plan, or Other Staff Incentives and Their Impact

(I) Relevant incentives that were disclosed in the provisional announcement and had no progress or change in subsequent implementation

☐ Applicable √ Not applicable

(II) Incentives that were not disclosed in the provisional announcement or made progress subsequently

Share incentives

☐ Applicable √ Not applicable

Other information

☐ Applicable √ Not applicable

Employee stock ownership plan

√ Applicable ☐Not applicable

1. Employee stock ownership plan for 2021

The Company held the 14th meeting of the ninth board of directors and the first extraordinary general meeting of 2021 on January 14, 2021, and February 1, 2021, respectively. At the meetings, the Proposal on the Company's Employee Stock Ownership Plan (Draft) for 2021 and its Summary, the Proposal on the Management Measures for the Company's Employee Stock Ownership Plan for 2021, and the Proposal on Requesting Full Authorization from the Annual General Meeting for the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan were deliberated and approved. For details, refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on January 15, 2021, and February 2, 2021, respectively. 50 million of the Company's shares held in its designated securities account were transferred to the Company's securities account for the employee stock ownership plan for 2021 by means of non-transaction transfer on February 9, 2021. According to the rules of the employee stock ownership plan for 2021, the lockup period for the plan shall start on the date the Company announces that the last underlying shares have been transferred to the account for the employee stock ownership plan, and the shares shall be released in two phases 12 months after lockup. The lockup period shall be 24 months at maximum.

As of February 10, 2023, all shares under the Company's employee stock ownership plan had been released. On February 1, 2024, the Company held its first extraordinary general meeting of 2024, where the Proposal on Extending the Employee Stock Ownership Plan for 2021 was deliberated and approved. Given that the employee stock ownership plan for 2021 would expire on February 11, 2024, for the purpose of maintaining the share price, the plan was extended for 36 months until February 11, 2027, based on confidence in the Company's sustainable development in the future and the judgment of its share value. As of the end of the Reporting Period, there were 25,000,000 shares in the Company's account for employee stock ownership plan.

2. Employee stock ownership plan for 2022

The Company held the 27th meeting of the ninth board of directors and the second extraordinary general meeting of 2021 on December 15, 2021, and December 31, 2021, respectively. At the meetings, the Proposal on the Company's Employee Stock Ownership Plan (Draft) for 2022 and its Summary, the Proposal on the Management Measures for the Company's Employee Stock Ownership Plan for 2022, and the Proposal on Requesting Full Authorization from the Annual General Meeting for the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan were deliberated and approved. For details, refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on December 16, 2021, and January 1, 2022, respectively.

On January 7, 2022, the Company bought 35.42 million of Meihua Bio's shares by means of block trade through its account for the employee stock ownership plan for 2022. The transaction amount was 247.94 million yuan, and the average transaction price was 7 yuan/share. The number of shares bought accounted for 1.14% of the Company's total shares at the time (3,098,619,928 shares). According to the proposal approved at the second extraordinary general meeting of 2021, the Company completed the purchase plan under the employee stock ownership plan for 2022. Hence, the shares bought were locked up according to the rules from the date of disclosure through announcement and would be released in two phases after 12 months and 24 months of lockup. The maximum lockup period shall be 24 months, and the proportions of the underlying shares to be released for each phase shall be 50% and 50%, respectively.

As of the end of the Reporting Period, there were 32,932,200 shares in the Company's account for employee stock ownership plan for 2022, accounting for 1.12% of the Company's total shares at the time (2,943,426,102 shares). As of the release of this report, the lockup period for the employee stock ownership plan for 2022 had expired, and all shares had been released from lockup.

3. Employee stock ownership plan for 2023

The Company held the 35th meeting of the ninth board of directors and the first extraordinary general meeting of 2023 on December 21, 2022, and January 6, 2023, respectively. At the meetings, the Proposal on the Company's Employee Stock Ownership Plan (Draft) for 2023 and its Summary, the Proposal on the Management Measures for the Company's Employee Stock Ownership Plan for 2023, and the Proposal on Requesting Full Authorization from the Annual General Meeting for the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan were deliberated and approved. For details, refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on December 22, 2022, and January 9, 2023, respectively.

As of January 28, 2023, the Company had bought 28,260,800 of Meihua Bio's shares in total through the account for the employee stock ownership for 2023 by means of centralized bidding on the secondary market. The transaction amount was 295,296,438, and the average transaction price was 10.45 yuan/share. The number of shares bought accounted for 0.93% of the Company's total shares at the time (3,042,465,44). According to the proposal approved at the first extraordinary general meeting of 2023, the Company completed the purchase plan under the employee stock ownership plan for 2023. Hence, the shares bought were locked up according to the rules from the date of disclosure through announcement and would be released in two phases after 12 months and 24 months of lockup. The maximum lockup period shall be 24 months, and the proportions of the underlying shares to be released for each phase shall be 50% and 50%, respectively.

As of the end of the Reporting Period, there were 28,260,800 shares in the Company's account for employee stock ownership plan for 2023, accounting for 0.96% of the Company's total shares at the time (2,943,426,102 shares). As of the release of this report, the Phase I release conditions under the employee stock ownership plan for 2023 had been satisfied, and 50% of the shares had been released from lockup.

4. Employee stock ownership plan for 2024

The Company held the 8th meeting of the tenth board of directors and the first extraordinary general meeting of 2024 on January 16, 2024, and February 1, 2024, respectively. At the meetings, the Proposal on the Company's Employee Stock Ownership Plan (Draft) for 2024 and its Summary, the Proposal on the Management Measures for the Company's Employee Stock Ownership Plan for 2024, and the Proposal on Requesting Full Authorization from the Annual General Meeting for the Board of Directors to Handle Matters Related to the Company's Employee Stock Ownership Plan were deliberated and approved. For details, refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange (http://www.sse.com.cn) on January 17, 2024, and February 2, 2024, respectively.

As of the release of this report, the Company's account for the employee stock ownership plan for 2024 was opened, payments for employee subscriptions were made, and verification was completed. There are 227 participants and 191,750,800 under the plan. The Company has yet to purchase shares through the account. The Company will keep watch on the implementation progress of the plan and duly perform its disclosure obligations in accordance with relevant laws and administrative regulations.

Other incentives

☐ Applicable √ Not applicable

(III) Information of share incentives granted to directors and officers during the Reporting Period

☐ Applicable √ Not applicable

(IV) Appraisal mechanism for officers during the Reporting Period, as well as the establishment and implementation of the incentive mechanism

√ Applicable ☐Not applicable

The Company builds an overall performance management system centered around two operation concepts, which are "operations, creation, and sharing by all" and "using financial results as the ultimate criteria for appraising leaders." For its officers, the Company implements an annual salary system that combines position-based remuneration and performance appraisals. By time frame, incentives are divided into short-term, mid-term, and long-term incentives. Short-term incentives are based on month, including basic salaries and monthly performance pay; mid-term incentives are based on quarter, including quarterly performance pay; and long-term incentives are based on year, including annual performance pay, share incentives, employee stock ownership incentives, and incentive bonuses.

The Company has set up a remuneration and appraisal committee under the board of directors to develop and supervise the implementation the remuneration and performance appraisal scheme for officers. The remuneration and appraisal committee is responsible for developing the remuneration and appraisal scheme for officers, organizing and conducting the annual business performance appraisal of officers, and supervising the implementation of the scheme. The remuneration and performance appraisal scheme proposed by the remuneration and appraisal committee must be deliberated and approved by the board of directors before being implemented. In terms of the design of the appraisal mechanism, the Company follows the principle of matching personal remuneration with position value and responsibilities. The Company links the remuneration of officers with the Company's performance and working goals to ensure the sustainable growth of its main business, prevent short-term conduct, and promote sustainable operations and development.

From 2017 until now, the Company has implemented five sessions of the employee stock ownership plan and one session of restricted share incentives for its officers. The Company has set challenging corporate performance goals and personal appraisal targets for each session, combining corporate development and personal growth. For one, it motivated the enthusiasm and creativity of key leaders; for another, it ensured sustainable growth in the Company's revenue and profits.

XII. Development and Implementation of Internal Control Policies during the Reporting Period

√ Applicable ☐Not applicable

In 2023, in accordance with the management requirements of the Basic Specifications for Internal Control of Enterprises and the Company's Management Policy for Internal Control and based on the Company's annual business targets and actual development needs, the Company conducted internal control tests and evaluations for fund activities, the circulation of purchases and payment, inventory management, costing and control, the circulation of sales and payment collection, engineering project management, asset management, comprehensive budget management, human resource management, and financial reporting. During the Reporting Period, based on its operational characteristics, the Company kept developing and improving internal control policies and effectively implemented them. The policies fit the Company's existing management requirements and development needs and could provide a beneficial guarantee for the sound operations of its business and the control of its operational risk. Overall, the Company's internal control was complete, reasonable, and effective without any major defects. It played a managerial and controlling role in all the Company's operations management processes and key links, thus ensuring the long-term and stable development of the Company.

Explanation of major defects in internal control during the Reporting Period

☐ Applicable √ Not applicable

XIII. Management and Control of Subsidiaries during the Reporting Period

√ Applicable ☐Not applicable

In accordance with the requirements of the Management Policy for internal control, the Company has set up an audit committee under the board of directors as a leading body to inspect and supervise the implementation of the Company's internal control policies. The Company has an audit department to inspect and supervise the implementation of the Company's internal control policies under the guidance of the audit committee.

Important subsidiaries of the Company include Tongliao Meihua Biotech Co., Ltd., Xinjiang Meihua Amino Acid Co., Ltd., and Jilin Meihua Amino Acid Co., Ltd., among others. The Company's departments guide, supervise, and support the corresponding departments of its subsidiaries and control risk through the standard operation, human resource management, financial management, internal audit, information disclosure, investment and financing management, and operational appraisal of its subsidiaries. The Company improves the overall operation efficiency and anti-risk capabilities and ensures the security, preservation, and appreciation of assets according to its overall development strategy and planning.

All subsidiaries implement the standards and policies published by the Company and establish the corresponding business plans and risk management procedures according to the Company's overall development strategy and planning as well as the annual overall business plan.

XIV. Explanation of Relevant Information about the Internal Control Audit Report

√ Applicable ☐Not applicable

The Company appointed Da Hua CPAs LLP (special general partnership) to audit the Company's internal control for the Reporting Period. The internal control audit report (Document No.: DHNZ [2024] No. 0011000137) was issued. According to the audit report, as of December 31, 2023, the Company had maintained effective internal control of the financial report in all material aspects in accordance with the Basic Specifications for Internal Control of Enterprises and relevant regulations.

Whether the internal control audit report is disclosed: Yes

Type of opinion of the internal control audit report: Standard Unqualified

XV. Rectification of Self-identified Problems in Special Action for the Governance of Listed Company

At the beginning of 2021, the Company performed a self-inspection that covered the implementation of the articles of association, the duty performance of the board of shareholders, the board of directors, and the board of supervisors, the management of information disclosure, the management of corporate seals, the execution of contracts, the management of significant investments, the independence and fairness of related-party transactions, external guarantees, and the occupation of funds, in accordance with the requirements of the Notice on Special Actions for the Governance of Listed Companies (ZZJF [2020] No. 230) published by the CRSC Xizang Commission. In the first half of 2023, through the coordination and communication of multiple parties, CDH Bio-Tech (HK) Limited successfully paid the dividends for 2016. The problems identified in the self-inspection have been rectified.

XVI. Miscellaneous

☐ Applicable √ Not applicable

Section 5 Environmental and Social Responsibility

I. Environmental Information

Whether there is an environmental protection-related mechanism	Yes
Spending on environmental protection during the Reporting Periiod (unit: '0000 yuan)	38,000

(I) Information on the environmental protection of the Company and its key subsidiaries if the Company is classified as a key pollutant discharge entity by the environmental authorities

√ Applicable ☐Not applicable

1. Information of pollutant discharge

√ Applicable ☐Not applicable

The three key subsidiaries under Meihua Group are classified as key pollutant discharge entities by the environmental authorities. The pollutants discharged mainly include wastewater and waste gas. The key monitoring indicators for waste gas are fume, SO_2 and NO_x, and those for wastewater are COD and ammonia nitrogen.

Tongliao Company has four detection ports for waste gas emissions and two detection ports for wastewater discharge. For waste gas, the actual emission concentration for fume is controlled below 30 mg/m³, that for SO_2 is controlled below 200 mg/m³, and that for NO_x is controlled below 200 mg/m³. For wastewater, the emission concentration for COD is controlled below 200 mg/L, and that for ammonia nitrogen is controlled below 50 mg/L.

Xinjiang Company has two detection ports for waste gas emissions and one detection port for wastewater discharge. For waste gas, the actual emission concentration for fume is controlled below 10 mg/m³, that for SO_2 is controlled below 35 mg/m³, and that for NO_x is controlled below 50 mg/m³. For wastewater, the emission concentration for COD is controlled below 300 mg/L, and that for ammonia nitrogen is controlled below 35 mg/L.

Jilin Company has four detection ports for waste gas emissions and one detection port for wastewater discharge. For waste gas, the actual emission concentration for fume is controlled below 30 mg/m³, that for SO_2 is controlled below 100 mg/m³, and that for NO_x is controlled below 100 mg/m³. For wastewater, the emission concentration for COD is controlled below 30 mg/L, and that for ammonia nitrogen is controlled below 35 mg/L.

During the Reporting Period, the verified total discharge of Tongliao Company, Xinjiang Company, and Jilin Company did not exceed the permitted total discharge, and the pollutant discharge concentrations at all discharge outlets are within the national limits.

2. Construction and operation of pollution prevention control facilities

√ Applicable ☐Not applicable

The Company actively responds to the country's call for environmental protection by striving to build an environmentally friendly and resource-saving enterprise that aims to achieve economic development and environmental protection simultaneously.

(1) Wastewater treatment

For high-concentration organic wastewater, the Company extracts feed mycoprotein from the flocculation and flotation of high-concentration organic wastewater and evaporates and concentrates the thin liquid to produce organic fertilizers through spray granulation. For low-concentration wastewater, the Company reduces the exploitation of fresh water by means of internal recycling at wastewater workshops and cross-workshop coordination and reusing; in wastewater treatment, the Company has introduced the IC reactor and the ANAMMOX bio-removal of nitrogen from the Dutch company Paques. At present, Tongliao Company has two wastewater treatment workshops that use IC anaerobic reaction, aeration aerobiotic reaction, and ANAMMOX bio-removal of nitrogen technologies. After treatment, the water quality is far below the execution limits. To save the previous resource of underground water and reduce wastewater discharge, the Company has set up two workshops to reuse reclaimed water. 15,000 m3 of reclaimed water is produced daily and reused in power plant boilers and production cooling, which cuts the consumption of water resources and the total external discharge of wastewater.

Likewise, Xinjiang Company also reduces water consumption through the combination of tiered utilization and recycling. The high-concentration wastewater produced by Xinjiang Company is rich in nitrogen, phosphorus, and potassium, as well as organic matter. It can be used to produce organic fertilizers through spray granulation and help interact with corn farmers through complimentary fertilizers. Organic, high-efficiency fertilizers can be used in corn planting to form a virtuous cycle. Xinjiang Company uses the most advanced wastewater treatment technology from the Dutch company Paques—an IC circular anaerobic reactor, ANAMMOX bio-removal of nitrogen, and A/O technology—and achieves automatic control. Hence, the Company enjoys a top position in terms of wastewater treatment technology, with its wastewater discharge far below the national limits. While meeting the discharge requirements, the Company's ANAMMOX sludge is sold both at home and abroad, making it the biggest supplier of ANAMMOX sludge globally. The Company reuses wastewater to produce methane gas through the IC reactor and provides production plants with clean energy, saving more than 10,000 tons of coal every year. The Company is equipped with a reclaimed water recycling workshop with a daily capacity of 15,000 m^3. The workshop uses the V-shaped filter, ultrafiltration, and anti-penetration technology, which saves water consumption by 10,000 m^3 every day.

Jilin Company's wastewater treatment workshop treats wastewater using anaerobic reaction, aerobiotic reaction, A/O, and the five-tiered bio-treatment of coagulation and sedimentation. For the anaerobic reactor, the workshop uses the latest Gen-3 ICX reactor from the Dutch company Paques, which features a treatment efficiency higher than other reactors by 20% with a designed treatment capacity of 30,000 m3 per day. Meanwhile, to better implement Meihua Group's concept for building an "environmentally friendly, energy-saving, innovation-driven, and quality safety" enterprise, Jilin Company always vigorously encourages energy conservation, emission reduction, and clean production based on original designs. It proactively develops innovative technologies and identifies points for technological improvements to ensure economic feasibility while protecting the environment and achieving discharge standards. In 2023, Jilin Company reduced discharge by nearly 2,000 m^3 per day on average and reached a globally leading position in terms of clean production.

The wastewater treatment workshops of Tongliao Company, Xinjiang Company, and Jilin Company all have online surveillance equipment for their discharge outlets, which is connected with the networks of environmental authorities to monitor the Company's wastewater discharge in real time.

(2) Waste gas treatment

1) Treatment of fume from boilers:

In treating fume from boilers, the Company uses electrostatic fabric filter, ammonia desulfurization, and SNCR denitration technologies. Upon treatment, the fume emission concentration is far below the limits set by the Emission Standard of Air Pollutants for Thermal Power Plants, thus achieving the "ultra-low discharge" standard. The denitration technology used by the Company converts NO_x into N_2 and H_2O through reaction without causing secondary pollution. The ammonia desulfurization technology uses NH_3 and SO_2 reaction as the basis, and in the multi-functional fume desulfuration absorber tower, ammonia absorbs SO_2 from fume and oxidizes it into ammonium sulfate. The byproducts happen to be usable in the Company's production of amino acids. It brings double benefits to the Company: meeting the requirements of pollutant discharge and recycling resources.

The fume discharge outlets of Tongliao Company, Xinjiang Company, and Jilin Company all have online surveillance equipment, which is connected with the networks of environmental authorities to monitor the Company's fume discharge in real time.

2) Treatment of organized odors:

In treating organized odor emissions, the Company uses a combination of advanced treatment technologies, including dedusting, washing, cooling and dewatering, catalytic oxidation, cryocondensation, DDBD (double dielectric barrier discharge), photoelectrocatalysis, and activated carbon adsorption. All odors are discharged through three to nine tiers of treatment. In 2023, Xinjiang Company spent 200 million yuan on the deep treatment of odors. On the basis of the original odor treatment facilities, Xinjiang Company installed facilities such as washing towers and dedusters in a bid to make the odor concentrations at the discharge outlets achieve the requirements of the Emission Standard for Odor Pollutants (Exposure Draft) ahead of the deployment by the Ministry of Ecology and Environment. At the same time, the Company continuously develops creative methods using domestic and foreign advanced technologies, including multi-tiered washing, cooling and dewatering, electrostatic defogging, low-temperature plasma treatment, microwave photo-oxidation, deep oxidation, and activated carbon absorption, to treat fermentation odors and the exhaust from product drying. The Company also achieves automatic control, making the treatment process more precise and stable.

3) Treatment of unorganized odors:

In treating unorganized odor emissions, the Company has installed closed collection devices to treat unorganized waste gas from production equipment and storage tanks and equipment. The collected waste gas is discharged after being treated by environmental devices, which solves the impact of unorganized waste gas emissions on ambient air quality. Further, through the continuous improvement of its internal management, the Company strives to eliminate the locations of unorganized diffusion and reduce indoor and outdoor odor concentrations.

In 2023, Xinjiang Base was given administrative punishments by the local environmental authority due to the excess concentration of boundary unorganized odors. To thoroughly treat odors, Xinjiang Company spent a total of 180 million yuan on 37 air pollution treatment projects, including the treatment of unorganized dust and odors from the organic fertilizer workshop, the treatment of waste gas from drying by the starch workshop, the treatment of exhaust from the fluidized beds in monosodium glutamate Production Line 7 (Extraction Workshop 7), the treatment of unorganized waste gas from starch soaking, the treatment of dust from grain purification by starch, the treatment of waste gas from fermentation, and the treatment of unorganized dust from coal sheds. The projects have been put into operation. Upon the implementation of the treatment measures, Xinjiang Company engaged a third-party testing company to conduct tests, and the test results showed that all odor emissions met the limit requirements of the Emission Standard for Odor Pollutants (GB14554-93). All indicators of 32 discharge outlets involving odorous waste gas, including particulate matter, sulfur dioxide, hydrogen sulfide, hydrogen chloride, non-methane hydrocarbon, and odor concentration, met the requirements of the Integrated Emission Standard of Air Pollutants (GB16297-1996), the Emission Standard for Odor Pollutants (GB14554-93), and the pollutant discharge licenses.

Jilin Base spent 2,783,900 yuan to install external PSCR denitration reaction equipment on four units of high-temperature and high-pressure circulating fluidized bed boilers at Production Line 5 of the heating station, reducing the boiler discharge index to less than 50 mg/Nm^3, which reached the ultra-low discharge standard. Upon the implementation of the treatment measures, Jilin Company engaged a third-party testing company to conduct tests, and the test results showed the indicators of discharge outlets involving odorous waste gas, including particulate matter, sulfur dioxide, and NO_x, met the requirements of the Integrated Emission Standard of Air Pollutants (GB16297-1996) and the pollutant discharge licenses.

4) Treatment of unorganized dust:

The Company spent hundreds of millions of yuan to reduce the unorganized dust produced from the storage and transportation of coal by building three completely closed coal yards. The yards are equipped with high-pressure fog ejectors that eject fog into the yards to prevent dust. In the plants, coals are transported in a fully closed way. The car dumper system has dry fog-based dust prevention devices to automatically eject fog when unloading coals. The transportation and storage of coal thoroughly eliminate the impact of unorganized dust.

(3) Management of solid waste

Through the constant reduction, comprehensive utilization, and hazard-free treatment of solid waste, the Company prevents solid waste from polluting the environment and harming human health during its production, storage, transportation, and treatment. The Company strictly complies with national laws and regulations during its production and operations and implements relevant policies, including the Management Policy for Pollutant Discharge and the Management Regulations on Hazardous Waste (Trial), to ensure the stable operation of pollutant treatment facilities. The Company's discharge of all air pollutants and wastewater meets the standards, and all waste is treated in a proper manner.

3. Environmental impact assessment for construction projects and other administrative licensing for environmental protection

√ Applicable ☐Not applicable

1) Tongliao Meihua

Overall, Tongliao Company has completed the environmental impact assessment and inspection for its projects. In 2023, it obtained environmental approval for the threonine-to-valine technological improvement project.

2) Xinjiang Meihua

Overall, Xinjiang Company has completed the environmental impact assessment and inspection for its projects.

3) Jilin Meihua

Overall, Xinjiang Company has completed the environmental impact assessment and inspection for its projects. In 2023, it completed the environmental impact assessment and inspection for its xanthan gum project.

Tongliao Company, Xinjiang Company, and Jilin Company have obtained the pollutant discharge license according to the national regulations on the issue of the pollutant discharge license.

4. Environmental emergency response plan

√ Applicable ☐Not applicable

The Company complies with the requirements of the Emergency Response Law of the People's Republic of China, the National Environmental Emergency Response Plan, the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Air Pollution Prevention and Control Law of the People's Republic of China to prevent and actively respond to potential environmental emergencies, handle such emergencies in a rapid, affective, and orderly manner, and maintain the normal work order of the Company. In accordance with the latest national laws and regulations as well as relevant requirements, the Company observes the principle of "prioritizing prevention and self-rescue, unifying command and coordination, implementing accountability, and combining corporate self-rescue and social rescue" based on its actual situation in a bid to avoid and minimize the impact of emergencies on personnel, equipment, property, and in particular, the environment. The Company strives to improve its capabilities for preventing environmental pollution accidents, emergency responses, and aftermath handling. Tongliao Company, Xinjiang Company, and Jilin Company have all developed emergency rescue plans for environmental pollution accidents, filed them with the local environmental authorities, and organized emergency drills according to the requirements.

In 2023, the three production bases conducted six emergency drills in total. Tongliao Base conducted two, including one for fire caused by threonine extraction and one for the leakage of liquid ammonia from the ammonia synthesis line; Jilin Base conducted two, including one for the leakage of sulfuric acid from the lysine extraction workshop and one for the leakage of liquid ammonia from the ammonia synthesis line; Xinjiang Base conducted two, including one for leakage from liquid ammonia tanks and one for leakage from hazardous chemical workshops. The drills were conducted strictly according to the steps. The results of each drill were analyzed and summarized, and the response and handling abilities of staff members at all levels were improved through the practice of emergency plans.

5. Environmental self-monitoring plan

√ Applicable ☐Not applicable

Tongliao Company, Xinjiang Company, and Jilin Company have developed self-test plans in accordance with the Measures on Self-Monitoring and Information Disclosure for State-Monitored Key Enterprises (Trial) and the Management Measures for Pollutant Discharge Licensing to regularly test the wastewater and waste gas in the factories. For wastewater, they use the online CODcr analyzer and the online ammonia nitrogen analyzer to perform continuous automatic tests. The monitored items are pH value, COD, and ammonia nitrogen, and the flow monitoring frequency is once every two hours. For waste gas, they have installed online testers on the desulfurizer outlets to automatically test fumes, SO_2, and NO_x. All the automatic monitoring equipment used by the Company has passed inspection by the environmental authorities. In addition, the Company strengthens the management of equipment operation and maintenance to ensure its normal operations and normal data transmission. The Company also appoints qualified monitoring entities to monitor relevant indicators, including fumes, wastewater, and boundary noise, to ensure the truthfulness and effectiveness of their values. At the same time, the Company has developed emergency environmental monitoring plans to immediately monitor environmental pollution accidents and cooperate with local environmental monitoring agencies in emergency monitoring.

The local environmental authorities perform the supervisory monitoring of wastewater and waste gas on a periodic basis, and the Company tests wastewater and waste gas on a monthly, quarterly, and annual basis internally. All production bases manage pollutant discharge and the operation of environmental facilities by area, with the workshops designating personnel to manage them. The Company sets the environmental award, organizes the “monthly joint inspections” every month, and focuses the inspection on its environmental protection system operation. The Group takes the lead in organizing environmental compliance checks for the production bases every quarter.

6. Administrative punishments due to environmental problems during the Reporting Period

√ Applicable ☐Not applicable

During the Reporting, Period, Xinjiang Company was given the following administrative punishments by the local environmental authority:

On April 5, 2023, the concentration of Xinjiang Company’s boundary unorganized odor exceeded the limit in the pollutant discharge license by 0.25 fold, and the Bureau of Ecology and Environment of the Sixth Division of the Xinjiang Production and Construction Corps decided to impose an administrative penalty of 652,100 yuan on Xinjiang Company;

On May 3, 2023, the concentration of Xinjiang Company’s boundary unorganized odor exceeded the limit in the pollutant discharge license by 0.85 fold, and the Bureau of Ecology and Environment of the Sixth Division of the Xinjiang Production and Construction Corps decided to impose an administrative penalty of 1 million yuan on Xinjiang Company;

On May 9, 2023, due to the serious damage to the waste gas pipe for drying in the starch workshop in Xinjiang Company, waste gas diffused in the factory without being treated by washing and desulfuration equipment and was directly discharged through the rectangular outlet on the building roof, and the Bureau of Ecology and Environment of the Sixth Division of the Xinjiang Production and Construction Corps decided to impose an administrative penalty of 452,200 yuan on Xinjiang Company;

On June 12, 2023, the desulfurizing tower SO_2 value of Xinjiang Company’s power plant exceeded the limit, and Xinjiang Company only marked it without disclosing the excess value. An administrative penalty of 106,400 yuan was imposed on Xinjiang Company;

On June 12, 2023, the peak value of Xinjiang Company’s boundary odor concentration exceeded the odor concentration limit in the pollutant discharge license by 0.9 fold, and the Bureau of Ecology and Environment of the Sixth Division of the Xinjiang Production and Construction Corps decided to impose an administrative penalty of 1 million yuan on Xinjiang Company;

On September 12, 2023, Xinjiang Company discontinued the operation of the odor treatment facilities (photoelectric deodorization equipment) at Zone 10 in the sewage treatment station without reporting the situation to the bureau of ecology and environment. No sealing measures were taken for the mixer at the top of the regulating pond at the sewage treatment station, and a circular opening with a diameter of 10 cm on the top cement slab discharged gas outward directly; the regulating pond did not have the effect of collecting negative pressure; the site fast test device showed an odor concentration of 8,953, with a marked odor in surrounding areas. The swirler gasket of Tank A of the IC reactor at the sewage treatment station broke down, and intermittent discharge of gas could be heard onsite; the site fast test device showed an odor concentration of 8,926, with no effective measures taken to prevent the discharge of odors. The Bureau of Ecology and Environment of the Sixth Division of the Xinjiang Production and Construction Corps decided to impose an administrative penalty of 74,800 yuan on Xinjiang Company.

The above administrative penalties add up to 3.2855 million yuan.

The above incidents reflected the fact that the production management personnel at the production base slacked off, were not serious enough with management, and failed to run environmental facilities according to the Company’s standards. The Company attached great importance to the incidents and strictly implemented the accountability system. It addressed all problems, further inspected the factory, identified the location of odors, allocated funds for treatment, developed solutions, and specified the rectification goal, measures, responsible personnel, and time limit for deep treatment of the odors. During the treatment, the Company set up a rectification leadership group led by key responsible personnel to inspect the whole factory in all aspects and immediately rectify all identified problems with the goal of satisfying local residents. During the Reporting Period, the Company spent 200 million yuan to thoroughly eliminate odors. On the basis of the original odor treatment facilities, the Company installed facilities such as washing towers and dedusters and completed a total of 37 air improvement projects, including the treatment of unorganized dust and odors from the organic fertilizer workshop, the treatment of waste gas from drying by the starch workshop, the treatment of exhaust from the fluidized beds in monosodium glutamate Production Line 7 (Extraction Workshop 7), the treatment of unorganized waste gas from starch soaking, the treatment of dust from grain purification by starch, the treatment of waste gas from fermentation, and the treatment of unorganized dust from coal sheds. Upon the implementation of all treatment measures, the Company appointed a third-party environmental institution or testing company to conduct tests and analysis. In November 2023, the Company completed the phased construction of the rectification projects. The bureau of ecology and environment of the corps sent relevant technical experts to conduct a site survey in December 2023 and complete the inspection.

7. Other environmental information that should be disclosed

√ Applicable ☐Not applicable

The Company calculates and duly pays the environmental protection tax in full according to relevant laws, including the Environmental Protection Tax Law.

To ensure the effective implementation of environmental management and develop comprehensive environmental audit policies, the Company constantly fulfills its responsibility for environmental protection as a corporate entity. The Group's HSE management department holds environmental briefings and thematic meetings on a periodic basis and works with the production bases to develop environmental protection plans and examine the environmental protection sources for construction, reconstruction, and expansion projects, thereby managing Meihua Bio's environmental protection on all fronts.

The Company regularly conducts training on environmental protection for all employees to raise their environmental awareness and strengthen their understanding of the Company's environmental concept and their technical abilities for environmental protection. In addition, the Company requires publishing environmental protection knowledge and cases of safety accidents in its newsletters and workshops' bulletins to strengthen staff's legal awareness of environmental protection.

As of the end of the Reporting Period, the three production bases under Meihua Bio had all obtained the ISO 14001 certification, representing a certification ratio of 100%.

The Company has built a carbon emission management system to incorporate carbon emissions into its daily management. The Company monitors carbon emissions regularly, captures the data according to the standards, cooperates in third-party inspections, duly performs the protocol, and clears the emission quota.

Upholding the principle of "combining self-audits with assisted external audits," the Company engages a third-party consulting institution to assist in the audit of clean production, survey the Company's production, energy consumption, and emission reduction during recent years, prepare the Clean Production Audit Report, and file it with the local environmental authority.

(II) Environmental information of the Company other than the information as a key pollutant discharge entity

√ Applicable ☐Not applicable

1. Administrative punishments for environmental problems

☐ Applicable √ Not applicable

2. Disclosure of other environmental information by reference to the standards for key pollutant discharge entities

☐ Applicable √ Not applicable

3. Reasons for not disclosing other environmental information

√ Applicable ☐Not applicable

Except for Tongliao Meihua, Xinjiang Meihua, and Jilin Meihua, other wholly-owned subsidiaries of the Company are not key pollutant discharge entities as classified by the environmental authorities. Those subsidiaries include Langfang Meihua Condiments Co., Ltd. and Tongliao Meihua Condiments Co., Ltd., which are engaged in the packaging and sales of condiments; Lhasa Meihua, which is engaged in external investment; Xinjiang Meihua Investment Company, which is engaged in the foreign sales of products and the import and export of goods; Hong Kong Meihua, which is a trading company responsible for exporting the Company's products; Meihua (Shanghai) Biotech Co., Ltd., which is engaged in technology development; and the newly established Hengqin Meihua, Hong Kong Holdings, and Cayman Company, which are engaged in outbound investment.

(III) Information favorable to ecological conservation, pollution control, and the fulfillment of environmental responsibility

√ Applicable □Not applicable

The Company always prioritizes management and spending on environmental protection, sticks to the sustainable development path of energy conservation, environmental protection, and emission reduction, and strives to build an environmentally friendly and energy-saving company with the goal of achieving economic development and environmental protection simultaneously. In the macro-context of carbon neutrality promotion during the “14th Five-Year” Plan period, the Company has set up a sustainable development committee to further improve the production process roadmaps for all production lines in the Company through the research of the dual control system of total energy consumption and energy intensity, grasp strategic opportunities from the national adjustment to the industrial structure, and advance further towards green manufacturing, bio-manufacturing, and intelligent manufacturing.

1. Water resource management

In 2023, Meihua Bio identified the water resource risk level for all operation sites based on the water risk analysis tool of the Water Resources Institute (WRI). The Company found that 100% of the water used came from high-risk areas. In addition, the proportion of crops purchased by the Company from areas with a high or very high pressure of benchmark water consumption reached 80% to 100%. These risk results have become a continuing driver that drives the Company to continuously improve the utilization of water resources. The Company promises to reduce the use of water resources and conducts regular performance appraisals to check the accomplishment of the targets. The Company will protect water resources through tangible action and take a suite of measures, including improving production processes and recycling water, to effectively control the risk of water resources and achieve water conservation.

The Company has formulated the Management Measures of Meihua Bio Company for Water Resources, set up a strategy committee under the board of directors as the Company’s top body for water resource management, and built a three-tiered water resource management structure consisting of the Company, the production bases, and the production units. In its policy, the Company specifically requires Meihua Bio to make overall plans for the water resources used in the whole company, strengthen the conservation, protection, and science-based use of water resources, increase the recycling ratio of water, expand the use of non-conventional water resources in the industry, and build a water-saving industrial enterprise. In 2023, none of Meihua Bio’s production bases committed water-related violations.

2. Progress of the ESG project

With the assistance of a third-party consulting institution, the Company has launched an ESG consulting project to improve its overall ESG (environmental, social, and governance) management level on all fronts, meet the requirements of broad stakeholders for the Company’s ESG management, refine the Company’s internal governance structure, define the ESG-related duties of staff members at all levels, and effectively deliver more achievements in social responsibility and ESG management. During the

Reporting Period, the Company first released "developing synthetic biotechnology and nourishing people and the environment towards a harmonious future" as the strategic goal for sustainable development. Using "green, responsible, low-carbon, and healthy" as the four pillars for sustainable development, the Company solidly implements the concept of sustainable development in its day-to-day production and operations step by step through the ESG management system. While making continuous breakthroughs, the Company sticks to the principle of sustainable development in pursuit of win-win economic, environmental, and social development.

During the Reporting Period, with Jilin Meihua as the pilot site, the Company obtained the carbon footprint certificate for MSG and lysine, respectively, and completed the water footprint certification work for lysine. At present, the Company is carrying out the greenhouse gas emission check and the carbon neutrality implementation standard. During the Reporting Period, Tongliao Base obtained the energy management system certificate.

(IV) Measures taken to reduce carbon emissions during the Reporting Period and the effects

Carbon reduction measures in place or not	Yes
Reduction of the emission of CO_2 equivalent (unit: ton)	313,683
Carbon reduction measures (such as using clean energy for power generation, using carbon reduction technology during production, and developing new products that help reduce carbon emissions	The Company made improvements in energy supply, equipment, and process management, such as rooftop PV power, the improvement of low-pressure steam pipe networks, the improvement of xanthan gum technology, and the improvement of energy-saving technology for starch evaporators.

Specific information
√ Applicable ☐Not applicable

In 2023, Meihua Bio took a solid step in the "dual carbon" strategy. With Jilin Base as the pilot site, the Company built a model factory, obtained the carbon footprint certificate for MSG and lysine, respectively, and carried out the greenhouse gas emission check and the carbon neutrality implementation standard, laying the foundation for the full coverage of carbon neutrality later. During the Reporting Period, Tongliao Base obtained the energy management system certificate, laying a solid foundation for the Company to accomplish the low-carbon strategic goal.

To standardize the calculation of greenhouse gas emissions for the biological fermentation industry, Meihua Bio led in the formation of the Requirements for the Calculation and Reporting of Greenhouse Gas Emissions -- Manufacturers in Biological Fermentation, a collective standard proposed by the China Biotech Fermentation Industry Association, and participated in the drafting of the Evaluation Standards for Model Energy-Saving and Environmentally Friendly Enterprises in the Biological Fermentation Industry, a collective standard proposed by the China Biotech Fermentation Industry Association. It has made outstanding contributions to environmental management in the industry.

To improve employees' professional abilities for addressing climate risk, saving energy, and reducing carbon, the Company conducts training on energy-saving strategies, policies, and standards. In 2023, Meihua

Bio conducted four sessions of training on addressing climate change as well as energy conservation and emission reduction strategies. The training covered a number of topics, including the interpretation of the trend of national carbon neutrality development, horizontal energy saving and emission reduction strategies, the current status of the Company's energy consumption, and energy conservation and emission reduction plans and strategies. The training was attended by 150 trainees, and the total hours of participation exceeded 600.

During the Reporting Period, to further reduce carbon emissions, the Company's production bases carried out work related to energy conservation and emission reduction in many aspects, including production process management, technological improvements for heating stations, and PV power.

Some cases of energy conservation and emission reduction are as follows:

1. Project of technological improvements for energy supply

(1) Project of improving the operation of low-pressure steam pipe networks at Xinjiang Heating Station: Xinjiang Base aligned the overall use of the steam pipe networks and the design, identified points for improvements, and reduced the power plant's steam consumption by 0.2 kg/KWH by adjusting the pressure of steam for external supply. It is estimated that the project saved about 33,800 tons of standard coal and reduced carbon emissions by 87,800 tons throughout the year.

(2) PV power generation in Tongliao and Jilin factories: In response to the call of the national clean energy development strategy, the Company developed PV projects in Tongliao Base and Jilin Base, respectively, based on the concept of green and sustainable development. The projects were completed and put into use. It is estimated that the projects generated a total green power of 35.52 million KWH and reduced carbon emissions by 10,900 tons throughout the year.

2. Equipment improvements and production process management

(1) Improvement of energy conservation technology for start evaporators at Xinjiang Base: An additional set of the evaporation tower system was installed on the evaporators at the starch workshop in Xinjiang Base. The recycling of heat from exhaust saves steam consumption by 9 T/h. It is estimated that the project saved about 10,100 tons of standard coal and reduced carbon emissions by 26,260 tons throughout the year.

(2) Improvement of xanthan gum technology: Jilin Base built new xanthan gum production lines, used new extraction technology, and improved evaporators. The project reduces steam consumption for single products by 11% and saves about 54,000 tons of steam annually. It is estimated that the project saved about 7,700 tons of standard coal and reduced carbon emissions by 20,000 tons throughout the year.

II. Social Responsibility-Related Work

(1) Whether the social responsibility report, the sustainable development report, or the ESG report was disclosed separately

√ Applicable ☐Not applicable

The Company's environmental, social, and governance reports were disclosed on the website of the Shanghai Stock Exchange on the same day as this report. The disclosure website is http://www.sse.com.cn.

(2) Information of social responsibility-related work

√ Applicable ☐Not applicable

External donations and charity projects	Amount/content	Remark
Total spending (‘0000 yuan)	471.67	
including: funds (‘0000 yuan)	314.35	
value of supplies (‘0000 yuan)	157.32	
Number of beneficiaries	1,431,728	

Specific information

√ Applicable ☐Not applicable

During the Reporting Period, Tibet Meihua’s charity foundation donated anti-flood supplies to the Bazhou Red Cross Society of Hebei (30,000 cartons of instant noodles and 9,600 cartons of water), which are worth 1.4712 million yuan. Upon arrival in Bazhou, all supplies were distributed to the flood-stricken towns and villages through the reasonable arrangement of local authorities to immediately solve the shortage of anti-flood supplies locally. 1 million yuan was donated for the infrastructure construction of Chunhua Garden in Baicheng as part of its contribution to improving the local environment, providing residents with places for leisure and recreational activities, and enriching their lives. 500,000 yuan was donated to the Baicheng Industry Zone to assist in post-disaster reconstruction. 500,000 yuan was donated to the Shanghai Spring Youth Development Center for a research-based study project. 250,000 yuan was donated to the Xiasasu Community, Pargor Subdistrict, Chengguan District, Lhasa, Tibet, for the upgraded donation of the office area on Floor 1 at Xiasasu Community to assist in community development. The decoration involved the re-planning and renovation of venues, including the People’s Service Hall, the Mass Meeting Room, and the Archives Room. 250,000 yuan was donated to the SOS children’s village. 180,000 yuan was donated to 50 students from families with financial problems in Nyemo County, Lhasa, Tibet. 137,000 yuan was donated to Quxia Village, Lhatse County, Shigatse, Lhasa, Tibet. Coal was donated to Guoke Village, Tibet, and was worth 102,000 yuan. 100,000 yuan was donated to 15 college students from families with financial problems in the SOS children’s village in Lhasa, Tibet. 54,000 yuan was donated to the School of Chemical Engineering and Technology, Tianjin University. When the charity foundation conducted a charity project survey in Changzhi, Shanxi, it provided 40,000 yuan in financial aid to 20 seniors in high school at Qinxian Middle School and Changzhi No. 2 Middle School in Shanxi.

Jilin Meihua donated 109,000 yuan to impoverished children through the China Charity Federation and subsequently donated 23,544 yuan to 108 impoverished children in Taobei District, Baicheng through Tibet Meihua’s charity foundation.

As an important part of its sustainable development campaign, the Company will make full use of the charity foundation platform in the future, build up its image as a responsible brand, enhance staff cohesion, align with global top companies, and develop into a responsible enterprise.

III. Consolidation and Expansion of Achievements in Poverty Alleviation and Work Related to Rural Revitalization

√ Applicable ☐Not applicable

Poverty alleviation and rural revitalization projects	Amount/content	Remark
External donations and charity projects	130.9	
Total spending (‘0000 yuan)	120.7	
including: funds (‘0000 yuan)	10.2	
value of supplies (‘0000 yuan)	7,320	
Form of support (such as industrial poverty alleviation, poverty alleviation through employment opportunities, poverty alleviation through education, etc.)	Poverty alleviation through education	

Specific information

√ Applicable ☐Not applicable

While striving for rapid development and bigger economic returns, the Company leverages the industrial advantage to actively support the cause of charity by organizing various activities that cover rural revitalization, donations, and poverty alleviation through education. The Company persists in giving back to society with benevolence and helping others through good deeds as part of its social responsibility for “making the world better.”

In 2023, Tibet Meihua’s charity foundation donated 500,000 yuan to the Shanghai Spring Youth Development Center for a research-based study project. The Company plans to introduce the project jointly with Spring Youth to the schools in the places where the Company and its subsidiaries are located to develop the Research-Based Study course and create open space and classes for students. 250,000 yuan was donated to the SOS children’s village. 180,000 yuan was donated to 50 students from families with financial problems in Nyemo County, Lhasa, Tibet. 137,000 yuan was donated to Quxia Village, Lhatse County, Shigatse, Lhasa, Tibet. Coal was donated to Guoke Village, Tibet, and was worth 102,000 yuan. 100,000 yuan was donated to 15 college students from families with financial problems in the SOS children’s village in Lhasa, Tibet. When the charity foundation conducted a charity project survey in Changzhi, Shanxi, it provided 40,000 yuan in financial aid to 20 seniors in high school at Qinxian Middle School and Changzhi No. 2 Middle School in Shanxi. The Company has been deepening poverty alleviation through education and assisting in rural revitalization through tangible action.

Section 6 Significant Matters

I. Fulfillment of Commitments

(I) Commitments of relevant parties, including the Company's actual controller, shareholders, related parties, acquirers, and the Company

√ Applicable ☐Not applicable

Commitment background	Type of commitment	Commitment made by	Content of commitment	Date of commitment	Whether there is a deadline	Deadline	Whether it is strictly fulfilled in due course	If it is not fulfilled in due course, state the specific reasons	If it is not fulfilled in due course, state the plan for the next step
Commitments related to the restructuring of major assets	Solving horizontal competition	Meng Qingshan and persons acting in concert	During the period when Mr. Meng Qingshan and the persons acting in concert serve as the Company's controlling shareholder and actual controller, effective measures will be taken, and Mr. Meng Qingshan or the holding subsidiaries under Mr. Meng Qingshan and the persons acting in concert will be caused to take effective measures not to be engaged in or involved in any business that may compete with the business engaged in by the listed company or its holding subsidiaries.	July 19, 2010	No		Yes	Not applicable	Not applicable
	Solving related-party transactions	Meng Qingshan and persons acting in concert	Upon completion of the restructuring, Mr. Meng Qingshan and the persons acting in concert will avoid related-party transactions with the listed company wherever possible. If there is any unavoidable related-party transaction, Mr. Meng Qingshan and the persons acting in concert will enter into agreements with the listed company in accordance with laws, perform lawful procedures, fulfill the duty of information disclosure, and go through formalities to obtain approval in accordance with relevant laws, regulations, and the Articles of Association. They undertake not to harm the legitimate rights and interests of the listed company and other shareholders through related-party transactions.	July 19, 2010	No		Yes	Not applicable	Not applicable

	Others	Meng Qingshan and persons acting in concert	Upon completion of the transaction, they will maintain the independence of the listed company, observe the principle of separation in personnel, finance, institution, and business, and run the listed company in accordance with the relevant CRSC rules.	July 19, 2010	No		Yes	Not applicable	Not applicable

(II) Whether the Company reached the original profit forecast in respect of any asset or project, if there was a profit forecast for the asset or project and it was still the profit forecast period during the Reporting Period and statement of the reasons

☐ Yes ☐ No √ Not applicable

(III) Accomplishment of committed performance and its impact on the goodwill impairment test

☐ Applicable √ Not applicable

II. Occupation of Funds by Controlling Shareholder and Other Related Parties for Non-operating Purposes during the Reporting Period

☐ Applicable √ Not applicable

III. Guarantees in Violation of Regulations

☐ Applicable √ Not applicable

IV. Notes of the Board of Directors on the "Modified Audit Report" from the CPA Firm

☐ Applicable √ Not applicable

V. Analysis of the Reasons for Changes in Accounting Policies or Accounting Estimates or Correction of Material Accounting Errors and the Effect

(I) Analysis of the reasons for changes in accounting policies or accounting estimates and the effect

√ Applicable ☐Not applicable

1. Changes in accounting policies

Changes in accounting policies and the reasons	Review and approval procedures	Remark
On January 1, 2023, the Company started to implement the Interpretation of Accounting Standards for Business Enterprises No. 16 (ASBE Interpretation No. 16) published by the Ministry of Finance in 2022. According to the interpretation, "accounting treatment exempted from initial recognition does not apply to deferred income tax associated with assets and liabilities arising from a single transaction."	2nd meeting of the tenth session of the board of directors	(1)

(1) Effect of the implementation of the ASBE Interpretation No. 16 on the Company

On December 31, 2022, the Ministry of Finance published the ASBE Interpretation No. 16 (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16"). The provision that "accounting treatment exempted from initial recognition does not apply to deferred income tax associated with assets and liabilities arising from a single transaction" was implemented on, and as of, January 1, 2023. Enterprises are allowed to implement it in the publishing year in advance. The Company performed the relevant accounting treatment in 2023.

The lease liabilities and right-of-use assets recognized due to the applicability of Interpretation No. 16 as at the beginning of the earliest period (which is January 1, 2022) and the recognized estimated liabilities related to the retirement obligation, as well as the corresponding assets, were presented in the financial statements prepared after the first implementation of Interpretation No. 16. Where any deductible temporary difference or taxable temporary difference arose, the Company adjusted the retained profits at the beginning of the earliest period (which is January 1, 2022) and other relevant items in the financial statements according to the accumulated effects.

In accordance with the relevant provisions of Interpretation No. 16, the Company adjusted the relevant items in the financial statements according to the accumulated effects:

Item	January 1, 2022 Original amount presented (yuan)	Amount of accumulated effects (yuan)	January 1, 2022 Amount presented after adjustment (yuan)
Deferred income tax assets	111,413,131.73	461,821.26	111,874,952.99
Deferred income tax liabilities	40,626,900.28	534,383.67	41,161,283.95
Surplus reserve	958,921,722.12	（7,256.24）	958,914,465.88
Retained profits	4,599,883,309.24	（65,306.17）	4,599,818,003.07

For the lease liabilities and right-of-use assets recognized from single transactions subject to Interpretation No. 16 that occurred between the beginning of the earliest period (which is January 1, 2022) and the implementation date of Interpretation No. 16 (December 31, 2022), and the recognized estimated liabilities related to the retirement obligation, as well as the corresponding assets presented in the financial statements after the first implementation of Interpretation No. 16, the Company treated them in accordance with Interpretation No. 16.

(2) In accordance with the relevant provisions of Interpretation No. 16, the Company adjusted the relevant balance sheet items as follows:

Balance sheet item	December 31, 2022		
	Before change (yuan)	Amount of accumulated effects (yuan)	After change (yuan)
Deferred income tax assets	135,669,154.91	910,640.61	136,579,795.52
Deferred income tax liabilities	180,231,753.15	1,053,618.63	181,285,371.78
Surplus reserve	1,142,518,851.07	（14,297.80）	1,142,504,553.27
Retained profits	7,605,768,999.02	（128,680.22）	7,605,640,318.80

In accordance with the relevant provisions of Interpretation No. 16, the Company adjusted the profit or loss items as follows:

Profit or loss item	2022		
	Before change (yuan)	Amount of accumulated effects (yuan)	After change (yuan)
Income tax expenses	746,482,646.86	70,415.61	746,553,062.47
Net profits	4,406,312,397.53	（70,415.61）	4,406,241,981.92

2．Changes in accounting estimates

There was no change in key accounting estimates during the Reporting Period.

(II) Analysis of the reasons for correction of material accounting errors and the effect

☐ Applicable √ Not applicable

(III) Communication with previously appointed CPA firms

☐ Applicable √ Not applicable

(IV) Review and approval procedures and other information

√ Applicable ☐Not applicable

The above changes in accounting policies were deliberated and approved at the 2nd meeting of the tenth session of the board of directors.

VI. Appointment and Dismissal of CPA Firms

Unit: yuan Currency: RMB

	Current CPA firm in service
Name of domestic CPA firm	Da Hua CPAs LLP (special general partnership)
Remuneration for domestic CPA firm	1,400,000.00
Limit on years of audit by domestic CPA firm	14
Names of CPAs from domestic CPA firm	Gong Chenyan, Li Qianqian
Total years of audit service by CPAs from domestic CPA firm	Gong Chenyan (3 years), Li Qianqian (2 years)

	Name	Remuneration
CPA firm for internal control audit	Da Hua CPAs LLP (special general partnership)	800,000.00

Explanation of appointment and dismissal of CPA firm
√ Applicable ☐Not applicable

As deliberated and approved at the annual general meeting of 2022, the Company continued to appoint Da Hua CPAs LLP (special general partnership) as the audit firm for auditing the Company's 2023 annual financial report and internal control.

Explanation of appointment of another CPA firm during the audit period
☐ Applicable √ Not applicable

Explanation of a reduction in audit fees by more than 20% (inclusive) from prior year
☐ Applicable √ Not applicable

VII. Delisting Risk

(I) Causes of delisting risk warning

☐ Applicable √ Not applicable

(II) Countermeasures planned by the Company

☐ Applicable √ Not applicable

(III) Termination of listing

☐ Applicable √ Not applicable

VIII. Bankruptcy and Restructuring-Related Matters

☐ Applicable √ Not applicable

IX. Significant Litigation and Arbitration

√ The Company had significant litigation or arbitration in the year ☐ The Company did not have significant litigation or arbitration

(I) Circumstance where any litigation or arbitration was disclosed in provisional announcements but did not progress subsequently

☐ Applicable √ Not applicable

(II) Circumstance where any litigation or arbitration was not disclosed in provisional announcements or progressed subsequently

☐ Applicable √ Not applicable

(III) Other information

√ Applicable ☐Not applicable

1. Litigation related to former Dalian Hanxin Bio-Pharmaceuticals Co., Ltd.

According to the Share Transfer Agreement for the transfer of 100% of the shares of Dalian Hanxin Bio-Pharmaceuticals Co., Ltd. (former name and now known as AIM Honesty Bio-Pharmaceuticals Co., Ltd., hereinafter referred to as “AIM Honesty”) by the Company’s wholly-owned subsidiary Lhasa Meihua Bio-investment Holdings Co., Ltd. to Liaoning AIM Bio-vaccine Technology Group Co., Ltd. (former name and now known as AIM Vaccine Co., Ltd.), Lhasa Meihua Bio-investment Holdings Co., Ltd. undertakes that, except for the liabilities specifically stated in the audit report and the financial statements provided to the acquirer and the liabilities that occurred abnormally in the normal course of business of AIM Honesty and its subsidiaries after the audit benchmark date and has been disclosed to the acquirer, AIM Honesty and its subsidiaries did not have any other debts or contingent debts. In the event that it violates the undertaking, it shall bear compensation liability for all the direct or indirect economic losses suffered by other parties due to the violation. In accordance with the aforementioned provision, the Company has performed the obligation for partial compensation. For more details, refer to the Company’s previous annual reports.

As of December 31, 2022, the Company’s other receivables—Zhuang Enda debt—reached 91,112,286.66 yuan, which was a historical debt. According to the agreements between the Company and AIM Honesty’s former actual controllers, who were Tibet Yiyuan Industry and Zhuang Enda, Lhasa Meihua has the right to claim compensation from Tibet Yiyuan Industry and Zhuang Enda. Based on investigations, Tibet Yiyuan Industry had no industrial entity or property for enforcement. The Wuhua District People’s Court of Kunming and the Kunming Intermediate People’s Court also imposed consumption restrictions on Zhuang Enda, who had no property under his name for enforcement. The Company accrued bad debt provisions for all the aforementioned accounts receivable, which were deliberated and approved at the 2nd meeting of the tenth session of the board of directors. The above bad debts have been written off, and the write-off will not have significant effects on the Company’s profits.

