2026
INTERIM REPORT

GON
国恩股份

青島國恩科技股份有限公司
QINGDAO GON TECHNOLOGY CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 002768.SZ | 2768.HK

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Aiguo *(Chairman)*
Mr. Li Zonghao
Ms. Li Huiying
Mr. Han Bo

Independent Non-executive Directors

Mr. Sun Jianqiang
Ms. Hong Ting
Mr. Huang Zhaoge *(appointed on 9 June 2026)*
Mr. Wang Yaping *(retired on 9 June 2026)*

JOINT COMPANY SECRETARIES

Ms. Yu Yu
Ms. Chan Yuk Wing

AUTHORISED REPRESENTATIVES

Mr. Wang Aiguo
Ms. Chan Yuk Wing

AUDIT COMMITTEE

Mr. Sun Jianqiang
(Chairman)
Ms. Hong Ting
Mr. Huang Zhaoge *(appointed on 9 June 2026)*
Mr. Wang Yaping *(retired on 9 June 2026)*

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Huang Zhaoge
(Chairman, appointed on 9 June 2026)
Ms. Li Huiying
Mr. Sun Jianqiang
Mr. Wang Yaping
(Former chairman, retired on 9 June 2026)

NOMINATION COMMITTEE

Ms. Hong Ting
(Chairperson, appointed on 9 June 2026)
Mr. Li Zonghao
Mr. Sun Jianqiang
Mr. Wang Yaping
(Former chairman, retired on 9 June 2026)

STRATEGY COMMITTEE

Mr. Wang Aiguo *(Chairman)*
Mr. Li Zonghao
Mr. Han Bo
Mr. Sun Jianqiang
Mr. Huang Zhaoge *(appointed on 9 June 2026)*
Mr. Wang Yaping *(retired on 9 June 2026)*

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 2 Road, Qingda Industrial Park
Jihongtan Sub-district
Chengyang District
Qingdao City
Shandong Province
PRC

REGISTERED OFFICE IN THE PRC

No. 2 Road, Qingda Industrial Park
Jihongtan Sub-district
Chengyang District
Qingdao City
Shandong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 05, 58/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716,
17th Floor Hopewell Centre
183 Queen's Road East Wan Chai,
Hong Kong

LEGAL ADVISORS

As to Hong Kong law
Eric Chow & Co. in Association with Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

Jingtian & Gongcheng LLP
Suites 3203–3209
32nd Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Commerce & Finance Law Offices
12–15th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

Shanghai Renying Law Firm
Room 705, Baoshi Building
Building 20
No. 487 Tianlin Road
Xuhui District
Shanghai
PRC

AUDITOR

ShineWing Certified Public Accountants (Special General Partnership)
8/F, Block A, Fu Hua Mansion
No. 8 Chaoyangmen Beidajie
Dongcheng District
Beijing
PRC

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANK

China Construction Bank Corporation
Qingdao Chengyang Sub-branch
200 Zhengyang Road
Chengyang District
Qingdao City
Shandong Province
PRC

COMPANY'S WEBSITE

http://www.qdgon.com/

STOCK CODE

002768.SZ 2768.HK

FINANCIAL SUMMARY

	January-June 2026 **RMB'000**	January-June 2025 RMB'000	Percentage change (%)
Operating revenue	**11,514,439**	9,753,672	18.05
Net profit attributable to shareholders of the listed company	**654,809**	345,862	89.33
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	**640,276**	333,748	91.84
Net cash flow from operating activities	**320,635**	338,001	-5.14
Basic earnings per share (RMB/share)	**1.53**	0.88	73.86
Diluted earnings per share (RMB/share)	**1.53**	0.88	73.86
Weighted average return on equity (%)	**9.68**	6.73	2.95

	30 June 2026 **RMB'000**	31 December 2025 RMB'000	Percentage change (%)
Total assets	**22,592,761**	19,787,851	14.17
Net assets attributable to shareholders of the listed company	**7,121,675**	5,731,826	24.25

Note:

1. The A Shares of the Company have been listed and traded on the Shenzhen Stock Exchange since 30 June 2015, and the Company has prepared financial statements in accordance with the China Accounting Standards for Business Enterprises. The H Shares of the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange on 4 February 2026. The financial statements as set out in the prospectus disclosed at the time of the initial public offering of the H Shares of the Company and the 2025 Annual Report disclosed after the listing were prepared in accordance with the International Financial Reporting Standards. In view of the fact that the financial reports prepared under the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards have largely converged and in order to further enhance the efficiency of information disclosure, the Company decided on 30 March 2026, pursuant to the relevant provisions of the Hong Kong Listing Rules, to uniformly adopt the China Accounting Standards for Business Enterprises for the preparation of financial reports and disclosure of related financial information from 2026 onwards. Accordingly, the comparative financial data contained in this announcement as at 30 June 2025 and 31 December 2025 have been prepared in accordance with the China Accounting Standards for Business Enterprises.