Pending litigation related to AIM Honesty that continued until the Reporting Period is as follows:

The Company’s subsidiary Lhasa Meihua Bio-investment Holdings Co., Ltd. (hereinafter referred to as “Lhasa Meihua”) received the Notice on Repaying Debts from AIM Honesty on October 13, 2020.

According to (2015) DMSCZ No. 438 Civil Judgement issued by the Dalian Intermediate People's Court of Liaoning, Kunming Sunwise Measure and Control Technology Co., Ltd. (hereinafter referred to as "Sunwise Measure and Control") used the right of use of Parcels 17-1-3, 17-2, and five above-ground properties located in the industrial base at Kunming Economic and Technological Development Zone under its name to provide the guarantee for AIM Honesty to borrow loans from Bank of Jilin Co., Ltd. Dalian Branch under the Renminbi Borrowings Contract (2014 LJZ DL1114010272). The judicial sale of the above land parcels and properties pledged was done on April 19, 2018. The payment from the sale will be used to repay the bank loans, and Sunwise Measure and Control has the right of recourse against AIM Honesty.

According to relevant agreements, including the Agreement on the Transfer of the Shares of Dalian Hanxin Bio-Pharmaceuticals Co., Ltd. between the Company's subsidiary, Lhasa Meihua, and AIM Vaccine Co., Ltd., Lhasa Meihua shall be responsible for solving the realization of the non-operating creditor's right and the settling of debts for AIM Honesty in respect of its former shareholder, Tibet Yiyuan Industry Co., Ltd. (hereinafter referred to as "Tibet Yiyuan"). Based on that, AIM Honesty gave the aforementioned Notice on Repaying Debts to Lhasa Meihua. According to relevant documents, including the share transfer agreement between Lhasa Meihua and AIM Honesty's former shareholder, Tibet Yiyuan, Tibet Yiyuan shall be responsible for realizing the non-operating creditor's rights and settling debts for AIM Honesty. Based on the aforementioned relevant agreements, the related parties have agreed that Tibet Yiyuan and its related parties shall inherit the aforementioned debts arising from the right of recourse and the interest.

In December 2021, according to the copy of the complaint, the notice of appearance, and other relevant documents forwarded by AIM Honesty from the service of the Kunming Intermediate People's Court regarding the case of contractual dispute in which Kunming Sunwise Industry Co., Ltd. (holding 100% of the shares of Sunwise Measure and Control, hereinafter referred to as "Sunshine Industry") filed a lawsuit against AIM Honesty and the third person, Sunwise Measure and Control, as the shareholder of Sunwise Measure and Control, Sunwise Industry entered the bankruptcy and liquidation proceedings as ruled by the Kunming Intermediate People's Court on March 15, 2019, and the court designated Yunnan Zhenxu Law Firm as the administrator. The administrator for Sunwise Industry filed a lawsuit, citing the fact that Sunwise Measure and Control failed to claim compensation from AIM Honesty after performing the guarantee obligation and demanded payment from AIM Honesty to Sunwise Measure and Control for the receivables as well as the interest and the fund occupation fee. As aforementioned, in accordance with the provisions of relevant agreements, the Company has reached an agreement with all related parties that Tibet Yiyuan and its related parties inherit all debts arising from the right of recourse and the interest.

On October 18, 2022, the Kunming Intermediate People's Court entered the following judgement: 1) the Defendant AIM Honesty Bio-Pharmaceuticals Co., Ltd. repay 28,967,179.55 yuan to the third person Kunming Sunwise Measure and Control Technology Co., Ltd. within 10 days of the entry into force of the judgement; 2) the Defendant AIM Honesty Bio-Pharmaceuticals Co., Ltd. pay the fund occupation fee to the third person Kunming Sunwise Measure and Control Technology Co., Ltd. within 10 days of the entry into force of the judgement, using 28,967,179.55 as the basis for the period from August 17, 2021 to the payment date according to the loan prime rate published by the National Interbank Funding Center; and 3) other claims made by the Plaintiff Kunming Sunwise Industry Co., Ltd. be rejected.

On June 30, 2023, the Yunnan High People’s Court issued a judgement with Document No. (2023) YMZ No. 324 that rejected the appeal and affirmed the original judgement. AIM Honesty has filed for a retrial with the Supreme People’s Court in respect of the dispute. On December 4, 2023, the Supreme People’s Court issued the notice of acceptance.

According to the Share Transfer Agreement for the transfer of 100% of the shares of AIM Honesty by the Company’s wholly-owned subsidiary Lhasa Meihua Bio-investment Holdings Co., Ltd. to AIM Vaccine Co., Ltd., Lhasa Meihua Bio-investment Holdings Co., Ltd. undertakes that, except for the liabilities specifically stated in the audit report and the financial statements provided to the acquirer and the liabilities that occurred abnormally in the normal course of business of AIM Honesty and its subsidiaries after the audit benchmark date and has been disclosed to the acquirer, AIM Honesty and its subsidiaries did not have any other debts or contingent debts. In the event that it violates the undertaking, it shall bear compensation liability for all the direct or indirect economic losses suffered by other parties due to the violation. During the Reporting Period, based on the judgement of the Yunnan High People’s Court, the Company accrued 30,888,616.17 yuan in estimated compensation for liabilities and the interest.

2. Litigation related to Shandong Fufeng Fermentation Co., Ltd.

Shandong Fufeng Fermentation Co., Ltd. filed a lawsuit against the Company and its subsidiary Xinjiang Meihua regarding the infringement of the trade secret for the production of xanthan gum. Through multiple trials of the court, the Supreme People’s Court entered the final judgement on January 9, 2024: 1) Xinjiang Meihua Amino Acids Co., Ltd., Meihua Holdings Group Co., Ltd., and Zhang Wei immediately discontinue the infringement of Shandong Fufeng Fermentation Co., Ltd.’s trade secret for the production of xanthan gum, including not disclosing, using, or allowing others to use the said trade secret for the production of xanthan gum; 2) Xinjiang Meihua Amino Acids Co., Ltd., Meihua Holdings Group Co., Ltd., and Zhang Wei compensate Shandong Fufeng Fermentation Co., Ltd. for an economic loss of 15 million yuan within ten days of the entry into force of the judgement.

On March 5, 2024, the Jinan Intermediate People’s Court of Shandong issued a notice of enforcement with Document No. (2024) LU 01 ZHI No. 573. According to the notice, the judgement with Document No. (2022) ZGFZMZ No. 64 made by the Supreme People’s Court has come into force legally. The applicant Shandong Fufeng Fermentation Co., Ltd. filed for enforcement with the court, demanding 1) the performance of the obligations specified in the aforementioned legal instrument that has come into force; 2) double payment for the debt interest for the period of delayed performance; and 3) payment for the enforcement fee of 500 yuan. In accordance with laws and regulations such as the civil procedure law, judgement that has come into force shall be executed. Hence, the Company immediately executed all the content of the judgement of second instance after receiving the judgement. 1) Xinjiang Meihua performed the obligation of compensation according to Item 2) of the judgement. On February 1, 2024, it paid 15 million yuan to Shandong Fufeng Fermentation Co., Ltd. and accrued 15 million yuan in estimated liabilities for the compensation of economic losses based on the aforementioned judgement. 2) The judgement of second instance, by means of presumption, holds that the Company and Xinjiang Meihua bear joint and several liability for compensation for the infringement of the trade secret for the production of xanthan gum due to the Zhang Wei case. Based on the lawyer’s professional opinions, the Company holds that Xinjiang Meihua has lawful sources for the secret points of its xanthan gum production process and the process routes of relevant production lines and equipment. In actual production processes, Xinjiang Meihua is not engaged in any behavior that infringes upon the said trade secret for the production of xanthan gum. The questions of whether the technical information actually used by Xinjiang Meihua in its current operations is the same as the said trade secret for the production of xanthan gum and whether Xinjiang Meihua should discontinue the use of it should be determined by the people’s court through trials in a separate case according to the law. Based on the professional opinions as well as a comprehensive evaluation, the Company holds that there is a low chance for the judgement to have a material effect on the Company’s production and operations.

The Company and Xinjiang Meihua insist that Xinjiang Meihua is not engaged in the infringement of any trade secret in its xanthan gum production and sales processes. The Company will file for a retrial of the valid judgement of second instance in accordance with the law.

X. Alleged Violations of and Punishments on the Listed Company as well as its Directors, Supervisors, Officers, Controlling Shareholder, and Actual Controller, and the Rectifications

☐ Applicable √ Not applicable

XI. Credit Statuses of the Company as well as its Controlling Shareholder and Actual Controller during the Reporting Period

☐ Applicable √ Not applicable

XII. Significant Related-Party Transactions

(I) Related-party transactions related to day-to-day operations

1. Matters that were disclosed in provisional announcements and did not progress or change subsequently

☐ Applicable √ Not applicable

2. Matters that were disclosed in provisional announcements but progressed or changed subsequently

√ Applicable ☐Not applicable

1) Related-party transactions concerning the purchase of commodities or the receiving of labor services

Unit: yuan Currency: RMB

Related party	Content of related-party transaction	Amount incurred in the current period (yuan)	Amount incurred in the previous period (yuan)
Beitun Zefeng Agricultural Development Co., Ltd.	Raw materials	66,368,711.12	56,824,273.31
Tacheng Lvhe Agricultural Development Co., Ltd.	Raw materials	1,292,257.14	76,502,378.90
Total		67,660,968.26	133,326,652.21

* The shares of Tacheng Lvhe Agricultural Development Co., Ltd. held by Xinjiang Agriculture were transferred in March 2022.

2) Related-party transactions concerning the sales of commodities or the provision of labor services

Related party	Content of related-party transaction	Amount incurred in the current period (yuan)	Amount incurred in the previous period (yuan)
Tongliao Desheng Bio-tech Co., Ltd.	Commodities	66,793,916.44	46,287,976.83
Tongliao Desheng Bio-tech Co., Ltd.	Services	23,899.93	13,141.56
Total		66,817,816.37	46,301,118.39

3) Related-party leases

Where the Company is the lessor

Name of lessee	Type of leased asset	Rental income recognized in the current period (yuan)	Rental income recognized in the previous period (yuan)
Tongliao Desheng Bio-tech Co., Ltd.	Housing	2,200,057.73	1,356,055.99
Total		2,200,057.73	1,356,055.99

3. Matters not disclosed in provisional announcements

☐ Applicable √ Not applicable

(II) Related-party transactions concerning the purchase or sales of assets or shares

1. Matters that were disclosed in provisional announcements and did not progress or change subsequently

☐ Applicable √ Not applicable

2. Matters that were disclosed in provisional announcements but progressed or changed subsequently

☐ Applicable √ Not applicable

3. Matters not disclosed in provisional announcements

☐ Applicable √ Not applicable

4. Where it involves agreements on performance targets, the Company should disclose the accomplishment of performance targets during the Reporting Period

☐ Applicable √ Not applicable

(III) Significant related-party transactions concerning joint outbound investment

1. Matters that were disclosed in provisional announcements and did not progress or change subsequently

☐ Applicable √ Not applicable

2. Matters that were disclosed in provisional announcements but progressed or changed subsequently

☐ Applicable √ Not applicable

3. Matters not disclosed in provisional announcements

☐ Applicable √ Not applicable

(IV) Related-party dealings of creditor's right and debts

1. Matters that were disclosed in provisional announcements and did not progress or change subsequently

☐ Applicable √ Not applicable

2. Matters that were disclosed in provisional announcements but progressed or changed subsequently

☐ Applicable √ Not applicable

3. Matters not disclosed in provisional announcements

☐ Applicable √ Not applicable

(V) Finance business between the Company and related finance companies, the Company's holding finance companies, and related parties

☐ Applicable √ Not applicable

(VI) Miscellaneous

☐ Applicable √ Not applicable

XIII. Major Contracts and Performance

(I) Trusteeship, contracting, and lease matters

1. Trusteeship

☐ Applicable √ Not applicable

2. Contracting

☐ Applicable √ Not applicable

3. Leases

☐ Applicable √ Not applicable

(II) Guarantees

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

The Company's external guarantees (excluding guarantees for subsidiaries)	
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	
The Company's and its subsidiaries' guarantees for subsidiaries	
Total amount of guarantees incurred during the Reporting Period	2,818,604,221.77
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	1,499,402,021.77
The Company's total guarantees (including guarantees for subsidiaries)	
Total guarantees (A+B)	1,499,402,021.77
Proportion of total guarantees in the Company's net assets (%)	10.59

(III) Cash asset management through trusteeship

1. Entrusted financing

(1) Overview of entrusted financing

√ Applicable ☐Not applicable

Unit: '0000 yuan Currency: RMB

Type	Fund source	Transacted amount	Balance undue	Overdue balance not recovered
Bank financing	Self-owned funds	77,556.67	3,701.00	
Trust financing	Self-owned funds	42,000.00	-	
Brokerage products	Self-owned funds	1,000.00	-	
Others	Self-owned funds	55,000.00	15,540.00	

Other information

☐ Applicable √ Not applicable

(2) Single entrusted financing

☐ Applicable √ Not applicable

Other information

☐ Applicable √ Not applicable

(3) Impairment provisions for entrusted financing

☐ Applicable √ Not applicable

2. Entrusted loans

(1) Overview of entrusted loans

☐ Applicable √ Not applicable

Other information

☐ Applicable √ Not applicable

(2) Single entrusted loans

☐ Applicable √ Not applicable

Other information

☐ Applicable √ Not applicable

(3) Impairment provisions for entrusted loans

☐ Applicable √ Not applicable

3. Other information

☐ Applicable √ Not applicable

(IV) Other major contracts

☐ Applicable √ Not applicable

XIV. Progress of the use of raised funds

☐ Applicable √ Not applicable

XV. Other Important Matters That Have a Major Effect on Investors' Value Judgement and Investment Decision-Making

√ Applicable ☐Not applicable

1. Progress of share repurchases

The Company held the 3rd meeting of the tenth session of the board of directors and the 2nd extraordinary general meeting of 2023 on April 8, 2023, and April 28, 2023, respectively. The Proposal on Repurchasing the Company's Shares by Means of Centralized Bidding was deliberated and approved at the meetings. On April 29, 2023, the Company disclosed the Repurchase Report of Meihua Holdings Group Co., Ltd. on the Repurchase of Shares by Means of Centralized Bidding. On May 10, 2023, the Company carried out the first repurchase. For details, refer to the relevant announcement published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn).

As of the end of February 2024, the Company repurchased 69,634,252 shares, accounting for 2.37% of the Company's total shares (2,943,426,102) at present. The lowest repurchase price was 8.42 yuan/share and the highest was 10.28 yuan/share. The total amount paid was 638,189,200 yuan (not inclusive of the transaction fees). The repurchase met the requirements of the Company's repurchase plan. Subsequently, the Company will carry out share repurchases and timely perform the duty of information disclosure in strict accordance with relevant regulations, including Guidelines No.7 for Self-Regulatory Supervision on Listed Companies of the SSE — Share Repurchase.

2. Progress of the incorporation of Hengqin Company

As deliberated and approved at the 5th meeting of the tenth session of the board of directors, to further meet the Company's need for expanding the international market, deploying for international trade, and developing industrial business, the Company spent 50 million yuan to establish a new wholly-owned subsidiary. The name of the new company is Zhuhai Hengqin Meihua Biotech Co., Ltd. (hereinafter referred to as "Hengqin Meihua"). Its legal representative is Wang Aijun, and the type of the Company is limited liability company (natural person's sole proprietorship or holding legal person's sole proprietorship). On September 12, 2023, Hengqin Meihua completed the formalities for business registration and collected the business license.

Hengqin Meihua's 2-tiered subsidiary, Hong Kong Company, was registered on October 30, 2023. The full name of the company is Hong Kong Plum Holding Limited (hereinafter referred to as "Hong Kong Holding"); Hong Kong Company's 3-tiered subsidiary, Cayman Plum Holding Limited ("Cayman Company") was registered on November 8, 2023; Cayman Company's 4-tiered subsidiary, Plum Biotechnology Group Pte. Ltd. ("Singapore Company") was registered on January 8, 2024.

3．Implementation of the share increase plan

On January 8, 2024, according to the notice from the Company's directors, supervisors, officers, and other core management (hereinafter referred to as "the management"), based on the core competitiveness established by the Company in synthetic biology as well as the forecast of the great industrial prospect, the Company's management is full of confidence in the Company's inherent value and future development potential and is able to constantly create value for investors. Hence, the Company's management plans to increase the holding of shares in the Company by means permitted by the trading system of the Shanghai Stock Exchange (including but not limited to centralized bidding and block trading) within six months of the date of notice. The amount intended for the increase will be no less than 80 million yuan (inclusive of transaction fees). There is no price cap for the share increase plan. For more details, refer to the relevant announcement disclosed by the Company on the website of the Shanghai Stock Exchange.

According to verification, as of February 29, 2024, the management securities account for the committed share increase plan was opened, but the purchase of the Company's share was yet to be done. Subsequently, the Company will follow up on the implementation of the plan and perform the duty of information disclosure strictly in accordance with relevant regulatory requirements.

Section 7 Share Changes and Shareholders

I. Changes in Share Capital

(I) Table of share changes

1. Table of share changes

Unit: share

	Before the change		Increase/decrease (+, -)					After the change	
	Quantity	Proportion (%)	New shares issued	Bonus shares	Shares converted from reserve funds	Others	Subtotal	Quantity	Proportion (%)
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors									
of which: shares held by domestic non-state-owned legal persons									
shares held by domestic natural persons									
4. Shares held by foreign investors									
of which: shares held by foreign legal persons									
shares held by foreign natural persons									
II. Non-restricted outstanding shares	3,042,465,447	100				-99,039,345	-99,039,345	2,943,426,102	100
1. RMB ordinary shares	3,042,465,447	100				-99,039,345	-99,039,345	2,943,426,102	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	3,042,465,447	100				-99,039,345	-99,039,345	2,943,426,102	100

2. Explanation of share changes

√ Applicable ☐Not applicable

The Company held the 31st meeting of the ninth session of the board of directors and the annual general meeting of 2021 on May 22, 2022, and June 9, 2022, respectively. The Proposal on Repurchasing the Company's Shares by Means of Centralized Bidding was deliberated and approved at the meetings. On June 10, 2022, the Company disclosed the Repurchase Report of Meihua Holdings Group Co., Ltd. on the Repurchase of Shares by Means of Centralized Bidding. The repurchased shares were canceled to reduce the registered capital The Company carried out the first repurchase on July 26, 2022. As of the closing time on April 10, 2023, the Company completed the repurchase. The number of repurchased shares was 99,039,345, accounting for 3.26% of the Company's total shares (3,042,465,447) at the time. The lowest repurchase price was 9.07 yuan/share and the highest was 11.35 yuan/share. The average repurchase price was 10.09 yuan/share, and the total amount of funds used was 999,500,000 yuan. The Company completed the cancellation of all the repurchased shares. Upon cancellation, the Company's total shares changed from 3,042,465,447 to 2,943,426,102.

3. Effect of share changes on financial indicators for the last one year and the last one period, including earnings per share and net assets per share (if applicable)

☐ Applicable √ Not applicable

4. Other information that the Company deems necessary to disclose or as required by the securities regulatory body

☐ Applicable √ Not applicable

(II) Changes in restricted sales

☐ Applicable √ Not applicable

II. Issue and Listing of Securities

(I) Issue of securities as of the Reporting Period

√ Applicable ☐Not applicable

Unit: share Currency: RMB

Type of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Issued quantity	Date of listing	Quantity approved for listing	End date of trading
Type of ordinary share						
Ordinary A-shares	2013-3-29	6.27	399,990,000	2014-3-30	399,990,000	
Bonds (including enterprise bonds, debentures, and non-financial business debt financing instruments)						
Debenture	2015-7-31	4.47%	15,000,000,000			
Debenture	2015-10-31	4.27%	15,000,000,000			

Explanation of the issue of securities as of the Reporting Period (for bonds with different interests rates during the term, please provide explanation separately):

☐ Applicable √ Not applicable

(II) Changes in the Company's total shares, shareholder structure, and asset and liability structure

☐ Applicable √ Not applicable

(III) Existing internal staff shares

☐ Applicable √ Not applicable

III. Overview of Shareholders and Actual Controller

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period	78,717
Total number of ordinary shareholders as of the end of the month immediately prior to the disclosure date of the annual report	72,492

(II) Shares held by the top ten shareholders and the top ten holders of tradable shares (or holders of non-restricted shares) as of the end of the Reporting Period

Unit: Share

Shares held by the top ten shareholders (excluding the shares lent through refinancing)							
Shareholder's name (full name)	Increase/decrease during the Reporting Period	Number of shares held at the end of the period	Proportion (%)	Number of restricted shares held	Pledged, marked, or frozen shares		Nature of shareholder
					Share status	Quantity	
Meng Qingshan		854,103,033	29.02		None		Domestic natural person
Beijing Royal Fortune Co., Ltd. -- Royal Fortune Huichen Strategic Investment Private Securities Investment Fund		125,876,969	4.28		None		Other
Hu Jijun		99,721,451	3.39		None		Domestic natural person
China Merchants Bank Co., Ltd. -- Xingquan Herun Mixed Securities Investment Fund		75,962,297	2.58		None		Other
Wang Aijun		71,316,274	2.42		None		Domestic natural person
Liang Yubo		53,668,518	1.82		None		Domestic natural person
Hong Kong Securities Clearing Company Limited		48,695,011	1.65		None		Other

China Merchants Bank Co., Ltd. -- Xingquan Herun Flexible Allocation Mixed Securities Investment Fund (LOF)		47,727,936	1.62		None		Other
Meihua Holdings Group Co., Ltd. -- 2022 Employee Stock Ownership Plan		32,932,300	1.12		None		Other
ZheShang Bank Co., Ltd. -- Guotai China Securities Animal Husbandry ETF Securities Investment Fund		32,791,021	1.11		None		Other

Shares held by the top ten holders of non-restricted shares			
Name of shareholder	Quantity of non-restricted tradable shares held	Type and quantity of shares	
		Type	Quantity
Meng Qingshan	854,103,033	RMB ordinary share	854,103,033
Beijing Royal Fortune Co., Ltd. -- Royal Fortune Huichen Strategic Investment Private Securities Investment Fund	125,876,969	RMB ordinary share	125,876,969
Hu Jijun	99,721,451	RMB ordinary share	99721451
China Merchants Bank Co., Ltd. -- Xingquan Herun Mixed Securities Investment Fund	75,962,297	RMB ordinary share	75962297
Wang Aijun	71,316,274	RMB ordinary share	71,316,274
Liang Yubo	53,668,518	RMB ordinary share	53,668,518
Hong Kong Securities Clearing Company Limited	48,695,011	RMB ordinary share	48,695,011
China Merchants Bank Co., Ltd. -- Xingquan Herun Flexible Allocation Mixed Securities Investment Fund (LOF)	47,727,936	RMB ordinary share	47,727,936
Meihua Holdings Group Co., Ltd. -- 2022 Employee Stock Ownership Plan	32,932,300	RMB ordinary share	32,932,300
ZheShang Bank Co., Ltd. -- Guotai China Securities Animal Husbandry ETF Securities Investment Fund	32,791,021	RMB ordinary share	32,791,021
Information of the repurchase account among the top ten shareholders	The Company’s repurchase account is not presented in the “Shares held by the top ten holders of non-restricted shares” section. As of the end of the Reporting Period, there were 63,590,552 of the Company’s shares held in the repurchase account, accounting for 2.16% of the Company’s total shares at present.		
Information of voting trust, voting trusteeship, and abstention of voting rights for the above shareholders	Among the above shareholders, Meng Qingshan, Hu Jijun, Wang Aijun, and Liang Yubo have no voting trust, voting trusteeship, and abstention of voting rights. The information of voting trust, voting trusteeship, and abstention of voting rights for other shareholders is not known.		
Information of relationships or acting in concert of the above shareholders	Among the above shareholders, Meng Qingshan and Wang Aijun are persons acting in concert.		
Information of preferred shareholders with restored voting rights and the number of shares held by them	None		

Notes:

1. As of the end of the Reporting Period, the shareholder, Meng Qingshan, held 704,103,033 shares through the ordinary account and 150,000,000 shares through the credit securities account; Wang Aijun held 56,316,274 shares through the ordinary account and 15,000,000 shares through the credit securities account.

Information of the top ten shareholders’ participation in refinancing to lend shares
☐ Applicable √ Not applicable

Changes in the top ten shareholders as compared with the previous period
☐ Applicable √ Not applicable

Number of shares held by the top ten holders of restricted shares and the restrictions
☐ Applicable √ Not applicable

(III) Strategic investors or general legal persons becoming top ten holders due to the allotment of new shares

☐ Applicable √ Not applicable

IV. Information of Controlling Shareholder and Actual Controller

(I) Information of controlling shareholder

1. Legal person

☐ Applicable √ Not applicable

2. Natural person

√ Applicable ☐Not applicable

Name	Meng Qingshan
Nationality	Chinese
Whether a resident status in other countries or regions is obtained	No
Major occupation and position	He served as Chairman of the Company from March 2009 to January 2017.

3. Explanation of circumstance where the Company does not have a controlling shareholder

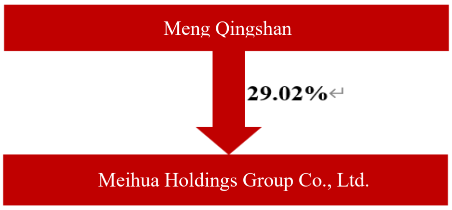
☐ Applicable √ Not applicable

4. Explanation of changes in controlling shareholder during the Reporting Period

☐ Applicable √ Not applicable

5. Diagram of the property right and control relationship between the Company and its controlling shareholder

√ Applicable ☐Not applicable



(II) Information of actual controller

1. Legal person

☐ Applicable √ Not applicable

2. Natural person

√ Applicable ☐Not applicable

Name	Meng Qingshan
Nationality	Chinese
Whether a resident status in other countries or regions is obtained	No
Major occupation and position	He served as Chairman of the Company from March 2009 to January 2017.
Information of any domestic or foreign holding listed company during the past 10 years	None
Name	Wang Aijun
Nationality	Chinese
Whether a resident status in other countries or regions is obtained	No
Major occupation and position	She served as Chairman of the Company from January 16, 2017 as of now.
Information of any domestic or foreign holding listed company during the past 10 years	None
Name	He Jun
Nationality	Chinese
Whether a resident status in other countries or regions is obtained	No
Major occupation and position	He served as Director and General Manager of the Company from January 16, 2017 as of now.
Information of any domestic or foreign holding listed company during the past 10 years	None

3. Explanation of circumstance where the Company does not have an actual controller

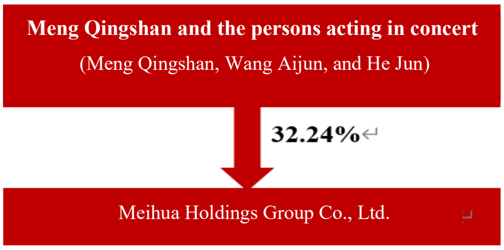
☐ Applicable √ Not applicable

4. Explanation of changes in the Company's control during the Reporting Period

☐ Applicable √ Not applicable

5. Diagram of the property right and control relationship between the Company and its actual controller

√ Applicable ☐Not applicable



6. Actual controller controlling the Company through trust or other asset management methods

☐ Applicable √ Not applicable

(III) Other information of controlling shareholder and actual controller

☐ Applicable √ Not applicable

V. Total number of pledged shares of the Company's controlling shareholder or top shareholder and the persons acting in concert accounting for more than 80% of the Company's total shares

☐ Applicable √ Not applicable

VI. Corporate shareholders holding more than 10% of the shares

☐ Applicable √ Not applicable

VII. Explanation of decrease of holding of shares due to share restrictions

☐ Applicable √ Not applicable

VIII. Implementation of Share Repurchase during the Reporting Period

√ Applicable ☐Not applicable

Unit: yuan Currency: RMB

Name of the share repurchase plan	Share Repurchase Plan of Meihua Holdings Group Co., Ltd.
Disclosure date of the share repurchase plan	May 23, 2022
Number of shares planned to repurchase and the proportion in the total shares (%)	2.69
Planned amount of repurchase	800 million yuan - 1 billion yuan
Planned period of repurchase	Less than 12 months from the date the repurchase plan is approved at the Company's general meeting
Purpose of repurchase	Cancellation - to reduce the registered capital

Repurchased quantity (share)	99,039,345
Proportion of repurchased shares in the underlying shares involved in the share incentive plan (%) (if applicable)	Not applicable
Progress of decrease of the holding of repurchased shares by means of centralized bidding	Not applicable

Name of the share repurchase plan	Share Repurchase Plan of Meihua Holdings Group Co., Ltd.
Disclosure date of the share repurchase plan	April 10, 2023
Number of shares planned to repurchase and the proportion in the total shares (%)	2.74
Planned amount of repurchase	800 million yuan - 1 billion yuan
Planned period of repurchase	Less than 12 months from the date the repurchase plan is approved at the Company's general meeting
Purpose of repurchase	Cancellation - to reduce the registered capital
Repurchased quantity (share)	63,590,552
Proportion of repurchased shares in the underlying shares involved in the share incentive plan (%) (if applicable)	Not applicable
Progress of decrease of the holding of repurchased shares by means of centralized bidding	Not applicable

Section 8 Information on Preferred Shares

☐ Applicable √ Not applicable

Section 9 Information on Securities

I. Enterprise Bonds, Debentures, and Non-financial Business Debt Financing Instruments

☐ Applicable √ Not applicable

II. Information of Convertible Debentures

☐ Applicable √ Not applicable

Section 10 Financial Report

I. Audit Report

✓Applicable ☐ Not Applicable

DHSZ [2024] No. 0011004004

To all shareholders of Meihua Holdings Group Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Meihua Holdings Group Co., Ltd. (hereinafter referred to as "Meihua Bio"), including the consolidated and parent Company's balance sheets as of December 31, 2023, as well as the consolidated and parent Company's income statements, the consolidated and parent Company's cash flow statements, the consolidated and parent Company's statement of changes in shareholders' equity, and related notes to the financial statements for the year 2023.

We believe that the accompanying financial statements have been formulated in accordance with the *Accounting Standards for Business Enterprises* in all material respects and present fairly the consolidated and parent Company's financial position of Meihua Bio as of December 31, 2023, and the consolidated and parent Company's operating results and cash flows for the year 2023.

II. Basis for Audit Opinion

We conducted our audit in accordance with the provisions specified in the *Auditing Standards for Certified Public Accountants of China*. The section "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" of the audit report further explains our responsibilities under these standards. In accordance with the *China Code of Ethics for Certified Public Accountants,* we are independent of Meihua Bio and have fulfilled our other professional ethics responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 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 revenue recognition as a key audit matter that needed to be communicated in our audit report.

1. Matter Description

Meihua Bio is primarily engaged in the production of amino acid products, with operating revenue for the year 2023 amounting to RMB 27,760,612,259.07 yuan. For accounting policies related to revenue, please refer to Paragraph 34 Revenue of Sub-Section V of this Section, and for the carrying amount of operating revenue, please refer to Paragraph 61 Operating Revenue and Operating Costs of Sub-section VII of this Section. As revenue is one of the key performance indicators for Meihua Bio, there is inherent risk that the Company's management may manipulate revenue recognition to achieve specific targets or expectations. Therefore, we identified revenue recognition as a key audit matter.

2. Audit Response

Key audit procedures we’ve carried out for revenue recognition include:

(1) Understanding, assessing, and testing the management's internal control over the recognition of operating revenues;

(2) Selecting samples to examine sales contracts and conducting interviews with the management to identify contract terms related to the transfer of control of goods and to evaluate whether revenue recognition policies comply with the *Accounting Standards for Business Enterprises*;

(3) Selecting samples to examine supporting documents related to the recognition of revenue from the main businesses, including sales contracts, sales invoices, shipping documents, export customs declaration forms, bills of lading, and bank payment connection records, to assess whether revenue recognition complies with the Company's accounting policies for revenue recognition;

(4) Performing independent confirmation procedures for sales revenue from significant customers to confirm the authenticity and completeness of revenue;

(5) With regard to the main business revenue transactions recorded before and after the balance sheet date, selecting samples to examine sales contracts, sales invoices, shipping documents, and other supporting documents to assess whether revenue from the main business is recognized in the appropriate accounting period;

(6) Conducting examinations of sales revenue after the balance sheet date to identify whether there are instances of revenue reversal or substantial sales returns;

(7) Sampling to examine the payment collection after the balance sheet date.

Based on the audit work we’ve conducted, we believe that management's judgments on the recognition of operating revenue are reasonable.

IV. **Responsibilities of the Management and Governance for Financial Statements**

The management of Meihua Bio is responsible for preparing financial statements in accordance with the *Accounting Standards for Business Enterprises* to ensure fair presentation, and for designing, implementing, and maintaining necessary internal controls to prevent material misstatements in the financial statements arising from fraud or error.

In preparing the financial statements, the management of Meihua Bio is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption unless the management intends to liquidate the Company, cease operations, or has no realistic alternative.

The governance is responsible for overseeing the financial reporting process of Meihua Bio.

V. Responsibilities of Certified Public Accountants for the Audit of Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements arising from fraud or error, and to issue an audit report containing audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from either fraud or error, and it is reasonably expected that individual or aggregated misstatements may affect the economic decisions made by users based on the financial statements, such misstatements are generally considered material.

During the audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism. Additionally, we perform the following procedures:

1. Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for our audit opinion. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect one due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.

2. Understand the internal controls relevant to the audit in order to design appropriate audit procedures.

3. Evaluate the appropriateness of the accounting policies selected by the management and the reasonableness of accounting estimates and related disclosures.

4. Come to a conclusion regarding the appropriateness of the management's utilization of the going concern assumption. Additionally, based on the audit evidence obtained, conclude whether significant uncertainties exist regarding matters or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw attention to users of the report in our audit report to the relevant disclosures in the financial statements; if the disclosures are inadequate, we should issue a qualified opinion. We come to our conclusion based on information available up to the date of our audit report. However, future events or conditions may result in the Company being unable to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the financial statements and whether they fairly reflect the relevant transactions and events.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of Meihua Bio’s entities or business activities to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit and bear full responsibility for the audit opinion.

We communicate with the governance about matters related to the planned scope of the audit, timing schedule, and significant audit findings, including the communication of significant internal control deficiencies identified during the audit.

We also provide the governance with a statement regarding compliance with professional ethics requirements related to independence and communicate to the governance all relationships and other matters that might reasonably be seen as compromising our independence as well as relevant preventive measures (if applicable).

From the matters communicated with the governance, we determine those matters that are of most significance in the audit of the financial statements for the current period and therefore constitute the key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report if doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Da Hua Certified Public Accountants (Special General Partnership)	Chinese Certified Public Accountant:
	(Project Partner) Gong Chenyan
Beijing, China	Chinese Certified Public Accountant:
	Li Qianqian
	March 18, 2024

II. Financial Statements

Consolidated Balance Sheet

December 31, 2023

Prepared by: MeiHua Holdings Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	December 31, 2023	December 31, 2022
Current Assets:			
Monetary assets	Note 1	4,969,794,482.39	4,333,600,657.71
Deposit reservation for balance		-	-
Placements with banks and other financial institutions		-	-
Financial assets held for trading	Note 2	172,376,801.33	175,624,337.11
Derivative financial assets	Note 3	200,000.00	15,431,100.00
Notes receivable	Note 4	129,231,952.45	140,801,190.26
Accounts receivable	Note 5	641,127,885.22	340,852,588.85
Receivables Financing	Note 7	60,013,169.98	118,425,206.87
Prepaid accounts	Note 8	252,089,088.23	342,067,912.46
Premiums receivable		-	-
Reinsurance accounts receivable		-	-
Reinsurance contract reserves receivable		-	-
Other receivables	Note 9	51,384,535.97	100,928,891.88
Including: Interest receivable		1,575,000.00	1,575,000.00
Dividend receivable		-	-
Financial assets purchased under agreements to resell			
Inventories	Note 10	2,922,518,782.97	4,068,549,529.35
Contract assets	Note 6	-	-
Assets held for sale	Note 11	-	-
Non-current assets due within one year	Note 12	19,356,000.00	-
Other current assets	Note 13	289,218,469.96	276,302,086.82
Total Current Assets		9,507,311,168.50	9,912,583,501.31
Non-current Assets:			
Loans and advances			
Debt investments	Note 14	10,500,000.00	10,500,000.00
Other debt investments	Note 15	-	-
Long-term receivables	Note 16	364,927.03	254,177.25
Long-term equity investments	Note 17	18,942,230.64	18,896,294.66
Investments in other equity instruments	Note 18	512,691,350.00	1,255,463,900.59
Other non-current financial assets	Note 19	-	-
Investment properties	Note 20	-	-
Fixed assets	Note 21	11,428,700,356.22	9,911,708,010.15
Construction in progress	Note 22	161,961,713.29	1,746,143,216.57
Productive biological assets	Note 23	-	-
Oil and gas assets	Note 24	-	-
Right-of-use assets	Note 25	9,633,644.09	11,918,092.28
Intangible assets	Note 26	1,075,943,303.26	1,109,406,215.35
Development expenditure		-	-
Goodwill	Note 27	11,788,911.79	11,788,911.79
Long-term prepaid expenses	Note 28	104,076,824.93	93,610,022.94
Deferred income tax assets	Note 29	106,143,010.15	136,579,795.52
Other non-current assets	Note 30	209,122,415.35	272,280,973.66
Total Non-current Assets		13,649,868,686.75	14,578,549,610.76
Total Assets		23,157,179,855.25	24,491,133,112.07
Current Liabilities:			
Short-term borrowings	Note 32	1,543,869,058.69	1,070,498,635.74
Borrowings from central bank			
Borrowings from banks and other financial institutions			
Financial liabilities held for trading	Note 33	-	-
Derivative financial liabilities	Note 34	250,000.00	-
Notes payable	Note 35	1,183,031,652.44	1,315,000,000.00

Accounts payable	Note 36	1,425,597,196.27	1,529,597,871.74
Advances from customers	Note 37	-	-
Contract liabilities	Note 38	892,931,047.76	1,092,850,586.56
Financial assets sold for repurchase			
Deposits from customers and interbank			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee benefits payable	Note 39	322,959,640.35	466,152,243.07
Taxes payable	Note 40	256,472,526.55	369,669,199.06
Other payables	Note 41	249,853,910.40	322,059,898.58
Including: Interest payable		-	-
Dividends payable		405,000.00	11,238,782.40
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale	Note 42		
Non-current liabilities due within one year	Note 43	535,085,272.76	265,429,647.29
Other current liabilities	Note 44	118,688,728.75	241,169,463.29
Total Current Liabilities		6,528,739,033.97	6,672,427,545.33
Non-current Liabilities:			
Insurance contract reserves			
Long-term borrowings	Note 45	1,999,963,021.77	3,676,011,413.26
Bonds payable	Note 46	-	-
Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities	Note 47	2,590,305.92	5,019,015.32
Long-term payables	Note 48	10,500,000.00	10,500,000.00
Long-term employee benefits payable	Note 49	-	-
Estimated liabilities	Note 50	45,888,616.17	-
Deferred income	Note 51	384,988,414.73	429,899,391.63
Deferred income tax liabilities	Note 29	21,495,649.02	181,285,371.78
Other non-current liabilities	Note 52	-	-
Total Non-current Liabilities		2,465,426,007.61	4,302,715,191.99
Total Liabilities		8,994,165,041.58	10,975,142,737.32
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or stock)	Note 53	2,943,426,102.00	3,042,465,447.00
Other equity instruments	Note 54	-	-
Including: Preferred shares		-	-
Perpetual bonds		-	-
Capital reserves	Note 55	1,032,707,760.40	1,929,260,092.43
Less: Treasury stock	Note 56	576,775,719.27	747,013,074.21
Other comprehensive income	Note 57	5,687,647.50	541,072,642.04
Special reserves	Note 58	3,952,446.88	2,060,395.42
Surplus reserves	Note 59	1,326,294,444.30	1,142,504,553.27
General risk reserves		-	-
Undistributed profits		9,427,722,131.86	7,605,640,318.80
Total Owners' Equity (or Shareholders' Equity) Attributable to the Parent Company		14,163,014,813.67	13,515,990,374.75
Minority stockholder's interest		-	-
Total Owners' Equity (or Shareholders' Equity)		14,163,014,813.67	13,515,990,374.75
Total Liabilities and Owners' Equity (or Shareholders' Equity)		23,157,179,855.25	24,491,133,112.07

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Parent Company's Balance Sheet

December 31, 2023

Prepared by: MeiHua Holdings Group Co., Ltd

Unit: Yuan Currency: RMB

Items	Notes	December 31, 2023	December 31, 2022
Current Assets:			
Monetary assets		2,645,832,017.55	1,718,836,773.74
Financial assets held for trading		-	50,702,144.08
Derivative financial assets		-	-
Notes receivable		129,231,952.45	140,201,190.26
Accounts receivable	Note 1	166,039,222.60	250,749,128.40
Receivables Financing		58,499,269.30	8,014,437.03
Prepaid accounts		5,204,039.16	402,171,988.03
Other receivables	Note 2	1,727,988,609.74	2,185,996,210.03
Including: Interest receivable		-	-
Dividend receivable		1,230,000,000.00	900,000,000.00
Inventories		99,282,226.40	107,754,799.81
Contract assets		-	-
Assets held for sale		-	-
Non-current assets due within one year		-	-
Other current assets		20,849,368.61	-
Total Current Assets		4,852,926,705.81	4,864,426,671.38
Non-current Assets:			
Debt investments		-	-
Other debt investments		-	-
Long-term receivables		1,289,997,831.50	2,190,987,939.35
Long-term equity investments	Note 3	7,637,850,728.14	7,108,299,692.82
Investments in other equity instruments		157,000,000.00	157,000,000.00
Other non-current financial assets		-	-
Investment properties		-	-
Fixed assets		134,003,097.45	144,527,625.41
Construction in progress		32,442,084.70	6,908,243.95
Productive biological assets		-	-
Oil and gas assets		-	-
Right-of-use assets		9,633,644.09	11,918,092.28
Intangible assets		37,969,368.52	47,055,112.55
Development expenditure		-	-
Goodwill		-	-
Long-term prepaid expenses		8,469,060.83	6,187,458.48
Deferred income tax assets		38,096,333.83	52,867,910.50
Other non-current assets		131,863,080.38	100,519,469.03
Total Non-current Assets		9,477,325,229.44	9,826,271,544.37
Total Assets		14,330,251,935.25	14,690,698,215.75
Current Liabilities:			
Short-term borrowings		918,219,847.24	620,364,166.70
Financial liabilities held for trading		-	-
Derivative financial liabilities		-	-
Notes payable		1,015,696,430.02	1,003,600,000.00
Accounts payable		2,458,377,219.77	1,646,583,471.07
Advances from customers		-	-
Contract liabilities		604,109,374.58	819,822,984.08
Employee benefits payable		165,424,073.35	216,911,504.61
Taxes payable		72,309,045.89	70,422,672.41
Other payables		87,758,510.82	154,288,504.30
Including: Interest payable		-	-
Dividends payable		405,000.00	11,238,782.40
Liabilities held for sale		-	-
Non-current liabilities due within one year		226,685,272.76	242,729,647.29
Other current liabilities		198,067,506.25	237,281,961.61
Total Current Liabilities		5,746,647,280.68	5,012,004,912.07
Non-current Liabilities:			
Long-term borrowings		1,063,961,000.00	1,993,967,816.43
Bonds payable		-	-

Including: Preferred shares		-	-
Perpetual bonds		-	-
Lease liabilities		2,590,305.92	5,019,015.32
Long-term payables		-	-
Long-term employee benefits payable		-	-
Estimated liabilities		-	-
Deferred income		-	-
Deferred income tax liabilities		3,575,298.08	1,158,940.24
Other non-current liabilities		-	-
Total Non-current Liabilities		1,070,126,604.00	2,000,145,771.99
Total Liabilities		6,816,773,884.68	7,012,150,684.06
Owners' Equity (Shareholders' Equity):			
Paid-in capital (or stock)		2,943,426,102.00	3,042,465,447.00
Other equity instruments		-	-
Including: Preferred shares		-	-
Perpetual bonds		-	-
Capital reserves		998,957,892.81	1,895,510,224.84
Minus:Treasury stock		576,775,719.27	747,013,074.21
Other comprehensive income		-	243,628.56
Special reserves		-	-
Surplus reserves		1,326,294,444.30	1,142,504,553.27
Undistributed profits		2,821,575,330.73	2,344,836,752.23
Total Owners' Equity (or Shareholders' Equity)		7,513,478,050.57	7,678,547,531.69
Total Liabilities and Owners' Equity (or Shareholders' Equity)		14,330,251,935.25	14,690,698,215.75

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Consolidated Income Statement

January to December 2023

Unit: Yuan Currency: RMB

Items	Notes	2023	2022
I. Total Operating Revenue		27,760,612,259.07	27,937,152,798.85
Including: Operating revenue	Note 61	27,760,612,259.07	27,937,152,798.85
Interest revenue			
Earned premiums			
Handling charges and commission revenue			
II. Total Operating Costs		24,158,622,972.00	22,990,081,416.42
Including: Operating Costs	Note 61	22,297,122,025.25	20,915,783,841.63
Interest Expenses			
Handling charges and commission expenses			
Surrender value			
Net claim paid			
Net provision of insurance reserve			
Policy dividends paid			
Reinsurance expenses			
Taxes and surcharges	Note 62	242,593,736.35	258,724,697.45
Sales expenses	Note 63	413,512,921.96	441,189,063.68
Administrative expenses	Note 64	924,598,280.87	1,010,824,495.08
Research and development expenses	Note 65	314,222,682.89	279,682,517.92
Financing expenses	Note 66	-33,426,675.32	83,876,800.66
Including: Interest expenses		115,220,289.90	149,373,949.31
Interest revenue		118,865,910.23	72,586,918.49
Plus: Other revenues	Note 67	248,461,028.47	165,261,462.05
Investment gains ("-" for loss)	Note 68	7,627,189.35	24,365,014.47
Including: Investment gains from associates and joint ventures		1,845,935.98	3,074,284.74

Gains from derecognition of financial assets measured at amortized cost		-	-
Exchange gains ("-" for loss)		-	-
Net exposure hedging gains (Loss indicated by "-")	Note 69	-	-
Gains from changes in fair value ("-" for loss)	Note 70	-38,116,002.85	32,686,957.19
Credit impairment losses ("-" for loss)	Note 71	-5,225,785.54	-3,165,751.49
Asset impairment losses ("-" for loss)	Note 72	-5,415,349.06	-5,957,963.00
Asset disposal gains ("-" for loss)	Note 73	4,073,026.92	-82,296.20
III. Operating Profit ("-" for loss)		3,813,393,394.36	5,160,178,805.45
Plus: Non-operating revenue	Note 74	10,357,039.99	27,353,420.94
Minus: Non-operating expenses	Note 75	100,614,814.20	34,737,182.00
IV. Total Profit ("-" for total loss)		3,723,135,620.15	5,152,795,044.39
Minus: Income tax expenses	Note 76	542,185,924.67	746,553,062.47
V. Net Profit ("-" for net loss)		3,180,949,695.48	4,406,241,981.92
(I) Classified by Operating Continuity			
1. Net profit from continuing operations ("-" for net loss)		3,180,949,695.48	4,406,241,981.92
2. Net profit from discontinued operations ("-" for net loss)			
(II) Classified by Ownership			
1. Net profit attributable to shareholders of the Parent Company ("-" for net loss)		3,180,949,695.48	4,406,241,981.92
2. Profit or loss attributable to minority shareholders ("-" for net loss)			
VI. Net After-tax Amount of Other Comprehensive Income		-535,384,994.54	320,124,307.81
(I) Net After-tax Amount of Other Comprehensive Income Attributable to Owners of the Parent Company		-535,384,994.54	320,124,307.81
1．Other comprehensive income not reclassified to profit or loss		-529,805,827.49	318,924,064.42
(1) Changes in the defined benefit plan after remeasurement			
(2) Other comprehensive income under Equity Method that cannot be reclassified to profit or loss			
(3) Changes in fair value of other equity instrument investments		-529,805,827.49	318,924,064.42
(4) Changes in fair value due to enterprise's own credit risks			
2 Other comprehensive income to be reclassified to profit or loss		-5,579,167.05	1,200,243.39
(1) Other comprehensive income under Equity Method that can be reclassified to profit or loss		-	-
(2) Changes in fair value of other debt investments		-	-
(3) Amount of financial assets reclassified to other comprehensive income		-	-
(4) Credit impairment reserves other debt investments		-	-
(5) Cash flow hedge reserve		-	-
(6) Converted difference in foreign currency statements		-	-
(7) Others		-5,579,167.05	1,200,243.39
(II) Net After-tax Amount of Other Comprehensive Income Attributable to Minority Shareholders			
VII. Total Comprehensive Income		2,645,564,700.94	4,726,366,289.73
(I) Total Comprehensive Income Attributable to Owners of the Parent Company		2,645,564,700.94	4,726,366,289.73
(II) Total Comprehensive Income Attributable to Minority Shareholders			
VIII. Earnings per Share:			
(I) Basic Earnings per Share (Yuan/share)		1.06	1.44
(II) Diluted Earnings per Share (Yuan/share)		1.06	1.43

For the current period, in cases of merger of enterprises under the same control, the net profit realized by the merged entity prior to the merger is: RMB 0 yuan, and the net profit realized by the merged entity in the previous period is: RMB 0 yuan.
Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Parent Company's Income Statement

January to December 2023

Unit: Yuan Currency: RMB

Items	Notes	2023	2022
I. Operating Revenue	Note 4	18,919,490,981.95	19,680,846,168.84
Minus: Operating costs	Note 4	18,389,994,122.42	18,868,650,961.04
Taxes and surcharges		24,154,909.06	28,254,589.41
Sales expenses		195,496,971.28	173,244,720.64
Administrative expenses		398,322,560.12	410,759,160.18
Research and development Expenses		-	-
Financing expenses		-41,298,204.55	-892,993.08
Including: Interest expenses		11,342,280.65	9,339,716.86
Interest revenue		57,734,925.08	41,507,608.49
Plus: Other revenues		162,071,891.14	84,245,964.11
Investment gains ("-" for loss)	Note 5	1,742,971,064.95	1,601,293,987.85
Including: Investment gains from associates and joint ventures		-	-
Gains from derecognition of financial assets measured at amortized cost		-	-
Net exposure hedging gains ("-" for loss)		-	-
Gains from changes in fair value ("-" for loss)		5,465,622.36	14,205,392.77
Credit impairment losses ("-" for loss)		4,628,141.89	-4,038,505.51
Asset impairment losses ("-" for loss)		-	-
Asset disposal gains ("-" for loss)		1,478,236.80	-17.27
II. Operating Profit ("-" for loss)		1,869,435,580.76	1,896,536,552.60
Plus: Non-operating revenue		411,160.99	2,437,127.96
Minus: Non-operating expenses		3,761,852.18	5,355,488.17
III. Total Profit ("-" for total loss)		1,866,084,889.57	1,893,618,192.39
Minus: Income tax expenses		28,185,979.24	57,717,318.52
IV. Net Profit ("-" for total loss)		1,837,898,910.33	1,835,900,873.87
(I) Net profit from continuing operations ("-" for net loss)		1,837,898,910.33	1,835,900,873.87
(II) Net profit from discontinued operations ("-" for net loss)			
V. Net After-tax Amount of Other Comprehensive Income		-243,628.56	-1,545,054.99
(I) Other comprehensive income that cannot reclassified to profit or loss		-	-
1. Changes in the defined benefit plan after remeasurement		-	-
2. Other comprehensive income under Equity Method that cannot be reclassified to profit or loss		-	-
3. Changes in fair value of other equity instrument investments		-	-
4. Changes in fair value due to enterprise's own credit risks		-	-
(II) Other comprehensive income to be reclassified to profit or loss		-243,628.56	-1,545,054.99
1. Other comprehensive income under Equity Method that can be reclassified to profit or loss		-	-
2. Changes in fair value of other debt investments		-	-
3. Amount of financial assets reclassified to other comprehensive income		-	-
4. Credit impairment reserves for other debt investments		-	-
5. Cash flow hedge reserve		-	-

6. Converted difference in foreign currency statements		-	-
7. Others		-243,628.56	-1,545,054.99
VI. Total Comprehensive Income		1,837,655,281.77	1,834,355,818.88
VII. Earnings per Share:			
(I) Basic Earnings per Share (Yuan/share)			
(II) Diluted Earnings per Share (Yuan/share)			

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Consolidated Cash Flow Statement

January to December 2023

Unit: Yuan Currency: RMB

Items	Notes	2023	2022
I. Cash Flow from Operating Activities			
Cash received from sales of goods or rendering of services		29,091,346,599.25	30,104,195,350.55
Net increase in customer bank deposits and due to banks and other financial institutions		-	-
Net increase in borrowings from the central bank		-	-
Net increase in funds borrowed from other financial institutions		-	-
Cash received from premiums on original insurance contracts		-	-
Net cash received from reinsurance business		-	-
Net increase in deposits and investments from insurers		-	-
Cash received from interest, handling charges and commissions		-	-
Net increase in borrowed funds		-	-
Net increase in repurchase business funds		-	-
Net cash received from securities trading brokerage business		-	-
Refunds of taxes received		598,220,147.30	533,903,475.19
Other cash received related to operating activities	Note 78	343,744,773.05	247,833,352.51
Subtotal cash inflows from operating activities		30,033,311,519.60	30,885,932,178.25
Cash paid for goods and services		21,211,308,539.84	21,396,082,113.82
Net increase in loans and advances to customers		-	-
Net increase in placements with central bank and due to banks		-	-
Cash paid for claims for original insurance contracts		-	-
Net increase in funds lent		-	-
Cash paid for interest, handling charges and commissions		-	-
Cash paid for policy dividends		-	-
Cash paid to and on behalf of employees		1,780,261,966.43	1,413,729,794.00
Various taxes paid		1,131,976,118.37	1,269,329,374.37
Other cash paid related to operating activities	Note 78	680,827,810.08	1,151,836,449.70
Subtotal cash outflows from operating activities		24,804,374,434.72	25,230,977,731.89
Net cash flow from operating activities		5,228,937,084.88	5,654,954,446.36
II. Cash Flow from Investing Activities			
Cash received from recovery of investments		88,628,666.67	6,280,000.00
Cash received from investment income		31,215,210.80	48,068,847.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,600,429.92	-
Net cash received from disposal of subsidiaries and other business units		-	-
Other cash received related to investing activities		-	-
Subtotal cash inflows from investing activities		124,444,307.39	54,348,847.03
Cash paid for acquisition and construction of fixed assets, intangible assets, and other long-term assets		1,333,258,499.81	1,459,431,930.56
Cash paid for investments		266,053,482.02	276,074,870.00
Net increase in pledge loans		-	-

Net cash paid for acquisition of subsidiaries and other business units		-	-
Other cash paid related to investing activities	Note 78	34,278,559.79	57,063,590.20
Subtotal cash outflows from investing activities		1,633,590,541.62	1,792,570,390.76
Net cash flow from investing activities		-1,509,146,234.23	-1,738,221,543.73
III. Cash Flow from Financing Activities			
Cash received from capital injections		-	-
Including: cash received from minority shareholders' investments of subsidiaries		-	-
Cash received from borrowings		4,065,122,989.15	3,023,985,000.00
Other cash received related to financing activities	Note 78	441,674,397.67	314,573,624.18
Subtotal cash inflows from financing activities		4,506,797,386.82	3,338,558,624.18
Cash paid for debt repayment		4,984,013,700.00	3,861,137,798.71
Cash paid for distribution of dividends, profits or interest repayment		1,325,273,487.51	1,402,718,885.56
Including: Dividends or profits paid to minority shareholders by subsidiaries		-	-
Other cash paid related to financing activities	Note 78	1,305,607,391.48	1,168,672,312.69
Subtotal cash outflows from financing activities		7,614,894,578.99	6,432,528,996.96
Net cash flow from financing activities		-3,108,097,192.17	-3,093,970,372.78
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		40,121,088.53	51,054,639.28
V. Net Increase in Cash and Cash Equivalents		651,814,747.01	873,817,169.13
Plus: Beginning balance of cash and cash equivalents		4,128,799,695.72	3,254,982,526.59
VI. Ending Balance of Cash and Cash Equivalents		4,780,614,442.73	4,128,799,695.72

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Parent Company's Cash Flow Statement

January to December 2023

Unit: Yuan Currency: RMB

Items	Notes	2023	2022
I. Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		20,090,046,833.31	21,143,687,300.26
Refunds of taxes received		63,342,809.62	44,867,287.39
Other cash received related to operating activities		964,120,633.59	1,005,985,610.63
Subtotal cash inflows from operating activities		21,117,510,276.52	22,194,540,198.28
Cash paid for goods and services		16,803,682,337.39	19,264,741,419.10
Cash paid to and on behalf of employees		334,818,484.66	213,083,534.32
Various taxes paid		168,669,190.85	177,295,484.92
Other cash paid related to operating activities		1,920,048,159.29	1,335,764,021.59
Subtotal cash outflows from operating activities		19,227,218,172.19	20,990,884,459.93
Net cash flow from operating activities		1,890,292,104.33	1,203,655,738.35
II. Cash Flow from Investing Activities:			
Cash received from recovery of investments		-	-
Cash received from investment income		1,415,342,664.72	952,393,986.54
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		38,347.42	-
Net cash received from disposal of subsidiaries and other business units		-	-
Other cash received related to investing activities		-	-
Subtotal cash inflows from investing activities		1,415,381,012.14	952,393,986.54
Cash paid for acquisition and construction of fixed assets, intangible assets, and other long-term assets		46,443,046.89	6,831,605.00
Cash paid for investments		498,644,666.66	150,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		-	-
Other cash paid related to investing activities		-	-
Subtotal cash outflows from investing activities		545,087,713.55	156,831,605.00
Net cash flow from investing activities		870,293,298.59	795,562,381.54

III. Cash Flow from Financing Activities:			
Cash received from capital injections		-	-
Cash received from borrowings		1,395,000,000.00	2,001,450,000.00
Other cash received related to financing activities		4,313,903,940.13	5,494,843,671.65
Subtotal cash inflows from financing activities		5,708,903,940.13	7,496,293,671.65
Cash paid for debt repayment		2,771,354,500.00	2,231,529,450.00
Cash paid for distribution of dividends, profits or interest repayment		1,260,995,005.10	1,310,535,320.09
Other cash paid related to financing activities		3,493,971,399.61	5,167,770,726.57
Subtotal cash outflows from financing activities		7,526,320,904.71	8,709,835,496.66
Subtotal cash outflows from financing activities		-1,817,416,964.58	-1,213,541,825.01
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		464,418.27	-1,423,210.03
V. Net Increase in Cash and Cash Equivalents		943,632,856.61	784,253,084.85
Plus: Beginning balance of cash and cash equivalents		1,545,675,811.75	761,422,726.90
VI. Ending Balance of Cash and Cash Equivalents		2,489,308,668.36	1,545,675,811.75

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Consolidated Statement of Changes in Owner's Equity

January to December 2023

Unit: Yuan Currency: RMB

Items	2023														
	Equity Attributable to Owners of the Parent Company													Equity of Minority Shareholders	Total Owners' Equity
	Paid-in Capital (or stock)	Other Equity Instruments			Capital Reserve	Minus: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Genera; Risk Reserve	Undistributed Profits	Others	Subtotal		
		Preferred Shares	Perpetual Bonds	Others											
I. Balance at End of Last Year	3,042,465,447.00				1,929,260,092.43	747,013,074.21	541,072,642.04	2,060,395.42	1,142,504,553.27		7,605,640,318.80		13,515,990,374.75	-	13,515,990,374.75
Plus: Changes in accounting policies	-				-	-	-	-					-		-
Correction of prior period errors													-		
Others													-		
II. Balance at Beginning of the Current Year	3,042,465,447.00	-	-	-	1,929,260,092.43	747,013,074.21	541,072,642.04	2,060,395.42	1,142,504,553.27	-	7,605,640,318.80		13,515,990,374.75	-	13,515,990,374.75
III. The Amount Changes during the Current Period ("-" for decrease)	-99,039,345.00				-896,552,332.03	-170,237,354.94	-535,384,994.54	1,892,051.46	183,789,891.03		1,822,081,813.06		647,024,438.92	-	647,024,438.92
(I) Total Comprehensive Income							-535,384,994.54				3,180,949,695.48		2,645,564,700.94	-	2,645,564,700.94
(II) Owners' Contributions and Decrease of Capital	-99,039,345.00				-896,552,332.03	-170,237,354.94							-825,354,322.09	-	-825,354,322.09
1．Ordinary shares contributed by owners													-	-	-
2．Capital contributed by holders of other equipment instruments													-	-	-
3．Amount of share-based payments recognized in owners' equity					3,933,692.75	-62,500,000.00							66,433,692.75		66,433,692.75
4．Others	-99,039,345.00				-900,486,024.78	-107,737,354.94							-891,788,014.84		-891,788,014.84
(III) Profit Distribution									183,789,891.03		-1,361,160,331.83		-1,177,370,440.80		-1,177,370,440.80
1．Withdrawal of surplus reserve									183,789,891.03		-183,789,891.03		-		-
2．Withdrawal of General Risk Reserve													-		-
3．Distribution to Owners (or Shareholders)											-1,177,370,440.80		-1,177,370,440.80		-1,177,370,440.80
4．Others													-		-
(IV) Internal Transfer of Owners' Equity											2,292,449.41		2,292,449.41		2,292,449.41
1．Capital (or stock) increased by capital reserve transfer													-		-
2．Capital (or stock) increased by surplus reserve transfer													-		-
3．Transfer of surplus reserve to offset losses													-		-
4．Transfer of changes in defined benefit plans to retained earnings													-		-
5．Transfer of other comprehensive income to retained earnings											2,292,449.41		2,292,449.41		2,292,449.41
6．Others													-		-
(V) Special Reserves	-	-	-	-	-	-	-	1,892,051.46	-	-	-	-	1,892,051.46	-	1,892,051.46
1. Withdrawal during the Current Period								24,824,346.77					24,824,346.77		24,824,346.77
2．Usage during the Current Period								22,932,295.31					22,932,295.31		22,932,295.31
(VI) Others					-	-		-							
IV. Balance at End of the Current Period	2,943,426,102.00				1,032,707,760.40	576,775,719.27	5,687,647.50	3,952,446.88	1,326,294,444.30		9,427,722,131.86		14,163,014,813.67		14,163,014,813.67

Items	2022														
	Equity Attributable to Owners of the Parent Company													Equity of Minority Shareholders	Total Owners' Equity
	Paid-in Capital (or stock)	Other Equity Instruments			Capital Reserve	Minus: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Genera; Risk Reserve	Undistributed Profits	Others	Subtotal		
		Preferred Shares	Perpetual Bonds	Others											
I. Balance at End of Last Year	3,098,619,928.00				2,193,974,681.56	400,952,728.36	220,948,334.23	1,293,987.72	958,921,722.12		4,548,727,413.48		10,621,533,338.75		10,621,533,338.75
Plus: Changes in accounting policies									-7,256.24		51,090,589.59		51,083,333.35		51,083,333.35
Correction of prior period errors															
Others															
II. Balance at Beginning of the Current Year	3,098,619,928.00	-	-	-	2,193,974,681.56	400,952,728.36	220,948,334.23	1,293,987.72	958,914,465.88	-	4,599,818,003.07		10,672,616,672.10	-	10,672,616,672.10
III. The Amount of Changes during the Current Period ("-" for decrease)	-56,154,481.00				-264,714,589.13	346,060,345.85	320,124,307.81	766,407.70	183,590,087.39		3,005,822,315.73		2,843,373,702.65	-	2,843,373,702.65
(I) Total Comprehensive Income							320,124,307.81	-	-	-	4,406,241,981.92		4,726,366,289.73		4,726,366,289.73
(II) Owners' Contributions and Decrease of Capital	-56,154,481.00		0.00		-264,714,589.13	346,060,345.85	0.00	0.00	0.00	0.00	0.00		-666,929,415.98		-666,929,415.98
1. Ordinary shares contributed by owners													-		-
2. Capital contributed by holders of other equipment instruments													-		-
3. Amount of share-based payments recognized in owners' equity	0.00		0.00		55,285,046.93	-62,500,000.00	0.00	0.00	0.00	0.00	0.00		117,785,046.93		117,785,046.93
4. Others	-56,154,481.00				-319,999,636.06	408,560,345.85							-784,714,462.91		-784,714,462.91
(III) Profit Distribution									183,590,087.39	0.00	-1,400,419,666.19		-1,216,829,578.80		-1,216,829,578.80
1. Withdrawal of surplus reserve									183,590,087.39	0.00	-183,590,087.39		-		-
2. Withdrawal of General Risk Reserve															
3. Distribution to Owners (or Shareholders)											-1,216,829,578.80		-1,216,829,578.80		-1,216,829,578.80
4. Others															
(IV) Internal Transfer of Owners' Equity													-		-
1. Capital (or stock) increased by capital reserve transfer													-		-
2. Capital (or stock) increased by surplus reserve transfer													-		-
3. Transfer of surplus reserve to offset losses													-		-
4. Transfer of changes in defined benefit plans to retained earnings													-		-
5. Transfer of other comprehensive income to retained earnings													-		-
6. Others													-		-
(V) Special Reserves								766407.7					766,407.70		766,407.70
1. Withdrawal during the Current Period								47,054,109.25					47,054,109.25		47,054,109.25
2. Usage during the Current Period								46287701.55					46,287,701.55		46,287,701.55
(VI) Others															
IV. Balance at End of the Current Period	3,042,465,447.00		0.00	0.00	1,929,260,092.43	747,013,074.21	541,072,642.04	2,060,395.42	1,142,504,553.27	0.00	7,605,640,318.80		13,515,990,374.75		13,515,990,374.75

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

Parent Company’s Statement of Changes in Owner’s Equity

January to December 2023

Unit: Yuan Currency: RMB

Items	2023										
	Paid-in Capital (or stock)	Other Equity Instruments			Capital Reserve	Minus: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed Profits	Total Owners’ Equity
		Preferred Shares	Perpetual Bonds	Others							
I. Balance at End of Last Year	3,042,465,447.00	-	-	-	1,895,510,224.84	747,013,074.21	243,628.56	-	1,142,504,553.27	2,344,836,752.23	7,678,547,531.69
Plus: Changes in accounting policies	-	-	-	-	-	-	-	-			-
Correction of prior period errors											-
Others											-
II. Balance at Beginning of the Current Year	3,042,465,447.00	-	-	-	1,895,510,224.84	747,013,074.21	243,628.56	-	1,142,504,553.27	2,344,836,752.23	7,678,547,531.69
III. The Amount of Changes during the Current Period ("-" for decrease)	-99,039,345.00				-896,552,332.03	-170,237,354.94	-243,628.56		183,789,891.03	476,738,578.50	-165,069,481.12
(I) Total Comprehensive Income							-243,628.56			1,837,898,910.33	1,837,655,281.77
(II) Owners' Contributions and Decrease of Capital	-99,039,345.00				-896,552,332.03	-170,237,354.94					-825,354,322.09
1．Ordinary shares contributed by owners											-
2．Capital contributed by holders of other equipment instruments											-
3．Amount of share-based payments recognized in owners' equity	-				3,933,692.75	-62,500,000.00					66,433,692.75
4．Others	-99,039,345.00				-900,486,024.78	-107,737,354.94					-891,788,014.84
(III) Profit Distribution	-	-	-	-	-	-	-	-	183,789,891.03	-1,361,160,331.83	-1,177,370,440.80
1．Withdrawal of surplus reserve									183,789,891.03	-183,789,891.03	-
2．Distribution to Owners (or Shareholders)										-1,177,370,440.80	-1,177,370,440.80
3．Others											-
(IV) Internal Transfer of Owners' Equity											-
1．Capital (or stock) increased by capital reserve transfer											-
2．Capital (or stock) increased by surplus reserve transfer											-
3．Transfer of surplus reserve to offset losses											-
4．Transfer of changes in defined benefit plans to retained earnings											-
5．Transfer of other comprehensive income to retained earnings											-
6．Others											-
(V) Special Reserves	-	-	-	-	-	-	-	-	-	-	-
1．Withdrawal during the Current Period											-
2．Usage during the Current Period											-
(VI) Others					-	-					-
IV. Balance at End of the Current Period	2,943,426,102.00				998,957,892.81	576,775,719.27	-		1,326,294,444.30	2,821,575,330.73	7,513,478,050.57

Items	2022										
	Paid-in Capital (or stock)	Other Equity Instruments			Capital Reserve	Minus: Treasury Stock	Other Comprehensive Income	Special Reserve	Surplus Reserve	Undistributed Profits	Total Owners' Equity
		Preferred Shares	Perpetual Bonds	Others							
I. Balance at End of Last Year	3,098,619,928.00				2,160,224,813.97	400,952,728.36	1,788,683.55		958,921,722.12	1,909,420,850.72	7,728,023,270.00
Plus: Changes in accounting policies									-7,256.24	-65,306.17	-72,562.41
Correction of prior period errors									0.00	0.00	0.00
Others									0.00	0.00	0.00
II. Balance at Beginning of the Current Year	3,098,619,928.00				2,160,224,813.97	400,952,728.36	1,788,683.55		958,914,465.88	1,909,355,544.55	7,727,950,707.59
III. Amount of Changes during the Current Period ("-" for decrease)	-56,154,481.00				-264,714,589.13	346,060,345.85	-1,545,054.99		183,590,087.39	435,481,207.68	-49,403,175.90
(I) Total Comprehensive Income							-1,545,054.99		0.00	1,835,900,873.87	1,834,355,818.88
(II) Owners' Contributions and Decrease of Capital	-56,154,481.00				-264,714,589.13	346,060,345.85			0.00	0.00	-666,929,415.98
1．Ordinary shares contributed by owners					0.00	0.00			0.00	0.00	0.00
2．Capital contributed by holders of other equipment instruments					0.00	0.00			0.00	0.00	0.00
3．Amount of share-based payments recognized in owners' equity	-56,154,481.00				55,285,046.93	-62,500,000.00			0.00	0.00	61,630,565.93
4．Others					-319,999,636.06	408,560,345.85			0.00	0.00	-728,559,981.91
(III) Profit Distribution									183,590,087.39	-1,400,419,666.19	-1,216,829,578.80
1．Withdrawal of surplus reserve									183,590,087.39	-183,590,087.39	0.00
2．Distribution to Owners (or Shareholders)										-1,216,829,578.80	-1,216,829,578.80
3．Others											
(IV) Internal Transfer of Owners' Equity											
1．Capital (or stock) increased by capital reserve transfer											
2． Capital (or stock) increased by surplus reserve transfer											
3．Transfer of surplus reserve to offset losses											
4．Transfer of changes in defined benefit plans to retained earnings											
5．Transfer of other comprehensive income to retained earnings											
6．Others											
(V) Special Reserves											
1．Withdrawal during the Current Period											
2．Usage during the Current Period											
(VI) Others											
IV. Balance at End of the Current Period	3,042,465,447.00	-	-	-	1,895,510,224.84	747,013,074.21	243,628.56	-	1,142,504,553.27	2,344,836,752.23	7,678,547,531.69

Head of the Company: Wang Aijun Head of Accounting: Wang Lihong Head of the Accounting Institution: Wang Ailing

III. Basic Information of the Company

1. **Overview of the Company**

✓Applicable ☐ Not Applicable

(I) Registered Address, Organizational Form and Headquarter Address of the Company

Meihua Holdings Group Co., Ltd. (hereinafter referred to as "Company" or "The Company"), formerly known as Wuzhou Minovo Co., Ltd. (hereinafter referred to as "Wuzhou Minovo"), was listed on Shanghai Stock Exchange on February 17, 1995, underwent a name change from Wuzhou Minovo Co., Ltd. to its current name following the absorption and merger with the original Meihua Holdings Group Co., Ltd. (hereinafter referred to as "Original Meihua Group") and completed the business change registration on March 3, 2011. The Company's unified social credit code is 91540000219667563J.

The Original Meihua Group, formerly known as Hebei Meihua MSG Group Co., Ltd., was established with investment from natural persons Meng Qingshan, Yang Weiyong, and Hu Jijun. It obtained the Business License of Legal Entity No. 131081000002308 issued by the Hebei Administration for Industry and Commerce on April 23, 2002.

Wuzhou Minovo was established as a stock corporation through fundraising, following the issuance of 30 million shares to the public on January 6, 1995, with Chengdu Tibet Hotel, Tibet Autonomous Region Trust Investment Company and Tibet Xingzang Industrial Development Company as sponsors. It was officially registered in Lhasa, Tibet Autonomous Region on February 9, 1995, with a Business License of Legal Entity number of 5400001000327 and a total share capital of 73 million shares. On February 17 of the same year, with the approval of the China Securities Regulatory Commission, the Company's public shares were listed for trading on the Shanghai Stock Exchange, under the stock code 600873.

On August 12, 1995, the Shareholders' Meeting of the Company approved the Dividend Distribution Plan and implemented the 1994 Distribution Plan of granting 3 shares for every 10 shares held to all shareholders on August 21, 1995. Based on a foundation of 73 million shares, a total of 21.9 million shares were distributed, elevating the Company's total share capital to 94.9 million shares.

On December 19, 1996, the Company deliberated and approved the Rights Issue Plan at the Extraordinary Shareholders' Meeting for the Year 1996 and implemented the rights issue plan of granting 3 shares for every 10 shares to all shareholders on August 12, 1997. Based on a foundation of 94.90 million shares, a total of 13,336,603 shares (including 1,436,603 transfer right shares) were distributed, elevating the Company's total share capital to 108,236,603 shares.

On February 16, 2003, Shandong Wuzhou Investment Group Co., Ltd. and Weifang Bohai Industry Co., Ltd. respectively entered into agreements with the Tibet Autonomous Region State-owned Assets Management Company (whose shares were obtained through gratuitous transfer by the Tibet Autonomous Region State-owned Assets Management Bureau), whereby Shandong Wuzhou Investment Group Co., Ltd. acquired 27,102,445 shares of the Company's state-owned legal person shares from Tibet Autonomous Region State-owned Assets Management Company, representing 25.04% of the Company's total share capital, and became the Company's largest shareholder; Weifang Bohai Industry Co., Ltd. acquired 21,535,555 shares, accounting for 19.90% of the Company's total share capital. The aforementioned equity transfer was formally approved by the State-owned Assets Supervision and Administration Commission of the State Council through document "State-owned Assets Ownership Letter [2003] No. 25" on May 29, 2003. On August 11, 2003, the Company entered into the Asset Exchange Agreement with Shandong Wuzhou Investment Group Co., Ltd. and Shandong Wuzhou Electric Co., Ltd. and executed a significant asset exchange. Following the completion of this exchange, the total share capital remained unchanged.

On May 22, 2006, the Company convened the "Shareholders Meeting Related to the Split-Share Reform," where the Company's split-share reform plan was deliberated and approved. All non-tradable shareholders of the Company granted 2.8 shares for every 10 shares to all tradable shareholders. The Company completed the implementation of the aforementioned split-share reform plan on June 2, 2006.

On December 22, 2010, with the approval of the China Securities Regulatory Commission through the document ZJXK [2010] No. 1888 "Approval of Wuzhou Minovo Co., Ltd.'s Major Asset Sale and Merger with Meihua Holdings Group Co.,Ltd. by Issuing New Shares," the Company issued 900,000,000 RMB ordinary shares to the Original Meihua Group for the acquisition of all equity enjoyed by its shareholders. On December 24, 2010, BDO CHINA LI XIN DA HUA. Certified Public Accountants CO., LTD. issued the document LXDHYZ [2010] No. 200 "Capital (Contribution) Verification Report" for this change in the share capital. On December 31, 2010, the Company obtained the Certificate of Securities Change Registration Issued by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd., with the registered share capital for securities of 1,008,236,603 shares.

On March 28, 2011, the Company approved the implementation of the capital reserve conversion to share capital plan during the Annual Shareholders Meeting for the Year 2010. Based on a foundation of 1,008,236,603 shares, every 10 shares were converted into 16.861 shares, leading to a total share capital of 2,708,236,603 shares post-conversion. On April 12, 2011, the Company completed the share change registration at the Shanghai Branch of China Securities Depository and Clearing Co., Ltd., with the registered share capital for securities of 2,708,236,603 shares.

According to the resolutions of the Fifth Meeting of the Sixth Board of Directors on April 22, 2011, the Fourteenth Meeting of the Sixth Board of Directors on February 22, 2012, the 2011 Annual Shareholders Meeting held on March 22, 2012, and the provisions specified in the amended articles of association, along with the approval of the China Securities Regulatory Commission through the document ZJXKZ [2012] No. 1262 "Approval of Meihua Holdings Group Co., Ltd.'s Private Issuance of Stocks," the Company agreed to privately issue up to 400 million RMB ordinary shares (A shares). On March 26, 2013, the Company privately issued 399,990,000 RMB ordinary shares (A shares) to specific investors, resulting in a total share capital of 3,108,226,603 shares after this issuance. On March 29, 2013, the Company completed the registration and custody procedures at the Shanghai Branch of China Securities Depository and Clearing Co., Ltd.

According to the resolutions of the Fifteenth Meeting of the Eighth Board of Directors on May 30, 2018, the Seventeenth Meeting of the Eighth Board of Directors on June 20, 2018, and the annual shareholders meeting held on June 20, 2018, the Company established a stock incentive plan by offering 34,534,865 treasury shares at a price of RMB 2.46 yuan per share. These shares were granted to a total of 109 incentive recipients including directors, senior executives, key management personnel, and core technical staff working for Meihua

Bio, with no change in the registered capital.

According to the resolutions of the 22nd Meeting of the Eighth Board of Directors on December 7, 2018 and the First Extraordinary Shareholders Meeting in 2018, the Company processed the cancellation of 51,565 subscribed shares that were relinquished. After the cancellation, the total share capital of the Company amounted to 3,108,175,038 shares.

According to the resolutions of the 28th Meeting of the Eighth Board of Directors in June 2019 and the 2018 Annual Shareholders Meeting on June 24, 2019, the Company repurchased 3.8854 million restricted shares for cancellation due to the departure of incentive recipients and incomplete individual performance assessments. After the cancellation, the total share capital of the Company amounted to 3,104,289,638 shares.

According to the resolutions of the Fourth Meeting of the Ninth Board of Directors on April 22, 2020, and the 2019 Annual Shareholders Meeting on May 20, 2020, the Company repurchased 4.267790 million restricted shares for cancellation due to the departure of incentive recipients and incomplete individual performance assessments. After the cancellation, the total share capital of the Company amounted to 3,100,021,848.00 shares.

According to the resolutions of the Seventeenth Meeting of the Ninth Board of Directors on May 12, 2021, and the 2020 Annual Shareholders Meeting on May 26, 2021, the Company repurchased 1.40192 million restricted shares for cancellation due to the departure of incentive recipients and incomplete individual performance assessments. After the cancellation, the total share capital of the Company amounted to 3,098,619,928 shares.

According to the resolutions of the 27th Meeting of the Ninth Board of Directors on December 15, 2021, the Second Extraordinary Shareholders Meeting for the year 2021 on December 31, 2021, and the 2021 Annual Shareholders Meeting on June 9, 2022, the Company canceled a total of 56,154,481 shares repurchased previously. After the cancellation, the total share capital of the Company amounted to 3,042,465,447 shares.

According to the resolutions of the Third Meeting of the Tenth Board of Directors on April 8, 2023, and the Second Extraordinary Shareholders Meeting for 2023 held on April 28, 2023, the "Proposal to Change the Company's Registered Capital" was deliberated and approved. According to the "Proposal to Repurchase the Company’s Shares through Centralized Bidding Transactions" deliberated and approved at the 2021 Annual Shareholders Meeting, the repurchased shares were exclusively used for cancellation to reduce the Company's registered capital. The Company has completed the repurchase and has physically repurchased 99,039,345 shares. After the cancellation of these shares, the total share capital of the Company will change from 3,042,465,447 shares to 2,943,426,102 shares.

Over the years, through the distribution of bonus shares, sale of new shares, conversion of share capital, and issuance of new shares, the Company had accumulated a total share capital of 2,943,426,102 shares as of December 31, 2023, with a total capital amount of RMB 2,943,426,102 yuan. Registered address: Room 5, Building 11, Yangguang Xincheng, No. 158 Jinzhu West Road, Lhasa. Actual controlling person: Meng Qingshan.

(II) The Company’s Business Nature and Major Operating Activities

Positioned within the food manufacturing industry, the Company specializes in the products and services including amino acid series, monosodium glutamate, and glutamic acid.

(III) Scope of Consolidated Financial Statements

during the Current Period, a total of 18 subsidiaries were included in the scope of consolidation, as detailed in paragraph 1. (1) of Sub-Section X. Notably, there has been an increase of 3 subsidiaries and a decrease of 1subsidiary compared to the previous period. Further details regarding the changes in the scope of consolidation entities are available in Section IX.

(IV) Approval for Issuance of Financial Statements

These financial statements were approved for issuance by the Company's Board of Directors on March 18, 2024.

IV. Preparation Basis for Financial Statements

1. Preparation Basis

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

The Company recognizes and measures the actual transactions and matters based on the *Accounting Standards for Business Enterprises—Basic Standards* issued by the Ministry of Finance, specific Accounting Standards for Business Enterprises, application guidelines for the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as "The Accounting Standards for Business Enterprises"), and prepares its financial statements in accordance with these standards, along with the provisions specified in the Rules for the Information Disclosure and Compilation by Companies Offering Securities to the Public No.24—General Provisions on Financial Reports (2023 revision).

2. Going Concern

✓Applicable ☐ Not Applicable

The Company has evaluated its ability to continue as a going concern for the 12 months following the end of the reporting period and has not identified any matters or circumstances casting doubt on its ability to continue as a going concern. Therefore, these financial statements are prepared on the basis of a going concern assumption.

V. Significant Accounting Policies and Estimates

Specific accounting policies and estimates indicate:

✓Applicable ☐ Not Applicable

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements specified in the Accounting Standards for Business Enterprises and provide a true and complete view of the Company's financial position, operating results, changes in shareholders’ equity, cash flows, etc..

2. Accounting Period

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

3. Operating Cycle

✓Applicable ☐ Not Applicable

The operating cycle refers to the period from the acquisition of assets for processing to the realization of cash or cash equivalents. The Company uses 12 months as its operating cycle and as the criterion for the classification of liquidity of assets and liabilities.

4. Functional Currency

The Company chooses RMB as its functional currency.

5. Determination Method and Selection Basis for Materiality Standards

✓Applicable ☐ Not Applicable

Items	Materiality Standards
Accounts receivable with material individual provision for bad debts	The amount of individual provision for bad debts accounts for more than 10% of the total amount of various accounts receivable with provision for bad debts and exceeds RMB 20 million yuan.
Accounts receivable with provision for bad debts and with material amounts recovered or reversed during the Current Period and	The amount of recovery or reversal of individual provision for bad debts accounts for more than 10% of the total account receivable and exceeds RMB 20 million yuan.
Significant write-offs of accounts receivable	The write-off amount of individual account receivable accounts for more than 10% of the total provision for bad debts for various accounts receivable and exceeds RMB 20 million yuan.
Advance payments, accounts payable, contract liabilities, and other accounts payable with material amounts outstanding for over one year	Individual advance payments, accounts payable, contract liabilities, and other account payable amount to more than 10% of the total amount of such accounts and exceed RMB 20 million yuan.
Material construction in progress	The budget amount for individual construction in progress project exceeds RMB 100 million yuan.
Material cash flows related to investing activities	Individual investing activities account for more than 10% of the total cash inflows or outflows received or paid for the investing activities and exceed RMB 200 million yuan.
Material joint ventures	The book value of long-term equity investments in an individual invested party accounts for more than 5% of the consolidated net assets and exceeds RMB 100 million, or the investment gains or losses recognized under the equity method for long-term equity investments account for more than 10% of the consolidated net profit.
Material contingent matters	Any single type of estimated liability accounts for more than 10% of the total estimated liabilities and exceeds RMB 100 million.

6. Accounting Treatment Method for Merger of Enterprises under the Same Control and Different Controls

✓Applicable ☐ Not Applicable

1. If the terms, conditions, and economic impacts of various transactions involved in the staged implementation of the enterprise merger meet one or more of the following criteria, treat the multiple transactions as a package deal for accounting treatment.

(1) These transactions are concluded simultaneously or taking into account their mutual impacts;

(2) These transactions collectively achieve a complete business outcome;

(3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(4) A transaction is uneconomical when considered alone, but becomes economical when considered together with other transactions.

2. Enterprise merger under the same control

Enterprises participating in the merger are subject to the same ultimate control by one party or multiple parties, and such control is not temporary, constituting a merger of enterprises under the same control.

The assets and liabilities obtained by the Company in the enterprise merger are measured at the carrying amounts of the merged party's assets and liabilities (including goodwill formed by the ultimate controlling party from the acquisition of the merged party) in the consolidated financial statements of the ultimate controlling party as of the merger date. In case of any difference between the carrying amount of net assets obtained in the merger and the carrying amount (or total face value of shares issued) of the consideration paid for the merger, the share premium in the capital reserve will be adjusted, and if the share premium in the capital surplus is insufficient to offset, the retained earnings will be adjusted.

If there are contingent considerations requiring the recognition of estimated liabilities or assets and the difference between the amount of these estimated liabilities or assets and the subsequent settlement amount of contingent considerations, the capital surplus (capital premium or share premium) will be adjusted. If the capital surplus is insufficient, the retained earnings will be adjusted.

For enterprise mergers achieved through multiple transactions, ultimately forming a package deal, each transaction within it should be accounted for as one acquisition of control. For transactions not constituting a package deal, on the day control is acquired, the capital reserve is adjusted based on the difference between the initial investment cost of long-term equity investments and the book value of the long-term equity investments before the merger plus the book value of the consideration newly paid for further acquisition of shares on the merger date, with retained earnings being adjusted for any shortfall in the capital reserve. Regarding equity investments held before the merger date, other comprehensive income accounted for by the equity method or recognized by financial instruments and accounted for and recognized by the measurement standards will not undergo accounting treatment until the investment is disposed of, at which time it will be accounted for based on the same principles as directly disposing of assets or liabilities associated with the invested party. Any changes in the owners' equity, excluding net profit and loss, other comprehensive income, and profit distribution in the net assets of the invested party, accounted and recognized through the equity method, will not be accounted for until the disposal of the investment, at which point they are transferred to the profit and loss for the current period.

3. Enterprise merger not under the same control

Enterprises participating in the merger are not subject to the same ultimate control by one party or multiple parties before and after the merger, constituting a merger of enterprises not under the same control.

On the acquisition date, the assets paid as consideration for the enterprise merger and the liabilities incurred or assumed are measured at fair value, and the difference between the fair value and their carrying amounts is recognized in the profit and loss for the current period.

The difference between the merger cost and the identifiable fair value share of net assets acquired from the acquired entity in the merger, if positive, is recognized as goodwill; if negative, it is recognized in the profit and loss for the current period after thorough review.

For enterprise merger not under the same control achieved through multiple exchanges and transactions in a phased manner, constituting a package deal, each transaction within it should be accounted for as one acquisition of control. Where transactions do not constitute a package deal, and equity investments held prior to the merger date are accounted for using the equity method, the initial investment cost of those investments should be the aggregate of the book value of the equity investments in the acquired entity as of the acquisition date and any newly added investment made on the acquisition date. Other comprehensive income from equity investments held prior to the acquisition date and accounted for and recognized using the equity method should be accounted for upon disposal of the investment, based on the same basis as directly disposing of the relevant assets or liabilities of the invested party. For equity investments recognized using financial instruments and accounted for using the measurement standards, the initial investment cost on the merger date should be the sum of the equity investment's fair value on the merger date and the newly added investment cost. The difference between the fair value and book value of the originally held equity, along with the accumulated fair value changes previously recognized in other comprehensive income, should all be transferred to investment income for the current period as of the merger date.

4. Expenses related to the merger

Intermediary expenses such as audit, legal services, evaluation consultation, and other directly related expenses incurred for the enterprise merger are recognized in the profit and loss for the current period at the time of occurrence. Transaction costs for issuing equity securities for the enterprise merger can be directly attributed to equity transactions and deducted from equity.

7. Determination Criteria for Controls and Preparation Method for Consolidated Financial Statements

✓Applicable ☐ Not Applicable

1. Determination criteria for controls

Control refers to the power held by the investing party over the invested party, enjoying variable returns by involvement in the relevant activities carried by the invested party and having the ability to influence the amount of returns through exercising power over the invested party.

The Company makes judgments on whether it controls the invested party based on a comprehensive consideration of all relevant facts and circumstances. Once changes in relevant facts and circumstances lead to changes in the elements involved in defining control, the Company will conduct a reassessment. The relevant facts and circumstances mainly include:

(1) The purpose of establishing the invested party.

(2) The invested party's relevant activities and how decisions are made regarding those activities.

(3) Whether the rights enjoyed by the investing party currently allow it to dominate the invested party's relevant activities.

(4) Whether the investing party gains variable returns by involvement in the invested party's relevant activities.

(5) Whether the investing party has the ability to influence the amount of returns through exercising power over the invested party.

(6) The relationship between the investing party and other parties.

2．Consolidation Scope

The consolidation scope of the Company's consolidated financial statements is determined based on control, and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

3．Consolidation Procedures

The Company prepares the consolidated financial statements based on the financial statements of the Company and its subsidiaries, and other relevant information. When preparing the consolidated financial statements, the Company views the enterprise group as a single accounting entity and reflects the overall financial position, operating results and cash flows of the enterprise group in accordance with the recognition, measurement, and reporting requirements of relevant Accounting Standards for Business Enterprises and the unified accounting policies.

The accounting policies and periods adopted by all subsidiaries included in the consolidation scope of the consolidated financial statements are consistent with those of the Company. In instances where a subsidiary's accounting policies or periods differ from those of the Company, necessary adjustments should be made in the preparation of the consolidated financial statements to align with the Company's accounting policies and periods.

When preparing the consolidated financial statements, the impact of internal transactions between the Company and its subsidiaries, as well as between subsidiaries, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statements, and consolidated statement of changes in equity is offset. If there are differences in the recognition of the same transaction from the perspective of the consolidated financial statements of the enterprise group and from the perspective of the Company or a subsidiary as the accounting entity, adjustments are made from the perspective of the enterprise group for such transactions.

The portions of subsidiary owners' equity, current net profit, and current comprehensive income attributable to minority shareholders are separately presented under the owner's equity item in the consolidated balance sheets, as well as under the net profit item and in the total comprehensive income item in the consolidated income statements. If the portion of the current losses borne by minority shareholders exceeds the balance of minority shareholders' equity derived from their initial ownership interests in the subsidiary, minority shareholders’ interest will be deducted accordingly.

For subsidiaries acquired through enterprise merger under the same control, their financial statements are adjusted based on the fair value of their assets and liabilities (including goodwill formed by the ultimate controlling party from acquisition of the subsidiary) in the financial statements of the ultimate controlling party.

For subsidiaries acquired through enterprise merger not under the same control, their financial statements are adjusted based on the fair value of identifiable net assets as of the acquisition date.

(1) Addition of Subsidiaries or Businesses

If subsidiaries or businesses are added due to enterprise merger under the same control during the reporting period, the beginning balance in the consolidated balance sheet are adjusted; the income, expenses, and profits from the beginning of the current period of subsidiary or business merger to the end of the reporting period are included in the consolidated income statement; the cash flows from the beginning of the current period of subsidiary or business merger to the end of the reporting period are included in the consolidated cash flow statement, and related items in the comparative statements are adjusted, with the reporting entity after the merger being considered as having existed since the point when control commenced by the ultimate controlling party.

If control can be exercised over the invested party under the same control due to additional investments or other reasons, it is deemed that all parties involved in the merger existed in their current state and performed adjustment as of the commencement of control by the ultimate controlling party. For equity investments held before the control over the merged party is obtained, any profit or loss, other comprehensive income, and other changes in net assets recognized between the acquisition date of the original equity or the date when the merging party and the merged party are under common control, whichever is later, are offset against retained earnings or the profit and loss for the current period at the beginning of the comparative reporting period.

If during the reporting period, subsidiaries or businesses are added due to the enterprise merger not under the same control, the beginning balance in the consolidated balance sheet remain unchanged. The revenues, expenses, and profits of the subsidiaries or businesses from the acquisition date to the end of the reporting period are included in the consolidated income statement, while the cash flows from the acquisition date to the end of the reporting period of the subsidiaries or businesses are included in the consolidated cash flow statement.

If control can be exercised over the invested party not under the same control, the Company remeasures the equity interests held in the acquired party prior to the acquisition date at their fair value on the acquisition date, with the difference between the fair value and their book value recognized in the investment income for the current period. For the equity interests held in the acquired party before the acquisition date that involve other comprehensive income accounted for using the equity method and other changes in owner's equity excluding net profits and losses, other comprehensive income, and profit distribution, other comprehensive income and other changes in owner's equity related to them are transferred to the investment income for the current period as of the acquisition date, except for other comprehensive income arising from the invested party’s remeasurement of the changes in the net liabilities or assets in the defined benefit plan.

(2) Disposal of Subsidiaries or Businesses

1) Regular disposal method

During the reporting period, if the Company disposes of subsidiaries or businesses, the revenue, expenses, and profits of the subsidiaries or businesses from the beginning of the period to the disposal date are included in the consolidated income statement, while the cash flows of the subsidiaries or businesses from the beginning of the period to the disposal date are included in the consolidated cash flow statement.

When control over the invested party is lost due to the disposal of a portion of equity investments or other reasons, the Company remeasures the remaining equity investments at their fair value on the date such control is lost. The sum of the consideration received from the disposal of equity and the fair value of the remaining equity, reduced by the proportionate share of net assets and goodwill continuously calculated based on the original ownership percentage since the acquisition or merger date, is recognized in the investment income for the period such control is lost. Other comprehensive income or other changes in owner's equity (excluding net profit and loss, other comprehensive income and profit distribution) related to the equity investments of the original subsidiary are transferred to the current investment income when control is lost, except for other comprehensive income arising from the invested party's remeasurement of the changes in the net liabilities or assets in the defined benefit plan.

2) Phased disposal of subsidiaries

When the disposal of equity investments in subsidiaries is performed through multiple transactions in a phased manner until control is lost, if the terms, conditions, and economic impact of each transaction related to the disposal of equity investments in subsidiaries meet one or more of the following criteria, it indicates that the multiple transaction matters should be accounted for as a package deal:

A. These transactions are concluded simultaneously or taking into account their mutual impacts;

B. These transactions collectively achieve a complete business outcome;

C. The occurrence of one transaction depends on the occurrence of at least one other transaction;

D. A transaction is uneconomical when considered alone, but becomes economical when considered together with other transactions.

When transactions involving the disposal of equity investments in subsidiaries until control is lost are part of a package deal, the Company accounts for each transaction as a single disposal of the subsidiary and loss of control. However, the difference between the proceeds from each disposal and the proportionate share of net assets of the subsidiary, as related to the disposal of investment, is recognized as other comprehensive income in the consolidated financial statement prior to the loss of control, and is subsequently transferred to the profit or loss for the period when control is lost.

When transactions involving the disposal of equity investments in subsidiaries until control is lost are not part of a package deal, the Company accounts for them according to the relevant policies for partially disposing of equity investments in subsidiaries without losing control before control is lost and according to the regular disposal method for disposal of subsidiaries when control is lost.

(3) Acquisition of minority equity in subsidiary

For the difference between the long-term equity investment newly acquired due to the acquisition of minority equity by the Company and the proportionate share of net assets continuously calculated based on the increased ownership percentage since the acquisition date (or merger date), the share premium in the capital reserve in the consolidated balance sheet is adjusted to offset. If the share premium is insufficient to offset the difference, the retained earnings are adjusted to offset.

(4) Partial disposal of equity investments in subsidiaries without losing control

For the difference between the disposal proceeds from partial disposal of long-term equity investments in subsidiaries without losing control and the proportionate share of net assets held in subsidiaries continuously calculated from the acquisition or merger date due to the disposal of long-term equity investments, adjustments are made to the share premium in the capital reserve in the consolidated balance sheet. If the share premium is insufficient to offset the difference, adjustments are made to the retained earnings.

8. Classification of Joint Arrangements and Accounting Treatment Method for Joint Operations

✓Applicable ☐ Not Applicable

1. Classification of joint arrangements

Based on factors such as the structures and legal forms of joint arrangements, terms agreed upon, and other relevant facts and circumstances, the Company classifies joint arrangements into joint operations and joint ventures. Joint operations refer to joint arrangements in which the parties involved share the assets and liabilities related to the arrangements. Joint ventures refer to joint arrangements in which the parties involved have rights solely to the net assets of the arrangements.

2. Accounting treatment method for joint operations

The Company recognizes the following items related to its interests in joint operations and accounts for them in accordance with relevant Accounting Standards for Business Enterprises:

(1) Recognition of assets held separately and recognition of jointly held assets based on proportional ownership.

(2) Recognition of liabilities held separately and recognition of jointly held liabilities based on proportional ownership.

(3) Recognition of revenue from the sale of its share of output from joint operations.

(4) Recognition of revenue from the sale of output from joint operations based on proportional ownership.

(5) Recognition of expenses incurred separately and recognition of expenses incurred by joint operations based on proportional ownership.

When the Company contributes or sells assets (excluding those constituting a business) to a joint operation, it recognizes only the portion of the profit or loss attributable to other parties involved in the joint operation until the assets are sold to a third party by the joint operation. If any assets contributed or sold incur impairment losses as per the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the Company recognizes the full amount of such loss.

When the Company acquires assets (excluding those constituting a business) from a joint operation, it recognizes only the portion of the profit or loss attributable to other parties involved in the joint operation until the assets are sold to a third party by the joint operation. If any assets acquired incur impairment losses as per the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the Company recognizes the loss in proportion to its share.

The Company does not exercise joint control over joint operations. If the Company shares the assets and liabilities related to the joint operations, it should account for them in accordance with the principles described above; otherwise, it should account for them in accordance with the provisions specified in the relevant Accounting Standards for Business Enterprises.

9. Determination Criteria for Cash and Cash Equivalents

When preparing the cash flow statements, the Company recognizes cash on hand as well as deposits that are readily available for payment as cash and investments meeting the following criteria as cash equivalents: short-term maturity (generally within three months from the date of acquisition), strong liquidity, cash easily convertible into known amounts, and minimal risk of value changes.

10. Translation of Foreign Currency Transactions and Foreign Currency Financial Statements

✓Applicable ☐ Not Applicable

For foreign currency transactions, the Company uses the spot exchange rate on the transaction date to convert them into Renminbi for accounting purposes upon initial recognition.

Monetary items denominated in foreign currencies are translated at the spot exchange rate on the balance sheet date. Any exchange differences arising from this, except for those related to foreign currency borrowings specifically incurred for the acquisition and construction of qualifying assets and treated under the principle of capitalizing borrowing costs, are recorded in the profit or loss for the current period. Non-monetary items denominated in foreign currencies and measured at historical cost are still translated using the spot exchange rate on the transaction date, without altering their recorded functional currency amount.

For non-monetary items denominated in foreign currencies and measured at fair value, the Company uses the spot exchange rate on the fair value determination date for translation. The difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes in exchange rate) and recorded in the profit or loss for the current period or recognized as other comprehensive income.

11. Financial Instruments

✓Applicable ☐ Not Applicable

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

The effective interest rate method refers to the method of calculating the amortized cost of a financial asset or a financial liability and apportioning the interest income or interest expenses into each accounting period.

The effective interest rate is the rate used to discount estimated future cash flows during the expected life of a financial asset or financial liability to the book balance of the financial asset or the amortized cost of the financial liability. In the determination of the effective interest rate, the expected cash flows are estimated based on all contractual terms of the financial asset or financial liability (such as prepayment, extension, call options, or similar options), excluding expected credit losses.

The amortized cost of a financial asset or financial liability is calculated by deducting the principal repaid from the initially recognized amount, adding or deducting the cumulative amortized amount resulting from the difference between the initially recognized amount and the amount payable at maturity using the effective interest rate method, and then deducting any cumulative provision for impairment losses (applicable only to financial assets).

1．Classification, Recognition, and Measurement of Financial Assets

The Company classifies financial assets into the following three categories based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets:

(1) Financial assets measured at amortized cost.

(2) Financial assets measured at fair value with changes recognized in other comprehensive income.

(3) Financial assets measured at fair value with changes recorded in the profit or loss for the current period.

Financial assets are measured at fair value at initial recognition. However, if accounts receivable or notes receivable arising from sales of goods or provision of services do not contain material financing components or consider financing components not exceeding one year, they are measured at transaction price for initial measurement.

For financial assets measured at fair value with changes recorded in the profit or loss for the current period, related transaction costs are directly recorded in the profit or loss for the current period, while transaction costs for other categories of financial assets are recognized in their initially recognized amounts.

The subsequent measurement of financial assets depends on their classification, and all affected financial assets are reclassified only when the Company changes the business model for managing financial assets.

(1) Financial assets classified as being measured at amortized cost

When the contractual terms of financial assets specify that cash flows arising on a specific date solely comprise payments of principal and interest based on the outstanding principal amount, and the business model for managing those financial assets aims to collect contractual cash flows, the Company classifies them as being measured at amortized cost. Financial assets classified as being measured at amortized cost include money funds and certain notes receivable, accounts receivable, other receivables, debt investments, long-term receivables, etc that are measured at amortized cost.

The Company recognizes interest income on such financial assets using the effective rate method, and conducts subsequent measurement at amortized cost. The gains or losses incurred from their impairment, derecognition and modification are recorded in the profit or loss for the current period. Except for circumstances mentioned below, the Company determines interest income by multiplying the book balance of the financial assets by the effective interest rate:

1) For purchased or originated financial assets with credit impairment, the Company calculates their interest income by applying their amortized cost and the effective interest rate adjusted for credit since initial recognition.

2) For purchased or originated financial assets without incurred credit impairment but becoming credit impaired in subsequent periods, the Company calculates their interest income by applying their amortized cost and the effective interest rate. If the credit risk of the financial instruments improves in subsequent periods such that there is no longer any credit impairment, the Company calculates the interest income by multiplying the book balance of the financial assets by the effective interest rate.

(2)Financial assets classified as being measured at fair value with changes recognized in other comprehensive income

When the contractual terms of financial assets specify that cash flows arising on a specific date consist solely of payments of principal and interest based on the outstanding principal amount, and the business model for managing such financial asset aims to both collect contractual cash flows and sell the financial assets, the Company categorizes the financial assets as being measured at fair value with changes recognized in other comprehensive income.

The Company recognizes interest income on such financial assets using the effective rate method. Except for interest income, impairment losses, and exchange differences that are recorded in the profit or loss for the current period, all other changes in fair value are recognized in other comprehensive income. When such financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recorded in the profit or loss for the current period.

Notes receivable and accounts receivable measured at fair value with changes recognized in other comprehensive income are presented as Receivables Financing, and other financial assets of this category are presented as other debt investments. Among them, other debt investments due within one year from the balance sheet date are presented as non-current assets due within one year, and other debt investments originally due within one year are presented as other current assets.

(3) Financial assets designated as being measured at fair value with changes recognized in other comprehensive income

Upon initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value with changes recognized in other comprehensive income, on a single financial asset basis.

Changes in fair value of such financial assets are recognized in other comprehensive income without the need of provision for impairment reserves. When these financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income and recognized in retained earnings. During the period in which the Company holds these equity instrument investments, when the Company's right to receive dividends has been established and it is probable that economic benefits associated with the dividends will flow to the Company, and the amount of dividends can be reliably measured, dividend income is recognized and recorded in the profit or loss for the current period. The Company presents these financial assets under the other equity instrument investment item.

Equity instrument investments are classified as financial assets measured at fair value with changes recorded in the profit or loss for the current period if they meet any of the following conditions: the primary objective of acquiring the financial assets is for near-term sale; at initial recognition, they are part of the identifiable financial asset instrument portfolio under centralized management, and there is objective evidence of a short-term profit pattern; they are derivative instruments (excluding those meeting the definitions listed in financial guarantee contracts and those designated as effective hedging instruments).

(4) Financial assets classified as being measured at fair value with changes recorded in the profit or loss for the current period

Financial assets that do not meet the conditions for classification as being measured at amortized cost or fair value with changes recognized in other comprehensive income, and that are not designated as being measured at fair value with changes recognized in other comprehensive income, are classified as financial assets measured at fair value with changes recorded in the profit or loss for the current period.

The Company subsequently measures these financial assets at fair value, with gains or losses arising from changes in fair value and income from dividends and interest associated with these financial assets recorded in the profit or loss for the current period.

The Company presents these financial assets under the items of financial assets held for trading and other non-current financial assets based on their liquidity.

(5) Financial assets designated as being measured at fair value with changes recorded in the profit or loss for the current period

At the time of initial recognition, the Company may irrevocably designate financial assets as being measured at fair value with changes in fair value recorded in the profit or loss for the current period on a single financial asset basis in order to eliminate or significantly reduce accounting mismatches.

If a hybrid contract contains one or more embedded derivative instruments and its main contract does not fall under the aforementioned financial assets, the Company may designate it as a whole as a financial instrument measured at fair value with changes recorded in the profit or loss for the current period. However, the following exceptions apply:

1)The embedded derivative instruments will not lead to material changes to the cash flows of the hybrid contract.

2)When determining whether a similar hybrid contract needs to be split, it is almost unnecessary to analyze to determine that the embedded derivative instruments therein should not be split. For example, in cases where the prepayment right for loans is embedded, allowing the holder to repay the loan at an amount close to the amortized cost, this prepayment right does not need to be split.

The Company subsequently measures such financial assets at fair value, with gains or losses arising from changes in fair value and income from dividends and interest associated with these financial assets recorded in the profit or loss for the current period.

The Company presents these financial assets under the items of financial assets held for trading and other non-current financial assets based on their liquidity.

2．Classification, Recognition and Measurement of Financial Liabilities

At the time of initial recognition, the Company classifies the financial instruments or its components as financial liabilities or equity instruments based on the contractual terms of the financial instruments and their underlying economic substance, rather than solely on legal form, taking into consideration the definitions of financial instruments and equity instruments. At the time of initial recognition, financial liabilities are classified as: Financial assets measured at fair value with changes in fair value recorded in the profit or loss for the current period, other financial assets, and derivative instruments designated as effective hedging instruments.

At the time of initial recognition, financial liabilities are measured at fair value. For financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period, related transaction costs are directly recorded in the profit or loss for the current period, while for other types of financial liabilities, related transaction costs are recognized in the initially recognized amount.

Subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period:

Such financial liabilities include financial liabilities held for trading (including derivative instruments falling under financial liabilities) and financial liabilities designated as being measured at fair value with changes in fair value recorded in the profit or loss for the current period.

Financial liabilities are classified as financial liabilities held for trading if they meet any of the following conditions: The primary purpose of holding the relevant financial liabilities is for sale or repurchase in the near term; the relevant financial liabilities are part of identifiable financial instrument portfolio under centralized management and there is objective evidence that the enterprise adopts a short-term profit-taking mode in the near term; the relevant financial liabilities fall under derivative instruments, except those specifically designated and effective as hedging instruments and meeting the requirements specified in the financial guarantee contracts. Financial liabilities held for trading (including derivative instruments falling under financial liabilities) are measured at fair value in the subsequent periods and all changes in fair value, except for those associated with hedge accounting, are recorded in the profit or loss for the current period.

At the time of initial recognition, for the purpose of providing more pertinent accounting information, the Company irrevocably designates financial liabilities meeting any of the following conditions as financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period:

1) Being able to eliminate or significantly reduce accounting mismatches.

2) Manage and assess portfolios of financial liabilities or portfolios of financial assets and liabilities based on fair value and in accordance with the enterprise risk management or investment policies specified in the formal written documentation, and report to key management personnel within the Company based on the management and assessment outcomes.

The Company subsequently measures such financial liabilities at fair value. All changes in fair value, excluding those resulting from fluctuations in the Company's own credit risk and recorded in other comprehensive income, are recorded in the profit or loss for the current period. Unless recording changes in fair value resulting fluctuations in the Company's own credit risk in other comprehensive income would result in or exacerbate accounting mismatches in the profit or loss, the Company will record all changes in fair value (including the amount affected by changes in its own credit risk) into the profit or loss for the current period.

(2) Other financial liabilities

The Company classifies financial liabilities, excluding those listed below, as being measured at amortized cost, subsequently measures them at amortized cost using the effective rate method, and record the gains or losses arising from derecognition or amortization into the profit or loss for the current period:

1) Financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period.

2) Financial liabilities arising from the financial asset transfer that does not meet the conditions for derecognition or the continued involvement in the transferred financial assets.