2. During the Reporting Period, the Company transferred 4.80 new shares for every 10 shares held by all shareholders, with corresponding adjustments made to the earnings per share for the same period last year.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group implements the "One Core, Two Wings" development strategy centred around our vertically integrated industrial platform, with scientific and technological innovation as the core, long-term economies of scale as the goal, and new chemical materials and the biomedicine and healthcare industry as its two wings. To date, the Group has developed into a vertically integrated new chemical materials industrial cluster comprising green petrochemical new materials, organic polymer-modified materials, organic polymer composite materials, biodegradable materials, optoelectronic displays, sports and health materials, and lightweight structural components for new energy vehicles. Meanwhile, the Group has a controlling interest in Dongbao Bio-Tech (stock code: 300239.SZ), a listed company in the collagen sector, and has established an in-depth presence across niche segments of the biomedicine and healthcare industry through the extensive application of gelatin, gelatin under Part II of the Pharmacopoeia, collagen, empty capsules, dual-protein dietary fibre and beauty products in "medical, beauty, wellness, food" applications.

(I) New Chemical Materials

In the field of new chemical materials, the Company is making every effort to develop three principal business engines centred on green petrochemical new materials, organic polymer-modified materials and organic polymer composite materials. It is building a multi-dimensional "New Materials+" industrial ecosystem and continuously enhancing the vertically integrated layout of the new chemical materials industry.

1. Green petrochemical new materials

Through strategic investments in a series of industry chain extension projects, including Gon Chemical (Dongming)'s "200,000 tonnes/year Styrene (SM) and 80,000 tonnes/year Propylene Oxide (PO) Co-production Project", Gon Polymer.1's "1,000,000 tonnes/year Polystyrene (PS) Project", Hong Kong Petrochemical's "250,000 tonnes/year High-performance Polystyrene (PS) Project", Rizhao Gon's "120,000 tonnes/year Expandable Polystyrene (EPS) Project" and Jiangsu Guoheng's "200,000 tonnes/year Polypropylene (PP) Project", the Company has actively expanded into the upstream industry chain of polymer-modified materials. By leveraging economies of scale to secure cost advantages, the Company has further strengthened its core competitiveness.

Styrene (SM), as an important synthetic raw material, is a key monomer used to synthesise target polymers in the polymer industry. It is principally used in the synthesis of polystyrene (PS), expandable polystyrene (EPS), ABS resin and SAN resin. In the synthetic rubber and elastomer industry, it is mainly used to produce materials such as styrene-butadiene rubber (SBR) and SBS elastomers. In addition, it is used as an industrial chemical and intermediate, principally in the production of unsaturated polyester resins, ion-exchange resins, pharmaceutical and pesticide intermediates, coatings and cross-linking agents. Downstream styrene products are widely used in the automotive, home appliance, toy, construction, textile, papermaking and footwear industries. They are deeply integrated into daily life and industrial production, support the diverse needs of modern industry and constitute an indispensable core raw material in the chemical industry chain. Propylene oxide (PO) is a highly important cyclic ether organic compound and the third-largest propylene derivative after polypropylene and acrylonitrile. It is widely used in the production of polyether polyols, propylene glycol and various non-ionic surfactants. Polyether polyols are important raw materials for the production of polyurethane foams, thermal insulation materials, elastomers, adhesives and coatings, while various non-ionic surfactants are widely used in the petroleum, chemical, pesticide, textile and daily-use chemical industries. In addition, propylene oxide is used in the production of carbon-neutral biodegradable plastics and lithium battery electrolytes. Given its central position in the industry chains for polyurethane, chemical intermediates and environmentally friendly materials, it is one of the ten organic chemical raw materials with the highest consumption globally. The Company has introduced the mature and advanced ethylbenzene co-oxidation manufacturing process, namely the PO/SM process, and has completed the construction of a co-production unit with annual production capacities of 200,000 tonnes of styrene and 80,000 tonnes of propylene oxide. This co-production model significantly improves raw material utilisation, reduces the generation of by-products, features mild reaction conditions, lowers reaction energy consumption and carbon emissions, and avoids wastewater pollution issues. With significant advantages in enhancing co-production efficiency, conserving energy, protecting the environment and optimising costs, the PO/SM process is one of the most competitive technological routes currently available for the production of styrene and propylene oxide. Polystyrene (PS) refers to a polymer synthesised from styrene monomers through free-radical addition polymerisation. It is widely used in numerous fields, including home appliances, consumer electronics, medical devices, daily necessities, stationery, toys, packaging containers and building materials. Owing to its extensive consumption and wide range of applications, it is classified as one of the five major general-purpose plastics. Expandable polystyrene (EPS) is an expandable bead-form resin produced principally from styrene through suspension polymerisation with the addition of a foaming agent. Through processes such as heating and pre-expansion, ageing and moulding, it can be made into a lightweight foam material with a fine closed-cell structure. It is characterised by its light weight, thermal insulation, cushioning and shock absorption, low water absorption, and ease of moulding and processing. It is widely used in thermal insulation and energy-saving materials, cold-chain packaging, building insulation, cushioning and protection, disposable cushioning packaging and other fields, and is an important foam plastic and green energy-saving material in the field of new chemical materials. Polypropylene (PP) is the lightest-density raw material for modified materials. It offers advantages such as ease of processing, high impact strength, flexural resistance, excellent electrical insulation, non-toxicity, and high-temperature resistance. As a result, it is widely used in the sectors such as home appliances, automotive, electronics, packaging, building materials and furniture, and medical devices.