3) Financial guarantee contracts not falling under the first two scenarios outlined in this article, and loan

commitments made at interest rates below market rates and not falling within scenario 1) in this article.

Financial guarantee contracts refer to contracts where the issuer is obligated to compensate the contract holder for a specified amount if a specific debtor is unable to pay its debt in accordance with the original or modified debt instrument terms when due. Financial guarantee contracts not designated as financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period are measured at the loss reserve amount or the initially recognized amount less the cumulative amortization amount within the guarantee period, whichever is higher, after the initial recognition.

3．Derecognition of Financial Assets and Financial Liabilities

(1)Financial assets are derecognized and written-off from the accounts and the balance sheet, when one of the following conditions is met:

1) The contractual right to receive cash flows from a financial asset are terminated.

2)The financial asset has been transferred, and the transfer meets the criteria for derecognition of financial assets.

(2) Conditions for derecognition of financial liabilities

If the present obligation of a financial liability (or part thereof) has been discharged, the financial liability (or part thereof) should be derecognized.

If the Company enters into an agreement with the lender to replace the original financial liability with a new one, and the terms of the new financial liability are substantially different from those of the original, or substantial modifications are made to the terms of the original financial liability (or part thereof), the original financial liability should be derecognized, and simultaneously a new financial liability should be recognized. The difference between the book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) should be recorded in the profit or loss for the current period.

When the Company repurchases a portion of its financial liabilities, it should allocate the overall book value of the financial liability based on the proportions of the portion requiring continued recognition and the portion requiring derecognition in the overall fair value on the acquisition date. The difference between the book value allocated to the portion requiring derecognition and the consideration paid (including non-cash assets transferred out or liabilities assumed) should be recorded in the profit or loss for the current period.

4. Recognition Basis and Measurement Method for Transfer of Financial Assets

When the Company transfers financial assets, it assesses the level of risks and rewards retained in the ownership of the financial assets and deals with the following situations separately:

(1) If the Company transfers almost all risks and rewards related to the ownership of the financial assets, it should derecognize the financial assets and separately recognize the rights and obligations arising from the transfer or retention as assets or liabilities.

(2) If the Company retains almost all risks and rewards related to the ownership of the financial assets, it should continue to recognize the financial assets.

(3) If the Company neither transfers nor retains almost all risks and rewards related to the ownership of the financial assets (i.e., in situations other than those specified in (1) and (2) above), it deals with the following situations separately based on whether it retains control of the financial assets:

1) If the Company does not retain control over the financial assets, it should derecognize the financial assets and separately recognize the rights and obligations arising from the transfer or retention as assets or liabilities.

2) If the Company retains control over the financial assets, it should continue to recognize the relevant financial assets based on the extent of its continued involvement in the transferred financial assets and correspondingly recognize the relevant financial liabilities. The extent of continued involvement in the transferred financial assets refers to the extent to which the Company bears the risks or rewards related to the transferred financial assets.

When determining whether the conditions for derecognition of financial assets are met, the Company applies the principle of substance over form. The Company distinguishes the transfer of financial assets as either complete or partial transfer.

(1) When the complete transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts should be recorded in the profit or loss for the current period:

1) The book value of the transferred financial assets on the derecognition date.

2) The consideration received for the transfer of financial assets, plus the cumulative fair value changes previously recognized in other comprehensive income that correspond to the derecognized portion (financial assets involving transfer are measured at fair value with changes recognized in other comprehensive income).

(2) When a portion of financial assets is transferred and the transferred portion meets the conditions for derecognition as a whole, the book value of the financial assets as a whole before the transfer is apportioned between the derecognized portion and the continuously recognized portion (in this case, any servicing assets retained should be treated as part of the continuously recognized financial assets) based on their relative fair values on the transfer date. The difference between the following two amounts is recorded in the profit or loss for the current period:

1) The book value of the derecognzied portion on the derecognition date.

2) The consideration received for the derecognized portion, plus the cumulative fair value changes previously recognized in other comprehensive income that correspond to the derecognized portion (financial assets involving transfer are measured at fair value with changes recognized in other comprehensive income).

When the transfer of financial assets does not meet the conditions for derecognition, the Company continues to recognize the financial assets, and recognizes the consideration received as a financial liability.

5.Determination Method for Fair Value of Financial Assets and Financial Liabilities

For financial assets or financial liabilities with support by active markets, their fair values are determined based on quoted prices in those markets, unless there are lock-up periods specific to them. For financial assets with specific lock-up periods, their fair values are determined by deducting the amount of compensation demanded by market participants for bearing the risk of being unable to sell the financial assets in the public market during the specified period from the quoted prices in active markets. Quoted prices in active markets include those that are easily and regularly obtainable from exchanges, dealers, brokers, industry groups, pricing agencies, or regulatory authorities and represent market transactions that actually and frequently occur on a fair trading basis.

For financial assets initially acquired or derived or financial liabilities assumed, their fair values should be determined based on the trading prices in the market.

For financial assets or liabilities without support by active markets, their fair values are determined using valuation techniques. During valuation, the Company employs valuation techniques that are applicable under current circumstances and supported by sufficient available data and other information, selects input values consistent with the characteristics of assets or liabilities that market participants would consider in transactions involving such assets or liabilities and prioritizes the use of relevant observable input values whenever possible. When it's not feasible or practical to obtain relevant observable input values, unobservable input values are utilized instead.

6.Impairment of Financial Instruments

The Company accounts for impairment and recognizes provision for losses based on the expected credit losses for financial assets measured at amortized cost, financial assets classified as being measured at fair value with changes in fair value recognized in other comprehensive income, lease receivables, contract assets, loan commitments not falling under financial liabilities measured at fair value with changes in fair value recorded in the profit or loss for the current period, and financial liabilities not measured at fair value with changes in fair value recorded in the profit or loss for the current period, and financial guarantee contracts for financial liabilities arising from the transfer of financial assets that do not meet the derecognition criteria or the continued involvement in the transferred financial assets.

Expected credit losses refer to the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows discounted by the Company at the original effective interest rate and receivable by the Company according to the contract and all cash flows expected to be received by the Company, namely, the present value of all cash shortfalls. For financial assets purchased or originated by the Company with incurred credit impairment, impairment is discounted at the effective interest rate adjusted for credit of such financial assets.

The Company measures the provision for losses on all contract assets, notes receivable and accounts receivable derived from transactions subject to revenue standards, as well as lease receivables/financing lease receivables/operating lease receivables derived from transactions subject to lease standards, at an amount equal to the expected credit losses over the entire remaining term.

For financial assets purchased or originated with incurred credit impairment, only the cumulative changes in expected credit losses over the entire remaining term since initial recognition are recognized as the provision for losses on the balance sheet date. On each balance sheet date, the changes in expected credit losses over the entire remaining term are recognized as impairment losses or gains to be recorded in the profit or loss for the current period. Even if the expected credit losses over the entire remaining term determined on the balance sheet date are lower than the expected credit losses reflected by the estimated cash flows at the time of initial recognition, the favorable changes in expected credit losses are also recognized as impairment gains.

Except for the aforementioned financial assets measured using simplified measurement methods and purchased or originated financial assets with incurred credit impairment, the Company assesses the credit risk of relevant financial instruments on each balance sheet date to determine whether it has significantly increased since initial recognition, and measures the provision for losses and recognizes expected credit losses and their changes according to the following circumstances:

(1) If the credit risk of the financial instrument has not significantly increased since initial recognition and is in Stage 1, the provision for losses should be measured at an amount equal to the expected credit losses within the next 12 months for the financial instrument, and interest income should be calculated based on the book balance and the effective interest rate.

(2) If the credit risk of the financial instrument has significantly increased since initial recognition but has not incurred credit impairment, it is in Stage 2. The provision for losses should be measured at an amount equal to the expected credit losses over the entire remaining term for the financial instrument, and interest income should be calculated based on the book balance and the effective interest rate.

(3) If the financial instrument has incurred credit impairment since initial recognition, it is in Stage 3. The Company should measure the provision for losses at an amount equal to the expected credit losses over the entire remaining term for the financial instrument, and calculate interest income based on the amortized cost and the effective interest rate.

The increased or reversed amount of the provision for credit losses of financial instruments is recognized as impairment losses or gains to be recorded in the profit or loss for the current period. For financial assets, excluding those classified as being measured at fair value with changes in fair value recorded in other comprehensive income, the provision for credit losses should be used to offset their book balance. For financial assets classified as being measured at fair value with changes recorded in other comprehensive income, the Company recognizes their provision for credit losses in other comprehensive income without reducing their book value presented in the balance sheet.

In cases where the Company had measured the provision for losses at an amount equivalent to the expected credit losses over the entire remaining term of a financial instrument during the previous accounting period, but as of the current balance sheet date, the financial instrument no longer qualifies under the condition of a significant increase in credit risk since initial recognition, the Company should measure the provision for losses of the financial instrument on the current balance sheet date at an amount equivalent to the expected credit losses within the next 12 months, with the reversed amount of impairment losses arising therefrom as impairment gains to be recorded in the profit or loss for the current period.

(1) Significant increase in credit risk

The Company utilizes reasonable and substantiated forward-looking information to assess whether the credit risk of financial instruments has significantly increased since initial recognition, by comparing the risk of default occurring on the balance sheet date with that on the initial recognition date. For financial guarantee contracts, the Company considers the date on which it becomes the party who makes irrevocable commitment as the initial recognition date when applying the impairment provisions for financial instruments.

The Company will consider the following factors in assessing whether the credit risk has significantly increased:

1) Whether there has been a significant change in the operating performance of the debtor, actual or expected;

2) Whether there has been a significant adverse change in the regulatory, economic, or technological environment in which the debtor operates;

3) Whether there has been a significant change in the value of collateral serving as debt security or in the quality of guarantees or credit enhancements provided by a third party, which is expected to reduce the economic incentives for the debtor to repay as per the contractual terms or affect the probability of default;

4) Whether there has been a significant change in the expected performance and repayment behavior of the debtor;

5) Whether there have been any changes in the Company's credit management methods for financial instruments.

If, as of the balance sheet date, the Company determines that a financial instrument exhibits only low credit risk, it assumes that the credit risk of the financial instrument has not significantly increased since initial recognition. If the financial instrument carries low default risk, the borrower demonstrates a strong ability to meet its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic and operating environment over an extended period, it does not necessarily impair the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument is considered to carry low credit risk.

(2) Financial assets with credit impairment

A financial asset is deemed to have become credit impaired in the occurrence of one or more events that are expected to have an adverse impact on its future cash flows. Evidences for credit impairment of financial assets include the following observable information:

1) Significant financial difficulties experienced by the issuer or debtor;

2) Breach of contract by the debtor, such as default or delay in payment of interest or principal, etc.;

3) Concessions granted by the creditor to the debtor for economic or contractual reasons related to the debtor's financial difficulties, which would not otherwise be made under any other circumstances;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) Financial difficulties experienced by the issuer or debtor result in the disappearance of an active market for the financial asset;

6) Purchasing or originating a financial asset at a significant discount, which reflects the occurrence of credit losses.

Credit impairment of financial assets may result from the combined effect of multiple events and may not necessarily be attributable to individually identifiable events.

(3) Determination of expected credit losses

The Company determines expected credit losses on financial instruments based on individual and collective assessments. When assessing expected credit losses, the Company should consider reasonable and substantiated information regarding past events, current conditions, and forecasts of future economic conditions.

The Company classifies financial instruments into different portfolios based on their common credit risk characteristics. Common credit risk characteristics used by the Company include: types of financial instruments, aging categories, etc. The individual assessment criteria for and collective credit risk characteristics of relevant financial instruments are detailed in the accounting policies for those financial instruments.

The Company determines expected credit losses on relevant financial instruments as follows:

1) For financial assets, credit losses represent the present value of the difference between the contractual cash flows receivable by the Company and the cash flows expected to be received.

2) For lease receivables, credit losses represent the present value of the difference between the contractual cash flows receivable by the Company and the cash flows expected to be received.

3) For financial guarantee contracts, credit losses represent the present value of the estimated payments that the Company would make to compensate the contract holder for the credit losses incurred minus the amounts expected to be received from the contract holder, the debtor, or any other party.

4) For financial assets that have become credit impaired as of the balance sheet date but were not credit impaired at initial recognition or originated as credit impaired, credit losses represent the difference between the book value of the financial asset and the present value of estimated future cash flows discounted at the original effective interest rate.

The factors reflected in the Company's method for measuring expected credit losses on financial instruments include: unbiased probability-weighted average amounts determined by evaluating a range of possible outcomes; the time value of money; reasonable and substantiated information regarding past events, current conditions, and forecasts of future economic conditions that are available on the balance sheet date without incurring undue cost or effort.

(4) Write-down of financial assets

When the Company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the book balance of that financial asset should be written down directly. Such write-down constitutes the derecognition of the related financial asset.

7.Offsetting Financial Assets and Financial

Financial assets and financial liabilities are separately presented in the balance sheet without offsetting. However, the net amount after offsetting is presented in the balance sheet if all of the following conditions are met:

(1) The Company holds a legal right to offset recognized amounts, and such right is currently enforceable;

(2) The Company intends to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

12. Notes Receivable

✓Applicable ☐ Not Applicable

Methods for Determination and Accounting Treatment of Expected Credit Losses on Notes Receivable

✓Applicable ☐ Not Applicable

For the Company’s methods for determination and accounting treatment of expected credit losses on notes receivable, please refer to paragraph (11) 6 - Impairment of Financial Instruments in Section V - Significant Accounting Policies and Estimates

Portfolio Categories and Determination Basis for Provision for Bad Debts based on Credit Risk Characteristics

✓Applicable ☐ Not Applicable

When there is insufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost, the Company refers to historical credit loss experience, taking into consideration current conditions and judgments about future economic conditions, to classify notes receivable into several portfolios based on credit risk characteristics and then calculate expected credit losses based on a portfolio basis. The basis for determining the portfolios is as follows:

Portfolio Name	Basis for Determining Portfolios	Provision Method
Bank Acceptance Bill Portfolio 1	The issuer exhibits a high credit rating, no history of default on bills, a very low credit loss risk, and a strong ability to fulfill its cash flow obligations under payment contracts.	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to calculate expected credit losses through default risk exposure and the expected credit loss rate over the entire duration.
Bank Acceptance Bill Portfolio 2	Acceptors other than those in Bank Acceptance Bill Portfolio 1 are bank-type financial institutions.	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to calculate expected credit losses through default risk exposure and the expected credit loss rate over the entire duration.
Commercial Acceptance Bill Portfolio	Acceptors are financial companies or non-bank financial institutions or corporate units.	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to prepare a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration (similar to accounts receivable) to calculate expected credit losses.

Aging Calculation Method for Determining Portfolios of Credit Risk Characteristics Based on Aging Analysis

✓Applicable □ Not Applicable

Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to prepare a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration (similar to accounts receivable) to calculate expected credit losses.

Criteria for Individual Provision for Bad Debts at the Individual Level

✓Applicable □ Not Applicable

For notes receivable with significantly different credit risks and portfolio credit risks, the Company provisions for expected credit losses on an individual-item basis. The Company separately determines the credit losses on notes receivable where there is sufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost.

13 Accounts Receivable

✓Applicable □ Not Applicable

Methods for Determination and Accounting Treatment of Expected Credit Losses on Accounts Receivable

✓Applicable □ Not Applicable

For the Company's methods for determination and accounting treatment of expected credit losses on accounts receivable, please refer to paragraph (11) 6 - Impairment of Financial Instruments in Section V - Significant Accounting Policies and Estimates.

Portfolio Categories and Determination Basis for Provision for Bad Debts based on Credit Risk Characteristics

✓Applicable □ Not Applicable

When there is insufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost, the Company refers to historical credit loss experience, taking into consideration current conditions and judgments about future economic conditions to classify accounts receivable into several categories based on credit risk characteristics and then calculate expected credit losses on a portfolio basis. The basis for determining the categories is as follows:

Portfolio Name	Basis for Determining Portfolios	Provision Method
Aging Analysis Portfolio	This portfolio utilizes the aging of receivables as a credit risk characteristic.	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions, to measure the provision for bad debts.
Related Party Portfolio within the Consolidation Scope	This portfolio utilizes the related party portfolio within the consolidation scope as a credit risk characteristic.	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions, to measure the provision for bad debts.

Aging Calculation Method for Determining Portfolios of Credit Risk Characteristics Based on Aging Analysis

✓Applicable □ Not Applicable

Below is the table for the comparison between aging and expected credit loss rates of aging portfolios:

Aging	Expected Credit Loss Rates of Accounts Receivable (%)
Within 1 year	5
1－2 years	10
2－3 years	30
3－4 years	50
4－5 years	80
Over 5 years	100

The aging of accounts receivable is calculated on a first-in, first-out basis.

Criteria for Identifying Individual Provisions for Bad Debts on an Individual-item Basis

✓Applicable □ Not Applicable

For accounts receivable with significantly different credit risks and portfolio credit risks, the Company provisions for expected credit losses on an individual-item basis. The Company separately determines the credit losses on accounts receivable where there is sufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost.

14. Receivables Financing

✓Applicable □ Not Applicable

Methods for Determination and Accounting Treatment of Expected Credit Losses on Receivables Financing

✓Applicable □ Not Applicable

Notes receivable and accounts receivable measured at fair value with changes recorded in other comprehensive income are presented as Receivables Financing if their maturity is within one year (including one year) from the initial recognition date; and presented as other debt investment if their maturity is over one year from the initial recognition date. Please refer to Section V (11) for applicable accounting policies.

For the Company's methods for determination and accounting treatment of expected credit losses on Receivables Financing, please refer to paragraph (11) 6 - Impairment of Financial Instruments in Section V - Significant Accounting Policies and Estimates.

Portfolio Categories and Determination Basis for Provision for Bad Debts based on Credit Risk Characteristics

✓Applicable □ Not Applicable

When there is insufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost, the Company refers to historical credit loss experience, taking into consideration current conditions and judgments of future economic conditions, to classify Receivables Financing into several portfolios based on credit risk characteristics and calculate expected credit losses on a portfolio basis. The basis for determining portfolios is as follows:

Portfolio Name	Basis for Determining Portfolios	Provision Method
Accounts Receivable	This portfolio utilizes the aging of Receivables Financing as a credit risk characteristic	The Company uses aging to assess the expected credit losses of this type of portfolio. This portfolio carries similar risk characteristics, and aging information can reflect the ability of this portfolio to pay when accounts receivable mature. As of the balance sheet date, the Company refers to historical credit loss experience and takes into current conditions and forecasts of future economic conditions to a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration (similar to accounts receivable) to calculate expected credit losses.
Notes Receivable	This portfolio consists of notes issued by entities with high credit ratings, with no history of note defaults and very low credit loss risks, and with strong ability to fulfill their cash flow obligations under payment contracts in the short term	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to calculate expected credit losses through default risk exposure and the expected credit loss rate over the entire duration.

Aging Calculation Method for Determining Portfolios of Credit Risk Characteristics Based on Aging Analysis

✓Applicable □ Not Applicable

Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to prepare a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration (similar to accounts receivable) to calculate expected credit losses.

Criteria for Identifying Individual Provisions for Bad Debts on an Individual-item Basis
✓Applicable □ Not Applicable

For Receivables Financing with significantly different credit risks and portfolio credit risks, the Company provisions for expected credit losses on an individual-item basis. The Company separately determines the credit losses on Receivables Financing where there is sufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost.

15. Other Receivables
✓Applicable □ Not Applicable
Methods for Determination and Accounting Treatment of Expected Credit Losses on Other Receivables
✓Applicable □ Not Applicable

For the Company's methods for determination and accounting treatment of expected credit losses on other receivables, please refer to paragraph (11) 6 - Impairment of Financial Instruments in Section V - Significant Accounting Policies and Estimates.

Portfolio Categories and Determination Basis for Provision for Bad Debts based on Credit Risk Characteristics
✓Applicable □ Not Applicable

When there is insufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost, the Company refers to historical credit loss experience, taking into consideration current conditions and judgments of future economic conditions, to classify other receivables into several portfolios based on credit risk characteristics and calculate expected credit losses on a portfolio basis. The basis for determining portfolios is as follows:

Portfolio Name	Basis for Determining Portfolios	Provision Method
Aging Portfolio	Aging is used as the credit risk characteristic	Provision is made according to the table for comparison between aging and expected credit loss rate (same as accounts receivable)
Government Accounts	Government accounts receivable	Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to calculate expected credit losses through default risk exposure and the expected credit loss rate over the next 12 months or the entire duration.
Portfolio of Account Current between Related Parties within the Consolidation Scope	Related parties within the consolidation scope of the Company	

Aging Calculation Method for Determining Portfolios of Credit Risk Characteristics Based on Aging Analysis
✓Applicable □ Not Applicable

Refer to historical credit loss experience and take into consideration current conditions and forecasts of future economic conditions to prepare a table comparing the aging of accounts receivable with the expected credit loss rate over the entire duration (similar to accounts receivable) to calculate expected credit losses.

Criteria for Identifying Individual Provisions for Bad Debts on an Individual-item Basis
✓Applicable □ Not Applicable

For other receivables with significantly different credit risks and portfolio credit risks, the Company provisions for expected credit losses on an individual-item basis. The Company separately determines the credit losses on other receivables where there is sufficient evidence to assess expected credit losses at the individual instrument level at a reasonable cost.

16. Inventory

✓Applicable □ Not Applicable

Categories of Inventory, Issuance Valuation Methods, Inventory Counting Systems, and Amortization Methods for Low-value Consumables and Packaging

✓Applicable □ Not Applicable

1． Classification of Inventory

Inventory refers to finished products or goods held by the Company for sale, work in progress products, and materials and supplies consumed in the production process or service provision process. It mainly includes raw materials, work in progress products, inventory goods, and issued goods.

2． Valuation Method for Inventory

At the time of acquisition, inventory is initially measured at cost, including purchase cost, processing cost, and other costs. The inventory is valued using the Monthly-end Weighted Average Method when it is issued.

3． Inventory Counting System

The perpetual inventory system is used for inventory counting.

4． Amortization Method for Low-value Consumables and Packaging

(1) Low-value consumables are amortized using the one-off write-off method;

(2) Packaging is amortized using the one-off write-off method;

(3) Other turnover materials are amortized using the one-off write-off method.

Recognition Criteria and Provision Method for Inventory Write down

✓Applicable □ Not Applicable

Following a comprehensive inventory inspection at the end of the period, inventory write-down are provisioned or adjusted based on the lower of cost or net realizable value of the inventory. For good inventories directly used for sale, such as finished goods, goods for resale, and materials used for sale, the net realizable value is determined during normal production and operation by subtracting estimated selling expenses and related taxes from the estimated selling price of the inventory. For material inventory requiring processing, the net realizable value is determined during normal production and operation by subtracting estimated costs at completion, estimated selling expenses, and related taxes from the estimated selling price of the finished products. For inventory held to fulfill sales contracts or service contracts, the net realizable value is calculated based on the contract price. If the quantity of inventory held exceeds the ordered quantity in the sales contract, the net realizable value of the excess inventory is calculated based on the general selling price.

The provision for inventory write-down is made on an individual-item basis at the end of the period; however, for inventories with numerous quantities and low unit prices, the provision for inventory write-down is made according to inventory category. For inventories related to product series produced and sold in the same region, with similar or identical ultimate uses or purposes, and difficult to measure separately from other items, the provision for inventory write-down is consolidated.

Once the factors affecting the write-down of inventory value have disappeared, the amount of write-down should be restored and reversed within the originally provided inventory write-down amount, with the reversed amount recorded in the profit or loss for the current period.

Portfolio Categories and Determination Basis for the Provision for Inventory Write-Down on a Portfolio Basis and Determination Basis for Net Realizable Values of Different Categories of Inventories

□Applicable ✓Not Applicable

Calculation Method and Determination Basis for Net Realizable Values of Various Inventory Age Portfolios Based on Inventory Age

□Applicable ✓Not Applicable

17. Contract Assets

✓Applicable □ Not Applicable

Method and Criteria for Recognizing Contract Assets

✓Applicable □ Not Applicable

The Company has the right to receive consideration from customers for goods transferred to them and recognizes the rights depending on factors beyond the passage of time as contract assets. The Company separately presents the unconditional (i.e., solely dependent on the passage of time) right to receive consideration from customers as accounts receivable.

Methods for Determination and Accounting Treatment of Expected Credit Losses on Contract Assets

✓Applicable □ Not Applicable

For the Company's methods for determination and accounting treatment of expected credit loses on contract assets, please refer to paragraph (11) 6 - Impairment of Financial Instruments in Section V - Significant Accounting Policies and Estimates.

Portfolio Categories and Determination Basis for Provision for Bad Debts based on Credit Risk Characteristics

□Applicable ✓Not Applicable

Aging Calculation Method for Determining Portfolios of Credit Risk Characteristics Based on Aging Analysis

□Applicable ✓Not Applicable

Criteria for Identifying Individual Provisions for Bad Debts on an Individual-item Basis

□Applicable ✓Not Applicable

18. Non-current Asset or Disposal Portfolio Held for Sale

□Applicable ✓Not Applicable

Recognition Criteria and Accounting Treatment Method for Non-current Assets or Disposal Portfolios Held for Sale

✓Applicable □ Not Applicable

1. Recognition Criteria for Classification as Held for Sale

Non-current assets or disposal portfolios meeting both of the following conditions are recognized as held for sale:

(1) According to the usual practice in similar transactions, the assets or disposal portfolios can be sold immediately under current conditions;

(2) The sale is highly probable, meaning that the Company has made a decision on a sale plan and obtained a firm commitment to purchase, with the sale expected to be completed within one year.

A firm commitment to purchase refers to a legally binding purchase agreement between the Company and another party, which contains significant terms such as the transaction price, time, and sufficiently severe penalties for breach, minimizing the possibility of significant adjustments or cancellations.

2. Accounting Treatment Method for Classification as Held for Sale

Depreciation or amortization is not provided for non-current assets or disposal portfolios held for sale. If their book value exceeds the net amount of fair value less selling expenses, the book value should be written down to the net amount of fair value less selling expenses, and the written-down amount should be recognized as impairment loss on assets and recorded in the profit or loss for the current period, with the provisions for impairment of assets held for sale.

For non-current assets or disposal portfolios classified as held for sale at the acquisition date, the lower of the initially measured amount if they are not classified as held for sale and the net amount of fair value less selling expenses should be compared at the initial measurement.

The above principles apply to all non-current assets, excluding investment properties measured using the fair value model, biological assets measured at net amount of fair value less selling expenses, assets arising from employee compensation, deferred income tax assets, financial assets regulated by financial instrument-related accounting standards, and rights arising from insurance contracts regulated by insurance contract-related accounting standards.

Recognition Criteria and Presentation Method for Business Termination
□Applicable ✓Not Applicable

19. Long-term Equity Investments
✓Applicable □ Not Applicable

1. Determination of Initial Investment Cost

(1) For specific accounting policies for long-term equity investments resulting from enterprise merger, please refer to (6) - Accounting Treatment Method for Enterprise Merger under the Same Control and not under the Same Control in Section V - Significant Accounting Policies and Estimates.

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

For long-term equity investments acquired via cash payment, the initial investment cost is the actually paid purchase price. It encompasses expenses directly associated with the acquisition of the long-term equity investments, as well as taxes and other necessary expenditures.

For long-term equity investments acquired through the issuance of equity securities, the initial investment cost is the fair value of the equity securities issued. Transaction costs incurred in the issuance or acquisition of equity instruments can be directly attributed to equity transactions and deducted from equity.

In non-monetary asset exchanges where there exists commercial substance and the fair value of the assets received or given up can be reliably measured, the initial investment cost of long-term equity investments received in exchange for non-monetary assets is determined based on the fair value of the assets given up, unless there is conclusive evidence that the fair value of the assets received is more reliable. For non-monetary asset exchanges that do not meet the above conditions, the initial investment cost of the long-term equity investment received is determined based on the book value of the assets given up and the relevant taxes payable.

For long-term equity investments acquired through debt restructuring, their initial investment cost is determined based on their fair value.

2．Subsequent Measurement and Profit/Loss Recognition

(1) Cost Method

The Company may adopt the cost method to account for long-term equity investments in the invested units over which it exercises control, value them based on their initial investment cost, and add or withdraw investment to adjust the cost of long-term equity investments.

In addition to the the cash dividends or profits declared but not yet distributed included in the price or consideration actually paid at the acquisition of investment, the Company recognizes the cash dividends or profits, as declared by the the invested units, as current investment income.

(2) Equity Method

The Company adopts the equity method to account for long-term equity investments in associates and joint ventures. Equity investments in associates with a portion indirectly held through venture capital institutions, mutual funds, trust companies, or similar entities, including investment-linked insurance funds, should be measured at fair value, with changes therein recorded in profit or loss.

If the initial investment cost of a long-term equity investment exceeds the difference between the Company's share of the fair value of identifiable net assets of the invested unit at the time of investment, no adjustment is made to the initial investment cost of the long-term equity investment. If the initial investment cost is less than the difference mentioned above, it is recorded in the profit or loss for the current period.

After acquiring a long-term equity investment, the Company separately recognizes investment income and other comprehensive income based on its share of the net profit and other comprehensive income realized by the invested unit, and adjusts the book value of the long-term equity investment. The Company also reduces the book value of long-term equity investment correspondingly based on its share of the profits or cash dividends declared by the invested unit. In case of any other changes in the owners' equity, excluding net profit, other comprehensive income, and profit distribution of the invested unit, adjustments should be made to the book value of the long-term equity investment and recorded in the owners' equity.

When recognizing its share of the net profit or loss in the invested unit, the Company adjusts and then recognizes the net profits of the invested unit based on the fair value of various identifiable assets of the invested unit at the time of investment. The profit or loss from unrealized internal transactions between the Company and associates or joint ventures are offset based on the Company's proportionate share, and investment income is recognized thereafter.

When recognizing the invested unit's losses to be borne by it, the Company take the following steps: (1) Offset the book value of long-term equity investments; (2) Continue to recognize investment losses at an amount limited to the book value of the long-term equity that materially represents the net investment in the invested unit and offset the book value of long-term receivables, etc., if the book value of the long-term investments are insufficient to offset. (3) After the above treatments, if the Company still bears additional obligations according to the investment contract or agreement, it should recognize the estimated liabilities according to the estimated obligations and record them in the investment loss for the current period.

If the invested unit realizes profits in subsequent periods, the Company, after deducting the unrecognized loss-sharing amount, proceeds to the aforementioned steps in reverse order: Write down the book balance of recognized estimated liabilities, restore the book value of long-term equity and long-term equity investment that materially represent investment in the invested unit, and then restore and recognize investment income.

3. Conversion of Accounting Method for Long-term Equity Investments

(1) Conversion from Fair Value Measurement to Equity Method for Accounting

For equity investments held by the Company without control, joint control, or significant influence over the invested unit, recognized using financial instruments and accounted for using measurement standards, which, due to additional investments or other reasons, are able to exert significant influence over the invested unit or exercise joint control without constituting control, the initial investment cost for equity investments accounted for by the equity method is determined by adding the fair value of the originally held equity investments determined in accordance with the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* to the additional investment cost.

If the initial investment cost accounted for by the equity method is less than the difference between the newly calculated shares of fair value of identifiable net assets of the invested unit on the date of additional investment, adjustments are made to the book value of long-term equity investments and recorded in the non-operating income for the current period.

(2) Measurement at Fair Value or Conversion of Equity Method to Cost Method for Accounting

For equity investments previously held by the Company without control, joint control, or significant influence over the invested unit, recognized using financial instruments and accounted for using measurement standards, or for long-term equity investments previously held in associates or joint ventures, which, due to additional investments or other reasons, are able to exercise control over invested unit not under the same control, the sum of the book value of equity investments previously held and the cost of additional investments is treated as the initial investment cost accounted for by the cost method in the preparation of individual financial statements.

Any other comprehensive income recognized in equity investments held prior to the acquisition date and accounted for using the equity method should be accounted for using the same basis as the invested unit's direct disposal of related assets or liabilities when disposing of the investment.

For equity investments held prior to the acquisition date and accounted for in accordance with the relevant provisions specified in the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, cumulative fair value changes previously recorded in other comprehensive income are transferred to the profit or loss for the current period when converted to the cost method.

(3) Conversion of Equity Method Accounting to Fair Value Measurement

If the Company loses joint control or significant influence over an invested unit due to the disposal of part of its equity investments or other reasons, the remaining equity after disposal is accounted for in accordance with the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The difference between the fair value and the book value on the day of losing joint control or significant influence is recorded in the profit or loss for the current period.

Any other comprehensive income recognized and accounting for by equity method for original equity investments should be accounted for using the same basis as the invested unit's direct disposal of related assets or liabilities when terminating the adoption of the equity method for accounting.

(4) Conversion of Cost Method to Equity Method

If the Company loses control over an invested unit due to the disposal of part of its equity investments or other reasons, and the remaining equity after disposal is able to exercise joint control or exert significant influence over the invested unit, the remaining equity should be accounted for using the equity method, and should be adjusted as if it had been accounted for using the equity method from the acquisition date.

(5) Conversion of Cost Method to Fair Value Measurement

If the Company loses control over an invested unit due to the disposal of part of its equity investments or other reasons, and the remaining equity after disposal cannot exercise joint control or exert significant influence over the invested unit, the remaining equity should be accounted for in accordance with the relevant provisions specified in the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*. The difference between the fair value and the book value on the day of losing control is recorded in the profit or loss for the current period.

4. Disposal of Long-term Equity Investments

The difference between the book value and the actually received price for the disposal of long-term equity investments should be recorded in the profit or loss for the current period. For long-term equity investments accounted for using the equity method, the same basis as the invested unit's direct disposal of related assets or liabilities should be used when the investment is disposed of, and the portion originally recorded in other comprehensive income should be accounted for proportionally.

When the terms, conditions and economic impact of transactions involving the disposal of equity investments in subsidiaries meet one or more of the following circumstances, multiple transaction matters should be accounted for as a package deal:

(1) These transactions are concluded simultaneously or taking into account their mutual impacts;

(2) These transactions collectively achieve a complete business outcome;

(3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

(4) A transaction is uneconomical when considered alone, but becomes economical when considered together with other transactions.

If the control over a subsidiary is lost due to the disposal of part of the equity investment or other reasons and the transaction does not constitute a package deal, individual financial statements and consolidated financial statements should be distinguished and relevant accounting treatment should be applied:

(1) In individual financial statements, the difference between the book value and the actually received

price for the disposed equity should be recorded in the profit or loss for the current period. If the remaining equity after disposal can exercise joint control or exert significant influence over the invested unit, it should be accounted for using the equity method, and should be adjusted as if it had been accounted for using the equity method from the acquisition date; if the remaining equity after disposal cannot exercise joint control or exert significant influence over the invested unit, it should be accounted for in accordance with the relevant provisions specified in the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value on the day of losing control should be recorded in the profit or loss for the current period.

(2) In consolidated financial statements, for transactions before the loss of control over a subsidiary, the difference between the disposal price and the corresponding share of net assets of the subsidiary calculated continuously from the acquisition date or merger date, should be offset by capital reserve (share premium). If capital reserve is insufficient to offset, the retained earnings should be adjusted. After losing control over a subsidiary, the remaining equity should be remeasured at fair value on the date of loss of control. The sum of the price received for the disposal of equity and the fair value of the remaining equity, minus the proportionate share of net assets of the original subsidiary calculated from the acquisition date at the original ownership proportion, should be recorded in the investment income for the period of loss of control, and offset by goodwill. Other comprehensive income related to the equity investments in the original subsidiary should be transferred to current investment income upon loss of control.

Transactions involving the disposal of equity investments in subsidiaries until control is lost, which are part of a package deal, are accounted for as a single transaction for the disposal of equity investments in subsidiaries and losing control over subsidiaries, with separate accounting treatment for individual financial statements and consolidated financial statements.

(1) In individual financial statements, the difference between each disposal price and the book value of the long-term equity investments corresponding to the disposed equity before the loss of control is recognized as other comprehensive income and transferred to the profit or loss for the current period when control is lost.

(2) In consolidated financial statements, the difference between each disposal value and the share of the net assets of the subsidiary corresponding to the disposed investment is recognized as other comprehensive income before the loss of control and transferred to the profit or loss for the current period when control is lost.

5. Judgement Criteria for Joint Control and Significant Influence

If the Company collectively controls an arrangement with other parties in accordance with relevant agreements and decisions that significantly affect the returns from the arrangement require unanimous consent of the parties sharing control, it is considered that the Company jointly controls the arrangement with other parties, and the arrangement falls under the category of joint arrangements.

If a joint arrangement is reached through a separate entity, the Company treats the separate entity as a joint venture and applies the equity method for accounting based on relevant agreements when determining its right to the net assets of that separate entity. If it is determined based on relevant agreements that the Company does not have the right to the net assets of that separate entity, the separate entity is treated as a joint operation, and the Company recognizes items related to its interest in joint operations and accounts for them in accordance with relevant Accounting Standards for Business Enterprises.

Significant influence refers to the power of the investing party to participate in the decision-making of the financial and operating policies of the invested unit, without control or jointly control with other parties over the formulation of these policies. The Company determines significant influence on the invested unit based on one or more of the following circumstances and takes into consideration all facts and circumstances: (1) Having representatives to the board of directors or similar governing bodies of the invested unit; (2) Participating in the process of formulating the financial and operating policies of the invested unit; (3) Engaging in significant transactions with the invested unit; (4) Deploying management personnel to the invested unit; (5) Providing critical technical information to the invested unit.

20. Investment Properties

Not Applicable

21. Fixed Assets

(1) Recognition Conditions

✓Applicable □ Not Applicable

1． Recognition Conditions for Fixed Assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, renting, or managing operations, and whose useful life exceeds one accounting year. Fixed assets are recognized when both of the following conditions are met:

(1) Economic benefits related to the fixed assets are likely to flow into the enterprise;

(2) The cost of the fixed assets can be reliably measured.

2． Initial Measurement of Fixed Assets

Fixed assets of the company are initially measured based on cost.

(1) The cost of externally acquired fixed assets includes the purchase price, import tariffs, and other taxes and fees related to the asset, as well as other expenses directly attributable to the asset before it reaches the intended usable state.

(2) The cost of self-constructed fixed assets consists of necessary expenses incurred before the asset reaches the intended usable state.

(3) Fixed assets contributed by investors are booked the entry value agreed upon in the investment contract or agreement, but if the value agreed upon in the contract or agreement is not fair, it is booked fair value.

(4) If the purchase price of fixed assets exceeds the normal credit terms with deferred payment and has a substantive financing nature, the cost of the fixed assets is determined based on the present value of the purchase price. The difference between the actually paid price and the present value of the purchase price is recorded in the current profit or loss during the credit period.

3． Subsequent Measurement and Disposal of Fixed Assets

(1) Depreciation of Fixed Assets

Depreciation of fixed assets is provided over their estimated useful lives after deducting the estimated residual value from their entry value. For fixed assets for which impairment provisions have been made, depreciation is is calculated in future periods based on the remaining book value and the estimated remaining useful life after deducting the impairment provisions. Fixed assets that have been fully depreciated and are still in use are not subject to further depreciation.

For fixed assets arising from expenditure funded by special reserves, the cost of these fixed assets is offset against the special reserves and an equivalent amount of accumulated depreciation is recognized, with no depreciation being provided in subsequent periods.

The Company determines the useful life and estimated residual value of fixed assets based on their nature and usage. At the end of each year, the useful life, estimated residual value, and depreciation method of fixed assets are reviewed, and adjustments are made if there are differences from the original estimates.

(2) Subsequent Expenditures on Fixed Assets

Subsequent expenditures related to fixed assets are recorded in the cost of fixed assets if they meet the recognition conditions for fixed assets; or recorded in the profit or loss for the current period if they do not meet the recognition conditions for fixed assets.

(3) Disposal of Fixed Assets

When fixed assets are disposed of or when it is expected that no economic benefits will arise from their use or disposal, such fixed assets are derecognized. The disposal proceeds from the sale, transfer, scrapping or damage of fixed assets, after the deduction of their book value and relevant taxes, are recorded in the profit or loss for the current period.

(2) Depreciation Method

✓Applicable □ Not Applicable

Category	Depreciation Method	Depreciation Period	Residual Value Rate (%)	Annual Depreciation Rate (%)
Housing and Structures	Straight-Line Method	Housing and Structures 20-40 years Architectures 10-20 years	5.00	2.375-9.50
Machinery and Equipment	Straight-Line Method	5-20 years	5.00	4.75-19.00
Transportation Tools	Straight-Line Method	5 years	5.00	19.00
Office and Other Equipment	Straight-Line Method	5 years	5.00	19.00

22. Construction in Progress

✓Applicable □ Not Applicable

1. Initial Measurement of Construction in Progress

Construction in progress, self-constructed by the Company, is valued at actual cost, which comprises necessary expenses incurred until the asset reaches the intended usable state, including cost of materials, labor, relevant taxes paid, borrowing costs to be capitalized, and indirect costs to be allocated.

2. Criteria and Timing for Capitalization of Construction in Progress into Fixed Assets

All expenditures incurred before the intended usable state is achieved for construction in progress projects are recognized as the entry value of fixed assets. When construction in progress has reached the intended usable state but final settlement has not been completed, it is capitalized into fixed assets based on the estimated value determined by project budget, construction cost, or actual project cost and depreciation is then provided based on the Company's fixed asset depreciation policy. After the final settlement, the estimated value is adjusted according to the actual cost, but previously provided depreciation is not adjusted.

23. Borrowing Costs

✓Applicable □ Not Applicable

1. Recognition Principle for Capitalization of Borrowing Costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or construction of qualifying assets for capitalization are capitalized and recorded in the cost of related assets; other borrowing costs are recognized as expenses based on their amounts when incurred.

Qualifying assets for capitalization refer to assets such as fixed assets, investment properties and inventories that require a substantial period of time for acquisition or construction activities to reach their intended usable or saleable status.

Borrowing costs are eligible for capitalization when all of the following conditions are met:

(1) Expenditure for the asset has been incurred, including payments in cash, the transfer of non-cash assets, or the assumption of interest-bearing liabilities for acquisition, construction or production of qualifying assets for capitalization;

(2) Borrowing costs have been incurred;

(3) The necessary acquisition, construction, or production activities to bring the asset to its intended usable or saleable state have commenced.

2. Capitalization Period for Borrowing Costs

The capitalization period refers to the duration from the commencement of capitalizing borrowing costs to the cessation of such capitalization, excluding periods when capitalization of borrowing costs is suspended

Capitalization of borrowing costs halts when the qualifying assets for capitalization reaches the intended usable or saleable status.

When parts of a qualifying asset for capitalization are completed and can be used separately, capitalization of borrowing costs for those parts halts.

For assets where parts are completed but cannot be used or sold until the entire asset is completed, capitalization of borrowing costs halts when the entire asset is completed.

3. Suspension Period for Capitalization

If there is an abnormal interruption during the acquisition, construction or production of a qualifying asset for capitalization and the interruption lasts continuously for more than three months, capitalization of borrowing costs is suspended. Capitalization will continue if the interruption is necessary for the asset to reach its intended usable or saleable state. Borrowing costs incurred during the interruption period are recognized as profit or loss for the current period and their capitalization will continue until the resumption of asset acquisition, construction or production activities.

4. Calculation Method for Capitalized Amount of Borrowing Costs

Interest costs on specific borrowings (net of interest income earned from the deposit of the borrowed funds not yet used or from temporary investments) and related auxiliary costs are capitalized until the qualifying asset for capitalization under acquisition, construction or production reaches its intended usable or saleable state.

The amount of interest from general borrowings to be capitalized is calculated by multiplying the weighted average of accumulated expenditure on the asset over the specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

If borrowing carries a discount or premium, the amount of discount or premium to be amortized during each accounting period is determined using the effective interest method, with adjustments to the interest amount for each period.

24. Biological Assets

□Applicable ✓Not Applicable

25. Oil and Gas Assets

□Applicable ✓Not Applicable

26. Intangible Assets

(1) useful life and Its Determination Basis, Estimation, Amortization Method, or Review Procedures

✓Applicable □ Not Applicable

Intangible assets refer to identifiable non-monetary assets without physical form controlled or owned by the Company, including land use rights, software, and licenses for patent usage.

1.Initial Measurement of Intangible Assets

The cost of externally acquired intangible assets includes the purchase price, related taxes, and other expenses directly attributable to bringing the asset to its intended use. If the purchase price of intangible assets exceeds the normal credit terms with deferred payment and has a substantive financing nature, the cost of intangible assets is determined based on the present value of the purchase price.

When debt restructuring results in the acquisition of intangible assets used by the debtor to settle debt, the fair value of these intangible assets is used to determine their entry value. The difference between the book value of the restructured debt and the fair value of the intangible assets used for settlement is recorded in the profit or loss for the current period.

For non-monetary asset exchanges where commercial substance exists and the fair value of the asset received or given up can be reliably measured, the entry value of the intangible assets received in exchange for non-monetary assets is determined based on the fair value of the asset given up, unless there is conclusive evidence that the fair value of the asset received is more reliable. For non-monetary asset exchanges that do not meet the above criteria, the book value of the asset given up and any related taxes and fees payable are treated as the cost of the intangible asset received, with no profit or loss recognized.

The entry value of intangible assets acquired through enterprise merger under the same control is determined based on the book value of the merged party. The entry value of intangible assets acquired through enterprise merger not under the same control is determined based on the fair value.

The cost of internally developed intangible assets includes materials consumed, labor costs, registration fees, amortization of other patents and licenses used during development, interest expenses for meeting the capitalization conditions, and other direct expenses incurred before the intangible asset reaches its intended use.

2.Subsequent Measurement of Intangible Assets

The company analyzes and assesses the useful life of intangible assets at the time of acquisition, and classifies them as having either finite or indefinite useful lives.

(1) Intangible Assets with Finite Useful Lives

For intangible assets with finite useful lives, straight-line amortization is applied over the period during which the asset is expected to generate economic benefits. The estimated useful lives of such assets and their basis are as follows:

Item	Estimated Useful Life	Basis
Land Use Rights	50 years	Land Use Certificate
Software	10 years	Contractual Agreements and Tax Law Provisions
Licenses for Patent Usage	4.75-8.25 years	Benefit Period

At the end of each period, the useful lives of and depreciation methods for intangible assets with finite useful lives are reviewed, and adjusted when necessary.

(2) Intangible Assets with Indefinite Useful Lives

Intangible assets for which the period of economic benefit cannot be reliably predicted are considered to have indefinite useful lives.

The Company does not have any intangible assets with indefinite useful lives.

For impairment testing methods and impairment provision methods for intangible assets, refer to (27) - Impairment of Long-term Assets in Section V - Significant Accounting Policies and Estimates.

(2) Aggregation Scope of of Research and Development Expenditures and Relevant Accounting Treatment Methods

✓Applicable □ Not Applicable

1. Specific criteria for differentiating research and development phases in the Company's internal research and development projects

Research Phase: A phase involving innovative, planned investigations and research activities to acquire and comprehend new scientific or technological knowledge.

Development Phase: A phase in which research findings or other knowledge are applied to a specific plan or design before commercial production or use, leading to the creation of new or substantially improved materials, devices, products, etc.

Expenditures incurred during the research phase of internal research and development projects are recorded in the profit or loss for current period when they occur.

2. Specific criteria for capitalization of expenditures during the development phase

Expenditures incurred during the development phase of internal research and development projects are recognized as intangible assets when they meet all of the following conditions:

(1) Completion of the intangible asset to enable its use or sale is technically feasible;

(2) There is an intention to complete the intangible asset and use or sell it;

(3) The intangible asset generates economic benefits, either by demonstrating the presence of a market for products produced using the asset or by demonstrating the presence of a market for the asset itself, or by demonstrating its usefulness if it will be used internally;

(4) There are adequate technical, financial, and other resources to complete the development of the intangible asset and the Company is able to use or sell it;

(5) Expenditures attributable to the development stage of the intangible asset can be reliably measured.

Expenditures incurred during the development phase that do not meet the above conditions are recorded in the profit or loss for the current period when they occur. Development expenditures previously recorded in profit or loss are re-recognized as assets in subsequent periods. Capitalized expenditures during the development phase are presented on the balance sheet as development expenditures and are reclassified as intangible assets from the date the project reaches its intended use.

27. Impairment of Long-term Assets

✓Applicable □ Not Applicable

The Company assesses whether long-term assets may be impaired as of the balance sheet date. If there are indicators of impairment for long-term assets, the recoverable amount is estimated on an individual asset basis. If it is difficult to estimate the recoverable amount for an individual asset, the recoverable amount of the asset portfolio to which the asset belongs is used as the basis for determination.

The estimation of the recoverable amount of an asset is determined by the net amount of its fair value less disposal costs or its present value of expected future cash flows, whichever is higher.

The measurement results of the recoverable amount indicates that if a long-term asset’s recoverable amount is less than its book value, the book value is written down to the recoverable amount, and the written-down amount is recognized as an impairment loss and recorded in the profit or loss for the current period, with the provision for asset impairment being provided accordingly. Once an asset impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

After recognition of asset impairment losses, the expenses on depreciation or amortization of impaired assets are adjusted accordingly in future periods to systematically allocate the adjusted book value of the assets (net of estimated net residual value) over the remaining useful life.

For goodwill arising from enterprise merger and intangible assets with indefinite useful lives, impairment tests are conducted annually regardless of whether there are indicators of impairment.

When conducting impairment tests on goodwill, the book value of goodwill is allocated to the asset portfolio or asset portfolios that are expected to benefit from the synergy effects of the enterprise merger. When conducting impairment tests on asset portfolio or asset portfolios containing goodwill, if there are indicators of impairment related to the asset portfolio or asset portfolios containing goodwill, impairment tests are first conducted on asset portfolio or asset portfolios without goodwill, and then the recoverable amount is calculated, and compared with the book value to recognize the corresponding impairment loss. Subsequently, impairment tests are conducted on asset portfolio or asset portfolios containing goodwill, and the book value (including the book value portion of allocated goodwill) of the related asset portfolio or asset portfolios is compared with their recoverable amount. If the recoverable amount of the related asset portfolio or asset portfolios is lower than their book value, impairment losses on goodwill are recognized.

28. Long-term Deferred Expenses

✓Applicable □ Not Applicable

1. Amortization Method

Long-term deferred expenses refer to expenses that have been incurred by the Company but should be allocated over a period exceeding one year from the current period and subsequent periods. Long-term deferred expenses are amortized on a straight-line basis over the benefit period.

2. Amortization Period

Category	Amortization Period (Years)	Remarks
Site Lease Fees	20	Lease Term
Syndicated Arrangement Fees	7.5	Loan Term
Housing Subsidies	9	Service Period
Employee Rewards	5	Service Period
Production Materials	2	Usage Period
Leasehold Improvements	5	Usage Period

29. Contract Liabilities

✓Applicable □ Not Applicable

The Company recognizes as contract liabilities the obligation to transfer goods to customers for the consideration received or receivable from customers.

30. Employee Compensation

(1) Method for Accounting Treatment of Short-term Compensation

✓Applicable □ Not Applicable

Short-term compensation refers to the employee compensation that the Company is obligated to pay within twelve months after the end of the annual reporting period in which the employees provide relevant services, excluding post-employment benefits and termination benefits. During the accounting period in which employees provide services, short-term compensation payable is recognized as a liability, and is recorded in related asset costs and expenses based on the benefits derived from the services provided by employees.

(2) Method for Accounting Treatment of Post-Employment Benefits

✓Applicable □ Not Applicable

Post-employment benefits refer to various forms of compensation and benefits provided by the Company to employees upon retirement or termination of employment with the Company for attaining the services provided by employees, excluding short-term compensation and termination benefits.

All of the Company's post-employment benefit plans are defined contribution plans.

The Company's defined contribution plan for post-employment benefits primarily include participation in basic social pension insurance, unemployment insurance, etc. organized and implemented by local labor and social security institutions. During the accounting period in which employees provide services to the Company, the amount payable calculated based on the defined contribution plan is recognized as a liability, and is recorded in the profit or loss for the current period or related asset costs.

After making regular payments for the above items in accordance with national standards, the Company no longer has any further payment obligations.

(3) Method for Accounting Treatment of Termination Benefits

✓Applicable □ Not Applicable

Termination benefits refer to compensations provided by the Company to employees due to termination of their employment contracts before their expiration or as incentives for voluntary layoffs. These are recognized as liabilities arising from compensations for terminating employment contracts when the Company cannot unilaterally withdraw termination plans or layoff proposals, and when costs related to restructuring involving payments for termination benefits are confirmed, whichever occurs earlier, and are simultaneously recorded in the profit or loss for the current period.

(4) Method for Accounting Treatment of Other Long-term Employee Benefits

✓Applicable □ Not Applicable

Other long-term employee benefits refer to all employee benefits other than short-term compensation, post-employment benefits, and termination benefits.

For other long-term employee benefits that meet the conditions of the defined contribution plan, the amount payable is recognized as a liability and recorded in the profit or loss for the current period or related asset costs during the accounting period in which employees provide services to the Company.

31. Estimated Liabilities

✓Applicable □ Not Applicable

1. Recognition Criteria for Estimated Liabilities

The Company recognizes the obligations related to contingent matters as estimated liabilities when all of the following conditions are met:

The obligation is a present obligation of the Company;

Fulfilling the obligation is likely to result in an outflow of economic benefits from the Company;

The amount of the obligation can be reliably measured.

2. Measurement Method for Estimated Liabilities

The estimated liabilities of the Company are initially measured at the best estimate of the expenditure required to fulfill the related present obligation.

When determining the best estimate, the Company takes into account comprehensively factors such as risks, uncertainties, and the time value of money related to the contingent liabilities. For contingent liabilities with significant impact on the time value of money, the best estimate should be determined by discounting the relevant future cash outflows.

The best estimate is handled as follows:

In cases where there is a continuous range (or interval) of expenditures and each possible outcome within the range occurs with equal probability, the best estimate should be determined based on the average of the upper and lower limits of the range.

In cases where there is no continuous range (or interval) of expenditures, or although there is a continuous range, the probabilities of occurrence of various outcomes within the range are not equal, the best estimate should be determined based on the most likely amount if the contingent matter relates to a single item and should be calculated based on various possible outcomes and their probabilities if the contingent liability involves multiple items.

If all or part of the expenditures required to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount should be separately recognized as an asset when it is virtually certain to be received, with the recognized compensation amount not exceeding the book value of the estimated liabilities.

32. Share-based Payment

✓Applicable □ Not Applicable

1. Types of Share-based Payment

The share-based payment by the Company is categorized into share-based payment settled by equity and share-based payment settled by cash.

2. Method for Determining Fair Value of Equity Instruments

For granted equity instruments such as options with active markets, their fair value is determined based on quotes from such active markets. For granted equity instruments such as options without active markets, their fair value is determined using option pricing model or other methods. The following factors are considered in the selected option pricing model: (1) exercise price of the option; (2) term of the option; (3) current price of the underlying shares; (4) expected volatility of share prices; (5) expected dividends of shares; (6) risk-free interest rate during the term of the option.

When determining the fair value on the grant date of equity instruments, the Company takes into account the impact of market conditions and non-market conditions in the exercisable conditions for exercising as stipulated in the share-based compensation agreement. If non-exercisable conditions exist, as long as employees or other parties meet all non-market conditions among all exercisable conditions (such as service periods), the corresponding cost of services received is recognized.

3. Basis for Determining the Best Estimate of Exercisable Equity Instruments

On each balance sheet date during the vesting period, the best estimate is made based on the latest changes in the number of eligible employees for exercise and other subsequent information, with adjustment to the estimated quantity of exercisable equity instruments. On the exercise date, the final estimated quantity of exercisable equity instruments matches the actual quantity of such instruments.

4. Accounting Treatment Method

Share-based payment settled by equity is measured at the fair value of equity instruments granted to employees. Instruments exercisable immediately after grant are recorded in related costs or expenses on the grant date at their fair value, with capital reserves increased accordingly. For instruments exercisable after completing the services during the vesting period or achieving specified performance conditions, on each balance sheet date within the vesting period, the current services obtained are recorded in related costs or expenses and capital reserves based on the best estimate of the quantity of exercisable equity instruments, at the fair value on the grant date. No adjustments are made to relevant recognized costs or expenses and total owners' equity after the exercise date.

Share-based payment settled by cash is measured at the fair value of the liability calculated based on shares or other equity instruments held by the Company. For instruments exercisable immediately after grant, the fair value of the liability borne by the Company is recorded in related costs or expenses on the grant date, with liabilities increased accordingly. For share-based payment settled by cash exercisable after completing the services the vesting period or achieving specified performance conditions, on each balance sheet date within the vesting period, the current services obtained are recorded in costs or expenses and corresponding liabilities based on the best estimate of the exercisable situation, at the amount of fair value of the liability borne by the Company. The fair value of the liability is remeasured at each balance sheet date and settlement date, with changes recognized during the Current Period profit or loss.

If granted equity instruments are canceled during the vesting period, the Company treats the cancellation of granted equity instruments as accelerated exercise, immediately records the amount to be recognized in the remaining vesting period in the profit or loss for the current period, and recognizes capital reserves. If employees or other parties choose to satisfy non-exercisable conditions but fail to do so within the vesting period, the Company treats it as cancellation of the granted equity instruments.

33. Preferred Shares, Perpetual Bonds, and Other Financial Instruments

□Applicable ✓Not Applicable

34. Revenue

(1). Accounting Policies for Disclosure of Revenue Recognition and Measurement by Business Type

✓Applicable □ Not Applicable

The Company's revenue mainly arise from the following business types: sales of food flavor and texture optimization products, animal nutrition amino acids, human medical amino acids, and related by-products.

1. General Principles of Revenue Recognition

The Company recognizes revenue at the transaction price allocated to that performance obligation when it fulfills its obligations under contracts, i.e., when customers obtains the control over the relevant goods or services.

Performance obligations refer to commitment by the Company in the contract to transfer clearly identifiable goods or services to the customer..

Obtaining control over relevant goods refers to the ability to direct the use of the goods and receive almost all of the economic benefits from them.

The Company evaluates a contract at the commencement date to identify individual performance obligations and determine whether those obligations are to be fulfilled over a period or at a specific moment. If one of the following conditions is met, the obligations are considered to be fulfilled over a period, and revenue is recognized by the Company over the defined period based on the progression of fulfillment: (1) the customer simultaneously receives and consumes the benefits derived from the Company's performance; (2) the customer can exercise control over the goods under construction during the Company's performance; (3) the goods produced by the Company during performance serve an indispensable purpose and the Company has the right to receive payment for the cumulative performance up to now over the entire contract period. Otherwise, the Company recognize revenue at the moment when the customer obtains control of the relevant goods or services.

For performance obligations fulfilled over a period, the Company determines the appropriate progress using the output method/input method based on the nature of the goods and services. The output method determines the performance progress based on the value of the goods transferred to the customer (the input method determines the performance progress based on the Company's inputs to fulfill its performance obligations). When the performance progress cannot be reasonably determined, and the costs already incurred is likely to be reimbursed, revenue is recognized based on the amount of costs incurred until the performance progress can be reasonably determined.

2.Specific Methods for Revenue Recognition

The Company's business of selling products such as food flavor and texture optimization products, animal nutrition amino acids and human medical amino acids typically only involves the obligation to transfer goods. The revenue recognition policy primarily makes a distinction between domestic and export customer classifications. The specific methods for revenue recognition are as follows:

Domestic Sales: According to the contracts or orders signed with the customer, revenue realization is recognized by the Company at the moment when goods are delivered to the customer, and the customer takes control over the goods upon receipt.

Export Sales: According to the contracts or orders signed with the customer, sales revenue realization is recognized by the Company on the export date specified on the custom declaration, upon the completion of loading goods onto the vessel, the completion of customs clearance procedures, and the transfer of control transferring over the goods.

3.Revenue Treatment Principles for Specific Transactions

(1) Contracts with Sales Return Provisions

For sales contracts with sales return provisions, the Company recognizes revenue when the customer obtains control of the related goods based on the amount of consideration expected to be received from transferring goods to the customer (excluding the amount expected to be refunded due to sales returns), and recognizes liabilities based on the amount expected to be refunded due to sales returns. Additionally, the balance after deducting the estimated cost (including the depreciation in the value of the returned goods) of returning the goods from the book value of the goods expected to be returned at the time of transfer is recognized as an asset. Subsequently, the net amount after deducting the cost of the asset from the book value of the goods at the time of transfer is carried forward as cost.

(2) Contracts with Quality Assurance Provisions

For sales contracts with quality assurance provisions, if the quality assurance provides a separate service beyond assuring that the goods or services sold meet established standards, it constitutes a separate performance obligation. Otherwise, the Company accounts for the quality assurance responsibility according to the *Accounting Standards for Business Enterprises No. 13 - Contingencies*.

(3) Contracts with Customer Options for Additional Purchases

Customer options for additional purchases include sales incentive measures, additional discounts for future goods or services, etc. For options for additional purchases that provide the customer with significant rights, the Company treats them as separate performance obligations and recognizes relevant revenues when the customer exercises the purchase options to obtain control over relevant goods or services in the future or when the options expire. When the standalone selling price of customer options for additional purchases cannot be directly observed, the Company estimates it by considering all relevant information, including differences in discounts obtained from exercising and not exercising the options and the likelihood of exercising the options.

(4) Principal vs. Agent

The Company determines whether it acts as a principal or an agent based on whether it has control over the goods or services before transferring them to the customer. If the company can exercise control over the goods or services before transferring them to the customer, it acts as a principal and recognizes revenue based on the total consideration received or receivable. Otherwise, the company acts as an agent and recognizes revenue based on the amount of commission or handling fees expected to be entitled to receive. Such amount is determined by deducting the amounts payable to other related parties from the total consideration received or receivable.

(2) Different Revenue Recognition and Measurement Methods for Similar Businesses with Different Operating Models

□Applicable ✓Not Applicable

35. Contract Costs

✓Applicable □ Not Applicable

1. Contract Performance Costs

Costs incurred by the Company to perform contracts are recognized as an asset if they meet all of the following conditions and are not within the scope of other Accounting Standards for Business Enterprises excluding revenue standards:

(1) The cost is directly related to a contract either currently or expected to be obtained, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by the customer, and other costs incurred solely due to the contract;

(2) The cost increases the resources available for the Company to fulfill its performance obligations;

(3) The cost is expected to be recoverable.

This asset is presented under inventories or other non-current assets based on whether the amortization period exceeds one normal operating cycle at the time of initial recognition.

2. Contract Obtaining Costs

Incremental costs incurred by the Company to obtain contracts and expected to be recoverable are recognized as an asset. Incremental costs refer to costs that would not have been incurred if the contract had not been obtained, such as sales commissions. For amortization periods not exceeding one year, they are recorded in the profit or loss for the current period when incurred.

3. Amortization of Contract Costs

Assets related to contract costs mentioned above are amortized based on the same basis as the revenue recognition for goods or services related to the assets, either at the time of performance obligation fulfillment or based on the progress of performance obligation fulfillment, and recorded in the profit or loss for the current period.

4. Impairment of Contract Costs

If the book value of the aforementioned assets related to contract costs exceeds the difference between the residual consideration expected to be obtained by the Company from the transfer of goods related to these assets and the estimated costs to be incurred for the transfer, the excess should be set aside impairment provision and recognized as an impairment loss.

After the impairment provision, if there are changes in impairment factors in previous periods, resulting in the above difference exceeding the book value of the assets, the provision for impairment loss previously accrued shall be reversed, and recorded in the profit or loss for the current period. However, the book value of the assets after reversal should not exceed that on the reversal date under the assumption of no accrual of impairment provision.

36. Government Grants

✓Applicable □ Not Applicable

1．Types

Government grants refer to monetary assets and non-monetary assets obtained by the Company from the government without charge. According to the beneficiaries stipulated in relevant government documents, government grants are classified into asset-related government grants and revenue-related government grants. Asset-related government grants are those obtained by the Company for the acquisition, construction, or formation of long-term assets by other means. Revenue-related government grants refer to government grants other than asset-related government grants.

2．Recognition of Government Grants

Government grants are recognized at the amount receivable if there is evidence at the end of the period that the Company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds. Otherwise, government grants are recognized when actually received.

Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value; if fair value cannot be reliably obtained, they are measured at the nominal amount (RMB 1 yuan). Government grants measured at nominal amounts are directly recorded in the profit or loss for the current period.

3．Accounting Treatment Method

The Company determines whether a certain type of government grant matter should be accounted for using the gross method or the net method based on the substance of the economic matter. Typically, the

Company selects only one method for same or similar government grant matters and consistently applies that method to the matter.

Items	Accounting Content
Category of Government Grants Accounted for Using the Gross Method	Government grants related to anything other than loans of discount interest
Category of Government Grants Accounted for Using the Net Method	Government grants related to loans of policy-oriented preferential interest rate

Asset-related government grants should either be offset against the book value of related assets or be recognized as deferred revenues. Asset-related government grants recognized as deferred revenues should be reasonably and systematically recorded in profit or loss over the useful life of the constructed or purchased assets.

Revenue-related government grants used to compensate for expenses or losses in future periods are recognized as deferred revenues and are recorded in profit or loss for the current period or offset against related costs when the related expenses or losses are recognized. Grants used to compensate for expenses or losses already incurred by the Company are recorded directly in profit or loss for the current period or offset against related costs upon receipt.

Government grants related to the Company's ordinary activities are recorded in other income or offset against related costs. Government grants unrelated to the Company's ordinary activities are recorded in non-operating income and expenses.

Government grants received related to loans of policy-oriented preferential interest are offset against related borrowing costs. If loans of policy-oriented preferential interest rates provided by banks are obtained, the actual amount received is treated as the entry value of the loans, and the related borrowing costs are calculated based on the loan principal and the preferential interest rate.

When government grants already recognized need to be refunded, adjustments are made to the book value of related assets if they are offset against the book value of the assets; the book balance of related deferred revenues is offset if there are balances in the related deferred revenues and the surplus is recorded in the profit or loss for the current period; and the surplus is recorded directly in profit or loss for the current period if there are no balances in the related deferred revenues.

37. Deferred Income Tax Assets / Deferred Income Tax Liabilities

✓Applicable □ Not Applicable

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference between the tax basis and book value of assets and liabilities (temporary differences). As of the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured using the tax rates applicable during the period when the assets are expected to be recovered or settled.

1. Recognition Basis for Deferred Income Tax Assets

The Company recognizes deferred income tax assets generated from deductible temporary differences, to the extent that it is probable to utilize them against taxable income that can be offset by deductible temporary differences and can carry forward deductible losses and taxes in the subsequent years. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions and exhibiting the following characteristics are not recognized: (1) the transaction does not qualify as an enterprise merger; (2) the transaction neither affects accounting profit nor taxable profit or deductible losses when it occurs.

For deductible temporary differences related to investments in associates, deferred income tax assets are recognized if the following conditions are met simultaneously: the temporary differences are likely to reverse in the foreseeable future, and taxable profit are likely available in the future to offset deductible temporary differences.

2. Recognition Basis for Deferred Income Tax Liabilities

The Company recognizes the taxable temporary differences that are due but unpaid in the current and previous periods as deferred income tax liabilities, except to the extent that:

(1) The temporary difference arises from the initial recognition of goodwill;

(2) The temporary difference arises from transactions or matters that didn’t arise from enterprise merger and neither affected the accounting profits nor taxable profit (or deductible losses);

(3) For taxable temporary differences related to investments in subsidiaries or associates, the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. When the following conditions are met simultaneously, deferred income tax assets and deferred income tax liabilities are presented as the net amount after offset

(1) The Company has the legal right to settle current income tax assets and liabilities on a net basis;

(2) Deferred income tax assets and deferred income tax liabilities relate either to income taxes levied by the same tax authority on the same taxable entity or to different taxable entities. However, for each significant period in which deferred income tax assets and deferred income tax liabilities are reversed in the future, the intention of the entity involved is to settle the current income tax assets and liabilities on a net basis or to simultaneously obtain assets and settle liabilities.

38 Leasing

✓Applicable □ Not Applicable

Judgement Basis and Accounting Treatment Method for Simplified Disposal of Short-term Leases and Leases of Low-value Assets as Lessee

✓Applicable □ Not Applicable

At the commencement of the lease term, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets subject to simplified disposal.

(1) Short-term Leases and Leases of Low-value Assets

Short-term leases refer to leases that do not include a purchase option with a lease term of no more than 12 months. Leases of low-value assets refer to leases where the individual leased asset, when brand new, has a relatively low value, primarily including leases of temporary vehicles, office equipment, etc.

The Company does not recognize right-of-use assets and lease liabilities for the following short-term leases and leases of low-value assets. The related lease payments are recorded in related asset costs or current profit or loss in each period of the lease term on a straight-line basis or using other systematic and reasonable methods.

Items	Category of Leased Assets Subject to Simplified Disposal
Short-term Leases	Lease term is less than or equal to 1 year
Leases of Low-value Assets	Leases of office equipment with low unit value, etc.

The Company recognizes right-of-use assets and lease liabilities for short-term leases and leases of low-value assets other than those mentioned above.

(2) Right-of-Use Assets

The Company initially measures right-of-use assets at cost, which includes:

1. Initially measured amount of lease liabilities;

2. Lease payments made on the commencement date of the lease term or before, deducting any relevant amount of lease incentives already received when there are lease incentives;

3. Initial direct costs incurred by the Company;

4. Estimated costs expected to be incurred by the Company for dismantling and removing leased assets, restoring the leased asset site, or restoring leased assets to the conditions specified in the lease agreement (excluding costs incurred for producing inventory).

After the commencement date of the lease term, the Company uses the cost model to measure right-of-use assets subsequently.

If it is reasonably certain that the Company will obtain ownership of the leased asset at the end of the lease term, the Company will depreciate the leased asset over its remaining useful life. If it is not reasonably certain that the Company will obtain ownership of the leased asset at the end of the lease term, the Company will depreciate the leased asset over the lease term or the remaining useful life of the leased asset, whichever is shorter. For right-of-use assets with provision for impairment, the Company will depreciate them in future periods based on the book value after deducting the impairment provision, following the above principles.

(3) Lease Liabilities

The Company initially measures lease liabilities at the present value of lease payments not yet paid as of the lease commencement date. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company uses its incremental borrowing rate as the discount rate. Lease payments include:

(1) Fixed payments and substantially fixed payments after deducting related amount of the lease incentives;

(2) Variable lease payments dependent on an index or rate;

(3) In cases where the Company reasonably determines the exercise of the purchase option, lease payments include the exercise price of such option;

(4) If it is evident that the Company will exercise the option to terminate the lease during the lease term, the lease payments include the amount required for exercising the said termination option;

(5) Amounts expected to be paid for guaranteed residual value provided by the Company.

The Company calculates the interest expense of lease liabilities for each period of the lease term using a fixed discount rate and recognizes it in the profit or loss or related asset cost for the current period.

Variable lease payments not included in the measurement of lease liabilities are recorded in profit or loss or related asset cost for the period when they occur.

Classification Criteria and Accounting Treatment Method for Leases as Lessor
✓Applicable □ Not Applicable

(1) Classification of Leases

The Company classifies leases into financing leases and operating leases on the commencement date of the lease. Financing leases refer to leases that substantially transfer all risks and rewards related to ownership of the leased asset to the lessee, with or without ultimate transfer of the ownership. Operating leases are leases other than financing leases.

The Company generally classifies a lease as a financing lease if it meets one or more of the following conditions:

(1) At the end of the lease term, ownership of the leased asset is transferred to the lessee.

(2) The lessee has the option to purchase the leased asset, and the purchase price agreed upon is sufficiently lower than the fair value of the leased asset at the time the option is expected to be exercised, so that it can be reasonably determined that the lessee will exercise the option on the commencement date of the lease.

(3) Although ownership of the asset is not transferred, the lease term represents a substantial portion of the useful life of the asset.

(4) On the commencement date of the lease, the present value of lease receipts is substantially equal to the fair value of the leased asset.

(5) The leased asset is of such a specialized nature that only the lessee can use it without major modifications.

The Company may also be classifies a lease as a financing lease if it aligns with one or more of the following indicators:

(1) If the lessee terminates the lease, any loss incurred by the lessor due to the termination is borne by the lessee.

(2) Gains or losses resulting from fluctuations in the fair value of the residual value of the asset attribute to the lessee.

(3) The lessee is able to extend the lease for the next term at a rent significantly below the market standard.

(2) Accounting Treatment of Financing Leases

On the commencement date of the lease term, the Company recognizes amounts receivable from financing leases and derecognizes the finance lease assets.

At the initial measurement of amounts receivable from financing leases, the sum of the unguaranteed residual value and the present value of lease receipts not yet received as of the commencement date of the lease term discounted at the interest rate implicit in lease is treated as the entry value of the accounts receivable from the financing leases. Lease receipts include:

(1) Fixed payments and substantial fixed payments after deducting the related amount of lease incentives;

(2) Variable lease payments dependent on an index or rate.

(3) In cases where it is reasonably certain that the lessee will exercise a purchase option, lease receipts include the exercise price of the purchase option;

(4) If it is evident that the lessee will exercise the option to terminate the lease, lease receipts include amounts payable by the lessee upon exercise of the termination option.

(5) Guaranteed residual value provided by the lessee, the party related to the lessee, and independent third parties with the economic capability to fulfill guarantee obligations to the lessor.

The Company calculates and recognizes interest income for each period of the lease term using a fixed lease rate implicit in lease. Variable lease payments not included in the net investment in the lease are recorded in profit or loss for the period when incurred.

(3) Accounting Treatment of Operating Leases

For each period of the lease term, the Company recognizes lease receipt from operating leases using the straight-line method or other systematical and rational methods as rental income. Initial direct costs incurred related to operating leases are capitalized and amortized over the lease term on the same basis as the recognition of rental income and are recorded in the profit or loss for each period. Variable lease payments related to operating leases but not included in lease receipts are recorded in profit or loss for the period when incurred.

39. Other Significant Accounting Policies and Estimates

✓Applicable □ Not Applicable

(1) Repurchase of the Company's Shares

The consideration and transaction costs paid in the repurchase of the Company's shares reduce shareholders' equity. Gains or losses are not recognized during repurchase, transfer, or cancellation of the Company's shares. When transferring treasury shares, the Company records them in the capital reserve based on the difference between the amount actually received and the book value of the treasury shares. If the capital reserve is insufficient to offset, they are offset by the surplus reserve and undistributed profits. When canceling treasury shares, the Company reduces share capital based on the book value of shares and quantity of canceled shares and offsets the difference between the book balance and book value of the canceled treasury shares using the capital reserve. If the capital reserve is insufficient to offset, they are offset by the surplus reserve and undistributed profits.

(2) Work Safety Fees

Work safety fees withdrawn by the Company as specified by the state are recorded in the costs of the relevant products or in profit or loss for the current period and simultaneously recorded in the account of "special reserves". When the withdrawn work safety fees are utilized as expenses, they are directly offset against special reserves. In cases where the work safety fees form fixed assets, the expenditures arising from the aggregation of the account of "construction in progress" are recognized as fixed assets when the safety project is completed and reaches the intended usable state. Simultaneously, the cost of forming fixed assets is offset against special reserves, and the same amount of accumulated depreciation is recognized. Depreciation is no longer provided for these fixed assets in subsequent periods.

40. Changes in Significant Accounting Policies and Estimates

(1) Changes in Significant Accounting Policies

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Content of and Reasons for Changes in Accounting Policies	Name of Materially Affected Statement Items	Affected Amount
The Company has implemented the "Accounting Treatment for Deferred Income Taxes Related to Assets and Liabilities Arising from Single Transactions Not Eligible for Initial Recognition Exemption" specified in the *Interpretation No. 16* of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance in 2022 from January 1, 2023.	（2）	（2）

Other Explanation

(1) Impact of Implementing *Interpretation No. 16 of the Accounting Standards for Business Enterprises* on the Company

On December 13, 2022, the Ministry of Finance issued *Interpretation No. 16 of the Accounting Standards for Business Enterprises* (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), which addresses "Accounting Treatment for Deferred Income Taxes Related to Assets and Liabilities Arising from Single Transactions Not Eligible for Initial Recognition Exemption." It became effective on January 1, 2023, and allows companies to execute it in advance of the publication year. The Company implemented the relevant accounting treatment for this matter in the current year.

For lease liabilities and right-of-use assets recognized due to the application of Interpretation No. 16 on single transactions in the financial statements at the beginning of the earliest presenting period (January 1, 2022) when Interpretation No. 16 was first implemented, as well as estimated liabilities for recognized retirement obligations and corresponding related assets, if there are deductible temporary differences and taxable temporary differences, the Company should apply the cumulative effects to adjust the retained earnings and other relevant financial statement items at the beginning of the earliest presenting period (January 1, 2022) of financial statements according to Interpretation No. 16 and the *Accounting Standards for Business Enterprises No. 18 – Income Taxes*.

(2) According to the relevant provisions of Interpretation No. 16, the Company has made the following adjustments to the cumulative effects to relevant financial statement items:

Items	Original Presented Amount as of January 1, 2022	Amount of Cumulative Effects	Adjusted Presented Amount as of January 1, 2022
Deferred Income Tax Assets	111,413,131.73	461,821.26	111,874,952.99
Deferred Income Tax Liabilities	40,626,900.28	534,383.67	41,161,283.95
Surplus Reserves	958,921,722.12	（7,256.24）	958,914,465.88
Undistributed Profits	4,599,883,309.24	（65,306.17）	4,599,818,003.07

For lease liabilities and right-of-use assets recognized due to individual transactions subject to Interpretation No. 16 occurring from the beginning of the earliest presenting period (i.e., January 1, 2022) of the financial statements when this interpretation was first implemented to the implementation date of this interpretation (December 13, 2022), as well as recognized estimated liabilities related to retirement obligations and corresponding related assets, the Company has handled them in accordance with the provisions of Interpretation No. 16.

According to the provisions of Interpretation No. 16, the Company has made the following adjustments to related balance sheet items:

Balance Sheet Items	December 31, 2022		
	Before Adjustment	Amount of Cumulative Effects	After Adjustment
Deferred Income Tax Assets	135,669,154.91	910,640.61	136,579,795.52
Deferred Income Tax Liabilities	180,231,753.15	1,053,618.63	181,285,371.78
Surplus Reserves	1,142,518,851.07	（14,297.80）	1,142,504,553.27
Undistributed Profits	7,605,768,999.02	（128,680.22）	7,605,640,318.80

According to the provisions of Interpretation No. 16, the Company has made the following adjustments to related income statement items:

Income Statement Items	2022		
	Before Adjustment	Amount of Cumulative Effects	After Adjustment
Income Tax Expense	746,482,646.86	70,415.61	746,553,062.47
Net Profit	4,406,312,397.53	（70,415.61）	4,406,241,981.92

(2) Significant Changes in Accounting Estimates

□Applicable ✓Not Applicable

(3) Financial Statements Involving Adjustments to the First-Time Implementation of New Accounting Standards or Interpretations from 2023 Onward

□Applicable ✓Not Applicable

41 Others

□Applicable ✓Not Applicable

VI. Taxes

1. Major Tax Types and Tax Rates

Overview of 1.Major Tax Types and Tax Rates

✓Applicable □ Not Applicable

Tax Type	Basis of Taxation	Tax Rate
Value-added Tax	Revenue from Sales of Goods and Taxable Sales Service	13%, 9%, 6%, 5%, or 3%
Urban Maintenance and Construction Tax	Actually Paid Turnover Tax Amount	7%, 5%
Corporate Income Tax	Taxable Income	15%, 16.5%, 20%, 25%, 0%

Property Tax	70% or 90% of the Original Value of Property as the basis of taxation, Rental Income	1.2%, 12%
Education Surcharge	Actually Paid Turnover Tax Amount	3%
Local Education Surcharge	Actually Paid Turnover Tax Amount	2%

Elaboration on the disclosure of entities taxed at differing corporate income tax rates.
✓Applicable □ Not Applicable

Taxpayer Name	Income Tax Rate (%)
The Company	15
Meihua Group International Trading (Hong Kong) Limited (hereinafter referred to as "Hong Kong Meihua")*	16.5
Langfang Meihua Seasoning Co., Ltd. (hereinafter referred to as "Langfang Seasoning")	25
Tongliao Meihua Seasoning Co., Ltd. (hereinafter referred to as "Tongliao Seasoning")	25
Langfang Meihua Bio-Technology Development Co., Ltd. (hereinafter referred to as "Langfang Development")	15
Langfang BAIAN Technology Co., Ltd. (hereinafter referred to as "Langfang BAIAN")	20
Meihua (Shanghai) Biotechnology Co., Ltd. (hereinafter referred to as "Shanghai R & D")	20
Lhasa Meihua Biological Investment Holding Co., Ltd. (hereinafter referred to as "Lhasa Meihua")	15
Tongliao Meihua Biotechnology Co., Ltd. (hereinafter referred to as "Tongliao Meihua")	15
Tongliao Jianlong Hyperacidity Co., Ltd. (hereinafter referred to as "Tongliao Jianlong")	25
Tongliao Tongde Starch Co., Ltd. (hereinafter referred to as "Tongde Starch")	20
Xinjiang Meihua Amino Acid Co., Ltd. (hereinafter referred to as "Xinjiang Meihua")	15
Xinjiang Meihua Agricultural Development Co., Ltd. (hereinafter referred to as "Xinjiang Agriculture")	25
Xinjiang Meihua Investment Co., Ltd. (hereinafter referred to as "Xinjiang Investment")	20
Jilin Meihua Amino Acid Co., Ltd. (hereinafter referred to as "Jilin Meihua")	15
Zhuhai Hengqin Meihua Biotechnology Co., Ltd. (hereinafter referred to as "Hengqin Meihua")	25
HONG KONG PLUM HOLDING LIMITED (hereinafter referred to as "Hong Kong Holdings")	16.5
CAYMAN PLUM HOLDING LIMITED (hereinafter referred to as "Cayman Company")	0

* Subsidiaries of the Company, Hong Kong Meihua, and Hong Kong Holdings are wholly-owned subsidiaries registered with the Companies Registry of Hong Kong. The profits tax is based on a two-tiered tax system, with a tax rate of 8.25% for the first HKD 2 million of profits and 16.5% thereafter.

2. Tax Benefits

✓Applicable □ Not Applicable

1. Income Tax Benefits

(1) The Company is registered in Lhasa City, Tibet Autonomous Region. According to the document People's Government of Tibet Autonomous Region ZZF [2014] No. 51 - Implementation Measures for Corporate Income Tax Policies in Tibet Autonomous Region, enterprises in the Tibet Autonomous Region are subject to a unified corporate income tax rate of 15% under the Strategy of the Western Development.

(2) Langfang R & D, a subsidiary of the Company, was certified as a high-tech enterprise by the Hebei High-tech Enterprise Certification and Management Working Group on November 22, 2022, with certificate

No. GR202213002637. The certificate is valid from November 22, 2022, to November 22, 2025. Corporate income tax is levied at a rate of 15% for the fiscal year 2023.

(3) Jilin Meihua, a subsidiary of the Company, was certified as a high-tech enterprise by the Jilin High-tech Enterprise Certification and Management Working Group on September 28, 2021, with certificate No. GR202122000280. The certificate is valid from September 28, 2021, to September 27, 2024. Corporate income tax is levied at a rate of 15% for the fiscal year 2023.

(4) Tongliao Meihua and Xinjiang Meihua, subsidiaries of the Company, are entitled to a reduced corporate income tax rate of 15% for enterprises engaged in encouraged industries in the western region, as stipulated in the Announcement No. 23 [2020] of the Ministry of Finance - Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission on the Continuation of the Corporate Income Tax Policy for the Development of the Western Region from January 1, 2021, to December 31, 2030.

(5) According to the Announcement No. 6 [2023] of the State Taxation Administration and the Ministry of Finance - Announcement of the Ministry of Finance on the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Businesses, Tongde Starch, a subsidiary of the Company, is entitled to a tax incentive. For the portion of annual taxable income of small-scale and micro-profit enterprises not exceeding RMB 1 million yuan, a reduced rate of 25% is applied to the taxable income, and the corporate income tax is levied at a rate of 20%. According to the Notice Issued by the Party Committee and People's Government of the Inner Mongolia Autonomous Region (NDF [2018] No. 23), the portion of local share of corporate income tax (i.e., 40%) is exempted, and as stipulated in the Notice on Adjusting the Implementation Period of Policies Related to the Document NDF [2018] No. 23 (NDBFD [2022] No. 3), the execution period of the tax preferential policies specified in Article 1, Clause 1 of this document (excluding stamp duty) is extended until December 31, 2025, effective from January 1, 2022.

(6) According to the Announcement No. 6 [2023] of the State Taxation Administration and the Ministry of Finance - Announcement of the Ministry of Finance on the Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Businesses, Xinjiang Investment, Shanghai R & D and Langfang BAIAN, subsidiaries of the Company, are entitled to a tax incentive. For the portion of annual taxable income of small-scale and micro-profit enterprises not exceeding RMB 1 million yuan, a reduced rate of 25% is applied to the taxable income, and the corporate income tax is levied at a rate of 20%.

(7) According to Article V of Document ZZF [2022] No. 11 - Notice of the People's Government of the Tibet Autonomous Region on Issuance of the Interim Measures for the Implementation of Corporate Income Tax Policies in the Tibet Autonomous Region, Lhasa Meihua, a subsidiary of the Company, is entitled to exemption from the local portion of corporate income tax and should pay corporate income tax at a rate of 15%, provided that it absorbs more than 70% of the permanent residents in Tibet and employs more than 15 individuals from January 1, 2022 to December 31, 2025.

3. Others

□Applicable ✓Not Applicable

VII. Notes to Consolidated Financial Statements

1. Monetary Funds

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Cash on Hand		
Bank Deposits	4,773,515,435.82	4,128,792,356.29
Other Monetary Funds	179,642,319.01	204,808,301.42
Unexpired Interest Receivable	16,636,727.56	
Deposits with Financial Companies		
Total	4,969,794,482.39	4,333,600,657.71
Including: Total Amount Deposited Overseas	447,124,553.09	306,206,282.01

Other Explanations

1. Details of restricted monetary funds are as follows:

Items	Ending Balance	Beginning Balance
Bank Acceptance Draft Guarantee Deposit	170,164,905.10	203,800,000.00
Securities Account Fund Balance	--	961.99
Letter of Credit Guarantee Deposit	--	1,000,000.00
Others	2,378,407.00	--
Total	172,543,312.10	204,800,961.99

2. When preparing the cash flow statement, the Company deducted the restricted monetary funds from the ending cash and cash equivalents.

2. Financial Assets Held for Trading

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance	Reason and Basis for Designation
Financial Assets Measured at Fair Value with Changes in Fair Value Recorded in the Profit or Loss for the Current Period	172,376,801.33	175,624,337.11	/
Including:			
Others	172,376,801.33	175,624,337.11	/
Financial Assets Designated as Being Measured at Fair Value with Changes in Fair Value Recorded in the Profit or Loss for the Current Period			
Including:			
Total	172,376,801.33	175,624,337.11	/

Other Explanations:

✓Applicable □ Not Applicable

Financial assets held for trading refer to wealth management products purchased by the Company and its subsidiaries.

3. Derivative Financial Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Subtotal Financial Assets Classified as Being Measured at Fair Value with Changes in Fair Value Recorded in the Profit or Loss for the Current Period		
Derivative Financial Assets	200,000.00	15,431,100.00
Total	200,000.00	15,431,100.00

Other Explanations:

The fair value changes resulting from the forward foreign exchange trading against RMB conducted by Hong Kong Meihua, a subsidiary of the Company.

4. Notes Receivable

(1) Classified Presentation of Notes Receivable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Bank Acceptance Notes	129,231,952.45	140,801,190.26
Commercial Acceptance Notes		
Total	129,231,952.45	140,801,190.26

As of December 31, 2023, the Company believes that the notes receivable held do not have significant credit risks and will not incur significant losses due to default by banks or other issuers.

(2) Notes receivable that have been pledged by the Company at the end of the period

□Applicable ✓Not Applicable

(3) Notes receivable that have been endorsed or discounted by the Company at the end of the period and are not due as of the balance sheet date

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount derecognized as at the end of the period	Amount not derecognized as at the end of the period
Bank Acceptance Notes		125,062,652.45
Commercial Acceptance Notes		
Total		125,062,652.45

(4) Classified Disclosure by the Bad Debt Provision Method

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on a Portfolio Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of Significant Changes in the Book Value of Notes Receivable with Changes in Loss Reserves during the Current Period:

□Applicable ✓Not Applicable

(5) Status of Bad Debt Reserves

□Applicable ✓Not Applicable

Including bad debts with significant amounts to be recovered or reversed during the period:

□Applicable ✓Not Applicable

Other Explanations:

(6) Notes Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including write-offs of significant notes receivable:

□Applicable ✓Not Applicable

Explanation of Write-offs of Notes Receivable:

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

5. Accounts Receivable

(1) Disclosure by Aging

□Applicable ✓Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending Book Value	Beginning Book Value
Within 1 year		
Including: Sub-items for within 1 year		
Within 1 year	674,710,891.63	358,792,198.79
Within 1 year Subtotal	674,710,891.63	358,792,198.79
1 to 2 years	169,486.86	--
2 to 3 years		
Over 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		
Less: Bad Debt Reserves	33,752,493.27	17,939,609.94
Total	641,127,885.22	340,852,588.85

(2) Classified Disclosure by Bad Debt Provision Methods

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Ending Balance					Beginning Balance				
	Book Balance		Bad Debt Reserves		Book Value	Book Balance		Bad Debt Reserves		Book Value
	Amount	Ratio(%)	Amount	Provision Ratio (%)		Amount	Ratio(%)	Amount	Provision Ratio (%)	
Provisions for Bad Debt Reserves on an Individual-item Basis										
Including:										

Provisions for Bad Debt Reserves on a Portfolio Basis:	674,880,378.49	100.00	33,752,493.27	5.00	641,127,885.22	358,792,198.79	100.00	17,939,609.94	5.00	340,852,588.85
Including:										
Including: Aging Analysis Portfolio	674,880,378.49	100.00	33,752,493.27	5.00	641,127,885.22	358,792,198.79	100.00	17,939,609.94	5.00	340,852,588.85
Total	674,880,378.49	100.00	33,752,493.27	5.00	641,127,885.22	358,792,198.79	100.00	17,939,609.94	5.00	340,852,588.85

Provisions for Bad Debt Reserves on an Individual-item:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on a Portfolio Basis:
✓Applicable □ Not Applicable

Items for Provision on a Portfolio Basic: **Including: Aging Analysis Portfolio**

Unit: Yuan Currency: RMB

Name	Ending Balance		
	Accounts Receivable	Bad Debt Reserves	Provision Ratio (%)
Within 1 year	674,710,891.63	33,735,544.58	5.00
1-2 years	169,486.86	16,948.69	10.00
Total	674,880,378.49	33,752,493.27	5.00

Explanation of Provisions for Bad Debt Reserves on a Portfolio Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses
□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of Significant Changes in the Book Value of Accounts Receivable with Changes in Loss Reserves during the Current Period:
□Applicable ✓Not Applicable

(3) Status of Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning Balance	Amount of Changes during the Current Period				Ending Balance
		Provision	Recovered or Reversed	Written off	Other Changes	
Notes Receivable with Provisions for Bad Debt Reserves on an Individual-item Basis						
Notes Receivable with Provisions for Bad Debt Reserves on a Portfolio Basis						
Including: Aging Analysis Portfolio	17,939,609.94	15,812,883.33	--	--	--	33,752,493.27
Total	17,939,609.94	15,812,883.33	--	--	--	33,752,493.27

Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(4) Accounts Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable
Including write-off of significant accounts receivable:
□Applicable ✓Not Applicable
Explanation of Write-off of Accounts Receivable:
□Applicable ✓Not Applicable

(5) Overview of Accounts Receivable and Contract Assets Ranking Top Five in Ending Balances Aggregated by Debtors

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Entity Name	Ending Balances of Accounts Receivable	Ending Balances of Contract Assets	Ending Balances of Accounts Receivable and Contract Assets	Proportion in the Total Amount of Ending Balances of Accounts Receivable and Contract Assets (%)	Ending Balances of Bad Debt Reserves
First	89,302,467.30		89,302,467.30	13.23	4,465,123.37
Second	68,704,682.05		68,704,682.05	10.18	3,435,234.10
Third	63,700,413.96		63,700,413.96	9.44	3,185,020.70
Fourth	63,686,002.18		63,686,002.18	9.44	3,184,300.11
Fifth	45,197,213.29		45,197,213.29	6.70	2,259,860.66
Total	330,590,778.78		330,590,778.78	48.99	16,529,538.94

Other Explanations:
✓Applicable □ Not Applicable

Accounts receivable derecognized due to non-transfer of financial assets at the end of the period

Amount of assets and liabilities arising from non-transfer of accounts receivable and continued involvement

At the end of the period, there were no amounts receivable from shareholder units holding 5% or more of the Company's voting shares. Please refer to (6) in the Section XIV - Related Parties and Related Transactions for other amounts receivable from related parties.

6. Contract Assets

(1) Status of Contract Assets

□Applicable ✓Not Applicable

(2) Amount of and Reasons for Significant Changes in Book Value during the Reporting Period

□Applicable ✓Not Applicable

(3) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on a Portfolio Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of significant changes in the book balance of contract assets with changes in loss reserves during the current period:
□Applicable ✓Not Applicable

(4) Status of Provisions for Bad Debt Reserves for Contract Assets during the Current Period

□Applicable ✓Not Applicable
Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(5) Status of Contract Assets Actually Written Off during the Current Period

□Applicable ✓Not Applicable
Including write-off of significant contract assets
□Applicable ✓Not Applicable
Explanation of Write-off of Contract Assets:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

7. Receivables Financing

(1) Classified Presentation of Receivables Financing

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Notes Receivable	59,999,269.30	5,982,000.00
Accounts Receivable	13,900.68	112,443,206.87
Total	60,013,169.98	118,425,206.87

(2) Receivables Financing that have been pledged by the Company at the end of the period

□Applicable ✓Not Applicable

(3) Receivables Financing that have been endorsed or discounted by the Company at the end of the period and are not due as of the balance sheet date

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount derecognized as at the end of the period	Amount not derecognized as at the end of the period
Bank Acceptance Notes	503,353,418.34	
Accounts Receivable Factoring	168,429,461.44	
Total	671,782,879.78	

(4) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on a Portfolio Basis:

✓Applicable □ Not Applicable
Items for provisions on a portfolio basis: Accounts receivable

Unit: Yuan Currency: RMB

Name	Ending Balance		
	Receivables Financing	Bad Debt Reserves	Provision Rate (%)
Accounts Receivable	14,632.29	731.61	5.00
Total	14,632.29	731.61	5.00

Explanation of Provisions for Bad Debt Reserves on a Portfolio Basis
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses
□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of significant changes in the book balance of Receivables Financing with changes in loss reserves during the current period:
□Applicable ✓Not Applicable

(5) Status of Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning Balance	Amount of Changes during the Current Period				Ending Balance
		Provision	Recovered or Reversed	Written off	Other Changes	
Provisions for Bad Debt Reserves on an Individual-item Basis	--	--	--	--	--	--
Provisions for Bad Debt Reserves on a Portfolio Basis	5,622,160.34	--	5,621,428.73	--	--	731.61
Including: Accounts Receivable	5,622,160.34	--	5,621,428.73	--	--	731.61
Notes Receivable	--	--	--	--	--	--
Total	5,622,160.34	--	5,621,428.73	--	--	731.61

Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(6) Status of Receivables Financing Actually Written Off during the Current Period

□Applicable ✓Not Applicable
Including write-off of significant Receivables Financing
□Applicable ✓Not Applicable
Write-off Explanation:
□Applicable ✓Not Applicable

(7) Fluctuations in Receivables Financing and Changes in Fair Value during the Current Period:

□Applicable ✓Not Applicable

(8) Other Explanations:
□Applicable ✓Not Applicable

8. Prepayments
(1) Presentation of Prepayments on Aging
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending Balance		Beginning Balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	250,022,409.94	99.18	341,147,004.35	99.73
1 to 2 years	1,602,075.60	0.64	920,908.11	0.27
2 to 3 years	464,602.69	0.18		
Over 3 years				
Total	252,089,088.23	100.00	342,067,912.46	100.00

Explanation for significant prepayments with aging exceeding 1 year and not settled timely:

There are no significant prepayments with aging exceeding one year at the end of the period.

(2) Overview of Prepayments Ranking Top Five in Ending Balances Aggregated by Prepayment Recipients
✓Applicable □ Not Applicable

Entity Name	Ending Balance	Proportion in Total Amount of Ending Balances of Prepayments (%)
First	36,507,125.24	14.48
Second	18,048,777.16	7.16
Third	16,237,557.78	6.44
Fourth	14,662,174.25	5.82
Fifth	12,585,662.14	4.99
Total	98,041,296.57	38.89

Other Explanations

At the end of the period, there were no prepayments to shareholder units holding 5% or more of the Company's voting shares. Please refer to (6) in the Section XIV - Related Parties and Related Transactions for prepayments to other related parties.

Other Explanations
□Applicable ✓Not Applicable

9. Other Receivables
Presentation of Items
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Interest Receivable	1,575,000.00	1,575,000.00
Dividend Receivable		
Other Receivables	49,809,535.97	99,353,891.88
Total	51,384,535.97	100,928,891.88

Other Explanations:
□Applicable ✓Not Applicable

Interest Receivable

(1) Classification of Interest Receivable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Fixed Deposits		
Entrusted Loans		
Bond Investments		
Debt Investments	1,575,000.00	1,575,000.00
Total	1,575,000.00	1,575,000.00

(2) Significant Overdue Interest

□Applicable ✓Not Applicable

(3) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on a Portfolio Basis:
□Applicable ✓Not Applicable

(4) Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of Significant Changes in the Book Balance of Interest Receivable with Changes in Loss Reserves during the Current Period:
□Applicable ✓Not Applicable

(5) Status of Bad Debt Reserves

□Applicable ✓Not Applicable
Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(6) Status of Interests Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable
Including write-off of significant interest receivable
□Applicable ✓Not Applicable
Write-off Explanation:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

Dividends Receivable

(7) Dividends Receivable

□Applicable ✓Not Applicable

(8) Significant Dividends Receivable with Aging Exceeding 1 Year

□Applicable ✓Not Applicable

(9) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on a Portfolio Basis:

□Applicable ✓Not Applicable

(10) Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of Significant Changes in the Book Balance of Dividends Receivable with Changes in Loss Reserves during the Current Period:

□Applicable ✓Not Applicable

(11) Status of Bad Debt Reserves

□Applicable ✓Not Applicable

Including bad debts with significant amounts to be recovered or reversed during the period:

□Applicable ✓Not Applicable

(12) Status of Dividends Receivable Actually Written off during the Current Period

□Applicable ✓Not Applicable

Including write-off of significant dividends receivable

□Applicable ✓Not Applicable

Write-off Explanation:

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

Other Receivables

(13) Disclosure by Aging

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Aging	Book Balance at the End of the Period	Book Balance at the Beginning of the Period
Within 1 year		
Including: Sub-items for within 1 year		
Within 1 year	48,970,416.54	81,199,721.44
Within 1 year Subtotal	48,970,416.54	81,199,721.44
1 to 2 years	2,723,530.38	29,784,563.76
2 to 3 years	4,912,130.92	498,787.01
Over 3 years		
3 to 4 years	450,262.05	1,521,820.00
4 to 5 years	1,521,820.00	156,088.25
Over 5 years	109,567,343.84	200,606,834.90
Less: Bad Debt Reserves	118,335,967.76	214,413,923.48
Total	49,809,535.97	99,353,891.88

(14) Classification of Accounts by Nature

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Account Nature	Book Balance at the End of the Period	Book Balance at the Beginning of the Period
External Unit Account Current	28,178,262.18	121,185,804.79
Guarantee Deposit	8,655,846.10	4,716,580.00
Land and Real Estate Account Receivable	85,672,687.00	85,672,687.00
Export Tax Refunds Receivable	37,750,127.66	61,036,786.35
Others	7,888,580.79	41,155,957.22
Less: Bad Debt Reserves	118,335,967.76	214,413,923.48
Total	49,809,535.97	99,353,891.88

(15) Provisions for Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Bad Debt Reserves	Stage One	Stage Two	Stage Three	Total
	Expected Credit Losses for the Next 12 Months	Expected Credit Losses for the Entire Duration (Credit Impairment Not Yet Occurred)	Expected Credit Losses for the Entire Duration (Credit Impairment Occurred)	
Balance as of January 1, 2023	8,487,494.09	--	205,926,429.39	214,413,923.48
Balance as of January 1, 2023 for the Current Period				
-- Transferred to Stage Two				
-- Transferred to Stage Three				
-- Reversed to Stage Two				
-- Reversed to Stage One				
Provision for the Current Period				
Reversal for the Current Period	3,103,705.76	--	1,861,963.30	4,965,669.06
Write-Off for the Current Period				
Write-Off for the Current Period	--	--	91,112,286.66	91,112,286.66
Other Changes	--	--	--	--
Balance as of December 31, 2023	5,383,788.33	--	112,952,179.43	118,335,967.76

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of Significant Changes in the Book Balance of Other Receivables with Changes in Loss Reserves during the Current Period:

□Applicable ✓Not Applicable

Basis for the Amount of Provisions for Bad Debt Reserves for the Current Period and for the Assessment of Significant Increase in Credit Risk for Financial Instruments:

□Applicable ✓Not Applicable

(16) Status of Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Beginning Balance	Amount of Changes during the Current Period				Ending Balance
		Provision	Recovered or Reversed	Written off	Other Changes	
Other Accounts Receivable based on Provisions for Bad Debt Reserves on an Individual-item Basis	205,926,429.39		1,861,963.30	91,112,286.66		112,952,179.43
Other Accounts Receivable based on Provisions for Bad Debt Reserves on a Portfolio Basis	8,487,494.09		3,103,705.76			5,383,788.33
Including: Aging Analysis Portfolio	8,487,494.09		3,103,705.76			5,383,788.33
Total	214,413,923.48		4,965,669.06	91,112,286.66		118,335,967.76

Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(17) Status of Other Receivables Actually Written off during the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Write-Off Amount
Other Receivables Actually Written off	91,112,286.66

Including write-off of significant other receivables:
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Entity Name	Nature of Other Receivables	Write-Off Amount	Write-Off Reason	Procedures Followed for Write-Off	Arising from Related Transactions

Zhuang Enda	External Unit Account Current	91,112,286.66	Unable to Collect	Approved at the Second Meeting of the Tenth Board of Directors	No
Total	/	91,112,286.66	/	/	/

Explanation of Write-Off of Other Receivables:
□Applicable ✓Not Applicable

(18) Overview of Other Receivables Ranking Top Five in Ending Balances Aggregated by Debtors
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Entity Name	Ending Balance	Proportion in the Total Amount of Ending Balances of Other Receivables (%)	Account Nature	Aging	Ending Balance of Bad Debt Reserves
Baizhou Metal, Glass and Furniture Industrial Park	85,672,687.00	50.95	Land and Real Estate Accounts Receivable	Over 5 years	85,672,687.00
Kezuo Zhongqi Jucang Grain Trading Co., Ltd.	22,805,887.09	13.56	External Unit Account Current	Over 5 years	22,805,887.09
Tongliao Taxation Bureau, State Taxation Administration	21,824,577.94	12.98	Export Tax Refunds	Within 1 year	1,091,228.90
Lhasa Economic and Technological Development Zone Taxation Bureau, State Taxation Administration	15,925,549.72	9.47	Export Tax Refunds	Within 1 year	796,277.49
Tangshan Branch, HSBC Bank (China) Company Limited	5,350,235.10	3.18	Guarantee Deposit	Within 1 year	267,511.76
Total	151,578,936.85	90.15	/	/	110,633,592.24

(19) Presented under Other Receivables due to Centralized Fund Management
□Applicable ✓Not Applicable

Other Explanations:

✓Applicable □ Not Applicable

There were no other receivables involving government grants at the end of the period.

There were no other receivables derecognized due to transfer of financial assets at the end of the period.

There were no amounts of assets and liabilities formed due to the transfer of other receivables and continued involvement.

Other receivables at the end of the period do not contain the accounts to shareholder units holding 5% or more of the Company's voting shares and other accounts to related parties.

10. Inventories

(1) Classification of Inventories

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Inventory Write Down/Contract Performance Cost Write Down	Book Value	Book Balance	Inventory Write down/Contract Fulfillment Cost Write Down	Book Value
Raw Materials	1,879,948,699.84	2,198,601.19	1,877,750,098.65	2,832,848,792.94	3,381,959.58	2,829,466,833.36
Work in Progress	374,808,516.13	--	374,808,516.13	350,356,260.94	--	350,356,260.94
Inventory Goods	316,474,272.81	4,249,605.97	312,224,666.84	481,551,298.05	4,218,713.99	477,332,584.06
Goods Issued	357,735,501.35	--	357,735,501.35	411,393,850.99	--	411,393,850.99
Turnover Materials						
Consumable Biological Assets						
Contract Performance Cost						
Total	2,928,966,990.13	6,448,207.16	2,922,518,782.97	4,076,150,202.92	7,600,673.57	4,068,549,529.35

(2) Inventory Write Down and Contract Performance Cost Write Down

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increased Amount for the Current Period	Decreased Amount for the Current Period	Ending Balance

		Provision	Others	Reversed or Written off	Others	
Raw Materials	3,381,959.58	155,133.00	--	1,338,491.39	--	2,198,601.19
Work in Progress	--	--	--	--	--	--
Inventory Goods	4,218,713.99	5,162,662.33	--	5,131,770.35	--	4,249,605.97
Goods Issued						
Turnover Materials						
Consumable Biological Assets				--	--	--
Total	7,600,673.57	5,317,795.33	--	6,470,261.74	--	6,448,207.16

Reasons for Reversal or Write-off of Inventory Write Down:
✓Applicable □ Not Applicable

Reasons for Reversal: Factors affecting the previously written-down inventory value have disappeared, resulting in the net realizable value of the inventory exceeding its book value;

Reasons for Write-off: Inventory consumed/sold during the current period for which inventory write down was previously made.

Provisions for Inventory Write Down on a Portfolio Basis
□Applicable ✓Not Applicable
Standards for Provisions for Inventory Write Down on a Portfolio Basis
□Applicable ✓Not Applicable

(3) Capitalized Amount of Borrowing Costs Included in Inventory Balance at the End of the Period and Its Calculation Criteria and Basis

□Applicable ✓Not Applicable

(4) Explanation of the Amortization Amount of Contract Performance Costs for the Current Period

□Applicable ✓Not Applicable
Other Explanations:
✓Applicable □ Not Applicable

Explanation of Inventory Write Down and Contract Performance Cost Write Down:

Specific Basis for Determining Net Realizable Value: The net realizable value is determined by subtracting estimated costs as of the time of completion, estimated selling expenses, and relevant taxes from the estimated selling price of the related finished products.