By extending the upstream and downstream industry chains of new chemical materials and expanding into diversified business areas, the Company has effectively enhanced the added value of the industry chain, strengthened the resilience of the industrial supply chain, and established a sound development landscape featuring vertical coordination, horizontal linkage and comprehensive development.

2. *Organic Polymer-modified Materials*

Polymer-modified materials are intermediate products in the petrochemical industry chain. They principally use general-purpose plastics such as PE, PP, PVC, PS and ABS, engineering plastics such as PA, PC, POM, PBT and PPO, and specialty engineering plastics such as PPS, PI, PPA and PEEK as matrix materials. Additives or other resins that improve the mechanical and rheological properties, combustion performance, and electrical, thermal, optical and magnetic properties of resins are used as auxiliary materials, thereby giving the resulting materials superior strength, toughness, fatigue resistance, impact resistance and processability. At present, the applications of polymer-modified materials are most concentrated in the home appliance and automotive industries. They are also increasingly applied in numerous national pillar industries and emerging sectors, including smart homes, new energy vehicles, 5G communications, artificial intelligence, healthcare, rail transportation, precision instruments, security, aerospace, the military industry and modern agriculture, and constitute important basic materials underpinning industrial development.

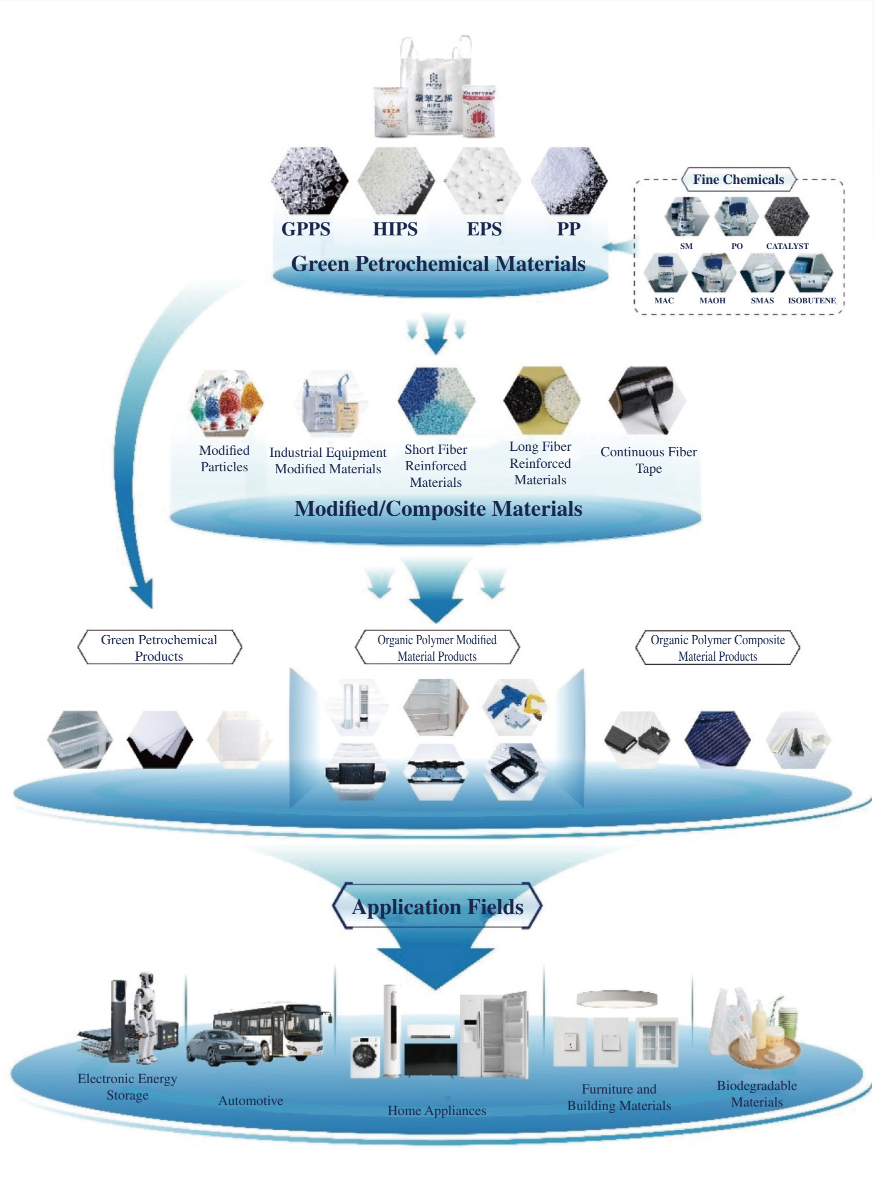
Through formulation innovation and process optimisation for organic polymer-modified materials, the Company has gradually established a development model featuring "the modification of general-purpose materials, the enhancement of the performance of modified materials, and the reduction of the cost of high-performance materials". Its product portfolio covers general-purpose materials such as PP, PS and ABS, engineering materials such as PC and PA, and specialty engineering materials such as PPA and PEEK. Its principal products include polymer-modified materials for home appliances and automobiles, materials for the new energy industry, biodegradable materials, optoelectronic materials, and sports and health materials. Leveraging the excellent performance, consistent quality and superior service of its products, the Company has established long-term strategic cooperative relationships with a number of major domestic brand-name enterprises operating in the fields of home appliances, automobiles, new energy batteries, power tools and garden tools, communications equipment, building materials and liquid crystal displays.