11. Assets Held for Sale

□Applicable ✓Not Applicable

12. Non-Current Assets Due within One Year

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Debt Investments Due within One Year		
Other Debt Investments Due within One Year		
Long-Term Receivables Due within One Year	19,356,000.00	
Total	19,356,000.00	

Debt Investments Due within One Year

□Applicable ✓Not Applicable

Other Debt Investments Due within One Year

□Applicable ✓Not Applicable

Other explanations for non-current assets due within one year

13. Other Current Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Cost of Contract Acquisition		
Cost of Receivable Returns		
Input Tax Credit for Value-Added Tax	163,892,520.02	269,438,428.21
Prepaid Taxes and Fees	20,862,439.54	1,605,136.13
Deferred Expenses	5,761,388.16	5,258,522.48
Large-denomination Certificate of Deposit	98,702,122.24	--
Total	289,218,469.96	276,302,086.82

14. Debt Investments

(1) Status of Debt Investments

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Tongliao Hailin Biotechnology Co., Ltd.	10,500,000.00	--	10,500,000.00	10,500,000.00	--	10,500,000.00
Total	10,500,000.00	--	10,500,000.00	10,500,000.00	--	10,500,000.00

Changes in Debt Investment Impairment Reserves for the Current Period

□Applicable ✓Not Applicable

(2) Significant Debt Investments at the End of the Period

□Applicable ✓Not Applicable

(3) Provision for Impairment Reserves

□Applicable ✓Not Applicable

Basis for Staging and Provision Ratios for Impairment Reserves:

Explanation of Significant Changes in Book Balance of Debt Investments with Changes in Loss Reserves during the Current Period:

□Applicable ✓Not Applicable

Basis for the Amount of Provisions for Impairment Reserves and the Assessment of Significant Increase in Credit Risk of Financial Instruments

□Applicable ✓Not Applicable

(4) Status of Debt Investments Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including the write-off of significant debt investments
□Applicable ✓Not Applicable
Explanation of Write-off of Debt Investments:
□Applicable ✓Not Applicable
Other Explanations
□Applicable ✓Not Applicable

15. Other Debt Investments

(1) Status of Other Debt Investments

□Applicable ✓Not Applicable
Changes in Impairment Reserves for Other Debt Investments for the Current Period
□Applicable ✓Not Applicable

(2) Significant Other Debt Investments at the End of the Period

□Applicable ✓Not Applicable

(3) Provisions for Impairment Reserves

□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Impairment Reserves:
Explanation of Significant Changes in the Book Balance of Other Debt Investments with Changes in Loss Reserves during the Current Period:
□Applicable ✓Not Applicable
Basis for the Amount of Provisions for Impairment Reserves and the Assessment of Significant Increase in Credit Risk of Financial Instruments
□Applicable ✓Not Applicable

(4) Status of Other Debt Investments Actually Written off during the Current Period

□Applicable ✓Not Applicable
Including the write-off of significant other debt investments
□Applicable ✓Not Applicable
Explanation of write-off of other debt investments:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

16. Long-term Receivables

(1) Status of Long-term Receivables

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance			Range of Discount Rates
	Book Balance	Bad Debt Reserves	Book Value	Book Balance	Bad Debt Reserves	Book Value	
Financing Lease Receivables	364,927.03	--	364,927.03	254,177.25	--	254,177.25	
Including: Unrealized Financing Income	35,072.97	--	35,072.97	25,822.75	--	25,822.75	
Goods Sold on an Installment Basis							
Services Provided on an Installment Basis							
Long-term Receivables	19,356,000.00	--	19,356,000.00				
Less: Long-term Receivables Due within One year	19,356,000.00	--	19,356,000.00	--	--	--	
Total	364,927.03	--	364,927.03	254,177.25	--	254,177.25	/

(2) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on a Portfolio Basis:

□Applicable ✓Not Applicable

(3) Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of Significant Changes in Book Balance of Long-term Receivables with Changes in Loss Reserves during the Current Period:

□Applicable ✓Not Applicable

Basis for Amount of Provisions for Bad Debt Reserves and the Assessment of Significant Increase in Credit Risk of Financial Instruments

□Applicable ✓Not Applicable

(4) Status of Bad Debt Reserves

□Applicable ✓Not Applicable

Including bad debts with significant amounts to be recovered or reversed during the period:

□Applicable ✓Not Applicable

(5) Status of Long-term Receivables Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including Write-off of Significant Long-term Receivables

□Applicable ✓Not Applicable

Explanation of Write-off of Long-term Receivables:

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

17. Long-term Equity Investments

(1) Status of Long-term Equity Investments

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Invested Unit	Beginning Balance	Increase/Decrease during the Current Period								Ending Balance	Ending Balances of Impairment Reserves
		Increase Investment	Decrease Investment	Investment Profit or Loss Recognized under Equity Method	Adjustments to Other Comprehensive Income	Other Equity Changes	Declaration of Cash Dividend or Profits Distribution	Provisions for Impairment Reserves	Others		
I. Joint Ventures											
Subtotal											
II. Associates											
Tongliao Desheng Bio-Tech Co., Ltd.	12,005,325.58	--	--	214,371.65	--		--	--	--	12,219,697.23	

Beitun Zefeng Agricultural Development Co., Ltd.	6,890,969.08	--	--	1,631,564.33	--		(1,800,000.00)	--	--	6,722,533.41	
Subtotal	18,896,294.66	--	--	1,845,935.98			(1,800,000.00)	--	--	18,942,230.64	
Total	18,896,294.66	--	--	1,845,935.98			(1,800,000.00)	--	--	18,942,230.64	

(2) Impairment Testing of Long-term Equity Investments

□Applicable ✓Not Applicable

18. Other Equity Instrument Investments

(1) Status of Other Equity Instrument Investments

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase/Decrease During the Current Period					Ending Balance	Dividend Income Recognized for the Current Period	Gains Cumulatively Recorded in Other Comprehensive Income	Losses Cumulatively Recorded in Other Comprehensive Income	Reasons for Designation as Measured at Fair Value with Changes Recorded in Other Comprehensive Income
		Increase Investment	Decrease Investment	Gains Recorded in Other Comprehensive Income for the Current Period	Losses Recorded in Other Comprehensive Income for the Current Period	Others					
Bank of Tibet Co., Ltd.	157,000,000.00						157,000,000.00	2,816,000.00			Planned for Long-term Holding
Xinjiang Huier Agriculture Group Co., Ltd.	30,000,000.00		30,000,000.00				--		7,374,600.00	--	Planned for Long-term Holding
AIM Vaccine Co., Ltd.	1,062,991,300.00				707,299,950.00		355,691,350.00		5,687,647.50	--	Planned for Long-term Holding
SenseUp GmbH	5,472,600.59		5,472,600.59				--		--	5,082,150.59	Planned for Long-term Holding
Total	1,255,463,900.59		35,472,600.59		707,299,950.00		512,691,350.00	2,816,000.00	13,062,247.50	5,082,150.59	/

(2) Explanation of Cases Involving Derecognition During the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Cumulative Gains Transferred to Retained Earnings Due to Derecognition	Cumulative Losses Transferred to Retained Earnings Due to Derecognition	Reason for Derecognition
Xinjiang Huier Agriculture Group Co., Ltd.	7,374,600.00		Disposal during the current period
SenseUp GmbH		5,082,150.59	Disposal during the current period
Total	7,374,600.00	5,082,150.59	/

Other Explanations:

✓Applicable □ Not Applicable

(1) After being deliberated and approved at the 11th meeting of the 9th Board of Directors, Langfang Seasoning signed an equity transfer agreement with Niu Napeng on December 28, 2020 to transfer all its shares in Langfang Development Zone Rongshang Rural Commercial Bank Co., Ltd. to Niu Napeng for RMB 4 million yuan, which has been received. Following the completion of the transfer agreement, the company repeatedly reminded Langfang Rongshang Rural Commercial Bank via telephone and email to promptly handle the relevant registration procedures for shareholder changes. As of December 31, 2023, according to a search conducted via Tianyancha, Langfang Seasoning remains a shareholder of Langfang Development Zone Rongshang Rural Commercial Bank Co., Ltd.

(2) After mutual consultation as well as deliberation and approval at t the 33rd meeting of the 9th Board of Directors, the company agreed to SenseUp GmbH's repurchase of the equity held by Langfang Meihua in SenseUp GmbH for 50,000 euros. The transfer of equity has been completed, and the company no longer holds any shares in SenseUp GmbH.

(3) After mutual consultation, the company agreed to Xinjiang Huier Agriculture Group Co., Ltd.'s repurchase of the 6 million shares of its own stock held by Xinjiang Meihua. The transfer of equity has been completed.

19. Other Non-Current Financial Assets

□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

20. Investment Properties

Measurement Model for Investment Properties
Not Applicable

(1) Impairment Testing of Investment Properties Measured at Cost

□Applicable ✓Not Applicable

21. Fixed Assets

Presentation of Items

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Fixed Assets	11,428,700,356.22	9,911,708,010.15
Clearance of Fixed Assets		
Total	11,428,700,356.22	9,911,708,010.15

Other Explanations:
□Applicable ✓Not Applicable

Fixed Assets

(1) Status of Fixed Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Housing and Structures	Machinery and Equipment	Transportation Tools	Office and Other Equipmet	Total
I. Original Book Value					
1. Beginning Balance	7,104,572,056.46	14,820,162,930.99	74,131,024.40	220,527,333.63	22,219,393,345.48
2. Increased Amount for the Current Period	526,673,373.18	2,321,913,290.05	1,818,039.82	39,390,840.60	2,889,795,543.65
(1) Acquisition	8,374,600.22	14,144,923.16	1,746,710.60	15,708,615.01	39,974,848.99
(2) Transfer from Construction in Progress	518,178,153.51	2,307,768,366.89	71,329.22	23,682,225.59	2,849,700,075.21
(3) Increase from Enterprise Merger					
Others	120,619.45	--	--	--	120,619.45
3. Decreased Amount for the Current Period	57,782,880.28	109,929,827.91	8,501,251.40	6,016,929.51	182,230,889.10

(1) Disposal or Scrapping	55,396,137.82	65,880,042.84	8,501,251.40	6,012,681.83	135,790,113.89
Transfer to Construction in Progress	2,386,742.46	44,049,785.07	--	4,247.68	46,440,775.21
Disposal of Subsidiaries					
4. Ending Balance	7,573,462,549.36	17,032,146,393.13	67,447,812.82	253,901,244.72	24,926,958,000.03
II. Accumulated Depreciation					
1. Beginning Balance	2,800,098,388.89	9,273,380,105.97	63,127,739.67	169,438,308.06	12,306,044,542.59
2. Increased Amount for the Current Period	332,822,918.23	952,937,125.15	4,258,559.36	20,992,249.89	1,311,010,852.63
(1) Provision	332,822,918.23	952,937,125.15	4,258,559.36	20,992,249.89	1,311,010,852.63
3. Decreased Amount for the Current Period	29,965,890.91	75,557,110.20	8,019,777.24	5,678,664.75	119,221,443.10
(1) Disposal or Scrapping	28,421,332.31	49,113,018.58	8,019,777.24	5,675,840.10	91,229,968.23
Disposal of Subsidiaries			--		
Transfer to Construction in Progress	1,544,558.60	26,444,091.62	--	2,824.65	27,991,474.87
4. Ending Balance	3,102,955,416.21	10,150,760,120.92	59,366,521.79	184,751,893.20	13,497,833,952.12
III. Impairment Reserves					
1. Beginning Balance	1,262,740.16	15,285.88	--	362,766.70	1,640,792.74
2. Increased Amount for the Current Period	--	94,111.82	--	3,441.91	97,553.73
(1) Provision	--	94,111.82	--	3,441.91	97,553.73
3. Decreased Amount for the Current Period	1,262,740.16	51,914.62	--	--	1,314,654.78
(1) Disposal or Scrapping	1,262,740.16	51,914.62	--	--	1,314,654.78
4. Ending Balance	--	57,483.08	--	366,208.61	423,691.69
IV. Book Value					

1. Book Value at the End of the Period	4,470,507,133.15	6,881,328,789.13	8,081,291.03	68,783,142.91	11,428,700,356.22
2. Book Value at the Beginning of the Period	4,303,210,927.41	5,546,767,539.14	11,003,284.73	50,726,258.87	9,911,708,010.15

(2) Status of Temporarily Idle Fixed Assets

□Applicable ✓Not Applicable

(3) Fixed Assets Leased through Operating Leases

□Applicable ✓Not Applicable

(4) Status of Fixed Assets without Property Ownership Certificates

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Book Value	Reasons for Lack of Property Ownership Certificates
Housing and Structures	223,190,924.17	In Process
Total	223,190,924.17	

5) Impairment Testing of Fixed Assets

□Applicable ✓Not Applicable

Other Explanations:

✓Applicable □ Not Applicable

The book value of fixed assets used for mortgage at the end of the period is RMB 423,641,966.22 yuan. Please refer to (1) in Section XVI - Commitments and Contingencies for details.

Clearance of Fixed Assets

□Applicable ✓Not Applicable

22. Construction in Progress

Presentation of Items

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Construction in Progress	154,737,172.81	1,661,558,738.59
Engineering Materials	7,224,540.48	84,584,477.98
Total	161,961,713.29	1,746,143,216.57

Other Explanations:

□Applicable ✓Not Applicable

Construction in Progress

(1) Status of Construction in Progress

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Tongliao Meihua West Area Technological Renovation Project	4,073,147.61	--	4,073,147.61	10,852,952.31	--	10,852,952.31
Tongliao Meihua East Area Technological Renovation Project	3,478,947.26	--	3,478,947.26	1,858,423.89	--	1,858,423.89
Tongliao Meihua Aspartic Acid and Its Production Supporting Project	--	--	--	612,941,264.66	--	612,941,264.66
Xinjiang Meihua Technological Renovation Project	77,285,449.22	--	77,285,449.22	11,537,050.42	--	11,537,050.42
Xinjiang Agriculture Project Phase II	--	--	--	15,990,943.78	15,990,943.78	--
Jilin Meihua Xanthan Gum Phase IV	--	--	--	286,036,294.64	--	286,036,294.64
Jilin Meihua Technological Renovation	12,265,752.98	--	12,265,752.98	722,740.76	--	722,740.76
The Company’s Renovation	32,442,084.70	--	32,442,084.70	6,908,243.95	--	6,908,243.95
Langfang Pullulan Capsule Project	--	--	--	38,247,413.57	--	38,247,413.57
Tongliao Jianlong Raw Ammonia Unit Technical Upgrade and Transformation Project	--	--	--	692,454,354.39	--	692,454,354.39
Tongliao Meihua Fertilizer Technological Renovation Project	25,042,391.04	--	25,042,391.04	--	--	--
Tongliao Jianlong Technological Renovation Project	149,400.00	--	149,400.00	--	--	--
Total	154,737,172.81	--	154,737,172.81	1,677,549,682.37	15,990,943.78	1,661,558,738.59

(2) Changes in Significant Construction in Progress for the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Project Name	Budget Amount	Beginning Balance	Increased Amount for the Current Period	Amount Transferred to Fixed Assets for the Current Period	Other Decreased Amounts for the Current Period	Ending Balance	Percentage of Cumulative Investment in Budget (%)	Engineering Progress	Accumulated Amount of Capitalized Interest	Including: Amount of Capitalized Interest for the Current Period	Interest Capitalization Rate for the Current Period (%)	Sources of Fund
Jilin Meihua Xanthan Gum Phase IV	342,000,000.00	286,036,294.64	69,814,623.75	355,850,918.39			104.90	100.00	3,130,506.03	1,752,842.65	3.05	Self-funded
Tongliao Jianlong Raw Ammonia Unit Technical Upgrade and Transformation Project	1,109,474,000.00	692,454,354.39	390,165,917.04	1,082,620,271.43			97.58	100.00	14,913,689.95	9,472,967.63	3.05	Self-funded
Tongliao Meihua Aspartic Acid and Its Production Supporting Project	1,381,912,000.00	612,941,264.66	568,471,476.39	1,181,412,741.05			85.13	100.00	11,221,908.92	8,358,436.25	3.06	Self-funded
Total	2,833,386,000.00	1,591,431,913.69	1,028,452,017.18	2,619,883,930.87			/	/	29,266,104.90	19,584,246.53	/	/

(3) Provisions for Impairment Reserves for Construction in Progress for the Current Period

□Applicable ✓Not Applicable

(4) Impairment Testing of Construction in Progress

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

Engineering Materials

(5) Status of Engineering Materials

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Engineering Materials	7,224,540.48	--	7,224,540.48	84,584,477.98	--	84,584,477.98
Total	7,224,540.48	--	7,224,540.48	84,584,477.98	--	84,584,477.98

23. Productive Biological Assets

(1) Productive biological assets measured at cost

□Applicable ✓Not Applicable

(2) Impairment testing of productive biological assets measured at cost

□Applicable ✓Not Applicable

(3) Productive biological assets measured at fair value

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

24. Oil and Gas Assets

(1) Status of Oil and Gas Assets

□Applicable ✓Not Applicable

(2) Impairment Testing of Oil and Gas Assets

□Applicable ✓Not Applicable

25. Right-of-Use Assets

(1) Status of Right-of-Use Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Housing and Structures	Transportation Tools	Total
I. Original Book Value			
1. Beginning Balance	9,450,321.70	6,132,353.95	15,582,675.65
2. Increased Amount for the Current Period	4,355,065.25	--	4,355,065.25
Lease	4,355,065.25	--	4,355,065.25
3. Decreased Amount for the Current Period	5,633,295.46	997,592.89	6,630,888.35

Expiration of Lease	5,633,295.46	997,592.89	6,630,888.35
4. Ending Balance	8,172,091.49	5,134,761.06	13,306,852.55
II. Accumulated Depreciation			
1. Beginning Balance	2,426,197.51	1,238,385.86	3,664,583.37
2. Increased Amount for the Current Period	2,659,316.49	1,228,964.17	3,888,280.66
(1) Provision	2,659,316.49	1,228,964.17	3,888,280.66
3. Decreased Amount for the Current Period	3,286,089.01	593,566.56	3,879,655.57
(1) Disposal	3,286,089.01	593,566.56	3,879,655.57
4. Ending Balance	1,799,424.99	1,873,783.47	3,673,208.46
III. Impairment Reserves			
1. Beginning Balance			
2. Increased Amount for the Current Period			
(1) Provision			
3. Decreased Amount for the Current Period			
(1) Disposal			
4. Ending Balance			
IV. Book Value			
1. Book Value at the End of the Period	6,372,666.50	3,260,977.59	9,633,644.09
2. Book Value at the Beginning of the Period	7,024,124.19	4,893,968.09	11,918,092.28

(2) Impairment Testing of Right-of-Use Assets

□Applicable ✓Not Applicable

26. Intangible Assets

(1) Status of Intangible Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Land Use Right	Patent Right	Non-patent Technology	Software	License for Patent Usage	Total
I. Original Book Value						
1. Beginning Balance	1,391,158,942.26			30,214,810.16	130,247,342.94	1,551,621,095.36
2. Increased Amount for the Current Period				4,870,120.22	--	4,870,120.22
(1) Acquisition				4,870,120.22	--	4,870,120.22
(2) Internal Research and Development						

(3) Increase from Enterprise Merger						
3. Decreased Amount for the Current Period	--			1,890,784.42	--	1,890,784.42
(1) Disposal				1,890,784.42	--	1,890,784.42
4. Ending Balance	1,391,158,942.26			33,194,145.96	130,247,342.94	1,554,600,431.16
II. Accumulated Amortization						
1. Beginning Balance	310,775,422.52			23,337,577.63	108,101,879.86	442,214,880.01
2. Increased Amount for the Current Period	27,046,283.21			1,600,120.18	9,074,238.49	37,720,641.88
(1) Provision	27,046,283.21			1,600,120.18	9,074,238.49	37,720,641.88
3. Decreased Amount for the Current Period	--			1,278,393.99	--	1,278,393.99
(1) Disposal	--			1,278,393.99	--	1,278,393.99
4. Ending Balance	337,821,705.73			23,659,303.82	117,176,118.35	478,657,127.90
III. Impairment Reserves						
1. Beginning Balance						
2. Increased Amount for the Current Period						
(1) Provision						
3. Decreased Amount for the Current Period						
(1) Disposal						
4. Ending Balance						
IV. Book Value						
1. Book Value at the End of the Period	1,053,337,236.53			9,534,842.14	13,071,224.59	1,075,943,303.26
2. Book Value at the Beginning of the Period	1,080,383,519.74			6,877,232.53	22,145,463.08	1,109,406,215.35

The ratio of intangible assets generated from the internal research and development by the Company to the balance of intangible assets at the end of the current period is zero.

(2) Status of Land Use Rights without Property Ownership Certificates

□Applicable ✓Not Applicable

(3) Impairment Testing of Intangible Assets

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

27. Goodwill

(1) Original Book Value of Goodwill

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Name of the Invested Unit or Matters Generating Goodwill	Beginning Balance	Increases during the Current Period		Decreases during the Current Period		Ending Balance
		Arising from Enterprise Merger		Disposal		
Tongliao Jianlong	11,788,911.79					11,788,911.79
Total	11,788,911.79					11,788,911.79

(2) Goodwill Impairment Reserves

□Applicable ✓Not Applicable

(3) Relevant Information of Asset Portfolio or Asset Portfolios Where Goodwill Belongs to

□Applicable ✓Not Applicable

Changes in Asset Portfolio or Asset Portfolios

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

(4) Specific Methods for Determining Recoverable Amount

Recoverable amount is determined as the net amount after deducting disposal costs from fair value

□Applicable ✓Not Applicable

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

□Applicable ✓Not Applicable

Reasons for differences between the foregoing information and the information used in impairment tests in previous years or external information

□Applicable ✓Not Applicable

Reasons for differences between the information used in impairment tests in previous years and the actual situation in the current year

□Applicable ✓Not Applicable

(5) Performance Commitments and Corresponding Goodwill Impairment

When the goodwill was formed, there are performance commitments and the reporting period or the preceding reporting period was within the performance commitment period.

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

28. Long-term Deferred Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increased Amount for the Current Period	Amortized Amount for the Current Period	Other Decreased Amounts	Ending Balance
Site Lease Fees	30,389,751.27	--	1,525,845.24	--	28,863,906.03
Syndicated Arrangement Fees	4,334,999.96	--	666,666.72	--	3,668,333.24
Housing Subsidies	44,203,225.39	11,230,000.00	6,871,245.26	509,085.14	48,052,894.99
Consumption of Production Materials	14,028,379.63	23,891,580.31	17,306,047.42	--	20,613,912.52

Staff Rewards	653,666.69	--	304,333.51	--	349,333.18
Leasehold Improvements	--	2,528,444.97	--	--	2,528,444.97
Total	93,610,022.94	37,650,025.28	26,674,138.15	509,085.14	104,076,824.93

29 Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Unoffset Deferred Income Tax Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance		Beginning Balance	
	Deductible Temporary Differences	Deferred Income Tax Assets	Deductible Temporary Differences	Deferred Income Tax Assets
Asset Impairment Reserves	132,085,052.28	19,832,554.29	140,720,519.56	21,108,133.31
Unrealized Profits from Internal Transactions	27,136,259.93	4,066,235.55	15,075,846.04	2,254,826.79
Deductible Losses	159,208,838.99	23,881,325.85	8,883,222.47	2,220,805.64
Government Grants	323,781,716.86	48,567,257.53	365,783,981.04	54,867,597.16
Equity Incentives	--	--	86,082,439.59	12,965,268.04
Fair Value Changes	20,033,198.67	5,008,299.67	5,077,806.97	1,244,251.75
Compensation	6,646,024.36	996,903.65	273,388,481.44	41,008,272.22
Difference in Depreciation Periods	20,717,695.58	3,107,654.34	--	--
Lease Liabilities	4,551,861.82	682,779.27	6,070,937.43	910,640.61
Total	694,160,648.49	106,143,010.15	901,083,234.54	136,579,795.52

Due to the implementation of Interpretation No.16, the beginning balance of deferred income tax assets has been adjusted. See (40) in Section V for details.

(2) Unoffset Deferred Income Tax Liabilities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance		Beginning Balance	
	Taxable Temporary Differences	Deferred Income Tax Liabilities	Taxable Temporary Differences	Deferred Income Tax Liabilities
Increment in valuation of assets from enterprise merger not under the same control				
Changes in Fair Value of Other Debt Investments				

Changes in Fair Value of Other Equity Investments				
Fair Value Changes	6,691,350.00	1,003,702.51	714,693,444.08	178,603,146.62
Difference in Depreciation Periods	96,781,731.29	16,114,538.19	10,857,376.85	1,628,606.53
Unearned Interest	21,626,677.80	3,421,508.34	--	--
Right-of-Use Assets	6,372,666.50	955,899.98	7,024,124.19	1,053,618.63
Total	131,472,425.59	21,495,649.02	732,574,945.12	181,285,371.78

Due to the implementation of Interpretation No.16, the beginning balance of deferred income tax liabilities has been adjusted. See (41) in Section V for details.

(3) Deferred Income Tax Assets or Liabilities Presented as Net Amounts After Offset

□Applicable ✓Not Applicable

(4) Details of Unrecognized Deferred Income TaxAssets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Deductible Temporary Differences		
Deductible Losses	36,343,282.47	37,174,236.54
Bad Debt Reserves	26,451,615.91	99,233,687.43
Fixed Asset Impairment Reserves	423,691.69	1,640,792.74
Construction in Progress Impairment Reserves	--	15,990,943.78
Total	63,218,590.07	154,039,660.49

Due to the uncertainty of whether sufficient taxable income will be available in the future, temporary deductible differences and deductible losses have not been recognized as deferred income tax assets.

(5) Deductible losses of unrecognized deferred income tax assets will expire in the following years

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Year	Ending Balance	Beginning Balance	Remarks
2023	--	5,633,987.70	
2024	7,582,942.83	7,582,942.83	
2025	3,216,597.75	3,216,597.75	
202	8,553,866.71	8,553,866.71	
2027	12,148,954.97	12,186,841.55	
2028	4,840,920.21	--	
Total	36,343,282.47	37,174,236.54	/

Other Explanations:

□Applicable ✓Not Applicable

30. Other Non-current Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Cost of Contract Acquisition						
Cost of Contract Performance						
Cost of Receivable Returns						
Contract Assets						
Prepaid Equipment and Engineering Payments	22,595,082.00	--	22,595,082.00	172,280,973.66	--	172,280,973.66
Fixed Deposits	186,527,333.35	--	186,527,333.35	100,000,000.00	--	100,000,000.00
Total	209,122,415.35	--	209,122,415.35	272,280,973.66	--	272,280,973.66

31. Assets with Restricted Ownership Right or Usage Right

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	End of the Period				Beginning of the Period			
	Book Balance	Book Value	Restriction Type	Restricted Situation	Book Balance	Book Value	Restriction Type	Restricted Situation
Monetary Funds	172,543,312.10	172,543,312.10	Others	Refer to 1 in Section VII	204,800,961.99	204,800,961.99	Others	
Notes Receivable								
Inventories								
Fixed Assets	827,303,398.98	423,641,966.22	Mortgage	Refer to 2 in Section XVI	1,043,480,883.91	544,358,137.36	Mortgage	
Intangible Assets					19,297,147.5	13,282,870.03	Mortgage	
Total	999,846,711.08	596,185,278.32	/	/	1,267,578,993.40	762,441,969.38	/	/

32. Short-Term Borrowings

(1) Classification of Short-Term Borrowings

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Pledged Borrowings		
Mortgaged Borrowings		
Guaranteed Borrowings	1,223,000,000.00	869,292,000.00
Credit Borrowings	100,000,000.00	200,000,000.00
Unmatured Acceptance Discount	220,391,544.80	--
Unmatured Interest Payable	477,513.89	1,206,635.74
Total	1,543,869,058.69	1,070,498,635.74

(1) Details of Guaranteed Borrowings

Lending Institution	Ending Balance	Guarantor	Guaranteed Party	Term of Borrowing
Business Department of Tibet Branch, Bank of China Limited	100,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2023/7/12-2024/7/12
Business Department of Tibet Branch, Bank of China Limited	150,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2023/9/7-2024/9/7
Business Department of Tibet Branch, Bank of China Limited	200,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2023/10/23-2024/10/23
Langfang Development Zone Sub Branch, China Construction Bank Corporation	50,000,000.00	Tongliao Meihua	The Company	2023/8/10-2024/1/8
Langfang Development Zone Sub Branch, China Construction Bank Corporation	38,000,000.00	Tongliao Meihua	The Company	2023/9/6-2024/2/5
Langfang Development Zone Sub Branch, China Construction Bank Corporation	50,000,000.00	Tongliao Meihua	The Company	2023/10/25-2024/3/14
Langfang Development Zone Sub Branch, China Construction Bank Corporation	50,000,000.00	Tongliao Meihua	The Company	2023/11/29-2024/4/30
Langfang Branch, Bank of Communications Co., Ltd.	150,000,000.00	Tongliao Meihua	The Company	2023/11/20-2024/2/18
Langfang Branch, Bank of Communications Co., Ltd.	30,000,000.00	Tongliao Meihua	The Company	2023/12/8-2024/6/7
Liaotong Branch, China Construction Bank Corporation	120,000,000.00	The Company	Tongliao Meihua	2023/3/17-2024/3/17
Liaotong Branch, China Construction Bank Corporation	80,000,000.00	The Company	Tongliao Meihua	2023/3/23-2024/3/17
Liaotong Branch, China Construction Bank Corporation	100,000,000.00	The Company	Tongliao Meihua	2023/3/30-2024/3/30
Business Department of Baichengshi Branch, Agricultural Development Bank of China	50,000,000.00	The Company	Jilin Meihua	2023/12/25-2024/12/21
Songyuan Branch, Bank of Communications Co., Ltd.	20,000,000.00	The Company	Jilin Meihua	2023/6/30-2024/6/30

Lending Institution	Ending Balance	Guarantor	Guaranteed Party	Term of Borrowing
Baicheng Branch, Bank of China Limited	25,000,000.00	The Company	Jilin Meihua	2023/6/13-2024/5/5
Tongliao Horqin Sub-branch, Agricultural Development Bank of China	10,000,000.00	The Company	Tongliao Meihua	2023/11/29-2024/11/26
Total	1,223,000,000.00			

(2) Details of Credit Borrowings

Lending Institution	Ending Balance	Term of Borrowing
Langfang Branch, China Merchants Bank	50,000,000.00	2023/8/30-2024/2/26
Langfang Branch, China Merchants Bank	50,000,000.00	20223/9/13-2024/3/8
Total	100,000,000.00	

(2) Status of Overdue and Unpaid Short-Term Borrowings

□Applicable ✓Not Applicable

The status of significant overdue and unpaid short-term borrowings is as follows:

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

33. Financial Liabilities Held for Trading

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

34. Derivative Financial Liabilities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Derivative Financial Liabilities	250,000.00	
Total	250,000.00	

35. Notes Payable

(1) Presentation of Notes Payable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Types	Ending Balance	Beginning Balance
Commercial Acceptance Bills		
Bank Acceptance Bills	1,183,031,652.44	1,315,000,000.00
Total	1,183,031,652.44	1,315,000,000.00

The total amount of overdue and unpaid notes payable at the end of the period is RMB 0 yuan. The reason for non-payment upon maturity is: Not Applicable

36. Accounts Payable

(1) Presentation of Accounts Payable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Payments for Engineering and Equipment	539,356,692.74	636,044,936.73
Provisional Estimation of Payments	301,070,630.19	228,558,886.13
Payments Payable	332,235,118.51	460,609,855.58
Other Payments	252,934,754.83	204,384,193.30
Total	1,425,597,196.27	1,529,597,871.74

(2) Significant Accounts Payable with an Aging Exceeding 1 Year or Overdue

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Reasons for Being Unpaid or Carried Forward
Feicheng Jinta Machinery Technology Co., Ltd.	3,125,600.00	Not Yet Due for Settlement
Inner Mongolia Huomei Yicheng Energy Co., Ltd.	3,999,553.50	Unable to Contact Due to Bankruptcy
Jiangsu Grand Drying & Concentrating Equipment Co., Ltd.	4,177,400.00	Not Yet Due for Settlement
Shandong Beno Cooling Equipment Co., Ltd.	4,134,000.00	Not Yet Due for Settlement
Tianhong Environmental Technology Co., Ltd.	3,156,000.00	Not Yet Due for Settlement
Weihai Yuanhang Technology Development Co., Ltd.	3,611,600.00	Not Yet Due for Settlement
Beijing Electric Power Equipment General Factory Co., Ltd.	3,599,800.00	Not Yet Due for Settlement
Shenyang Turbine Machinery Co., Ltd.	3,612,000.00	Not Yet Due for Settlement
Keyang Environmental Engineering (Shanghai) Co., Ltd.	6,821,500.00	Not Yet Due for Settlement
Liaoning Runfeng Heavy Industry Co., Ltd.	3,210,000.00	Not Yet Due for Settlement
Total	39,447,453.50	/

Other Explanations

✓Applicable □ Not Applicable

At the end of the period, there were no accounts payable to shareholder units holding 5% or more of the Company’s voting shares and other related parties in the accounts payable.

37. Advance Receipts

(1) Presentation of Advance Receipts

□Applicable ✓Not Applicable

(2) Significant Advance Receipts with an Aging Exceeding 1 Year

□Applicable ✓Not Applicable

(3) Amount of and Reason for Significant Changes in Book Value During the Reporting Period

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

38. Contract Liabilities

(1) Status of Contract Liabilities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Advance Payments for Goods	892,931,047.76	1,092,850,586.56
Total	892,931,047.76	1,092,850,586.56

(2) Significant Contract Liabilities with an Aging Exceeding 1 Year

□Applicable ✓Not Applicable

(3) Amount of and Reason for Significant Changes in Book Value During the Reporting Period

□Applicable ✓Not Applicable

Other Explanations:

✓Applicable □ Not Applicable

At the end of the period, there were no advance receipts from shareholder units holding 5% or more of the Company's voting shares in the contract liabilities. Please refer to (6) in Section XIV - Related Parties and Related Transactions for details of advance receipts from other related parties.

39. Employee Compensation Payable

(1) Presentation of Employee Compensation Payable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
I. Short-Term Compensation	461,058,131.68	1,588,920,044.66	1,727,018,535.99	322,959,640.35
II. Post-employment Benefits - Defined Contribution Plans	5,094,111.39	111,313,937.42	116,408,048.81	--
III. Termination Benefits				
IV. Other Benefits Due Within One Year				
Total	466,152,243.07	1,700,233,982.08	1,843,426,584.80	322,959,640.35

(2) Presentation of Short-Term Compensation

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
I. Salaries, Bonuses, Allowances, and Subsidies	458,920,874.97	1,483,975,347.50	1,622,976,559.79	319,919,662.68
II. Employee Welfare Expenses	--	6,303,018.66	6,303,018.66	--
III. Social Insurance Premiums	24,425.87	61,391,933.82	61,416,359.69	--
Including: Medical Insurance Premiums	24,425.87	57,175,987.19	57,200,413.06	--
Work Injury Insurance Premiums	--	4,215,946.63	4,215,946.63	--
Maternity Insurance Premiums				
IV. Housing Provident Fund	145,235.00	8,469,138.52	8,614,373.52	--

V. Union Funds and Employee Education Funds	1,967,595.84	18,360,606.16	17,288,224.33	3,039,977.67
VI. Short-Term Paid Absence	--	10,420,000.00	10,420,000.00	--
VII. Short-Term Profit-Sharing Plans				
Total	461,058,131.68	1,588,920,044.66	1,727,018,535.99	322,959,640.35

(3) Presentation of Defined Contribution Plans

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
1. Basic Old-Age Insurance	4,876,403.52	107,610,381.80	112,486,785.32	--
2. Unemployment Insurance Premiums	217,707.87	3,703,555.62	3,921,263.49	--
3. Corporate Pension Contributions				
Total	5,094,111.39	111,313,937.42	116,408,048.81	--

Other Explanations:

□Applicable ✓Not Applicable

40. Taxes Payable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Value-added Tax	6,718,904.45	56,253,970.44
Consumption Tax		
Business Tax		
Corporate Income Tax	138,281,216.82	246,321,351.32
Personal Income Tax	85,396,272.23	26,600,693.50
City Maintenance and Construction Tax	2,418,469.57	7,678,860.70
Environmental Protection Tax	1,718,490.66	1,240,548.76
Education Surcharge	1,897,988.98	5,893,623.21
Water Resource Tax	12,528,820.00	9,181,593.59
Stamp Duty	7,022,025.42	7,314,599.89
Others	490,338.42	9,183,957.65
Total	256,472,526.55	369,669,199.06

41. Other Payables

(1) Presentation of Items

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Interest Payable		
Dividend Payable	405,000.00	11,238,782.40
Other Payables	249,448,910.40	310,821,116.18
Total	249,853,910.40	322,059,898.58

Other Explanations:
□Applicable ✓Not Applicable

(2) Interest Payable

Classified Presentation
□Applicable ✓Not Applicable
Significant Overdue Interest Payable:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

(3) Dividends Payable

Classified Presentation
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Common Stock Dividends	405,000.00	11,238,782.40
Preferred Shares/Perpetual Bond Dividends Classified as Equity Instruments		
Preferred Shares/Perpetual Bond Dividends-XXX		
Preferred Shares/Perpetual Bond Dividends-XXX		
Dividends Payable-XXX		
Dividends Payable-XXX		
Total	405,000.00	11,238,782.40

Other explanations: For significant dividends payable overdue for more than 1 year, the reasons for non-payment should be disclosed:

The ending balance represents dividends for the Employee Stock Ownership Plan for 2021; the beginning balance pertains to overseas shareholders.

(4) Other Payables

Presentation of Other Payables by Nature of Payments
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Accrued Expenses	181,138,357.90	176,499,003.24
Guarantee Deposits	57,708,196.32	61,168,022.99
Incentive Payments with Repurchase Obligations	--	62,500,000.00
Others	10,602,356.18	10,654,089.95
Total	249,448,910.40	310,821,116.18

Significant other payables with an aging exceeding 1 year or overdue
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Reasons for Being Unpaid or Carried Forward
Xinjiang Hengyuan Water Co., Ltd.	15,487,076.60	Not Yet Due for Payment

Employment Security Funds for the Disabled	6,952,578.01	Not Yet Due for Payment
Electricity Billing Management Center, Urumqi Electric Power Bureau, Xinjiang Electric Power Corporation	3,412,811.03	Not Yet Due for Payment
Total	25,852,465.64	/

Other Explanations:
✓Applicable □ Not Applicable

At the end of the period, there were no accounts payable to shareholder units holding 5% or more of the Company's voting shares or other related parties in the other payables.

42. Liabilities Held for Sale
□Applicable ✓Not Applicable

43. Non-Current Liabilities Due within 1 Year
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Long-term Borrowings Due Within 1 Year	531,634,500.00	261,504,500.00
Bonds Payable Due Within 1 Year		
Long-Term Payables Due Within 1 Year		
Lease Liabilities Due Within 1 Year	3,450,772.76	3,925,147.29
Total	535,085,272.76	265,429,647.29

44. Other Current Liabilities
Status of Other Current Liabilities
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Short-Term Bonds Payable		
Return Refunds Payable		
Long-tern Loan Interest Repayable Within One Year	2,210,728.07	--
Sales Tax to be Carried Forward	71,806,893.03	101,068,273.03
Notes Endorsed But Not Yet Derecognized	44,671,107.65	140,101,190.26
Total	118,688,728.75	241,169,463.29

Increase/Decrease in Short-Term Bonds Payable:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

45. Long-Term Borrowings
(1) Classification of Long-Term Borrowings
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Pledged Borrowings		
Mortgaged Borrowings	300,000,000.00	300,000,000.00
Guaranteed Borrowings	2,181,597,521.77	3,563,512,221.77
Credit Borrowings	50,000,000.00	70,000,000.00
Undue Interest Payable	--	4,003,691.49
Less: Long-Term Borrowings Due Within One Year	531,634,500.00	261,504,500.00
Total	1,999,963,021.77	3,676,011,413.26

Explanation of Classification of Long-Term Borrowings:

(1) Details of Credit Borrowings

Lending Institution	Ending Balance	Term of Borrowing
Langfang Branch, Agricultural Development Bank of China	50,000,000.00	2022/11/15-2025/11/9
Total	50,000,000.00	

The Company has entered into a working capital loan agreement with the Langfang Branch of the Agricultural Development Bank of China for a total amount of RMB 400,000,000.00 yuan, with a principal balance of RMB 50,000,000.00 yuan as of December 31, 2023.

(2) Details of Mortgaged Borrowings

Lending Institution	Ending Balance	Collateral	Term of Borrowing
Hebei Branch, Export-Import Bank of China	300,000,000.00	Xinjiang Meihua Land Property as collateral	2022/8/12-2025/7/26
Total	300,000,000.00		

(3) Details of Guaranteed Borrowings

Lending Institution	Ending Balance	Guarantor	Guaranteed Party	Term of Borrowing
Langfang Development Zone Sub-branch, China Construction Bank Corporation	10,000,000.00	Tongliao Meihua	The Company	2021/9/18-2024/9/18
Bazzhou Sub-branch, Industrial and Commercial Bank of China Limited	197,000,000.00	Xinjiang Meihua	The Company	2021/12/28-2024/12/15
Bazhou Shengfang Sub-branch, Agricultural Bank of China Limited	66,775,500.00	Tongliao Meihua	The Company	2022/12/14-2025/12/8
Bazhou Shengfang Sub-branch, Agricultural Bank of China Limited	99,000,000.00	Xinjiang Meihua	The Company	2022/12/14-2025/12/8
Business Department of Tibet Branch, Bank of China Limited	179,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2023/3/31-2026/3/31
Business Department of Tibet Branch, Bank of China Limited	39,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2023/4/23-2026/3/31
Business Department of Tibet Branch, Bank of China Limited	53,420,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2022/6/13-2025/6/13

Lending Institution	Ending Balance	Guarantor	Guaranteed Party	Term of Borrowing
Langfang Development Zone Sub-branch, Bank of China Limited	98,000,000.00	Tongliao Meihua, Xinjiang Meihua	The Company	2022/3/7-2025/2/24
Langfang Branch, Hua Xia Bank Co. Ltd.	196,000,000.00	Tongliao Meihua	The Company	2022/11/17-2025/11/14
Songyuan Branch, Bank of Communications Co., Ltd.	774,778.91	The Company	Jilin Meihua	2021/8/30-2028/12/21
Songyuan Branch, Bank of Communications Co., Ltd.	36,500,000.00	The Company	Jilin Meihua	2021/9/13-2029/8/4
Songyuan Branch, Bank of Communications Co., Ltd.	9,025,000.00	The Company	Jilin Meihua	2021/10/19-2029/8/4
Songyuan Branch, Bank of Communications Co., Ltd.	16,309,090.91	The Company	Jilin Meihua	2021/11/26-2029/8/4
Songyuan Branch, Bank of Communications Co., Ltd.	11,486,363.64	The Company	Jilin Meihua	2021/12/23-2029/8/4
Songyuan Branch, Bank of Communications Co., Ltd.	34,000,000.00	The Company	Jilin Meihua	2022/11/21-2025/10/6
Songyuan Branch, Bank of Communications Co., Ltd.	30,000,000.00	The Company	Jilin Meihua	2023/9/22-2025/9/22
Baicheng Branch, China Construction Bank Corporation	15,238,690.48	The Company	Jilin Meihua	2021/9/13-2029/8/30
Baicheng Branch, China Construction Bank Corporation	21,875,000.00	The Company	Jilin Meihua	2021/10/22-2029/8/30
Baicheng Branch, China Construction Bank Corporation	39,772,727.27	The Company	Jilin Meihua	2021/11/25-2029/8/30
Baicheng Branch, China Construction Bank Corporation	27,840,909.09	The Company	Jilin Meihua	2021/12/22-2029/8/30
Baicheng Branch, China Construction Bank Corporation	104,000,000.00	The Company	Jilin Meihua	2022/6/28-2025/6/27
Baicheng Branch, Bank of China Limited	846,552.38	The Company	Jilin Meihua	2021/9/2-2029//8/4
Baicheng Branch, Bank of China Limited	41,170,200.00	The Company	Jilin Meihua	2021/9/18-2029/8/4
Baicheng Branch, Bank of China Limited	10,301,000.00	The Company	Jilin Meihua	2021/10/22-2029/8/4
Baicheng Branch, Bank of China Limited	18,728,981.82	The Company	Jilin Meihua	2021/11/26-2029/8/4
Baicheng Branch, Bank of China Limited	13,032,727.27	The Company	Jilin Meihua	2021/12/24-2029/8/4
Tongliao Branch, China Construction Bank Corporation	100,000,000.00	The Company	Tongliao Meihua	2023/5/22-2038/5/8
Tongliao Branch, China Construction Bank Corporation	10,000,000.00	The Company	Tongliao Meihua	2021/9/8-2024/9/8

Lending Institution	Ending Balance	Guarantor	Guaranteed Party	Term of Borrowing
Tongliao Branch, China Construction Bank Corporation	40,000,000.00	The Company	Tongliao Meihua	2021/9/15-2024/9/8
Tongliao Branch, China Construction Bank Corporation	32,000,000.00	The Company	Tongliao Meihua	2021/9/27-2024/9/8
Tongliao Branch, China Construction Bank Corporation	97,000,000.00	The Company	Tongliao Meihua	2022/3/30-2025/3/30
Tongliao Branch, China Construction Bank Corporation	10,000,000.00	The Company	Tongliao Meihua	2021/5/26-2024/5/7
Tongliao Branch, China Construction Bank Corporation	20,000,000.00	The Company	Tongliao Jianlong	2023/6/27-2029/5/30
Hohhot Branch, China Merchants Bank Co. Ltd.	50,000,000.00	The Company	Tongliao Jianlong	2022/8/3-2032/4/23
Hohhot Branch, China Merchants Bank Co. Ltd.	40,000,000.00	The Company	Tongliao Jianlong	2022/11/9-2032/4/23
Hohhot Branch, China Merchants Bank Co. Ltd.	53,000,000.00	The Company	Tongliao Jianlong	2022/11/23-2032/4/23
Hohhot Branch, China Merchants Bank Co. Ltd.	12,000,000.00	The Company	Tongliao Jianlong	2022/11/25-2032/4/23
Huihai Sub-branch, Agricultural Bank of China Limited	49,000,000.00	Xinjiang Meihua	Tongliao Meihua	2021/12/6-2024/11/30
Huihai Sub-branch, Agricultural Bank of China Limited	100,000,000.00	Xinjiang Meihua	Tongliao Meihua	2023/8/28-2038/6/20
Wujiaqu Sub-branch, China Construction Bank Corporation	9,500,000.00	The Company	Xinjiang Meihua	2023/5/23-2026/5/23
Wujiaqu Sub-branch, China Construction Bank Corporation	11,222,973.50	The Company	Xinjiang Meihua	2023/5/25-2026/5/23
Wujiaqu Sub-branch, China Construction Bank Corporation	28,777,026.50	The Company	Xinjiang Meihua	2023/5/29-2026/5/23
Hebei Branch, Export-Import Bank of China	150,000,000.00	The Company	Xinjiang Meihua	2021/7/14-2024/7/14
Less: Long-term Borrowings Due Within One Year	531,634,500.00			
Total	1,649,963,021.77			

Other Explanations:
□Applicable ✓Not Applicable

46. Bonds Payable

(1) Bonds Payable

□Applicable ✓Not Applicable

2) Specific Status of Bonds Payable: (Excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

□Applicable ✓Not Applicable

(3) Explanation of Convertible Corporate Bonds

□Applicable ✓Not Applicable

Accounting Treatment of and Judgement Basis for Rights to Convert Shares

□Applicable ✓Not Applicable

(4) Explanation of Other Financial Instruments Classified as Financial Liabilities

Overview of other financial instruments such as preferred shares and perpetual bonds outstanding at the end of the period

□Applicable ✓Not Applicable

Table of Changes in Financial Instruments such as Preferred Shares and Perpetual Bonds Outstanding at the End of the Period

□Applicable ✓Not Applicable

Explanation of the Basis for Classifying Other Financial Instruments as Financial Liabilities:

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

7. Lease Liabilities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Within 1 year	3,787,177.91	4,565,811.44
1-2 years	2,713,869.77	4,250,353.98
2-3 years	--	1,190,941.20
Less: Unrecognized Financing Costs	459,969.00	1,062,944.01
Less: Lease Liabilities Due Within One Year	3,450,772.76	3,925,147.29
Total	2,590,305.92	5,019,015.32

48. Long-Term Payables

Presentation of Items

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Long-term Payables	10,500,000.00	10,500,000.00
Special Payables		
Total	10,500,000.00	10,500,000.00

Other Explanations:

□Applicable ✓Not Applicable

Long-term Payables

(1) Long-term Payables Presented by Nature of Payments

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Guarantee Deposits	10,500,000.00	10,500,000.00

Less: Long-term Payables Due Within One Year	--	--
Total	10,500,000.00	10,500,000.00

Special Payables

(1) Special Payables Presented by Nature of Payments

□Applicable ✓Not Applicable

49. Long-term Employee Compensation Payable

□Applicable ✓Not Applicable

50. Estimated Liabilities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Ending Balance	Reasons for Formation
Guarantees Provided to External Parties			
Pending Litigation		45,888,616.17	Refer to 2 in Section XVI for details
Product Quality Assurance			
Restructuring Obligations			
Loss Contracts to be Executed			
Return Refunds Payable			
Others			
Total		45,888,616.17	/

Other Explanations: Including related significant assumptions for significant estimated liabilities.
Estimation Explanation: None

51 Deferred Revenue

Status of Deferred Revenue

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance	Reasons for Formation
Asset-related Government Grants	429,899,391.63	--	44,910,976.90	384,988,414.73	Refer to 2 in Section X for details
Total	429,899,391.63	--	44,910,976.90	384,988,414.73	/

Other Explanations:

✓Applicable □ Not Applicable

Refer to 2 in Section XI for details of government grants for the Company.

52 Other Non-current Liabilities

□Applicable ✓Not Applicable

53. Share Capital

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

	Beginning Balance	Increase/Decrease (+, -) in the Changes During the Current Period					Ending Balance
		New Shares Issued	Stock Dividend	Capital Reserves Conversion into Shares	Others	Subtotal	
Total Quantity of Shares	3,042,465,447.00	--	--	--	-99,039,345.00	-99,039,345.00	2,943,426,102.00

Other Explanations:

Refer to Note 1 - Basic Information of the Company for details of changes in share capital.

54. Other Equity Instruments

(1) Overview of other financial instruments such as preferred shares and perpetual bonds outstanding at the end of the period

□Applicable ✓Not Applicable

(2) Table of Changes in Financial Instruments such as Preferred Shares and Perpetual Bonds Outstanding at the End of the Period

□Applicable ✓Not Applicable

Explanation of increase/decrease in other equity instruments during the current period, reasons for such changes and basis for relevant accounting treatments:

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

55. Capital Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
Capital Premiums (Share Premiums)	1,838,443,785.18	94,750,000.00	900,486,024.78	1,032,707,760.40
Other Capital Reserves	90,816,307.25	3,933,692.75	94,750,000.00	--
Total	1,929,260,092.43	98,683,692.75	995,236,024.78	1,032,707,760.40

Other Explanations: Including explanation of increase/decrease in the current period and reasons for such changes:

The increase in share premiums during the current period is due to the achievement of targets for the second phase of the employee stock ownership plan, with RMB 94,750,000.00 yuan from other capital reserves transferred to share premiums.

The decrease in share premiums during the current period is due to the resolutions of the Company's extraordinary shareholders meeting in 2020 and the annual shareholders meeting in 2021, where the Company used 99,039,345 shares repurchased and held in the share repurchase special account for cancellation, reducing share premiums by RMB 900,486,024.78 yuan.

The increase in other capital reserves during the current period is due to the recognition of share-based payment settled by equity totaling 3,933,692.75 yuan.

56. Treasury Shares

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
Used for Employee Stock Ownership Plans, Equity Incentives and Cancellations	684,513,074.21	891,788,014.84	999,525,369.78	576,775,719.27
Restricted Share-based Payment	62,500,000.00	--	62,500,000.00	--
Total	747,013,074.21	891,788,014.84	1,062,025,369.78	576,775,719.27

Other Explanations: Including explanation of increase/decrease in the current period and reasons for such changes:

1. Increase in Shares Used for Employee Stock Ownership Plans, Equity Incentives and Cancellations for the Current Period

(1) The Company held its 31st meeting of the ninth board of directors and the annual shareholders meeting for 2021 on May 22, 2022, and June 9, 2022, respectively, where the Proposal for Repurchase of the Company's Shares Through Centralized Bidding Trading was deliberated and approved, with the Company’s shares repurchased from the secondary market used as treasury shares for cancellation and reduction of registered capital through centralized bidding trading. As of December 31, 2023, the Company repurchased 99.0394 million shares, which accounted for 3.26% of its total shares (3,042,465,447.00 shares), with a total payment of RMB 999.5254 million yuan.

(2) The Company held its third meeting of the tenth board of directors and the second extraordinary shareholders meeting for 2023 on April 8, 2023, and April 28, 2023, respectively, where the Proposal for Repurchase of the Company's Shares Through Centralized Bidding Trading was deliberated and approved, with the Company's shares repurchased from the secondary market used as treasury shares for cancellation and reduction of registered capital through centralized bidding trading. As of December 31, 2023, the Company repurchased 63.5906 million shares, which accounted for 2.16% of its current total share capital (2,943,426,102.00 shares), with a total payment of RMB 576.6452 million yuan.

2. Decrease in Shares Used for Employee Stock Ownership Plans, Equity Incentives and Cancellations for the Current Period

In April 2023, the Company submitted an application to the Shanghai Stock Exchange for the cancellation of repurchased shares for cancellation. The 99.0394 million shares repurchased from 2022 to 2023 were canceled on April 10, 2023, reducing the treasury shares by RMB 999,525,369.78, and correspondingly offsetting the share capital by RMB 99,039,345.00 and the capital reserves by RMB 900,486,024.78.

3. Decrease in Treasury Shares used for Restricted Share-based Payment for the Current

Period

The Company's first extraordinary shareholders meeting for 2021 approved the Proposal on the Management Measures for the Company's 2021 Employee Stock Ownership Plan. According to the relevant provisions of the Company's 2021 Restricted Stock Incentive Plan, the second lock-up period of the restricted shares granted under the current incentive plan has expired, resulting in a reduction of other payables and treasury shares by RMB 62.5 million.

57. Other Comprehensive Income

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Amounts Incurred during the Current Period						Ending Balance
		Amounts Incurred during the Current Period Before Income Tax	Less: Amount Recorded in Other Comprehensive Income in Previous Periods and Transferred to the Profit or Loss for the Current Period	Less: Amount Recorded in Other Comprehensive Income in Previous Periods and Transferred to Retained Earnings for the Current Period	Less: Income Tax Expenses	Attributable to the Parent Company After Tax	Attributable to the Minority Shareholders After Tax	
I. Other Comprehensive Income That Cannot Be Reclassified to Profit or Loss	535,493,474.99	(705,007,500.59)	--	2,292,449.41	(177,494,122.51)	(529,805,827.49)		5,687,647.50
Including: Amount of Changes in Remeasured Defined Benefit Plans								
Other Comprehensive Income That Cannot Be Reclassified to Profit or Loss Under Equity Method								
Changes in Fair Value of Other Equity Instrument Investments	535,493,474.99	(705,007,500.59)	--	2,292,449.41	(177,494,122.51)	(529,805,827.49)		5,687,647.50
Changes in Fair Value of Enterprises' Own Credit Risk								
II. Other Comprehensive Income to Be Reclassified to Profit or Loss	5,579,167.05	(5,622,160.33)			(42,993.28)	(5,579,167.05)		
Including: Other Comprehensive Income That Can Be Transferred to Profit or Loss								

Under Equity Method								
Changes in Fair Value of Other Debt Investments								
Amount of Financial Assets Reclassified and Recorded in Other Comprehensive Income	5,579,167.05	(5,622,160.33)			(42,993.28)	(5,579,167.05)		
Credit Impairment Reserves for Other Debt Investments								
Cash Flow Hedging Reserves								
Converted Differences in Foreign Currency Financial Statements								
Total Other Comprehensive Income	541,072,642.04	(710,629,660.92)	--	2,292,449.41	(177,537,115.79)	(535,384,994.54)		5,687,647.50

Other explanations, including the adjustments to the transfer of effective portion of cash flow hedge profit or loss to initially recognized amount of hedged items: None

58. Special Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
Work Safety Expenses	2,060,395.42	24,824,346.77	22,932,295.31	3,952,446.88
Total	2,060,395.42	24,824,346.77	22,932,295.31	3,952,446.88

Other explanations, including explanation of increase/decrease for the current period and reasons for such changes: None

59. Surplus Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance
Statutory Surplus Reserves	1,142,504,553.27	183,789,891.03	--	1,326,294,444.30
Discretionary Surplus Reserves				
Reserve Funds				
Enterprise Expand Funds				
Others				
Total	1,142,504,553.27	183,789,891.03	--	1,326,294,444.30

Explanations of surplus reserves, including including explanation of increase/decrease for the current period and reasons for such changes:

The increase in surplus reserves for the current period is the statutory surplus reserves provided at 10% of the net profit attributable to the Parent Company.

60 Undistributed Profits

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	For the Current Period	For the Previous Period
Undistributed Profits at the End of the Previous Period Before Adjustment	7,605,640,318.80	4,548,727,413.48
Total Amount of Undistributed Profits at the Beginning of the Adjustment (Increase +, decrease－)	--	51,090,589.59
Undistributed Profits at the Beginning of the Post-adjustment	7,605,640,318.80	4,599,818,003.07
Plus: Net Profit Attributable to the Owners of the Parent Company for the Current Period	3,180,949,695.48	4,406,241,981.92
Minus: Withdrawal of Statutory Surplus Reserves	183,789,891.03	183,590,087.39
Withdrawal of Discretionary Surplus Reserves		
Withdrawal of General Risk Reserves		
Ordinary Share Dividends Payable	1,177,370,440.80	1,216,829,578.80
Ordinary Share Dividends Transferred to Share Capital		
Retained Earnings from the Carry-forward of Other Comprehensive Income	2,292,449.41	
Undistributed Profits at the End of the Period	9,427,722,131.86	7,605,640,318.80

Details of Undistributed Profits at the Beginning of the Adjustment:

1. Due to retrospective adjustments under the *Accounting Standards for Business Enterprises* and related new regulations, the amount of undistributed profits at the beginning of the impact period is RMB 0 yuan.

2. Due to changes in the accounting standards, the amount of undistributed profits at the beginning of the impact period is RMB 0 yuan.

3. Due to correction of significant accounting errors, the amount of undistributed profits at the beginning of the impact period is RMB 0 yuan.

4. Due to changes in the consolidation scope caused by the same control, the amount of undistributed profits at the beginning of the impact period is RMB 0 yuan.

5. Due to other adjustments, the total amount of undistributed profits at the beginning of the impact period is RMB 0 yuan.

Due to the implementation of Interpretation No.16, the items "Total Amount of Undistributed Profits at the Beginning of the Adjustment (Increase +, decrease－), Undistributed Profits at the Beginning of the Post-adjustment, Net Profit Attributable to the Owners of the Parent Company for the Current Period, Withdrawal of Statutory Surplus Reserves and Undistributed Profits at the End of the Period" for the previous period have been adjusted. Refer to 40 in Section V for details.

61. Operating Revenues and Operating Costs

(1) Status of Operating Revenues and Operating Costs

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Revenues	Costs	Revenues	Costs
Main Business	27,438,511,615.65	22,032,213,101.88	27,742,367,171.28	20,764,042,906.04
Other Business	322,100,643.42	264,908,923.37	194,785,627.57	151,740,935.59
Total	27,760,612,259.07	22,297,122,025.25	27,937,152,798.85	20,915,783,841.63

(2) Decomposition Information of Operating Revenues and Operating Costs

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

(3) Explanation of Performance Obligations

□Applicable ✓Not Applicable

(4) Explanation of Allocation to Remaining Performance Obligations

□Applicable ✓Not Applicable

(5) Significant Changes in Contracts or Significant Adjustments to Transaction Prices

□Applicable ✓Not Applicable

Other Explanations:

1. Main Business (by product)

Items	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Revenues	Costs	Revenues	Costs
Food Flavor and Texture Optimization Products	9,832,306,593.11	7,578,210,297.47	10,098,632,623.74	7,909,658,638.32
Animal Nutrition Amino Acids	14,539,372,320.25	12,763,217,281.69	14,905,702,104.63	11,447,666,409.56
Human Medical Amino Acids	562,658,107.07	409,339,493.72	550,270,593.34	364,196,692.27
Others	2,504,174,595.22	1,281,446,029.00	2,187,761,849.57	1,042,521,165.89
Total	27,438,511,615.65	22,032,213,101.88	27,742,367,171.28	20,764,042,906.04

2. Main Business (by region)

Region Name	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Operating Revenues	Operating Costs	Operating Revenues	Operating Costs
Domestic Sales	18,966,892,718.66	15,754,837,487.69	19,092,815,275.42	14,611,639,318.35
Export Sales	8,471,618,896.99	6,277,375,614.19	8,649,551,895.86	6,152,403,587.69
Total	27,438,511,615.65	22,032,213,101.88	27,742,367,171.28	20,764,042,906.04

3. Income from the Company's Top Five Customers

Company Name	Amount	Contribution to Total Operating Revenues (%)
First	731,748,004.84	2.64
Second	629,438,959.04	2.27

Company Name	Amount	Contribution to Total Operating Revenues (%)
Third	572,111,547.60	2.06
Fourth	491,154,232.14	1.77
Fifth	473,576,288.40	1.71
Total	2,898,029,032.02	10.45

62. Taxes and Surcharges

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Consumption Tax		
Business Tax		
Urban Maintenance and Construction Tax	42,460,054.73	48,884,039.06
Education Surcharge	32,562,320.81	38,199,488.77
Resource Tax	44,956,471.41	41,348,894.34
Property Tax	49,652,143.48	46,143,030.26
Land Use Tax	34,578,742.33	36,504,811.19
Vehicle and Vessel Usage Tax	45,378.29	212,763.50
Stamp Duty	26,227,479.11	26,500,416.87
Environmental Protection Tax	6,556,377.55	5,538,744.92
Others	5,554,768.64	15,392,508.54
Total	242,593,736.35	258,724,697.45

63 Sales Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Transportation Expenses	221,950,304.39	245,074,109.38
Company Expenses	53,079,202.42	44,017,027.40
Promotion Expenses	24,025,191.89	28,214,064.97
Employee Expenses	65,874,971.73	74,307,431.11
Depreciation and Amortization	14,392,292.89	13,493,827.10
Warehousing Expenses	33,974,810.27	32,737,533.64
Equity Incentive Expenses	216,148.37	3,345,070.08
Total	413,512,921.96	441,189,063.68

64. Administrative Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Company Expenses	211,813,309.05	154,011,763.32
Employee Expenses	585,717,181.90	702,339,090.49

Depreciation and Amortization	123,647,918.48	105,371,553.56
Equity Incentive Expenses	3,419,871.44	49,102,087.71
Total	924,598,280.87	1,010,824,495.08

65. Research and Development Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Employee Expenses	43,670,604.00	28,254,427.64
Material Consumption	219,425,458.83	207,523,556.37
Depreciation Expenses	15,169,996.55	12,546,206.81
Other Expenses	35,885,166.14	30,357,925.84
Equity Incentive Expenses	71,457.37	1,000,401.26
Total	314,222,682.89	279,682,517.92

66. Financial Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Interest Expenses	115,220,289.90	149,373,949.31
Less: Interest Income	118,865,910.23	72,586,918.49
Exchange Profits and Losses	(41,114,503.87)	(6,953,122.87)
Others	11,333,448.88	14,042,892.71
Total	(33,426,675.32)	83,876,800.66

67. Other Income

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Classification by Nature	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Government Subsidies	240,560,349.82	164,252,213.98
Refunds of Personal Income Tax Handling Fees	1,950,175.35	878,256.46
Additional Deduction of Value-added Tax	5,869,503.30	130,991.61
Value-added Tax Exemption for Retired Veterans	81,000.00	
Total	248,461,028.47	165,261,462.05

Other Explanations:

Refer to (3) in Section XI for details of government subsidies for the Company

68. Investment Income

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period

Investment Income from Long-term Equity Investment Accounted for by the Equity Method	1,845,935.98	3,074,284.74
Investment Income from the Disposal of Long-term Equity Investments	--	5,143,710.59
Investment Income from Financial Assets Held for Trading during the Holding Period	5,814,900.02	2,623,055.55
Dividend Income from Other Equity Instrument Investments during the Holding Period	2,816,000.00	2,816,000.00
Dividend Income from Debt Investments during the Holding Period		
Dividend Income from other Debt Investments during the Holding Period		
Investment Income from the Disposal of Financial Assets Held for Trading	(8,503,619.01)	5,375,463.59
Investment Income from the Disposal of Other Equity Instrument Investments		
Investment Income from the Disposal of Debt Investments		
Investment Income from the Disposal of Other Debt Investments		
Debt Restructuring Gains		
Investment Income from Debt Investments during the Holding Period	1,535,377.36	2,362,500.00
Others	4,118,595.00	2,970,000.00
Total	7,627,189.35	24,365,014.47

69. Gains from Net Exposure Hedging

□Applicable ✓Not Applicable

70. Gains from Changes in Fair Value

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Sources of Gains from Changes in Fair Value	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Financial Assets Held for Trading	(38,116,002.85)	32,686,957.19
Including: Gains from Changes in Fair Value Arising from Derivative Financial Instruments	(36,309,830.06)	21,389,448.01
Financial Liabilities Held for Trading		
Investment Properties Measured at Fair Value		
Total	(38,116,002.85)	32,686,957.19

Other Explanations:

None

71. Credit Impairment Losses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Bad Debt Losses on Notes Receivable		
Bad Debt Losses on Accounts Receivable		
Bad Debt Losses on Other Receivables		
Impairment Losses on Debt Investments		
Impairment Losses on Other Debt Investments		
Bad Debt Losses on Long-term Receivables		
Financial Guarantee-related Impairment Losses		
Bad Debt Losses	(5,225,785.54)	(3,165,751.49)
Total	(5,225,785.54)	(3,165,751.49)

71. Asset Impairment Losses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
I. Impairment Losses on Contract Assets		
II. Inventory Write-down Losses and Contract Performance Cost Impairment Losses	(5,317,795.33)	(4,695,222.84)
III. Impairment Losses on Long-term Equity Investments		
IV. Impairment Losses on Investment Properties		
V. Impairment Losses on Fixed Assets	(97,553.73)	(1,262,740.16)
VI. Impairment Losses on Engineering Materials		
VII. Impairment Losses on Construction in Progress		
VIII. Impairment Losses on Productive Biological Assets		
IX. Impairment Losses on Oil and Gas Assets		
X. Impairment Losses on Intangible Assets		
XI. Impairment Losses on Goodwill		
XII. Others		
Total	(5,415,349.06)	(5,957,963.00)

73. Gains from Disposal of Assets

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Gains or Losses from Disposal of	4,073,026.92	(82,296.20)

Fixed Assets		
Total	4,073,026.92	(82,296.20)

74. Non-operating Revenues

Status of Non-operating Revenues

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period	Amounts Recorded in Non-recurring Profits or Losses for the Current Period
Total Gains from Disposal of Non-current Assets			
Including: Gains from Disposal of Fixed Assets			
Gains from Disposal of Intangible Assets			
Gains from Exchange of Non-monetary Assets			
Donation Receipts	--	53,000.00	--
Government Grants			
Revenue from Default Compensation	2,185,396.12	15,873,654.49	2,185,396.12
Revenue from Outstanding Unsolved Matters	191,568.73	--	191,568.73
Insurance Claims	5,691,021.62	5,603,850.59	5,691,021.62
Others	2,289,053.52	5,822,915.86	2,289,053.52
Total	10,357,039.99	27,353,420.94	10,357,039.99

Other Explanations:

□Applicable ✓Not Applicable

75. Non-operating Expenditure

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period	Amounts Recorded in Non-recurring Profits or Losses for the Current Period
Total Losses from Disposal of Non-current Assets			
Including: Losses from Disposal of Fixed Assets			

Losses from Disposal of Intangible Assets			
Losses from Exchange of Non-monetary Assets			
External Donations	6,614,300.00	4,131,800.00	6,614,300.00
Expenditure for Outstanding Unsolved Matters	13,806.01	--	13,806.01
Abnormal Losses	--	2,631,440.71	--
Inventory Losses	81,455.32	60,533.27	81,455.32
Losses from Destruction or Scrapping of Non-current Assets	42,988,929.16	19,687,388.53	42,988,929.16
Default Losses	329,691.76	2,746,862.75	329,691.76
Others	50,586,631.95	5,479,156.74	50,586,631.95
Total	100,614,814.20	34,737,182.00	100,614,814.20

Other Explanations:

Additionally, there are provisions for litigation compensation payments of RMB 30,888,616.17 yuan related to the former Dalian Hanxin Bio-Pharmaceutical Co., Ltd. and provisions for litigation compensation payments of RMB 15 million yuan related to the subsidiary Xinjiang Meihua and Fujian Fufeng Group Company Limited.

76. Income Tax Expenses

(1) Table of Income Tax Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Current Income Tax Expenses	494,001,746.26	771,689,810.73
Deferred Income Tax Expenses	48,184,178.41	(25,136,748.26)
Total	542,185,924.67	746,553,062.47

Due to the implementation of Interpretation No. 16, the amount incurred during the previous period has been adjusted. Refer to (40) in Section V for details.

(2) Adjustment Process for Accounting Profits and Income Tax Expenses

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period
Total Profits	3,723,135,620.15
Income Tax Expenses Calculated at Statutory/Applicable Tax Rates	558,470,343.02
Impact of Different Tax Rates Applicable to Subsidiaries	4,208,903.72

Impact of Income Tax for the Previous Period Before Adjustment	3,884,283.13
Impact of Non-taxable Income	(21,536,609.42)
Impact of Non-deductible Costs, Expenses and Losses	10,487,181.40
Impact of Deductible Losses from Unrecognized Deferred Income Tax Assets for the Previous Periods Before Usage	（928,113.48）
Impact of Deductible Temporary Difference or Deductible Losses from Unrecognized Deferred Income Tax Assets for the Current Period	1,177,411.96
Impact of Additional Deduction of Research and Development Expenses	（13,577,475.66）
Income Tax Expenses	542,185,924.67

Other Explanations:

□Applicable ✓Not Applicable

77. Other Comprehensive Income

✓Applicable □ Not Applicable

Refer to the notes for details.

78. Cash Flow Statement Items

(1) Cash Related to Operating Activities

Other received cash related to operating activities received

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Interest Income	102,290,433.65	72,591,316.49
Income from Government Grants	198,687,827.92	132,301,555.04
Other Transactions	42,766,511.48	42,940,480.98
Total	343,744,773.05	247,833,352.51

Explanation of other received cash related to operating activities: None

Other paid cash related to operating activities

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Expense Expenditure	652,607,761.30	1,145,852,591.22
Temporary Borrowings	1,698,173.60	858,086.88
Other Expenditures	26,521,875.18	5,125,771.60
Total	680,827,810.08	1,151,836,449.70

Explanation of other paid cash related to operating activities: None

(2) Cash Related to Investment Activities

Significant received cash related to investment activities

□Applicable ✓Not Applicable

Significant paid cash related to investment activities
□Applicable ✓Not Applicable
Other received cash related to investment activities
□Applicable ✓Not Applicable
Other paid cash related to investment activities
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Gains from Exchange Settlement	34,278,559.79	57,063,590.20
Total	34,278,559.79	57,063,590.20

Explanation of other paid cash related to investment activities: None

(3) Cash Related to Financing Activities

Other received cash related to financing activities
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Restricted Monetary Funds	441,674,397.67	314,573,624.18
Total	441,674,397.67	314,573,624.18

Explanation of other received cash related to financing activities: None

Other paid cash related to financing activities
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Restricted Monetary Funds	409,416,747.79	378,921,181.99
Repurchased Shares	891,788,014.84	784,714,462.91
Principal and Lease Deposits for Lease Liabilities	4,402,628.85	5,036,667.79
Total	1,305,607,391.48	1,168,672,312.69

Explanation of other paid cash related to financing activities: None

Changes in Liabilities Arising from Financing Activities
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Beginning Balance	Increase during the Current Period		Decrease during the Current Period		Ending Balance
		Cash Changes	Non-cash Changes	Cash Changes	Non-cash Changes	
Short-term Borrowings	1,070,498,635.74	3,545,122,989.15	32,593,813.24	3,089,480,435.09	14,865,944.35	1,543,869,058.69
Long-term Borrowings	3,937,515,913.26	520,000,000.00	--	1,925,918,391.49	--	2,531,597,521.77
Lease Liabilities	8,944,162.61	--	5,128,935.94	4,251,828.63	3,780,191.24	6,041,078.68
Total	5,016,958,711.61	4,065,122,989.15	37,722,749.18	5,019,650,655.21	18,646,135.59	4,081,507,659.14

4) Explanation of Presenting Cash Flows at Net Amount

□Applicable ✓Not Applicable

(5) Significant Events and Financial Effects That Do Not Involve Current Cash Receipts or Payments but May Affect the Company's Financial Position or May Affect the Company's Cash Flows in the Future

□Applicable ✓Not Applicable

79. Supplementary Information for Cash Flow Statements

(1) Supplementary Information for Cash Flow Statements

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Supplementary Information	Amount for the Current Period	Amount for the Previous Period
1. Adjusting Net Profit to Cash Flows from Operating Activities:		
Net Profit	3,180,949,695.48	4,406,241,981.92
Plus: Asset Impairment Reserves	5,415,349.06	5,957,963.00
Credit Impairment Losses	5,225,785.54	3,165,751.49
Depreciation of Fixed Assets, Depletion of Oil and Gas Assets, and Depreciation of Productive Biological Assets	1,311,010,852.63	1,342,547,913.54
Amortization of Right-of-Use Assets	3,888,280.66	3,711,861.36
Amortization of Intangible Assets	37,303,367.68	37,201,659.78
Amortization of Long-term Deferred Expenses	26,321,001.29	24,580,433.16
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets ("-" for gains)	(2,679,296.59)	82,296.20
Losses on Scrapping of Fixed Assets ("-" for gains)	43,033,940.23	19,320,647.95
Losses on Changes in Fair Value ("-" for gains)	38,116,002.85	-32,686,957.19
Financial Expenses ("-" for gains)	75,739,035.49	161,057,282.64
Investment Losses ("-" for gains)	（7,627,189.35）	-24,365,014.47
Decrease in Deferred Income Tax Assets ("-" for increase)	30,436,785.37	(24,704,842.53)
Increase in Deferred Income Tax Liabilities ("-" for decrease)	17,704,399.74	(155,605.90)
Decrease in Inventories ("-" for increase)	1,128,652,537.16	(1,109,058,715.15)
Decrease in Operating Receivables ("-" for increase)	(23,422,883.89)	(105,293,570.95)
Increase in Operating Payables ("-" for decrease)	(644,846,543.75)	892,066,314.58
Others	3,715,965.28	55,285,046.93
Net Cash Flow Arising from Operating Activities	5,228,937,084.88	5,654,954,446.36
2. Significant Investment and Financing Activities not Involving Cash Receipts or Payments:		
Debt to Capital		
Convertible Corporate Bonds Due Within One Year		
Financing Leasing Fixed Assets		
3. Net Changes in Cash and Cash Equivalents:		
Ending Cash Balance	4,780,614,442.73	4,128,799,695.72
Minus: Beginning Cash Balance	4,128,799,695.72	3,254,982,526.59
Plus: Ending Cash Equivalent Balance		
Minus: Beginning Cash Equivalent Balance		
Net Increase in Cash and Cash Equivalents	651,814,747.01	873,817,169.13

(2) Net Cash Paid for Acquiring Subsidiaries for the Current Period

□Applicable ✓Not Applicable

(3) Net Cash Received for Disposing Subsidiaries for the Current Period

□Applicable ✓Not Applicable

(4) Composition of Cash and Cash Equivalents

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
I. Cash	4,780,614,442.73	4,128,799,695.72
Including: Cash on Hand	--	--
Bank Deposits Available for Immediate Payment	4,771,137,028.82	4,128,792,356.29
Other Monetary Funds Available for Immediate Payment	9,477,413.91	7,339.43
Deposits with Central Banks Available for Payment		
Interbank Deposits		
Interbank Placements		
II. Cash Equivalents		
Including: Bond Investment Due within Three Months		
III. Ending Balance of Cash and Cash Equivalents	4,780,614,442.73	4,128,799,695.72
Including: Cash and Cash Equivalents Restricted for Use by the Parent Company or Subsidiaries within the Group	172,543,312.10	204,800,961.99

(5) Instances Where Usage is Restricted but Still Classified as Cash and Cash Equivalents

□Applicable ✓Not Applicable

(6) Monetary Funds Not Classified as Cash and Cash Equivalents

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

80. Notes to Items in the Statement of Changes in Owner's Equity

Explanation of Name of "Other" Items Adjusted Against the Ending Balance for the Previous Year, Adjusted Amount and Other Matters:

□Applicable ✓Not Applicable

81. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

✓Applicable □ Not Applicable

Unit: Yuan

Items	Ending Foreign Currency Balance	Conversion Rate	Ending Balance Converted to Renminbi
Monetary Funds			399,308,136.50
Including: US Dollar	56,307,425.42	7.08	398,808,602.02
Euro	63,442.21	7.86	498,605.02
Hong Kong Dollar	684.44	0.91	620.25
British Pound	34.20	9.04	309.21
Accounts Receivable	-	-	503,612,570.20
Including: US Dollar	71,104,522.90	7.08	503,612,004.34

Euro	72.00	7.86	565.86
Other Receivables			7,941,783.70
Including: US Dollar	1,121,293.25	7.08	7,941,783.70
Accounts Payable			4,189,935.50
Including: US Dollar	591,573.20	7.08	4,189,935.50
Other Payables			658,977.95
Including: US Dollar	93,040.50	7.08	658,977.95

(2) Explanation of overseas operating entities, including disclosure of their main overseas operating locations, functional currencies and selection basis for significant overseas operating entities as well as disclosure of reasons for changes in functional currencies

□Applicable ✓Not Applicable

82. Leases

(1) As Lessee

✓Applicable □ Not Applicable

Variable lease payments not included in the measurement of lease liabilities

□Applicable ✓Not Applicable

Lease expenses on short-term leases or leases of low-value assets with simplified treatment

✓Applicable □ Not Applicable

RMB 1,725,369.59 yuan

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Interest of Lease Liabilities	648,864.51	641,719.58
Expenses on Short-term Leases	1,076,505.08	546,155.83

Sale-leaseback Transactions and Judgement Basis

□Applicable ✓Not Applicable

Total cash outflows related to leases: 4,402,628.85 (Unit: Yuan Currency: RMB)

(2) As Lessor

Operating leases as lessor

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Revenue from Leases	Including: Revenue Related to Variable Lease Payments Not Recorded in Lease Receipts
Housing Structures	14,187,279.63	
Equipment	406,686.08	
Vehicles	234,955.77	
Total	14,828,921.48	

Financing leases as lessor

□Applicable ✓Not Applicable

Adjustment Table for Undiscounted Lease Receipts and Net Lease Investments

□Applicable ✓Not Applicable

Undiscounted Lease Receipts over the Next Five Years

□Applicable ✓Not Applicable

(3) Recognition of Profits and Losses from Financing Leases as Manufacturer or Dealer

□Applicable ✓Not Applicable

83. Others

□Applicable ✓Not Applicable

VIII. Research and Development Expenses

(2) Presented by Expense Nature

□Applicable ✓Not Applicable

(2) Development Expenditures on Research and Development Projects Qualifying for Capitalization

□Applicable ✓Not Applicable

Significant Capitalized Research and Development Projects

□Applicable ✓Not Applicable

Development Expenditure Impairment Reserves

□Applicable ✓Not Applicable

Other Explanations

None

(3) Significant Outsourced Research Projects

□Applicable ✓Not Applicable

IX. Changes in Consolidation Scope

1. Enterprise Merger Not Under the Same Control

□Applicable ✓Not Applicable

2. Enterprise Merger Under the Same Control

□Applicable ✓Not Applicable

3. Reverse Acquisitions

□Applicable ✓Not Applicable

4. Disposal of Subsidiaries

Whether there are transactions or matters resulting in loss of control over subsidiaries during the current period

□Applicable ✓Not Applicable

Other Explanations:

✓Applicable □ Not Applicable

Name	Reason for Changes
Tongliao Meihua Amino Acid Co., Ltd.	Disposal

Whether there are instances in which the disposal of investment in subsidiaries is conducted through multiple transactions and results in loss of control during the current period

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

5. Changes in Consolidation Scope Due to Other Reasons

Explanation of changes in consolidation scope due to other reasons (such as establishment of new subsidiaries and liquidation of subsidiaries) and related circumstances:

✓Applicable □ Not Applicable

Name	Reason for Changes
Zhuhai Hengqin Meihua Bio-Technology Co., Ltd.	New Establishment
HONG KONG PLUM HOLDING LIMITED	New Establishment
CAYMAN PLUM HOLDING LIMITED	New Establishment

6. Others

□Applicable ✓Not Applicable

X. Equity in Other Entities
1. Equity in Subsidiaries
(1) Composition of Business Group
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Names of Subsidiaries	Main Operating Location	Registered Capital	Place of Registration	Business Nature	Stock Ownership Ratio (%)		Acquisition Method
					Direct	Indirect	
Tongliao Meihua	Tongliao	1,800,000,000	Tongliao	Manufacturing	100.00	--	Investment or Establishment
Xinjiang Meihua	Wujiaqu	2,500,000,000	Wujiaqu	Manufacturing	100.00	--	Investment or Establishment
Xinjiang Agriculture	Wujiaqu	260,000,000	Wujiaqu	Manufacturing	--	100.00	Merger Not Under the Same Control
Langfang R & D	Tongliao	38,000,000	Tongliao	Technological Development	100.00	--	Investment or Establishment
Langfang Seasoning	Tongliao	250,000,000	Tongliao	Manufacturing	100.00	--	Investment or Establishment
Hong Kong Meihua	Hong Kong	6,277,900	Hong Kong	Trading	100.00	--	Investment or Establishment
Lhasa Meihua	Lhasa	800,000,000	Lhasa	Investment	100.00	--	Investment or Establishment
Tongliao Jianlong	Tongliao	133,000,000	Tongliao	Manufacturing	--	100.00	Merger Not Under the Same Control
Tongde Starch	Tongliao	9,400,000	Tongliao	Manufacturing	--	100.00	Merger Not Under the Same Control
Tongliao Seasoning	Tongliao	5,000,000	Tongliao	Manufacturing	--	100.00	Investment or Establishment
Shanghai R & D	Shanghai	31,000,000	Shanghai	Technological Development	--	100.00	Investment or Establishment
Jilin Meihua	Baicheng	2,000,000,000	Baicheng	Manufacturing	100.00	--	Investment or Establishment
Xinjiang Investment	Urumqi	10,000,000	Urumqi	Trading	--	100.00	Investment or Establishment
Tongliao Amino Acid	Tongliao	5,000,000	Tongliao	Manufacturing	--	100.00	Investment or Establishment
Langfang BAIAN	Langfang	25,000,000	Langfang	Warehousing	--	100.00	Investment or Establishment
Hengqin Meihua	Hengqin	50,000,000	Zhuhai	Investment	100.00	--	Investment or Establishment
Hong Kong Holding	Hong Kong	50,000,000	Hong Kong	Investment	--	100.00	Investment or Establishment

Cayman Company	Cayman	5,000,000	Cayman	Investment	--	100.00	Investment or Establishment

Explanation of the Difference between Ownership Ratio and Voting Rights Ratio in Subsidiaries:
None
Basis for Controlling Invested Units with Half or Less than Half of Voting Rights, and Not Controlling Invested Units with More than Half of Voting Rights:
None
Basis for Controlling Significant Structured Entities Included in the Consolidation Scope:
None
Basis for Determining Whether the Company is an Agent or Principal:
None
Other Explanations:

The registered capital mentioned above represents the subscribed amount, with a registered capital of 50 million Hong Kong dollars for Hong Kong Holding and 5 million US dollars for Cayman Company.

(2) Significant Non-Wholly-Owned Subsidiaries

□Applicable ✓Not Applicable

(3) Main Financial Information of Significant Non-Wholly-Owned Subsidiaries

□Applicable ✓Not Applicable

(4) Significant Restrictions on the Use of Business Group's Assets and Settlement of Business Group's Debts

□Applicable ✓Not Applicable

(5) Financial Support or Other Support Provided for Structured Entities Included in the Scope of Consolidated Financial Statements

□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

2. Transactions where Owners' Equity Shares in Subsidiaries Change but Control is Maintained

□Applicable ✓Not Applicable

3. Equity in Joint Ventures or Associates

✓Applicable □ Not Applicable

(1) Significant Joint Ventures or Associates

✓Applicable □ Not Applicable

Names of Joint Ventures or Associates	Main Operating Location	Place of Registration	Business Nature	Stock Ownership Ratio (%)		Accounting Treatment Methods for Investment in Joint Venture or Associates
				Direct	Indirect	
Tongliao Desheng Bio-Tech Co., Ltd.	Tongliao	Tongliao	Manufacturing	49.00	--	Equity Method

Explanation of the Difference between Ownership Ratio and Voting Rights Ratio in Joint Ventures or Associates:
None
Basis for Holding Less than 20% Voting Rights but Having Significant Influence, or Holding 20% or More Voting Rights but Not Having Significant Influence:
None

(2) Main Financial Information of Significant Joint Ventures

□Applicable ✓Not Applicable

(3) Main Financial Information of Significant Associates

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

	Ending Balance/ Amount Incurred During the Current Period		Beginning Balance/ Amount Incurred During the Previous Period	
	Tongliao Desheng Bio-Tech Co., Ltd.	XX Company	Tongliao Desheng Bio-Tech Co., Ltd.	XX Company
Current Assets	35,266,317.68		24,219,130.26	
Non-Current Assets	16,902,235.23		11,833,045.23	
Total Assets	52,168,552.91		36,052,175.49	
Current Liabilities	25,595,120.54		10,891,511.06	
Non-Current Liabilities	--			
Total Liabilities	25,595,120.54		10,891,511.06	
Minority Shareholders' Equity				
Shareholders' Equity Attributable to the Parent Company	26,573,432.37		25,160,664.43	
Net Asset Share Calculated by Stock Ownership Ratio	13,020,981.86		12,328,725.57	
Adjustments				
--Goodwill				
--Unrealized Profits on Internal Transactions				
--Others				
Book Value of Equity Investments in Associates	12,219,697.23		12,005,325.58	
Fair Value of Equity Investments in Associates with Public Quotation				
Operating Revenues	84,281,037.60		79,206,292.32	
Net Profits	437,493.17		6,217,036.74	
Net Profits from Discontinued Operations	--		--	
Other Comprehensive Income				
Total Comprehensive Income	437,493.17		6,217,036.74	
Dividends Received from Associates during the Current Year				

(4) Consolidated Financial Information of Insignificant Joint Ventures and Associates

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

	Ending Balance/ Amount Incurred During the Current Period	Beginning Balance/ Amount Incurred During the Previous Period
Joint Ventures:		
Aggregate Book Value of Investment		
Aggregate Amount Calculated Based on Ownership Ratios for the Following Items		
--Net Profits		
--Other Comprehensive Income		
--Total Comprehensive Income		
Associates:		
Aggregate Book Value of Investment	6,722,533.41	6,890,969.08
Aggregate Amount Calculated Based on Ownership Ratios for the Following Items		
--Net Profits	1,631,564.33	532,544.67
--Other Comprehensive Income	--	--
--Total Comprehensive Income	1,631,564.33	532,544.67

(5) Explanation of Significant Restrictions on the Ability of Joint Ventures or Associates to Transfer Funds to the Company

□Applicable ✓Not Applicable

(6) Excessive Losses Incurred by Joint Ventures or Associates

□Applicable ✓Not Applicable

(7) Unrecognized Commitments Related to Investments in Joint Ventures

□Applicable ✓Not Applicable

(8) Contingent Liabilities Related to Investments in Joint Ventures or Associates

□Applicable ✓Not Applicable

4. Significant Joint Operations

□Applicable ✓Not Applicable

5. Equity in Structured Entities Not Included in the Scope of Consolidated Financial Statements

Explanation of Structured Entities Not Included in the Scope of Consolidated Financial Statements:
□Applicable ✓Not Applicable

6. Others

□Applicable ✓Not Applicable

XI. Government Grants

1. Government Grants Recognized as Receivables at the End of the Reporting Period

□Applicable ✓Not Applicable
Reasons for Not Receiving Expected Amounts of Government Grants at the Anticipated Timing
□Applicable ✓Not Applicable

2. Items of Liabilities Related to Government Grants

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Financial Statement Items	Beginning Balance	Newly Added Grants for the Current Period	Amount Recorded in Non-operating Revenue for the	Amount Transferred to Other Income for the Current Period	Other Changes for the Current Period	Ending Balance	Asset/Income-related

			Current Period				
Deferred Income	429,899,391.63	--	--	44,910,976.90		384,988,414.73	Asset-related
Total	429,899,391.63	--	--	44,910,976.90		384,988,414.73	/

3. Government Grants Recorded in the Profit or Loss for the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Types	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Asset-related	44,910,976.90	45,036,562.17
Income-related	195,649,372.92	119,215,651.81
Total	240,560,349.82	164,252,213.98

Other Explanations:

1. Government Grants Recorded in the Profit or Loss for the Current Period

Grant Items	Accounting Subjects	Amount Incurred during the Current Period	Amount Incurred during the Previous Period	Asset/Income-related
Supporting Subsidies for Infrastructure	Other Income	1,260,236.72	1,260,236.72	Asset-related
Subsidy for Production Water Pipeline Construction Projects	Other Income	1,599,600.00	1,599,600.00	Asset-related
Subsidy for Boiler Desulfurization Technology Transformation Projects	Other Income	333,600.00	333,600.00	Asset-related
Subsidy for Electric Bag Composite Dust Removal Retrofit Project at Heating Stations	Other Income	159,600.00	159,600.00	Asset-related
Infrastructure Subsidy Funds	Other Income	48,876.00	48,876.00	Asset-related
Construction of a Green-Designed Industrialized Demonstration Line for Lysine Production with an Annual Capacity of 400,000 Tons	Other Income	500,490.93	501,868.70	Asset-related
Industrial Development Guidance Fund	Other Income	33,746,870.74	33,867,120.04	Asset-related
Industrial Development Guidance Fund	Other Income	2,831,076.03	2,831,118.24	Asset-related
Technology Transformation Projects	Other Income	3,996,537.00	3,997,909.20	Asset-related
Building Innovative Capacity - Biomass Portion	Other Income	434,089.48	436,633.27	Asset-related
Special Fund Incentives for Business Development	Other Income	160,738,138.85	90,640,000.00	Income-related
Special Fund for Foreign Trade Development	Other Income	3,282,987.40	10,356,929.00	Income-related
Subsidies for Stable Positions in Enterprises	Other Income	2,671,396.36	2,877,272.75	Income-related
Social Insurance Subsidies	Other Income	7,061,541.99	4,431,649.10	Income-related
2020 Baicheng Municipal-Level Agricultural Industrialization Consortium	Other Income	1,900,000.00	--	Income-related
Government Guidance Funds	Other Income	14,000,000.00	--	Income-related
Green Factory	Other Income	--	1,398,000.00	Income-related
International Logistics Project for	Other	1,740,800.00	--	Income-related

2021	Income			
One-time Subsidy for Expansion of Posts in Enterprises	Other Income	1,715,000.00	297,000.00	Income-related
One-time Subsidy for Retained Worker Training	Other Income	29,000.00	2,980,500.00	Income-related
Employment Training Subsidies	Other Income	1,068,570.01	1,863,006.96	Income-related
Others	Other Income	1,441,938.31	4,371,294.00	Income-related
Total		240,560,349.82	164,252,213.98	

2. Government Grants Offset Against the Book Value of Related Assets

Grant Items	Type	Amount Incurred during the Current Period	Amount Incurred during the Previous Period	Items of Offset Costs
Government Interest Subsidies	Asset-related	877,777.72	--	Construction in Progress
Total		877,777.72	--	

XII. Risks Related to Financial Instruments

1. Risks of Financial Instruments

✓Applicable □ Not Applicable

The Company's main financial instruments include monetary funds, equity investments, debt investments, borrowings, receivables, payables, etc. Various risks of financial instruments faced in daily activities mainly include credit risk, liquidity risk and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies provide specific provisions for specific risks, covering various aspects such as market risk, credit risk, and liquidity risk management. The Company regularly evaluates the market environment and changes in its operations to determine whether to update risk management policies and systems. The Company's risk management is conducted by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and avoids relevant risks through close cooperation with other business departments of the Company. The Company's Internal Audit Department conducts regular audits of risk management controls and procedures, and reports the audit results to the Company's Audit Committee. The Company diversifies its investments and business portfolios appropriately to mitigate financial instrument risks and reduces risks concentrated in a single industry, specific regions, or specific counterparties by formulating corresponding risk management policies.

(1) Credit Risk

Credit risk refers to the risk of financial loss incurred by the Company due to the counterparty's failure to fulfill its obligations under the contract. The management has formulated appropriate credit policies and maintains ongoing oversight of credit risk exposure.

The Company has adopted a policy to conduct transactions solely with counterparties with good credit standing. In addition, the Company evaluates the credit qualifications of customers based on factors such as their financial position, the likelihood of obtaining guarantees from third parties, credit records, and other factors such as current market conditions. The Company continuously monitors the balance of notes receivable, accounts receivable, and recovery situations. For customers with poor credit records, the Company adopts measures such as written payment reminders, shortening credit periods, or canceling credit periods to ensure that it won't face significant credit losses. Furthermore, the Company reviews the recovery situation of financial assets on each balance sheet date to ensure that sufficient expected credit loss reserves are provided for relevant financial assets.

Other financial assets held by the Company include monetary funds, other receivables, debt investments, etc., and the credit risk of these financial assets stems from defaults by counterparties, with the maximum credit risk exposure being the book value of each financial asset in the balance sheet. Except for the financial guarantees made by the Company as disclosed in (1) in Note XII, the Company doesn't provide any other guarantees that may expose it to credit risk.

The monetary funds held by the Company are mainly deposited with financial institutions such as state-owned holding banks and other large and medium-sized commercial banks. The management believes that these commercial banks exhibit high credibility and asset conditions, and there is no significant credit risk that may lead to any significant losses due to default by counterparties. The Company's policy is to control the amount of deposits in various well-known financial institutions based on the market reputation, operating scale, and financial background of these institutions to limit the amount of credit risk exposure to any single financial institution.

As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a significant number of customers and the aging information can reflect the payment ability and bad debt risk of these customers with respect to accounts receivable and other receivables. The Company calculates historical actual bad debt rates for different aging periods based on historical data and makes adjustments to obtain the expected loss rate, taking into account the forecasts of current and future economic conditions, such as national GDP growth rate, total investment in infrastructure, national monetary policy, and other forward-looking information. For long-term receivables, the Company comprehensively considers settlement periods, payment periods agreed in the contract, the financial position of debtors, and the economic situation of the industry in which the debtors are located, and makes adjusts to reasonably assess the expected credit losses based on the above forward-looking information.

As of December 31, 2023, the book balance of related assets and the status of expected credit impairment losses are as follows:

Items	Book Balance	Impairment Reserves
Notes Receivable	129,231,952.45	--

Items	Book Balance	Impairment Reserves
Accounts Receivable	674,880,378.49	33,752,493.27
Other Receivables	168,145,503.73	118,335,967.76
Debt Investments	10,500,000.00	--
Long-term Receivables (including those due within one year)	19,720,927.03	--
Total	1,002,478,761.70	152,088,461.03

As of December 31, 2023, the amount of financial guarantees provided by the Company to external parties amounted to RMB 1499.402 million yuan. Refer to (5) in Section VIV for details of the financial guarantee contracts. The Company's management assessed the overdue status of related borrowings under the guarantees, the financial position of the borrowers, and the economic situation of their respective industries and concluded that since the initial recognition of these financial guarantee contracts, there has been no significant increase in credit risk. Therefore, the Company measured its impairment reserves based on the amount equivalent to the expected credit losses within the next 12 months for the aforementioned financial guarantee contracts. During the reporting period, there were no changes in the Company's assessment methods and significant assumptions. According to the assessment by the Company's management, there were no significant expected impairment reserves for the related financial guarantees.

The Company's major customers have reliable and good reputations; therefore, the Company believes that these customers do not pose significant credit risks. Given the extensive range of customers, the Company does not face any significant credit concentration risks.

(2) Liquidity Risk

Liquidity risk refers to the risk of funds shortage when the Company fulfills its obligations for settlement through cash delivery or other financial assets. Subsidiaries of the Company are responsible for their respective cash flow forecasts. The Company's Financial Management Department continuously monitors the short-term and long-term fund requirements of the Company based on the cash flow forecast results of each subsidiary at the Company level, to ensure the maintenance of adequate cash reserves. Additionally, it continuously monitors compliance with provisions specified in loan agreements, and obtains commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term fund requirements. Furthermore, the Company has entered into credit agreements with major banks involved in its main business to support itself in fulfilling obligations related to commercial notes. As of December 31, 2023, the Company has secured bank credit lines, totaling RMB 16.72 billion yuan, from multiple banks in China, of which RMB 4.456 billion yuan has been utilized.

(3) Market Risk

1. Exchange Risk

Although the Company's main operations are based in China, with transactions primarily settled in Renminbi, there still exists exchange risk associated with recognized foreign currency assets, liabilities, and future foreign currency transactions (where the US dollar is used as the primary valuation currency). The Company's Financial Management Department is responsible for monitoring the scale of the

Company's foreign currency transactions and foreign currency assets and liabilities to minimize the exposure to exchange risk. To this end, the Company may enter into forward foreign exchange contracts or currency swap contracts to avoid the exchange risk.

(1) The forward foreign exchange contracts or currency swap contracts signed by the Company in this year are as follows:

① Hong Kong Meihua, a subsidiary of the Company, signed forward foreign exchange contracts with Standard Chartered Bank (Hong Kong) Limited for USD 4 million and option contracts for USD 5 million.

(2) As of December 31, 2023, the amounts of foreign currency financial assets and liabilities held by the Company converted into Renminbi are as follows:

Items	Ending Balance				
	USD Items	Euro Items	HKD Items	GBP Items	Total
Foreign Currency Financial Assets:					
Monetary Funds	398,808,602.02	498,605.02	620.25	309.21	399,308,136.50
Accounts Receivable	503,612,004.34	565.86	--	--	503,612,570.20
Other Receivables	7,941,783.70	--	--	--	7,941,783.70
Subtotal	910,362,390.06	499,170.88	620.25	309.21	910,862,490.40
Foreign Currency Financial Liabilities:					
Accounts Receivable	4,189,935.50	--	--	--	4,189,935.50
Other Receivables	658,977.95	--	--	--	658,977.95
Subtotal	4,848,913.45	--	--	--	4,848,913.45

2. Interest Rate Risk

The Company's interest rate risk mainly arises from bank borrowings, etc. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions at the time.

The Company's Financial Management Department continuously monitors the Company's interest rate levels. A rise in interest rates would increase the cost of newly added interest-bearing debts and interest expenditures on outstanding interest-bearing debts with floating rates, and pose significant adverse effects on the Company's financial performance. The management will make timely adjustments based on the latest market conditions and these adjustments may include interest rate swap arrangements to mitigate interest rate risk.

(1) The Company's interest rate swap arrangements for this year are as follows:

The Company had no interest rate swap arrangements for this year.

(2) As of December 31, 2023, the Company's long-term interest-bearing debts were mainly floating-rate contracts denominated in Renminbi, with a total amount of RMB 19,999,630,217.77 yuan, as detailed in (45) in Section VII.

3. Price Risk

Price risk refers to the risk of fluctuations caused by market price changes other than exchange rate risk and interest rate risk, mainly arising from changes in commodity prices, stock market indices, equity instrument prices, and other risk variables.

2. Hedging

(1) The Company conduct hedging transactions for risk management

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

(2) The Company conducts eligible hedging transactions and applies hedging accounting

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

(3) The Company conducts eligible hedging transactions for risk management and expects to achieve risk management objectives but does not apply hedging accounting

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

3. Transfer of Financial Assets

(1) Classification of Transfer Methods

□Applicable ✓Not Applicable

(2) Financial Assets Derecognized Due to Transfer

□Applicable ✓Not Applicable

(3) Financial Assets Continuously Involved in Transfer

□Applicable ✓Not Applicable

Other Explanations

□Applicable ✓Not Applicable

XIII. Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities Measured at Fair Value

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Fair Value			
	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	Total
I. Continuous Fair Value Measurement				
(I) Financial Assets Held for Trading	200,000.00	--	172,376,801.33	172,576,801.33
1. Financial Assets Measured at Fair Value with Changes Recorded in the Profit or Loss for the Current Period	200,000.00	--	172,376,801.33	172,576,801.33
(1) Debt Instrument Investments				

(2) Equity Instrument Investments				
(3) Derivative Financial Assets	200,000.00	--	--	200,000.00
(4) Others	--	--	172,376,801.33	172,376,801.33
2. Financial Assets Designated as Measured at Fair Value with Changes Recorded in the Profit or Loss for the Current Period				
(1) Debt Instrument Investments				
(2) Equity Instrument Investments				
(II) Other Debt Investments				
(III) Other Equity Instrument Investments	355,691,350.00	--	157,000,000.00	512,691,350.00
(IV) Investment Properties				
1. Leased Land Use Rights				
2. Leased Buildings				
3. Land Use Right Held for Transfer After Appreciation				
(V) Biological Assets				
1. Consumable Biological Assets				
2. Productive Biological Assets				
(VI) Receivables Financing	--	--	60,013,169.98	60,013,169.98
Total Amount of Assets Measured at Fair Value on a Continuous Basis	355,891,350.00	--	389,389,971.31	745,281,321.31
(VI) Financial Liabilities Held for Trading				
1. Financial Liabilities Measured at Fair Value with Changes Recorded in the Profit or Loss for the Current Period	250,000.00	--	--	250,000.00
Including: Issued Bonds Held for Trading				
Derivative Financial Liabilities	250,000.00	--	--	250,000.00
Others				
2. Financial Liabilities Designated as Measured at				

Fair Value with Changes Recorded in the Profit or Loss for the Current Period				
Total Amount of Liabilities Measured at Fair Value on a Continuous Basis	250,000.00	--	--	250,000.00
II. Non-Continuous Fair Value Measurement				
(I) Assets Held for Sale				
Total Amount of Assets Measured at Fair Value on a Non-Continuous Basis				
Total Amount of Liabilities Measured at Fair Value on a Non-Continuous Basis				

2. Basis for Determining Market Prices for Continuous and Non-continuous Level 1 Fair Value Measurement Items

✓Applicable □ Not Applicable

Level 1: Unadjusted quoted prices for identical assets or liabilities that can be obtained in active markets on the measurement date;

3. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters Adopted for Continuous and Non-continuous Level 2 Fair Value Measurement Items

✓Applicable □ Not Applicable

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1 for related assets or liabilities;

Inputs for Level 2 include: 1) Quotations for similar assets or liabilities in active markets; 2) Quotations for identical or similar assets or liabilities in inactive markets; 3) Other observable inputs besides quotations, including interest and yield curves, implied volatility, credit spreads observable during normal quotation intervals, etc.; 4) Inputs validated by the market, etc.

4. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters Adopted for Continuous and Non-continuous Level 3 Fair Value Measurement Items

✓Applicable □ Not Applicable

Level 3: Unobservable inputs for related assets or liabilities.

5. Adjustment Information of Beginning and Ending Book Vales and Sensitivity Analysis of Unobservable Parameters for Continuous Level 3 Fair Value Measurement Items

□Applicable ✓Not Applicable

6. Reasons for Transition between Various Levels Occurring during the Current Period and Policies for Determining Transitioning Timing for Continuous Fair Value Measurement Items

□Applicable ✓Not Applicable

7. Changes in Valuation Techniques Occurring During the Current Period and Reasons for Such Changes

□Applicable ✓Not Applicable

8. Status of Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

✓Applicable □ Not Applicable

Financial assets and liabilities not measured at fair value mainly include: receivables, debt investments, short-term borrowings, payables, non-current liabilities due within one year, long-term borrowings, and equity instrument investments for which there are no quotations in active markets and whose fair value cannot be reliably measured.

The book values of the above financial assets and liabilities not measured at fair value differ only slightly from their fair values.

9. Others

□Applicable ✓Not Applicable

XIV. Related Parties and Related Transactions

1. Information of the Company's Parent Company

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Name of Parent Company	Place of Registration	Business Nature	Registered	Parent Company's Stock Ownership in the Company (%)	Parent Company's Voting Rights in the Company (%)
Meng Qingshan				29.02	

Explanation of the Status of the Company's Parent Company

The ultimate controlling party of the Company is Meng Qingshan

Other Explanations: None

2. Information of the Company's Subsidiaries

Refer to the notes for the details of the Company's Subsidiaries

✓Applicable □ Not Applicable

Refer to (1) in Section X for equity in subsidiaries

3. Information of the Company's Joint Ventures and Associates

Refer to the notes for the details of the Company's significant joint ventures or associates

✓Applicable □ Not Applicable

For details of the Company's significant joint ventures or associates, refer to 3 - Equity in Joint Arrangements or Associates in Section X.

Other joint ventures or associates with related transactions with the Company during the current period or with balances formed from related transaction with the Company during the previous period are as follows:

✓Applicable □ Not Applicable

Names of Joint Ventures or Associates	Relationship with the Company
Tongliao Desheng Bio-tech Co., Ltd.	Associate
Beitun Zefeng Agricultural Development Co., Ltd.	Associate

Other Explanations

□Applicable ✓Not Applicable

4. Information of Other Related Parties

✓Applicable □ Not Applicable

Names of Other Related Parties	Relationship with the Company
Hu Jijun	Shareholder of the Company
Liang Yubo	Shareholder of the Company
Wang Aijun	Shareholder of the Company
He Jun	Shareholder of the Company
Liu Xinghua	Director of the Company
Lu Chuang	Director of the Company
Chang Libin	Supervisor of the Company
Liu Xiaojing	Supervisor of the Company
Liu Qiang	Supervisor of the Company
Liu Xianfang	Senior Executive of the Company
Wang Lihong	Senior Executive of the Company
Wang You	Senior Executive of the Company
Luo Qinghua	Former Independent Director of the Company
Guo Chunming	Former Independent Director of the Company
Cui Lizhi	Former Supervisor of the Company
Yang Xuemei	Former Supervisor of the Company
Tibet Meihua Charity Foundation	The Legal Representative of the company is a direct relative of the shareholder of the Company

5. Information of Related Transactions

(1) Related Transactions for Purchasing and Selling Goods/Providing and Accepting Labor Services

Table of Purchasing Goods/Accepting Labor Services

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Related Party	Content of Related Transaction	Amount Incurred during the Current Period	Approved Transaction Amount (if applicable)	Exceeding Transaction Limit or Not (if applicable)	Amount Incurred during the Previous Period
Beitun Zefeng Agricultural Development Co., Ltd.	Raw Materials	66,368,711.12			56,824,273.31
Tacheng Green Agricultural Development Co., Ltd. *	Raw Materials	1,292,257.14			76,502,378.90
Total		67,660,968.26			133,326,652.21

*The equity of Tacheng Green Agricultural Development Co., Ltd. held by Xinjiang Agriculture was transferred in March 2022.