3. *Organic Polymer Composite Materials*

The Company principally researches and develops composite materials that use various resins as matrix materials and incorporate mineral fibres and carbon fibres to achieve low density, high strength, light weight and a high-quality appearance. Composite materials are new materials formed by optimally combining material components with different properties through advanced material preparation technologies. Compared with traditional materials, they offer numerous advantages, including high specific strength, light weight, high specific modulus, excellent fatigue resistance and vibration-damping properties. The constituent materials of composite materials act synergistically in terms of performance, enabling the resulting materials to possess superior overall properties that cannot be achieved by a single material. They are widely used in the automotive, new energy, home appliance, light industry, machinery, water conservancy, transportation and aerospace sectors.

The Company has extensive experience in the development of various composite materials and possesses a range of advanced manufacturing processes, including SMC compression moulding, HP-RTM (high-pressure resin transfer moulding), carbon-fibre design and moulding, and automated fibre placement. By integrating diversified resin solutions with various fibre-weaving reinforcement technologies, the Company has achieved technological breakthroughs in areas such as specific strength, weight-reduction ratio and fatigue life. It provides leading customers in the new energy vehicle sector, with diversified composite material products and integrated solutions for volume manufacturing. The Company has achieved breakthroughs in such fields as ultra-thin "chocolate" battery packs made from new energy composite materials using HP-RTM, charging piles for new energy vehicles, battery boxes for passenger vehicles, 5G smart complexes, new energy power and rail transportation. It is focusing its efforts on emerging fields such as the new energy vehicle industry chain and low-altitude aircraft. In the future, the Company will continue to explore diversified applications of composite materials across multiple fields, with a particular focus on developing new business growth drivers such as structural materials for low-altitude eVTOLs and lightweight materials for smart wearables.

The following diagram illustrates the vertically integrated business layout and product matrix of the new chemical materials segment:



(II) Biomedicine and Healthcare Industry

Dongbao Bio-Tech, a subsidiary of the Company, is principally engaged in the research and development, production and sales of gelatin, collagen, empty capsules and a series of B2C products. Leveraging its expertise in the extraction of natural bone collagen, it has vertically expanded into downstream fields and developed synergistic advantages across an industry chain covering raw materials (comprising gelatin and collagen), dosage-form carriers (comprising empty capsules) and end products (comprising the “Collagen+” series). It has established a biomedicine and healthcare industry landscape in which its B2B products, including gelatin, empty capsules and collagen, and its B2C “Collagen+” series develop synergistically and reinforce each other.

1. B2B Business

The principal products include gelatin for capsules, food additive gelatin, photographic gelatin, gelatin compliant with Part II of the Chinese Pharmacopoeia, empty capsules and collagen. “Golden Deer” gelatin, “Yuansu” collagen and “Arrow” empty capsules are all well-known brands in the industry. Leveraging their high quality and customisation capabilities, these products enjoy strong competitive advantages in the industry and have established a relatively stable customer base. The principal application areas of the main products include the pharmaceutical field, the nutrition and wellness market, new materials applications, etc.

Dongbao Bio-Tech has an annual production capacity of 13,500 tonnes of gelatin and 4,300 tonnes of collagen, while its current annual production capacity of empty capsules is 60 billion capsules. Upon the full commencement of production under the “New Intelligent Industrialisation and Capacity Expansion Project for Empty Capsules”, its annual production capacity of empty capsules will exceed 70 billion capsules. Yiqing Bio-Tech will become a specialised empty capsule production base with a single-site production capacity ranking among the highest in China, a comprehensive product range and a high level of intelligent production.

2. B2C Business

Dongbao Bio-Tech offers a series of nutritional and health products, beauty and personal care products and other products under such brands as “Yuansu” and “Beiyoumian”, with collagen peptides as their basic ingredient. These products cover categories including health food, nutritional proteins, gut health management, beauty and skincare, and snack foods, and can satisfy the diverse health needs of people across different age groups.

3. By-product Organic Fertiliser

Dongbao Datian, a second-tier subsidiary, has established a fertiliser business. Its fertiliser products possess the unique advantages of being rich in “active calcium” and “small-molecule peptides”, enabling them to better meet the nutritional requirements of crop production. They are widely applicable to greenhouse cultivation, organic agriculture and cash crops, and have fertilising effects including improving soil quality and enhancing crop yields and quality.