Table of Selling Goods/Providing Labor Services

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Related Party	Content of Related Transaction	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Tongliao Desheng Bio-tech Co., Ltd.	Goods	66,793,916.44	46,287,976.83
Tongliao Desheng Bio-tech Co., Ltd.	Services	23,899.93	13,141.56

Total		66,817,816.37	46,301,118.39

Explanation of Related Transactions for Purchasing and Selling Goods / Providing and Accepting Services
□Applicable ✓Not Applicable

(2) Information of Related Delegated Management/Contracting and Delegating Management/Outsourcing

Table of the Delegated Management/Contracting by the Company:
□Applicable ✓Not Applicable
Explanation of Related Delegated Management/Contracting
□Applicable ✓Not Applicable
Table of Delegating Management/Outsourcing by the Company
□Applicable ✓Not Applicable
Explanation of Related Management/Outsourcing
□Applicable ✓Not Applicable

(3) Information of Related Leases

The Company as the Lessor:
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Name of Lessee	Types of Leased Asset	Lease Revenue Recognized during the Current Period	Lease Revenue Recognized during the Previous Period
Tongliao Desheng Bio-tech Co., Ltd.	Property	2,200,057.73	1,356,055.99
Total		2,200,057.73	1,356,055.99

The Company as the Lessee:
□Applicable ✓Not Applicable
Explanation of Related Leases
□Applicable ✓Not Applicable

(4) Information of Related Guarantee

The Company as the Guarantor
✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Guaranteed Party	Guaranteed Amount	Start Date of Guarantee	Expiry Date of Guarantee	Whether the Guarantee Has Been Fully Fulfilled
Hong Kong Meihua	35,410,500.00	2021/10/21	2023/9/30	Yes
Hong Kong Meihua	35,410,500.00	2021/10/21	2023/9/30	Yes
Hong Kong Meihua	70,821,000.00	2022/7/25	2023/8/8	Yes
Xinjiang Meihua	30,750,000.00	2021/3/24	2024/3/21	Yes
Xinjiang Meihua	16,750,000.00	2021/3/26	2024/3/21	Yes
Xinjiang Meihua	48,500,000.00	2021/3/29	2024/3/21	Yes
Xinjiang Meihua	150,000,000.00	2021/7/14	2024/7/11	No
Xinjiang Meihua	9,500,000.00	2023/5/23	2026/5/23	No
Xinjiang Meihua	500,000.00	2023/5/23	2026/5/23	Yes
Xinjiang Meihua	11,223,000.00	2023/5/25	2026/5/23	No
Xinjiang Meihua	28,777,000.00	2023/5/29	2026/5/23	No
Tongliao Meihua	15,500,000.00	2021/2/5	2024/2/1	Yes

Tongliao Meihua	27,500,000.00	2021/2/18	2024/2/1	Yes
Tongliao Meihua	119,700,000.00	2021/4/1	2024/3/31	Yes
Tongliao Meihua	78,500,000.00	2021/5/7	2024/5/6	Yes
Tongliao Meihua	62,500,000.00	2021/5/10	2024/5/7	Yes
Tongliao Meihua	10,000,000.00	2021/5/26	2024/5/7	No
Tongliao Meihua	51,000,000.00	2021/5/26	2024/5/7	Yes
Tongliao Meihua	47,000,000.00	2021/8/19	2024/8/19	Yes
Tongliao Meihua	1,000,000.00	2021/8/19	2024/8/19	Yes
Tongliao Meihua	1,240,829.40	2021/9/9	2024/9/7	Yes
Tongliao Meihua	10,000,000.00	2021/9/9	2024/9/7	No
Tongliao Meihua	1,000,000.00	2021/9/9	2024/9/7	Yes
Tongliao Meihua	8,785,755.04	2021/9/15	2024/9/7	Yes
Tongliao Meihua	40,000,000.00	2021/9/15	2024/9/7	No
Tongliao Meihua	2,973,415.56	2021/9/27	2024/9/7	Yes
Tongliao Meihua	32,000,000.00	2021/9/27	2024/9/7	No
Tongliao Meihua	97,000,000.00	2022/3/30	2025/3/30	No
Tongliao Meihua	2,000,000.00	2022/3/30	2025/3/30	Yes
Tongliao Meihua	100,000,000.00	2023/5/22	2038/5/8	No
Tongliao Meihua	120,000,000.00	2023/3/17	2024/3/17	No
Tongliao Meihua	80,000,000.00	2023/3/23	2024/3/17	No
Tongliao Meihua	100,000,000.00	2023/3/30	2024/3/30	No
Tongliao Meihua	38,000,000.00	2023/5/16	2023/11/9	Yes
Tongliao Meihua	19,000,000.00	2023/6/27	2023/9/26	Yes
Tongliao Meihua	10,000,000.00	2023/11/29	2024/11/26	No
Jilin Meihua	15,238,690.48	2021/9/13	2029/8/30	No
Jilin Meihua	31,680,000.00	2021/9/13	2029/8/30	Yes
Jilin Meihua	21,875,000.00	2021/10/22	2029/8/30	No
Jilin Meihua	39,772,727.27	2021/11/25	2029/8/30	No
Jilin Meihua	27,840,909.09	2021/12/22	2029/8/30	No
Jilin Meihua	774,778.91	2021/8/30	2028/12/21	No
Jilin Meihua	110,000.00	2021/8/30	2028/12/21	Yes
Jilin Meihua	36,500,000.00	2021/9/13	2029/8/4	Yes
Jilin Meihua	5,550,000.00	2021/9/13	2029/8/4	Yes
Jilin Meihua	9,025,000.00	2021/10/19	2029/8/4	No
Jilin Meihua	1,400,000.00	2021/10/19	2029/8/4	Yes
Jilin Meihua	16,309,090.91	2021/11/26	2029/8/4	No
Jilin Meihua	2,600,000.00	2021/11/26	2029/8/4	Yes
Jilin Meihua	11,486,363.64	2021/12/23	2029/8/4	No
Jilin Meihua	1,800,000.00	2021/12/23	2029/8/4	Yes
Jilin Meihua	846,552.38	2021/9/2	2029/8/4	No
Jilin Meihua	253,600.00	2021/9/2	2029/8/4	Yes
Jilin Meihua	41,170,200.00	2021/9/18	2029/8/4	No
Jilin Meihua	12,339,800.00	2021/9/18	2029/8/4	Yes
Jilin Meihua	10,301,000.00	2021/10/22	2029/8/4	No

Jilin Meihua	3,082,400.00	2021/10/22	2029/8/4	Yes
Jilin Meihua	18,728,981.82	2021/11/26	2029/8/4	No
Jilin Meihua	5,604,400.00	2021/11/26	2029/8/4	Yes
Jilin Meihua	13,032,727.27	2021/12/24	2029/8/4	No
Jilin Meihua	3,940,000.00	2021/12/24	2029/8/4	Yes
Jilin Meihua	104,000,000.00	2022/6/28	2025/6/26	No
Jilin Meihua	1,000,000.00	2022/6/28	2025/6/26	Yes
Jilin Meihua	34,000,000.00	2022/11/21	2025/10/6	No
Jilin Meihua	1,000,000.00	2022/11/21	2025/10/6	Yes
Jilin Meihua	30,000,000.00	2023/9/22	2025/9/22	No
Jilin Meihua	70,000,000.00	2022/6/17	2023/6/16	Yes
Jilin Meihua	30,000,000.00	2022/12/20	2023/12/20	Yes
Jilin Meihua	40,000,000.00	2022/12/20	2023/12/20	Yes
Jilin Meihua	100,000,000.00	2022/11/25	2023/11/15	Yes
Jilin Meihua	20,000,000.00	2023/4/17	2023/11/15	Yes
Jilin Meihua	20,000,000.00	2023/3/13	2023/11/15	Yes
Jilin Meihua	50,000,000.00	2023/3/13	2023/11/15	Yes
Jilin Meihua	50,000,000.00	2023/12/25	2024/12/21	No
Jilin Meihua	20,000,000.00	2023/5/22	2024/5/22	Yes
Jilin Meihua	20,000,000.00	2023/5/29	2024/5/25	Yes
Jilin Meihua	10,000,000.00	2023/5/30	2024/5/30	Yes
Jilin Meihua	20,000,000.00	2023/6/30	2024/6/30	No
Jilin Meihua	25,000,000.00	2023/5/5	2024/5/5	Yes
Jilin Meihua	5,000,000.00	2023/5/5	2024/5/5	Yes
Jilin Meihua	25,000,000.00	2023/6/13	2024/5/5	No
Tongliao Jianlong	50,000,000.00	2022/8/3	2032/4/23	No
Tongliao Jianlong	50,000,000.00	2022/8/3	2032/4/23	Yes
Tongliao Jianlong	40,000,000.00	2022/11/9	2032/4/23	No
Tongliao Jianlong	75,000,000.00	2022/11/23	2032/4/23	Yes
Tongliao Jianlong	53,000,000.00	2022/11/23	2032/4/23	No
Tongliao Jianlong	12,000,000.00	2022/11/25	2032/4/23	No
Tongliao Jianlong	20,000,000.00	2023/6/27	2029/5/30	No
Total	2,818,604,221.77			

The Company as the Guaranteed Party

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Guarantor	Guaranteed Amount	Start Date of Guarantee	Expiry Date of Guarantee	Whether the Guarantee Has Been Fully Fulfilled
Xinjiang Meihua	46,000,000.00	2020/12/25	2023/12/14	Yes
Xinjiang Meihua	46,000,000.00	2020/12/25	2023/12/14	Yes
Xinjiang Meihua	50,000,000.00	2021/1/1	2023/12/14	Yes
Xinjiang Meihua	50,000,000.00	2021/1/1	2023/12/14	Yes
Xinjiang Meihua	197,000,000.00	2021/12/28	2024/12/15	No

Xinjiang Meihua	1,000,000.00	2021/12/28	2024/12/15	Yes
Tongliao Meihua	66,775,500.00	2022/12/14	2025/12/8	No
Tongliao Meihua	674,500.00	2022/12/14	2025/12/8	Yes
Xinjiang Meihua	99,000,000.00	2022/12/14	2025/12/8	No
Xinjiang Meihua	1,000,000.00	2022/12/14	2025/12/8	Yes
Tongliao Meihua	98,500,000.00	2021/8/20	2024/8/18	Yes
Xinjiang Meihua	149,250,000.00	2022/6/24	2025/6/20	Yes
Tongliao Meihua, Xinjiang Meihua	180,000,000.00	2021/6/9	2024/6/8	Yes
Tongliao Meihua, Xinjiang Meihua	53,420,000.00	2022/6/13	2025/6/13	No
Tongliao Meihua, Xinjiang Meihua	4,930,000.00	2022/6/13	2025/6/13	Yes
Tongliao Meihua, Xinjiang Meihua	179,000,000.00	2023/3/31	2026/3/31	No
Tongliao Meihua, Xinjiang Meihua	1,000,000.00	2023/3/31	2026/3/31	Yes
Tongliao Meihua, Xinjiang Meihua	39,000,000.00	2023/4/23	2026/3/31	No
Tongliao Meihua, Xinjiang Meihua	1,000,000.00	2023/4/23	2026/3/31	Yes
Tongliao Meihua, Xinjiang Meihua	98,500,000.00	2021/6/21	2024/6/2	Yes
Tongliao Meihua, Xinjiang Meihua	48,500,000.00	2021/8/9	2024/8/2	Yes
Tongliao Meihua, Xinjiang Meihua	1,000,000.00	2022/3/7	2025/2/24	Yes
Tongliao Meihua, Xinjiang Meihua	98,000,000.00	2022/3/7	2025/2/24	No
Tongliao Meihua	10,000,000.00	2021/9/18	2024/9/17	No
Tongliao Meihua	38,500,000.00	2021/9/18	2024/9/17	Yes
Tongliao Meihua	98,500,000.00	2021/9/15	2024/9/12	Yes
Tongliao Meihua	90,000,000.00	2021/11/26	2024/11/25	Yes
Tongliao Meihua	56,000,000.00	2022/11/10	2025/5/22	Yes
Tongliao Meihua	78,000,000.00	2022/11/9	2025/5/22	Yes
Tongliao Meihua	196,000,000.00	2022/11/17	2025/11/14	No
Tongliao Meihua	4,000,000.00	2022/11/17	2025/11/14	Yes
Tongliao Meihua	160,000,000.00	2023/7/31	2023/12/26	Yes
Tongliao Meihua	100,000,000.00	2023/8/10	2023/12/28	Yes
Tongliao Meihua	50,000,000.00	2023/8/10	2024/1/8	No
Tongliao Meihua	50,000,000.00	2023/8/28	2023/9/20	Yes
Tongliao Meihua	50,000,000.00	2023/8/28	2023/11/20	Yes
Tongliao Meihua	38,000,000.00	2023/9/6	2024/2/5	No
Tongliao Meihua	50,000,000.00	2023/10/25	2024/3/14	No
Tongliao Meihua	50,000,000.00	2023/11/29	2024/4/30	No

Tongliao Meihua	150,000,000.00	2023/11/20	2024/2/18	No
Tongliao Meihua	30,000,000.00	2023/12/8	2024/6/7	No
Tongliao Meihua, Xinjiang Meihua	100,000,000.00	2022/5/30	2023/5/30	Yes
Tongliao Meihua, Xinjiang Meihua	100,000,000.00	2022/5/30	2023/5/30	Yes
Tongliao Meihua, Xinjiang Meihua	120,000,000.00	2022/12/22	2023/12/22	Yes
Tongliao Meihua, Xinjiang Meihua	100,000,000.00	2022/7/11	2023/7/11	Yes
Tongliao Meihua, Xinjiang Meihua	30,000,000.00	2023/1/31	2024/1/31	Yes
Tongliao Meihua, Xinjiang Meihua	200,000,000.00	2023/4/12	2024/4/12	Yes
Tongliao Meihua, Xinjiang Meihua	70,000,000.00	2022/11/29	2023/5/23	Yes
Tongliao Meihua, Xinjiang Meihua	50,000,000.00	2023/3/23	2023/6/19	Yes
Tongliao Meihua, Xinjiang Meihua	80,000,000.00	2023/4/26	2023/6/26	Yes
Tongliao Meihua, Xinjiang Meihua	70,000,000.00	2023/6/20	2023/11/30	Yes
Tongliao Meihua, Xinjiang Meihua	100,000,000.00	2023/7/12	2024/7/12	No
Tongliao Meihua, Xinjiang Meihua	150,000,000.00	2023/9/7	2024/9/7	No
Tongliao Meihua, Xinjiang Meihua	200,000,000.00	2023/10/23	2024/10/23	No
Tongliao Meihua, Xinjiang Meihua	50,000,000.00	2023/8/3	2023/11/20	Yes
Tongliao Meihua, Xinjiang Meihua	150,000,000.00	2023/8/25	2023/9/27	Yes
Total	4,378,550,000.00			

Explanation of Related Guarantees

□Applicable ✓Not Applicable

(5) Fund Borrowing by Related Parties

□Applicable ✓Not Applicable

(6) Status of Transfer of Assets and Debt Restructuring by Related Parties

□Applicable ✓Not Applicable

(7) Compensation of Key Management Personnel

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period

Compensation of Key Management Personnel	7,599.00	8,470.00

(8) Other Related Transactions

□Applicable ✓Not Applicable

6. Status of Items Receivable and Payable Unsettled by Related Parties

(1) Items Receivable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Item Name	Related Party	Ending Balance		Beginning Balance	
		Book Balance	Bad Debt Reserves	Book Balance	Bad Debt Reserves
Accounts Receivable	Tongliao Desheng Bio-tech Co., Ltd.	241,064.20	12,053.21	211,857.93	10,592.90
Advance Payments	Beitun Zefeng Agricultural Development Co., Ltd.	2,930,706.86	--	6,988,878.44	--

(2) Items Payable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Item Name	Related Party	Ending Book Balance	Beginning Book Balance
Contract Liabilities	Tongliao Desheng Bio-tech Co., Ltd.	2,466,558.36	72,389.38
Other Current Liabilities	Tongliao Desheng Bio-tech Co., Ltd.	320,652.59	9,410.62

(3) Other Items

□Applicable ✓Not Applicable

7. Commitments by Related Parties

□Applicable ✓Not Applicable

8. Others

✓Applicable □ Not Applicable

Related Donations

Lessee Name	Type of Related Transaction	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Tibet Meihua Charity Foundation	Donation	6,500,000.00	--
Total		6,500,000.00	--

XV. Share-based Payments

1. Various Equity Instruments

✓Applicable □ Not Applicable

Quantity Unit: Ten Thousand Shares Amount Unit: Yuan Currency: RMB

Category of Grant Recipients	Grants during the Current Period		Exercises during the Current Period		Unlocks during the Current Period		Forfeits during the Current Period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Stock Options					2,500	62,500,000		
Total					2,500	62,500,000		

Stock options or other equity instruments outstanding at the end of the period

□Applicable ✓Not Applicable

2. Status of Share-based Payments Settled by Equity

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Methods for Determining the Fair Value of Equity Instruments on the Grant Date	Closing Price on the Grant Date
Significant Parameters for Determining the Fair Value of Equity Instruments on the Grant Date	
Basis for Determining the Quantity of Exercisable Equity Instruments	Estimation Based on the Actual Quantity of Restricted Stock Recipients
Reasons for Significant Differences between Estimates for the Current Period and Previous Period	--
Accumulated Amount of Share-based Payments Settled by Equity Recorded in Capital Reserves	240,893,078.26

3. Status of Share-based Payments Settled by Cash

□Applicable ✓Not Applicable

4. Share-based Payment Expenses during the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category of Grant Recipients	Share-based Payment Expenses Settled by Equity	Share-based Payment Expenses Settled by Cash
Stock Options	3,933,692.75	
Total	3,933,692.75	

5. Modification and Termination of Share-based Payment

□Applicable ✓Not Applicable

6. Others

□Applicable ✓Not Applicable

XVI. Commitments and Contingencies

1. Significant Commitments

✓Applicable □ Not Applicable

Significant Commitments to External Parties as of the Balance Sheet Date and Their Nature and Amounts

1. Other Significant Financial Commitments

(1) Status of Mortgaged Assets

Collateral	Mortgage Certificate No.	Original Value	Net Value
Raw Material Storage 9＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	14,990,404.00	7,691,950.89
Raw Material Storage 8＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	14,201,059.00	7,286,918.29
Raw Material Storage 7＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	13,514,204.00	6,934,476.09
Raw Material Storage 6＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	13,583,081.00	6,969,818.58
Raw Material Storage 4＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	13,742,814.00	7,051,781.42
Raw Material Storage 1＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	20,163,386.00	9,823,599.14
Raw Material Storage 5＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	13,503,165.00	6,928,811.52
Raw Material Storage 3＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	17,435,333.00	8,946,505.29
Raw Material Storage 2＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	18,996,456.00	9,255,070.95
Drying and Screening Warehouse	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	307,552.00	157,812.75
Drying Workshop Heater Room 2＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	529,135.00	271,512.52
Drying Workshop Heater Room 1＃	Xin (2019) Sixth Division Real Estate Ownership No. 0009813	516,159.00	264,854.08
Solid Material Warehouse 1	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	13,079,741.00	6,372,448.21
Solid Material Warehouse 2	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,888,092.00	5,304,677.06
Finished Product Warehouse 1#	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,717,243.00	5,499,285.34
Finished Product Warehouse 2#	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,577,682.00	5,427,673.16
Finished Product Warehouse 3#	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,701,563.00	5,491,239.67
By-product Warehouse 3#Warehouse	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,866,449.00	5,575,846.59
By-product Warehouse 2#Warehouse	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	11,247,592.00	5,771,420.58
By-product Warehouse 1#Warehouse	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	10,997,633.00	5,358,045.47

Collateral	Mortgage Certificate No.	Original Value	Net Value
Xanthan Gum Alcohol Distillation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	5,291,336.00	2,655,688.26
Xanthan Gum Extraction Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	15,756,703.00	7,908,190.11
Xanthan Gum Transformer Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	1,434,516.48	765,597.75
Protein Separation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	13,523,822.00	6,488,234.94
Natamycin Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	8,231,315.42	4,756,592.57
Five-effect Evaporator Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	6,933,282.00	3,369,348.37
Raw Material Sugar Screening Warehouse No. 2	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	634,154.00	324,741.39
Raw Material Soaking Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	29,640,460.00	15,887,275.51
Raw Material Sugar By-product Packaging Floor	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	17,595,367.00	8,466,049.87
Raw Material Sugar Purification Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	13,643,220.00	6,986,501.09
Raw Material Sugar Distribution and Air Compression	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	2,117,267.00	1,084,222.71
Raw Material Sugar Glucose Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	37,794,396.15	18,430,766.20
Raw Material Sugar Screening Warehouse 1	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	412,800.00	211,389.19
Raw Material Sugar Circulating Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	3,186,753.00	1,631,891.40
Raw Material Main Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009810	59,616,663.88	30,551,553.85
Lysine 4#Gas Distribution Station	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	772,826.00	395,753.33
Lysine 35KV Substation	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	1,465,463.00	750,442.92
Lysine Circulating Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	2,500,247.30	1,439,735.32
Xanthan Gum Power Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	2,222,388.00	1,115,402.48
Xanthan Gum Fermentation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	13,000,176.70	9,346,585.39
Nucleotide Extraction Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	30,728,376.78	16,250,052.54

Collateral	Mortgage Certificate No.	Original Value	Net Value
Compound Fertilizer2＃ Gas Distribution Station	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	580,671.00	297,353.53
Heating Station Steam-driven Air Compressor Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	16,631,588.00	8,534,083.56
Heating Station Circulating Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	1,196,729.00	614,071.71
Glutamic Acid Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	1,893,406.00	920,133.52
Glutamic Acid Freezing Station	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	8,183,385.00	3,976,857.57
Glutamic Acid Hydrolysis Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	5,154,300.00	2,474,910.12
Glutamic Acid Extraction Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	28,371,495.50	13,886,540.29
Glutamic Acid 35KV Substation	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	799,965.56	410,164.97
Glutamic Acid Fermentation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	17,644,563.00	8,574,680.87
Xanthan Gum Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	4,114,910.00	2,065,247.59
Sulfuric Acid Pump Room (Glutamic Acid)	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	1,210,180.00	587,162.63
Serine 3＃Gas Distribution Station	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	609,865.00	312,303.40
Serine Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	2,629,842.00	1,346,705.04
Serine Fermentation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	17,609,683.00	8,449,718.95
Serine Ingredients	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	13,029,695.00	6,348,065.79
Serine Extraction Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	8,510,956.00	4,079,545.51
Lysine Power Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	4,385,976.00	2,245,996.77
Lysine Fermentation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	40,252,014.00	20,612,490.29
Lysine Extraction Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	67,382,586.50	34,501,467.84
Nucleotide Synthesis into Phosphorous Trichloride Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	3,155,624.61	1,668,785.42
Nucleotide Refining Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	13,480,692.34	7,198,700.26

Collateral	Mortgage Certificate No.	Original Value	Net Value
Nucleotide Alcohol Tank Area Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	224,782.09	119,442.32
Nucleotide Alcohol Recovery Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	2,240,980.65	1,185,095.22
Nucleotide Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	4,419,390.13	2,337,100.99
Nucleotide Fermentation Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	22,545,342.65	11,922,627.85
Nucleotide Synthesis Workshop	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	28,375,495.02	15,270,629.91
Nucleotide Utility Building	Xin (2019) Sixth Division Real Estate Ownership No. 0009809	12,768,362.22	7,070,158.66
Raw Material Weighing Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009811	903,725.00	440,294.80
Power Distribution Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009811	430,830.00	220,622.07
Rainwater Pump Room	Xin (2019) Sixth Division Real Estate Ownership No. 0009811	1,506,087.00	771,245.98
Total		**827,303,398.98**	**423,641,966.22**

*As of December 31, 2023, the related loans have been settled, but the mortgages have not been released.

Except for the above commitments, the Company has not made other significant commitments that necessitate disclosure but have not been disclosed as of December 31, 2023.

2. Contingencies

(1) Significant Contingencies as of the Balance Sheet Date

✓Applicable □ Not Applicable

1. Contingencies Arising from Pending Litigation or Arbitration and Their Financial Impact

(1) Litigation related to the Original Dalian Hanxin Bio-Pharmaceutical Co., Ltd.

As stipulated in the Equity Transfer Agreement signed by Lhasa Meihua Biological Investment Holding Co., Ltd., a wholly-owned subsidiary of the Company, to transfer 100% of the equity held in the Dalian Hanxin Bio-Pharmaceutical Co., Ltd.. (now known as AIM Honesty Biopharmaceutical Co., Ltd., hereinafter referred to as "AIM Honesty") to Liaoning AIM Biological Vaccine Technology Group Co., Ltd. (now known as AIM Vaccine Co., Ltd.), Lhasa Meihua Biological Investment Holding Co., Ltd. undertakes that except for the liabilities expressly recorded in the audit report and financial statements provided to the acquirer, and liabilities that were abnormally incurred by AIM Honesty and its subsidiaries in the normal course of business after the audit base date and have been disclosed to the acquirer, AIM Honesty and its subsidiaries have no other debts or contingent debts, and agrees that in the event of a breach of the commitment, Lhasa Meihua should bear the compensation liability for all direct or indirect economic losses suffered by other parties involved due to the breach. In accordance with the above provisions specified in the Equity Transfer Agreement, the Company has already fulfilled some compensation obligations in advance. Please refer to the Company's previous annual reports for details.

As of December 31, 2022, due to the clearance of historical legacy creditor's rights and debts, for the Company's other receivables, Zhuang Enda's debts of RMB 91,112,286.66 yuan, Lhasa Meihua has the right to seek recovery from Tibet Yiyuan Industry and Zhuang Enda according to the agreements entered into by and between the Company and the former actual controller of AIM Honesty, Tibet Yiyuan Industry, Zhuang Enda, etc.. After verification, Tibet Yiyuan Industry has no tangible industry and executable assets, and Zhuang Enda has been restricted from consumption by the People's Court of Wuhua District, Kunming City and the Intermediate People's Court of Kunming City many times, with no executable assets under his name. The above receivables have all been provided for bad debt reserves. After being reviewed and approved by the second meeting of the Tenth Board of Directors of the Company, the above bad debts have been written off, and the write-off will not have a significant impact on the Company's profits.

As of the reporting period, the pending lawsuits related to AIM Honesty are as follows:

Lhasa Meihua Biological Investment Holding Co., Ltd., a subsidiary of the Company, received a Notice of Debt Repayment issued by AIM Honesty on October 13, 2020. Pursuant to the Civil Judgment, (2015) DMSCZ No. 438 issued by the Intermediate People's Court of Dalian, Liaoning Province, Kunming Sunshine Measurement and Control Technology Co., Ltd. (hereinafter referred to as "Sunshine Measurement and Control") provided guarantee for the loan under the RMB Loan Contract, LJZ No. DL1114010272 signed with Dalian Branch, Bank of Jilin Co., Ltd. on behalf of AIM Honesty, with the No. 17-1-3 and 17-2 Land and five properties with right of use above the land in Kunming Economic and Technological Development Zone as collateral. The above-mentioned mortgaged land and properties were judicially auctioned on April 19, 2018, and the auction proceeds were used to repay the bank loans. Based on this, Sunshine Measurement and Control has the right to recover the debt from AIM Honesty.

According to relevant agreements such as the Equity Transfer Agreement of Dalian Hanxin Bio-Pharmaceutical Co., Ltd. signed between Lhasa Meihua, a subsidiary of the Company, and AIM Vaccine Co., Ltd., Lhasa Meihua is responsible for realizing the non-operating creditor's rights of AIM Honesty related to its former shareholder Tibet Yiyuan Industry Co., Ltd. (hereinafter referred to as "Tibet Yiyuan") and clearing the debts. Based on this, AIM Honesty issued the aforementioned Notice of Debt Repayment to Lhasa Meihua. According to the relevant agreements such as the Equity Transfer Agreement signed between Lhasa Meihua and AIM Honesty's former shareholder Tibet Yiyuan, Tibet Yiyuan is responsible for realizing the non-operating creditor's rights of AIM Honesty and clearing the debts. Based on the agreements mentioned above, all parties involved have reached a consensus agreement that Tibet Yiyuan and its affiliates will assume all the debts and their interest generated based on the recovery rights.

In December 2021, according to materials such as the copy of the lawsuit and the notice of response to action filed by Kunming Sunwise Co., Ltd. (hereinafter referred to as "Sunwise"), a company holding 100% of the shares of Sunshine Measurement and Control, against AIM Honesty and the Third Party Sunshine Measurement and Control for contract disputes [The Intermediate People's Court of Kunming, Yunnan Province (2021) Y01MC No. 4275] delivered by the Intermediate People's Court of Kunming, Yunnan Province, Sunwise, as a shareholder of Sunshine Measurement and Control, was declared bankrupt by the Intermediate People's Court of Kunming, Yunnan Province on March 15, 2019, and

Yunnan Zhenxu Law Firm was appointed as the administrator by the court. The administrator claimed that AIM Honesty had not pursued recovery from Sunshine Measurement and Control since it fulfilled its guarantee obligations and demanded AIM Honesty to repay the indemnity and pay the related interest and funds usage fees to Sunshine Measurement and Control. According to the agreements mentioned above, the Company have reached a consensus agreement with all related parties that Tibet Yiyuan and its affiliates will assume all the debts and their interest generated based on the recovery rights.

On October 18, 2022, the Intermediate People's Court of Kunming made the following judgments: 1) Defendant AIM Honesty Biopharmaceutical Co., Ltd. shall repay RMB 28,967,179.55 yuan to the Third Party Kunming Sunshine Measurement and Control Technology Co., Ltd. within ten days from the effective date of the judgment; 2) Defendant AIM Honesty Biopharmaceutical Co., Ltd. shall pay the fund usage fees on the basis of RMB 28,967,179.55 yuan from August 17, 2021 to the date of repayment calculated according to the loan prime rate published by the National Interbank Funding Center within ten days from the effective date of the judgment; 3) Other litigation requests from the plaintiff Kunming Sunwise Co., Ltd. were dismissed. Both the plaintiff and the defendant have submitted appeals.

On June 30, 2023, the Higher People's Court of Yunnan Province issued a judgment with the document number of [(2023) YMZ No. 324], ruling to dismiss the appeal and uphold the original judgment. AIM Honesty has applied for retrial to the Supreme People's Court regarding the above-mentioned dispute, and on December 4, 2023, the Supreme People's Court issued a notice of acceptance.

As stipulated in the Equity Transfer Agreement where Lhasa Meihua Biological Investment Holding Co., Ltd., a wholly-owned subsidiary of the Company, transferred 100% equity of AIM Honesty to AIM Vaccine Co., Ltd., Lhasa Meihua Biological Investment Holding Co., Ltd. that except for the liabilities expressly recorded in the audit report and financial statements provided to the acquirer, and liabilities that were abnormally incurred by AIM Honesty and its subsidiaries in the normal course of business after the audit base date and have been disclosed to the acquirer, AIM Honesty and its subsidiaries have no other debts or contingent debts, and agrees that in the event of a breach of the commitment, Lhasa Meihua should bear the compensation liability for all direct or indirect economic losses suffered by other parties involved due to the breach. During the reporting period, the Company made a provision for estimated liability compensation and its interest totaling RMB 30,888,616.17 yuan, in accordance with the judgment of the Higher People's Court of Yunnan Province.

(2) Litigation Related to Shandong Fufeng Fermentation Co., Ltd.

Shandong Fufeng Fermentation Co., Ltd. initiated legal proceedings against the Company and its subsidiary Xinjiang Meihua on December 3, 2014, for infringement of commercial secrets of xanthan gum production. After multiple trials, the Supreme People's Court issued a final judgment on January 9, 2024, with the following rulings: 1) Xinjiang Meihua Amino Acid Co., Ltd., Meihua Holdings Group Co., Ltd., and Zhang Wei are immediately ordered to cease infringing on Shandong Fufeng Fermentation Co., Ltd.'s commercial secrets of xanthan gum production, including refraining from disclosure, usage, and allowing others to use the involved commercial secrets; 2) Xinjiang Meihua Amino Acid Co., Ltd., Meihua Holdings Group Co., Ltd., and Zhang Wei are jointly liable to compensate Shandong Fufeng Fermentation

Co., Ltd. for economic losses amounting to RMB 15 million yuan within ten days from the effective date of the judgment. On March 5, 2024, the Intermediate People's Court of Jinan, Shandong Province issued the Execution Notice under (2024) L0Z No. 573, and the Judgment under (2022)ZGFZMZ No. 64 rendered by the Supreme People's Court has become legally effective. The applicant for execution, Shandong Fufeng Fermentation Co., Ltd., applied to the court for compulsory execution, requesting: 1) Fulfillment of the obligations determined by the aforementioned effective legal documents; 2) Payment of double interest on the debt during the delay in fulfillment; 3) Bearing the execution costs of RMB 500 yuan. According to the Civil Procedure Law and other laws and regulations, an effective judgment shall be enforced, and the Company voluntarily fulfilled all the contents of the second-instance judgment after receiving it. 1) Xinjiang Meihua has already fulfilled the compensation obligation according to the second article of the judgment. On February 1, 2024, it paid RMB 15 million yuan to Shandong Fufeng Fermentation Co., Ltd., and accrued an estimated liability of RMB 15 million yuan for economic loss compensation for the current year based on the above judgment results. 2) The second-instance judgment presumed that the Company and Xinjiang Meihua should bear joint and several liability for the infringement of commercial secrets of xanthan gum production in the Zhang Wei case. Based on professional legal advice from attorneys, the Company believes that Xinjiang Meihua's xanthan gum production technology information, process routes on related production lines, and equipment all originate from legitimate sources, with no evidence of infringing upon the commercial secrets of xanthan gum production in the case during actual manufacturing operations. Whether the technical information actually used by Xinjiang Meihua in current operations is identical to the commercial secrets of xanthan gum production in the case and whether it needs to cease usage should be determined by the people's court in a separate case according to law. After comprehensive evaluation based on professional opinions, the Company believes that the judgment is unlikely to have a substantial impact on its production and operations.

Both the Company and Xinjiang Meihua insist that there has been no infringement of commercial secrets in Xinjiang Meihua's xanthan gum production and sales processes. The Company will file for a retrial regarding the effective judgement of the second instance according to law. If the judgment is revoked through the trial supervision procedure, the Company reserves the right to request the execution of reversal.

2．Contingencies Arising from the Provision of Debt Guarantees to External Parties and Their Financial Impact

Refer to 5(4) - Status of Related Guarantees in Section XIV for details of guarantees provided to related parties.

Except for the above contingencies, the Company has no other significant contingencies that require disclosure but have not been disclosed as of December 31, 2023.

(2) Explanation should be also provided even if the Company has no significant contingencies that require disclosure:

□Applicable ✓Not Applicable

3. Others

□Applicable ✓Not Applicable

XVII. Matters after the Balance Sheet Date

1. Significant Non-Adjusting Matters

□Applicable ✓Not Applicable

2. Status of Profit Distribution

✓Applicable □ Not Applicable

Unit: Hundreds of Millions Currency: RMB

Profits or Dividends to be Distributed	12.00
Profits or Dividends Declared for Distribution After Deliberation and Approval	

3. Sales Returns

□Applicable ✓Not Applicable

4. Explanation of Matters after Other Balance Sheet Dates

✓Applicable □ Not Applicable

Except for the aforementioned matters after the balance sheet date, the Company has no other significant matters after the balance sheet date that require disclosure but have not been disclosed as of the date of approval of the financial report.

XVIII. Other Significant Matters

1. Correction of Prior Accounting Errors

(1) Retrospective Restatement

□Applicable ✓Not Applicable

(2) Prospective Application

□Applicable ✓Not Applicable

2. Significant Debt Restructuring

□Applicable ✓Not Applicable

3. Asset Swap

(1) Exchange of Non-monetary Assets

□Applicable ✓Not Applicable

(2) Other Asset Swap

□Applicable ✓Not Applicable

4. Pension Plans

□Applicable ✓Not Applicable

5. Termination of Operations

□Applicable ✓Not Applicable

6. Segment Information

(1) Determination Basis and Accounting Policies for Reporting Segments

□Applicable ✓Not Applicable

(2) Financial Information of Reporting Segments

□Applicable ✓Not Applicable

(3) If the company does not have reporting segments, or cannot disclose the total assets and liabilities of each reporting segment, the reasons should be explained.

✓Applicable □ Not Applicable

The Company determines operating segments based on internal organizational structure, management requirements, and internal reporting systems. The operating segments of the Company refer to components that meet the following conditions:

(1) The component generates revenue and incurs expenses in its daily activities;

(2) The management can evaluate the operating results of the component on a regular basis to decide the resource allocation for it and assess its performance;

(3) Relevant accounting information such as financial status, operating results, and cash flows of the component can be obtained.

The Company determines reporting segments based on operating segments, and an operating segment is determined as a reporting segment if it meets one of the following conditions:

(1) The operating segment's revenue accounts for 10% or more of the total revenue of all segments;

(2) The absolute amount of segment profit (or loss) for the segment accounts for 10% or more of either the total profit of profitable segments or the total loss of loss-making segments, whichever is greater.

The Company has not disclosed segment reports mainly because: the Company's sales revenue and gross profit are disclosed based on the segment basis of daily operating management. Additionally, items such as management expenses, financial expenses and taxes on the income statement and assets and liabilities cannot be split and disclosed according to segment requirements.

(1) Tongliao Meihua and Xinjiang Meihua, subsidiaries of the Company, produce multiple products across several segments. Therefore, management expenses, financial expenses, income tax, and other items on the income statement, including corresponding items of the Company, cannot be attributed to specific products;

(2) The Company is a capital-intensive manufacturing enterprise. Although it produces various products, the manufacturing processes are similar, with many fixed assets being shared. Some production lines also produce multiple kinds of products throughout the year. Hence, the fixed assets used for production cannot be distinguished by segments.

(3) Apart from production lines, the Company has numerous shared facilities such as heating stations, sewage treatment, and basic chemical production lines. The products and services provided by these facilities are shared among multiple segments, making it impossible to distinguish them by segments.

(4) The Company's debt financing cannot be specifically allocated to specific business segments.

Therefore, segment information is not presented in this financial statement.

(4) Other Explanations

□Applicable ✓Not Applicable

7. Other Significant Transactions and Matters Affecting Decisions by Investors

□Applicable ✓Not Applicable

8. Others

□Applicable ✓Not Applicable

XIX. Notes to Main Items on the Parent Company's Financial Statement

1. Accounts Receivable

(1) Disclosure by Aging

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending Book Balance	Beginning Book Balance
Within 1 year		
Including: Sub-items for within 1 year		
Within 1 year	174,600,238.32	261,845,607.75
Within 1 year Subtotal	174,600,238.32	261,845,607.75
1 to 2 years		
2 to 3 years		
Over 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		
Less: Bad Debt Reserves	8,561,015.72	11,096,479.35
Total	166,039,222.60	250,749,128.40

(2) Classified Disclosure by Bad Debt Provision Methods

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Ending Balance					Beginning Balance				
	Book Balance		Bad Debt Reserves		Book Value	Book Balance		Bad Debt Reserves		Book Value
	Amount	Ratio (%)	Amount	Provision Ratio(%)		Amount	Ratio (%)	Amount	Provision Ratio(%)	
Provisions for Bad Debt Reserves on an Individual-item Basis										
Including:										
Provisions for Bad Debt Reserves on a Portfolio Basis:	174,600,238.32	100.00	8,561,015.72	4.90	166,039,222.60	261,845,607.75	100.00	11,096,479.35	4.24	250,749,128.40
Including:										

Including: Related Party Portfolio within the Consolidation Scope	3,379,923.96	1.94	--	--	3,379,923.96	39,916,020.67	15.24	--	--	39,916,020.67
Aging Analysis Portfolio	171,220,314.36	98.06	8,561,015.72	5.00	162,659,298.64	221,929,587.08	84.76	11,096,479.35	5.00	210,833,107.73
Total	174,600,238.32	/	8,561,015.72	/	166,039,222.60	261,845,607.75	/	11,096,479.35	/	250,749,128.40

Provisions for Bad Debt Reserves on an Individual-item Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves on a Portfolio Basis:
✓Applicable □ Not Applicable
Items for provisions on a portfolio basis: Aging Analysis Portfolio

Unit: Yuan Currency: RMB

Name	Ending Balance		
	Accounts Receivable	Bad Debt Reserves	Provision Ratio (%)
Within 1 year	171,220,314.36	8,561,015.72	5.00
Total	171,220,314.36	8,561,015.72	5.00

Explanation of Provisions for Bad Debt Reserves on a Portfolio Basis:
□Applicable ✓Not Applicable
Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses
□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of significant changes in the book balance of accounts receivable with changes in loss reserves during the current period:
□Applicable ✓Not Applicable

(3) Status of Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Category	Ending Balance	Amount of Changes in the Current Period				Ending Balance
		Provision	Recovered or Reversed	Written off	Other Changes	
Accounts Receivable with Provisions for Credit Impairment Losses on an Individual-item Basis	--	--	--	--	--	--
Accounts Receivable with Provisions for Credit Impairment Losses on a Portfolio Basis						
Including: Related Party Portfolio within the Consolidation Scope	--	--	--	--	--	--
Aging Analysis Portfolio	11,096,479.35	--	2,535,463.63	--	--	8,561,015.72
Total	11,096,479.35	--	2,535,463.63	--	--	8,561,015.72

Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(4) Status of Accounts Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including write-off of significant accounts receivable

□Applicable ✓Not Applicable

Explanation of write-off of accounts receivable:

□Applicable ✓Not Applicable

(5) Overview of Accounts Receivable and Contract Assets Ranking Top Five in Ending Balances Aggregated by Debtors

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Company Name	Ending Balance of Accounts Receivable	Ending Balance of Contract Assets	Ending Balance of Accounts Receivable and Contract Assets	Proportion in the Total Ending Balance of Accounts Receivable and Contract Assets (%)	Ending Balance of Bad Debt Reserves
First	24,568,087.39		24,568,087.39	14.07	1,228,404.37
Second	23,234,089.00		23,234,089.00	13.31	1,161,704.45
Third	22,014,704.10		22,014,704.10	12.61	1,100,735.21
Fourth	14,599,487.00		14,599,487.00	8.36	729,977.89
Fifth	11,491,737.25		11,491,737.25	6.58	574,586.86
Total	95,908,104.74		95,908,104.74	54.93	4,795,408.78

Other Explanations:

✓Applicable □ Not Applicable

At the end of the period, there were no accounts receivable derecognized due to the transfer of financial assets.

At the end of the period, there were no balances of assets and liabilities formed by the transfer of accounts receivable and continued involvement.

2. Other Receivables

Presentation of Items

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance	Beginning Balance
Interest Receivable		
Dividends Receivable	1,230,000,000.00	900,000,000.00
Other Receivables	497,988,609.74	1,285,996,210.03
Total	1,727,988,609.74	2,185,996,210.03

Other Explanations:

□Applicable ✓Not Applicable

Interest Receivable

(1) Classification of Interest Receivable

□Applicable ✓Not Applicable

(2) Significant Overdue Interest

□Applicable ✓Not Applicable

(3) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on a Portfolio Basis:

□Applicable ✓Not Applicable

(4) Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of significant changes in the book balance of interest receivable with changes in loss reserves during the current period:

□Applicable ✓Not Applicable

(5) Status of Bad Debt Reserves

□Applicable ✓Not Applicable

Including bad debts with significant amounts to be recovered or reversed during the period:

□Applicable ✓Not Applicable

(6) Status of Interest Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including write-off of significant interest receivable

□Applicable ✓Not Applicable

Write-off Explanation:

□Applicable ✓Not Applicable

Other Explanations:

□Applicable ✓Not Applicable

Dividends Receivable

(7) Dividends Receivable

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items (or Invested Units)	Ending Balance	Beginning Balance
Tongliao Meihua Bio-Tech Co., Ltd.	630,000,000.00	600,000,000.00
Xinjiang Meihua Amino Acid Co., Ltd.	400,000,000.00	300,000,000.00
Jilin Meihua Amino Acid Co., Ltd.	200,000,000.00	--
Total	1,230,000,000.00	900,000,000.00

(8) Significant Dividends Receivable with an Aging Exceeding 1 year

□Applicable ✓Not Applicable

(9) Classified Disclosure by Bad Debt Provision Methods

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Explanation of Provisions for Bad Debt Reserves on an Individual-item Basis:

□Applicable ✓Not Applicable

Provisions for Bad Debt Reserves on a Portfolio Basis:

□Applicable ✓Not Applicable

(10) Provisions for Bad Debt Reserves based on the General Model of Expected Credit Losses

□Applicable ✓Not Applicable
Basis for Staging and Provision Ratios for Bad Debt Reserves
Explanation of significant changes in the book balance of dividends receivable with changes in loss reserves during the current period
□Applicable ✓Not Applicable

(11) Status of Bad Debt Reserves

□Applicable ✓Not Applicable
Including bad debts with significant amounts to be recovered or reversed during the period:
□Applicable ✓Not Applicable

(12) Status of Dividends Receivable Actually Written Off during the Current Period

□Applicable ✓Not Applicable
Including write-off of significant dividends receivable
□Applicable ✓Not Applicable
Write-off Explanation:
□Applicable ✓Not Applicable
Other Explanations:
□Applicable ✓Not Applicable

Other Receivables

(13) Disclosure by Aging

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Aging	Ending Book Balance	Beginning Book Balance
Within 1 year		
Including: Sub-items for within 1 year		
Within 1 year	498,225,281.32	1,263,521,314.72
Within 1 year Subtotal	498,225,281.32	1,263,521,314.72
1 to 2 years	592,142.42	7,040,000.00
2 to 3 years	--	18,219,765.72
Over 3 years		
3 to 4 years	200,000.00	--
4 to 5 years	--	--
Over 5 years	85,842,687.00	85,892,687.00
Less: Bad Debt Reserves	86,871,501.00	88,677,557.41
Total	497,988,609.74	1,285,996,210.03

(14) Classification by Nature of Accounts

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Nature of Accounts	Ending Book Balance	Beginning Book Balance
Intercompany Account Current	480,833,286.11	1,234,083,672.23
Deposits	600,000.00	420,000.00
Receivables for Land and Real Estate	85,672,687.00	85,672,687.00
Others	1,828,587.91	2,788,764.27

Export Tax Refunds receivable	15,925,549.72	51,708,643.94
Less: Bad Debt Reserves	86,871,501.00	88,677,557.41
Total	497,988,609.74	1,285,996,210.03

(15) Provision for Bad Debt Reserves

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Bad Debt Reserves	Phase 1	Phase 2	Phase 3	Total
	Expected Credit Losses over the Next 12 Months	Expected Credit Losses for the entire Duration (without Credit Impairment)	Expected Credit Losses for the entire Duration (with Credit Impairment)	
Balance as of January 1, 2023	3,004,870.41		85,672,687.00	88,677,557.41
Balance as of January 1, 2023 during the Current Period				
--=Transferred to Phase 2				
--Transferred to Phase 3				
-- Reversed to Phase 2				
--Reversed to Phase 1				
Provision for the Current Period				
Reversal for the Current Period	1,806,056.41	--	--	1,806,056.41
Write-off for the Current Period				
Write-off for the Current Period				
Other Changes				
Balance as of December 31, 2023	1,198,814.00		85,672,687.00	86,871,501.00

Basis for Staging and Provision Ratios for Bad Debt Reserves

Explanation of significant changes in the book balance of other receivables with changes in loss reserves during the current period:

□Applicable ✓Not Applicable

Basis for amount of provisions for bad debt reserves and the assessment of significant increase in credit risk of financial instruments:

□Applicable ✓Not Applicable

(16) Status of Bad Debt Reserves

□Applicable ✓Not Applicable

Including bad debt reserves with significant amount reversed or recovered during the current period:

□Applicable ✓Not Applicable

(17) Status of Other Receivables Actually Written Off during the Current Period

□Applicable ✓Not Applicable

Including write-off of significant other receivables:

□Applicable ✓Not Applicable

Explanation of write-off of other receivables:

□Applicable ✓Not Applicable

(18) Overview of Other Receivables Ranking Top Five in Ending Balances Aggregated by Debtor

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Company Name	Ending Balance	Proportion in Total Amount of Ending Balances of Other Receivables (%)	Nature of Accounts	Aging	Ending Balance of Bad Debt Reserves
Jilin Meihua Amino Acid Co., Ltd.	480,608,486.11	82.19	Intercompany Account Current	Within 1 year	--
Bazhou Metal Glass Furniture Industrial Park	85,672,687.00	14.65	Receivables for Land and Real Estate	Over 5 years	85,672,687.00
Tibet Lhasa Economic and Technological Development Zone Taxation Bureau, State Taxation Administration	15,925,549.72	2.72	Export Tax Refunds Receivable	Within 1 year	796,277.49
Bazhou Work Injury Insurance Management Office	1,110,639.27	0.19	Work Injury Expenses	Within 1 year	55,531.96
	592,142.42	0.10		1-2 years	59,214.24
Xinjiang Meihua Amino Acid Co., Ltd.	224,800.00	0.04	Intercompany Account Current	Within 1 year	--
Total	584,134,304.52	99.89	/	/	86,583,710.69

(19) Presented Under Other Receivables Due to Centralized Fund Management

□Applicable ✓Not Applicable

✓Applicable □ Not Applicable

There were no other receivables involving government grants at the end of the period.

There were no other receivables derecognized due to transfer of financial assets at the end of the period.

There were no amounts of assets and liabilities formed due to the transfer of other receivables and continued involvement.

3. Long-term Equity Investments

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Ending Balance			Beginning Balance		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Investment in Subsidiaries	7,637,850,728.14	--	7,637,850,728.14	7,108,299,692.82	--	7,108,299,692.82
Investment in Associates and Joint Ventures						
Total	7,637,850,728.14	--	7,637,850,728.14	7,108,299,692.82	--	7,108,299,692.82

(1) Investment in Subsidiaries

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Invested Units	Beginning Balance	Increase during the Current Period	Decrease during the Current Period	Ending Balance	Provisions for Impairment Reserves for the Current Period	Ending Balance of Impairment Reserves
Tongliao Meihua Bio-Tech Co., Ltd	1,954,856,225.51	395,185.73	--	1,955,251,411.24		--
Xinjiang Meihua Amino Acid Co., Ltd.	2,521,124,248.34	361,629.17	--	2,521,485,877.51		--
Langfang Meihua Seasoning Co., Ltd.	252,140,088.52	27,635.35	--	252,167,723.87		--
Langfang Meihua Bio-Technology Development Co., Ltd.	41,682,839.24	68,298.96	--	41,751,138.20		--
Lhasa Meihua Biological Investment Holding Co., Ltd.	800,000,000.00	--	--	800,000,000.00		--
Meihua Group International Trading (Hong Kong) Limited	6,277,900.00	--	--	6,277,900.00		--
Meihua (Shanghai) Bio-Technology Co., Ltd.	3,000,000.00	28,000,000.00	--	31,000,000.00		--
Jilin Meihua Amino Acid Co., Ltd.	1,529,218,391.21	500,448,286.11	--	2,029,666,677.32		--

Zhuhai Hengqin Meihua Bio-Technology Co., Ltd.	--	250,000.00	--	250,000.00		--
Total	7,108,299,692.82	529,551,035.32	--	7,637,850,728.14		--

(2) Investment in Associates and Joint Ventures

□Applicable ✓Not Applicable

(3) Impairment Testing of Long-term Equity Investments

□Applicable ✓Not Applicable

4. Operating Revenues and Operating Costs

(1) Status of Operating Revenues and Operating Costs

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Revenues	Costs	Revenues	Costs
Main Business	18,901,240,236.28	18,372,725,610.35	19,662,277,591.25	18,851,397,691.61
Other Business	18,250,745.67	17,268,512.07	18,568,577.59	17,253,269.43
Total	18,919,490,981.95	18,389,994,122.42	19,680,846,168.84	18,868,650,961.04

(2) Decomposition Information of Operating Revenues and Operating Costs

□Applicable ✓Not Applicable

Other Explanations:

✓Applicable □ Not Applicable

1. Main Business (by products)

Items	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Revenues	Costs	Revenues	Costs
Food Flavor and Texture Optimization Products	7,288,717,376.80	7,087,695,867.84	7,691,998,678.21	7,378,745,215.10
Animal Nutrition Amino Acids	9,957,628,301.13	9,692,616,383.97	10,278,203,231.16	9,884,562,420.35
Human Medical Amino Acids	471,065,908.19	460,573,161.60	437,068,240.01	415,990,475.77
Others	1,183,828,650.16	1,131,840,196.94	1,255,007,441.87	1,172,099,580.39
Total	18,901,240,236.28	18,372,725,610.35	19,662,277,591.25	18,851,397,691.61

2. Main Business (by regions)

Region Name	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Operating Revenues	Operating Costs	Operating Revenues	Operating Costs
Domestic Sales	18,678,019,409.87	18,274,817,341.61	18,955,906,648.81	18,367,619,241.31

Region Name	Amount Incurred during the Current Period		Amount Incurred during the Previous Period	
	Operating Revenues	Operating Costs	Operating Revenues	Operating Costs
Export Sales	223,220,826.41	97,908,268.74	706,370,942.44	483,778,450.30
Total	18,901,240,236.28	18,372,725,610.35	19,662,277,591.25	18,851,397,691.61

3. Revenues of the Company's Top Five Customers

Company Name	Amount	Proportion in the Total Operating Revenues (%)
First	731,748,004.84	3.87
Second	629,438,959.04	3.33
Third	473,576,288.40	2.50
Fourth	433,103,973.40	2.29
Fifth	373,189,772.31	1.97
Total	2,641,056,997.99	13.96

(3) Explanation of Performance Obligations

□Applicable ✓Not Applicable

(4) Explanation of Allocation to Remaining Performance Obligations

□Applicable ✓Not Applicable

(5) Significant Contract Changes or Significant Adjustments to Transaction Prices

□Applicable ✓Not Applicable

5. Investment Income

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount Incurred during the Current Period	Amount Incurred during the Previous Period
Investment Income from Long-term Equity Investments Accounted for by the Cost Method	1,730,000,000.00	1,592,000,000.00
Investment Income from Long-term Equity Investments Accounted for by the Equity Method		
Investment Income from the Disposal of Long-term Equity Investments		
Investment Income from Financial Assets Held for Trading during the Holding Period	3,796,166.67	--
Dividend Income from Other Equity Instrument Investments during the Holding Period	2,816,000.00	2,816,000.00
Dividend Income from Debt Investments during the Holding Period		
Dividend Income from other Debt Investments during the Holding Period		

Investment Income from the Disposal of Financial Assets Held for Trading	2,240,303.28	6,477,987.85
Investment Income from the Disposal of Other Equity Instrument Investments		
Investment Income from the Disposal of Debt Investments		
Investment Income from the Disposal of Other Debt Investments		
Debt Restructuring Gains		
Others	4,118,595.00	--
Total	1,742,971,064.95	1,601,293,987.85

6. Others

□Applicable ✓Not Applicable

XX. Supplementary Information

1. Detailed Statement of Non-recurring Profits and Losses for the Current Period

✓Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Items	Amount	Explanation
Profits or losses from disposal of non-current assets, including the portion offset against impairment provisions already accrued	(38,915,902.24)	
Government grants recorded in the profit or loss for the current period, excluding those closely related to the Company's normal operating activities, complying with national policies, entitled according to specified standards, and having a continuous impact on the Company's profit or loss	240,560,349.82	
Profits or losses arising from fair value changes of financial assets and financial liabilities held by non-financial enterprises, as well as profits or losses arising from the disposal of financial assets and financial liabilities, excluding the effective hedging business related to the Company’s normal operating activities	(35,150,749.48)	
Fund usage fees charged to non-financial enterprises and recorded in the profit or loss for the current period		
Profits or losses from entrusting others to invest or manage assets		
Profits or losses from loans entrusted to others		
Asset losses incurred due to force majeure, such as natural disasters		
Reversal of impairment reserves for receivables undergoing individual impairment testing	1,861,963.30	
Income generated when the investment costs borne by the Company in acquisition of subsidiaries, associates, and joint ventures are less than the fair value of identifiable net assets entitled to the Company when the investment is acquired		
Net profits or losses of subsidiaries generated from the beginning of the period to the date of consolidation through enterprise merger under the same control		
Profits or losses from non-monetary asset exchanges		
Profits or losses from debt restructuring		
One-time expenses incurred by enterprises due to discontinuation of related operating activities, such as employee resettlement expenses, etc.		
One-time impact on profit or loss for the current period due to adjustments to tax, accounting, and other laws and regulations		

Stock-based payment expenses recognized one-time due to cancellation or modification of equity incentive plans		
Profits or losses from changes in the fair value of employee compensation payable after the exercise date for share-based payments settled by cash		
Profits or losses from changes in the fair value of investment properties measured subsequently using the fair value model		
Income from transactions with significant price misalignment		
Profits or losses from contingencies unrelated to the Company's normal operating activities	-45,888,616.17	
Custodian fee income from entrusted operations		
Other non-operating revenues and expenditures not mentioned above	-1,380,228.88	
Other profit or loss items meeting the definition of non-recurring profits and losses		
Less: Income tax impact	23,938,637.04	
Minority shareholders' equity impact (after tax)		
Total	97,148,179.31	

For items not listed in the *Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Profits and Losses* but considered as non-recurring profits and losses with significant amounts, as well as items defined as recurring profits and losses in the *Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Profits and Losses,* the Company should provide reasons for such classification.
□Applicable ✓Not Applicable

Other Explanations
□Applicable ✓Not Applicable

2. Return on Equity and Earnings per Share
✓Applicable □ Not Applicable

Profits during the Reporting Period	Weighted Average Return on Equity (%)	Earnings per Share	
		Basic Earnings per Share	Diluted Earnings per Share
Net profit attributable to ordinary shareholders of the Company	23.48	1.06	1.06
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	22.76	1.03	1.03

3. Differences in Accounting Data under Domestic and Foreign Accounting Standards
□Applicable ✓Not Applicable

4. Others
□Applicable ✓Not Applicable

Chairman: Wang Aijun

Date Approved by the Board of Directors for Submission: March 18, 2024

Revision Information

□Applicable ✓Not Applicable