The following diagram illustrates the vertically integrated business layout and product matrix of the biomedicine and healthcare industry:

MANAGEMENT DISCUSSION AND ANALYSIS

CORE COMPETITIVENESS

I. The Company Boasts an Industry-Leading Vertically Integrated Industrial Platform

The Company continued to build an industry-leading vertically integrated industrial platform, continuously unleashing its capabilities in capital aggregation and resource integration. In the chemical new materials sector, the Company actively brought into play its advantages as a listed company's capital operation platform. With polymer material modification as its cornerstone, it extended upstream into green petrochemical material businesses such as styrene, polystyrene, expandable polystyrene, and polypropylene. Simultaneously, it deepened its downstream industrial layout by exploring diversified application demands in industries including smart home appliances, automotive, new energy, and robotics. It has successfully established a vertically integrated industrial chain spanning "monomers – synthetic resins – organic polymer modified/composite materials – end products", with product applications covering numerous critical industries such as home appliances, automotive, new energy, consumer electronics, home building materials, telecommunications, packaging, healthcare, machinery, transportation, and aerospace. Additionally, the Company expanded horizontally into the fiber-reinforced lightweight composite materials sector, developing a non-metallic composite materials segment. It deepened its market presence in the new energy sector by seizing development opportunities arising from the transformation of energy consumption patterns. In the health and wellness industry, the Company held a controlling stake in Dongbao Bio-Tech (Stock Code: 300239), a listed company focused on the "Collagen+" core in the health and wellness sector. By leveraging the Group's high-quality resources and its own product advantages, it continuously deepened its collagen industry layout, extended the industrial chain vertically, and created synergistic advantages across the industrial chain covering raw materials (gelatin/collagen)–dosage form carriers (empty capsules)–end products (collagen+ series). It has established a complete technological chain from raw material preparation to end-product manufacturing. By virtue of this foundation, the Company continuously promoted the expansion of its main products from traditional markets to emerging markets, demonstrating strong industrial extension capabilities. By extending the industrial chain, streamlining the supply chain, strengthening the innovation chain, enhancing the value chain, and constructing an ecological chain, the Company continued to leverage its advantages in industrial scale and platform integration, fully releasing the capital aggregation effects of its listed company status.

II. The Company Possesses Robust Technological R&D Capabilities

The Company positioned technological innovation as the core driver for achieving sustainable, high-quality development, continuously investing in and systematically building a powerful R&D system. It collaborated with renowned domestic research institutions to establish joint R&D platforms and projects, conducting key material technology research and forming a comprehensive, multi-tiered R&D network with complementary functions.

Thanks to technological development and accumulation for over two decades, the Company operates 10 high-tech enterprises, holds 546 patents and 22 software copyrights, and has participated in formulating 16 national standards, 21 group standards, and 4 industry standards. It has established a competitive patent pool and technological barriers. In the chemical new materials sector, the Company boasts a national-level enterprise technology centre and a German laboratory, along with research platforms such as the Shandong Province's Advanced Polymer and Composite Materials Manufacturing Innovation Centre, the Qingdao Engineering Plastics and Composite Materials Engineering Research Centre, the Qingdao Applied Technology Innovation Centre for Advanced Polymers and Composite Materials, the Qingdao Key Laboratory for Engineering Plastics and Composite Materials, and the Qingdao "One Enterprise, One Technology" R&D Centre. It has also earned honors such as Single Champion in the Manufacturing Industry in Shandong Province, Demonstration Enterprise of Technological Innovation in Shandong Province, Shandong Provincial Specialized, Precise, Unique, and Innovative Small and Medium Enterprises, and Qingdao Specialized, Precise, Unique, and Innovative Small and Medium Enterprises. Currently, the Company has possessed six core capabilities: polymer material modification, structural simulation analysis of polymer composites, system structural simulation analysis, weather resistance testing and control, process equipment design, and full-process detection and monitoring. It has gradually grown into one of the most influential high-tech industrial bases for new technologies, processes, and materials in China.

In the biomedical and healthcare sectors, the subsidiary Dongbao Bio-Tech operates platforms such as the first batch of China National Light Industry Key Laboratories of Gelatin, an autonomous region enterprise R&D centre, and an autonomous region enterprise technology centre. Leveraging industry-leading R&D technology platforms and continuous investment, Dongbao Bio-Tech has established a complete industrial chain from raw material extraction to end-product manufacturing. In recent years, the Company has achieved breakthroughs in niche application areas of gelatin and collagen, successfully launching Pharmacopoeia Part II gelatin and collagen for applications in new material sectors, driving the industrial chain toward high-value-added fields. Yiqing Bio-Tech is a leading enterprise in China's empty capsule industry for applying new technologies, materials, and processes. In addition to operating multiple platforms, including the Yiqing Bio-Tech Technology Centre, the Qingdao Empty Capsule Manufacturing Technology Innovation Centre, and the Qingdao Empty Capsule Engineering Research Centre, Yiqing Bio-Tech also holds numerous patent technologies related to empty capsule production, covering multiple types of empty capsule products, and possesses a rich technological reserve. Its project "Empty Gelatin Capsules with Different Disintegration Rates" has been included in the National Science and Technology Achievement Database. The new empty capsule project has been selected for the incentive fund programme under Shandong Province's Major Industrial Research Initiative for the Transformation of Old and New Growth Drivers. The project "Development of Targeted-Release, Sustained-Release and Controlled-Release Medicinal Empty Capsules has been included in the Key R&D Programme of Shandong Province (Major Science and Technology Innovation Project).

III. The Company Boasts Stable and High-Quality Market Resources

The Company owns a large number of long-term high-quality customer resources and has established strategic partnerships with multiple leading enterprises in the industry, achieving long-term and stable bulk supply. Its efficient development capabilities and powerful product matrix can greatly meet customer needs.

In the field of chemical new materials, the Company provides customers with cutting-edge new material products and customized formulation solutions by virtue of the resource development advantages of its vertical integration platform. In the home appliance and consumer electronics sectors, the Company has established long-term and stable cooperation with numerous well-known domestic and foreign brand owners and core manufacturing enterprises, offering them a wide range of products and high-quality professional services, thereby continuously strengthening its market position. For the automotive and new energy business sectors, the Company continues to expand the application of lightweight materials and products, deepening cooperation with mainstream domestic vehicle manufacturers and leading new energy battery manufacturers. It promotes the extension of lightweight materials from interior and exterior trim parts to structural and functional components, achieving weight reduction and reinforcement while ensuring safety and stability, and reducing driving energy consumption. In the sports and health materials sector, it is gradually expanding into overseas markets, achieving synergy between international and domestic businesses. As for the optoelectronic material business sector, the Company adheres to a research and development-oriented approach, continuously providing one-stop product solutions to well-known domestic and foreign leading enterprises in the consumer electronics and display fields, effectively enhancing customer loyalty and satisfaction. In the biomedical and healthcare sectors, Dongbao Bio-Tech and Yiqing Bio-Tech possess high-quality and stable customer resources, maintaining long-term and stable cooperation with multiple well-known domestic pharmaceutical enterprises, large pharmaceutical groups, and leading pharmaceutical companies in the industry. Their product quality and service capabilities have been widely recognized in the market.

IV. The Company's Products Have Showcased Brand Resource Advantages

As one of the leading enterprises in China's chemical new materials industry, the Company has been committed to providing customized solutions through technological innovation for over two decades. It has built a good market reputation and brand credibility by continuously expanding its product matrix and optimizing service quality. The Company has successively received honors such as "Top 500 Private Enterprises in China's Manufacturing Sector", "China's Top Ten Quality Brands in Modified Plastics", "Shandong Province High-end Brand Cultivation Enterprise", "Shandong Province's Most Promising Private Enterprise", "Shandong Province's Top 100 Private Enterprises with Innovation Potential", "Shandong Province's Top 10 Leading Private Enterprises in the New Materials and New Energy Industry", "Top 100 Private Enterprises in Shandong Province", "Shandong Province's Top 50 New Materials Leading Enterprises", "Shandong Provincial Outstanding Contribution Award for High-Quality Development of the Private Economy", "Shandong Province's Green Factory", "Qingdao's Green Factory", "Qingdao's Leading Private Benchmark Enterprise", and "Qingdao's Advanced-Level Smart Factory". With high-quality products and comprehensive services, it has established strong brand resource advantages in the industry, winning high recognition from customers and being consecutively awarded honors such as "Strategic Cooperation Award", "Best Partner", "Excellent Supplier" and "Best Collaboration Award" by its partners.

Dongbao Bio-Tech has been deeply engaged in the collagen field for over 60 years and has continuously committed to brand building to enhance brand value. It has created core brands such as "Golden Deer" and "Yuansu", establishing a brand matrix covering both enterprise and consumer businesses. As an Inner Mongolia time-honored enterprise, Dongbao Bio-Tech has continuously enhanced its brand influence by leveraging its advantages in technology, products, services, and market. Dongbao Bio-Tech and its subsidiaries have formed a relatively complete brand system through years of deep cultivation in the industry. The "Golden Deer" brand gelatin has become a representative of industry brands and reputation. Yiqing Bio-Tech's "Jianpai" empty capsules have been awarded honors such as "Qingdao Premium Products", "Shandong Manufacturing • Qilu High-Quality Products", and "Lu Chain Premium Products". As an Inner Mongolia time-honored enterprise, Dongbao Bio-Tech has received honors such as "National Advanced Enterprise in the Gelatin Industry", "Chairman's Quality Award of Inner Mongolia Autonomous Region", "Manufacturing Single Champion of Inner Mongolia Autonomous Region", "Key Leading Enterprise in Agricultural and Animal Husbandry Industrialization of Inner Mongolia Autonomous Region", and one of the first century-old stores in Baotou City. In recent years, Yiqing Bio-Tech, a member of China National Pharmaceutical Packaging Association, has been honored as "Manufacturing Single Champion of Shandong Province", "Benchmark Enterprise in the Pharmaceutical Industry for the 70th Anniversary of the Founding of New China", "Shandong Provincial Specialized, Precise, Unique, and Innovative Small and Medium Enterprises", and "Shandong Provincial Advanced Small and Medium Enterprises".

BUSINESS REVIEW

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 4 February 2026, formally establishing an "A+A+H" multi-tier capital structure, which has further enhanced the Company's financial strength and laid a solid foundation for its global expansion. During the Reporting Period, the Company accurately assessed market trends for upstream petrochemical feedstocks. Leveraging its complete vertically integrated industrial chain spanning "monomers – synthetic resins – organic polymer modified/composite materials – end products", the Company has built a resilient supply chain for core raw materials and consolidated its cost advantages, fully unleashing the synergies across the entire value chain. During the Reporting Period, the Group achieved operating revenue of approximately RMB11.514 billion, representing an increase of approximately 18.05% compared to the same period last year; net profit attributable to shareholders of the listed company was approximately RMB655 million, representing an increase of approximately 89.33% compared to the same period last year. As of 30 June 2026, the Company's total assets amounted to RMB22.593 billion, representing an increase of 14.17% compared to the beginning of the period, and net assets attributable to the shareholders of the listed company amounted to RMB7.122 billion, representing an increase of 24.25% compared to the beginning of the period. During the Reporting Period, the Company's main operations are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Chemical New Materials Industry

1. Green Petrochemical New Materials

Relying on its vertically integrated layout in chemical new materials, the Company has achieved technological self-reliance over the entire value chain from basic raw materials to specialty high-end materials, demonstrating prominent advantages in supply chain responsiveness and collaborative development efficiency. During the Reporting Period, the Company has steadily unlocked production capacity of green petrochemical new materials while meeting its internal demands, the Company achieved deep penetration into key downstream sectors including home appliances, automotive, and new energy. Leveraging the cost advantages derived from the large-scale operation of its integrated platform, the Company rapidly expanded its capacity, and secured high recognition from customers for its product quality and delivery capabilities. Business scale and operational efficiency have improved in tandem, demonstrating sound momentum for sustainable growth.

(1) Organic Polymer Materials

In the polystyrene (PS) segment, the Company followed the development philosophy of "high-end, green and intelligent", with home appliance-specific materials as its core focus. While consolidating its leading position in established product lines such as refrigerator drawers, liners, and panels, the Company proactively expanded into high-value-added segments including TV diffuser plates, food packaging, and electronic insulation, and successfully achieved bulk supply to multiple well-known domestic and foreign home appliance and consumer electronics brands. The Company not only achieved domestic substitution but also actively expanded into global markets. Through Hong Kong Petrochemical, the Company pushed ahead with localised business deployment across Southeast Asia, Europe, the Americas and beyond, and gradually built a matrix-style overseas industrial network to improve regional responsiveness and service capabilities. In the expandable polystyrene (EPS) segment, the Company focused on deepening business cooperation in home appliances, automotive, and cold chain logistics, serving over 40 customers, including a number of well-known home appliance and consumer electronics companies from home and abroad. Currently, the quality of the Company's food packaging-grade, environmentally friendly flame-retardant (B1-grade flame retardant), extra-light-grade, and clean-grade EPS products has reached industry-leading levels, and phased progress has been made in R&D trials for antibacterial-grade materials. Among them, its environmentally friendly and recyclable EPS products comply with the requirements of the EU's new "Packaging and Packaging Waste Regulation", and have obtained relevant certifications such as TUV-PCR, NSF ISCC, intertek RCS2.0, UL2809, UL EN15343, and have achieved mass production. In the polypropylene (PP) segment, the Company has placed emphasis on the R&D and production of polypropylene materials with different application requirements, such as low odor, low VOC, high transparency, food-grade and antibacterial-grade materials, to meet the demanding performance requirements of high-end products in the automotive and home appliance sectors. It has demonstrated irreplaceable core competitiveness in meeting regional, customised, and small-to medium-batch orders by adopting the liquid-phase small-bulk polypropylene process (also known as the batch liquid-phase bulk process), with significant advantages in flexibility, low-cost capital investment, and raw material inclusivity.

In the future, the Company will continue to consolidate the unique value of this process in the polypropylene industrial ecosystem through three major pathways: catalyst innovation, intelligent upgrading, and circular economy integration, focusing on exploring growth opportunities in high-end specialised materials and recycled plastics.

(2) *Fine-Chemical Materials*

The Company takes fine chemicals, new materials, and new energy as its main development lines. Relying on multiple modern production lines for basic organic-chemical materials, the Company has established multi-industrial chain development pathways: extending from methanol toward olefins and from benzene toward aromatic-series products such as styrene and polystyrene; from propylene toward propylene oxide, carbonates and raw materials for biodegradable materials; and from isobutylene toward new raw materials including C4 alcohols, sodium methallyl sulfonate, and isononanoic acid-based high-end lubricants. During the Reporting Period, the Company completed technical upgrades and process optimisation for multiple production units, resulting in a year-on-year decrease in comprehensive energy consumption, a steady increase in product yield, and a significant enhancement in overall operational efficiency and overall upstream and downstream collaborative capability of products.

In respect of novel catalytic materials and terminal olefin compounds, leveraging its self-developed functional catalyst system and terminal olefin compound production technology, the Company has achieved groundbreaking breakthroughs in new production technologies for the key raw material, namely terminal olefin compounds, successfully establishing a complete industrial moat from cutting-edge technology development to efficient production of high-end products. Currently, it is the only company that has achieved large-scale commercial production based on these two technologies. The Company's self-developed acidic ionic liquid catalysts, solid acid catalysts, highly-dispersed nickel-based catalysts and high-efficiency copper-based catalysts can systematically address common industry challenges such as high production costs, significant safety risks, and low catalytic efficiency associated with traditional catalysts. These products can be widely applied in continuous industrial production units for high-end new material monomers, bio-based materials, and pharmaceutical intermediates. Terminal olefin compounds, as key raw materials and intermediates for the production of high-end polymers, specialty polymer materials, and fine chemicals, imply broad market prospects. During the Reporting Period, the Company has established stable bulk supply cooperation with several of the world's leading new chemical material and specialty chemical enterprises, continuously demonstrating the value of its high-end material supply chain.

2. *Organic Polymer Modified Materials*

(1) New Energy Sector

The Company actively responded to the national new energy industry development strategy, accelerating the improvement of its industrial layout in the new energy sector and achieving domestic substitution for key materials. Leveraging simulation and AI-driven intelligent process optimisation, supported by smart factory central control systems and predictive equipment maintenance systems, the Company has implemented 12 industry-specific standardised work procedures and dedicated production lines, in a bid to comply with global environmental regulations such as REACH, CBAM, and PFAS, enabling an integrated material support capability encompassing "R&D simulation-intelligent compounding-online inspection-digital traceability and delivery".

For the new energy vehicle business, the Company continuously increases its market share for modified PP, PC, ABS, PA, PMMA, ASA, PPO and other related automotive interior and exterior materials. Regarding new energy vehicle connector materials, the Company has successfully launched PA66/SPS alloy materials through the molecular structure design and alloying technology, combined with molecular dynamics simulation to predict alloy compatibility and continuous reaction extrusion processes. This effectively addresses signal attenuation during transmission, with relevant indicators reaching international advanced levels, further enriching its material solutions in the new energy sector. In response to the demand for materials for domain controller housings in new energy vehicles, the PA66/PPE alloy materials developed for such applications excel in heat resistance, dimensional stability, and dielectric properties. They have passed customer verification and achieved bulk supply, establishing the Company as one of the important suppliers in this field. The Company has continued to advance the applications of low-odor scratch-resistant modified PP materials, lightweight low-VOC modified PP materials, low-smoke high-oxygen index low-odor PC/ABS materials, high-impact aging-resistant modified PP materials, anti-exudation aging-resistant halogen-free flame-retardant reinforced PA66 materials, ultra-high transparency toughened PMMA materials, laser-weldable materials, ultra-weather-resistant ASA materials, continuous fiber-reinforced flame-retardant PP materials, and so on.

In related industrial directions such as power batteries and energy storage batteries, the Company provided a complete range of overall solutions for customers, accelerating the application of materials such as new energy battery-specific high flame-retardant/compression-resistant/explosion-proof reinforced PA66, flame-retardant reinforced PP, halogen-free flame-retardant PP, ultra-high molecular weight PE for battery separators, acid- and alkali-resistant low-anisotropy PO, and electrolyte-resistant PPO. It vigorously promoted the application of halogen-free flameretardant reinforced PA66 materials in battery separator fields, continuously enriching its product matrix. The Company has established good cooperative relationships with high-quality customers in the new energy industry chain, with a steadily increasing supply volume.

With regard to the new energy charging pile-related industries, the Company continuously provided customers with comprehensive customized solutions from material development to process optimization. It focused on promoting materials such as ultra-low-temperature-resistant PC/ABS, hydrolysis-resistant weather-resistant flame-retardant PC, ultra-weather-resistant flame-retardant PC/ABS, high-temperature-high-humidity hydrolysis-resistant PC, ultra-weather-resistant ASA, and low-precipitation and low-corrosivity halogen-free flame-retardant reinforced PET, with a steadily increasing market share.

(2) Consumer Sector

During the Reporting Period, the Company made every effort to explore niche markets including intelligent equipment, home building materials, telecommunications, cables, energy storage, and office supplies while deepening its presence in traditional markets such as home appliances and automotive. In the home appliance sector, the Company closely followed the market trends of intelligent and green development in the home appliance industry, continuously enriched its product mix, and reinforced its research and development of new materials to facilitate broader application scenarios and more personalized user experiences for home appliance products. All home appliance material production lines are equipped with online intelligent inspection modules. Mechanical properties, odour and flame-retardant data are uploaded in real time to the unified equipment operation and maintenance platform. The AI system automatically alerts on abnormal data and adjusts process parameters accordingly. Meanwhile, the Company continued to deepen its business cooperation with core strategic customers in the domestic and foreign home appliance, consumer electronics, and high-end manufacturing sectors, actively expanding new business categories and market share.

Focusing on enhancing product performance, the Company continuously explored innovative application areas for new materials. It prioritized the development of PS/PP alloy materials, high-temperature and weather-resistant flame-retardant PP materials, halogen-free flame-retardant PC/ABS materials, and low-emission, low-odor and low-warpage reinforced PA66 materials. In the intelligent equipment sector, the infrared transparent PC/ABS composite material developed for agricultural drones maintained over 85% of its performance after 6,000 hours of ultraviolet aging testing, meeting the requirements for long-term outdoor use and gaining customer recognition for its material properties. Additionally, the Company achieved several key technological breakthroughs in the field of specialty engineering materials, successfully developing glass-fiber-reinforced SPS (syndiotactic polystyrene) materials for high-temperature applications such as microwave oven components and 5G base station antenna housings. These materials exhibited excellent performance in terms of heat resistance and dielectric properties, effectively replacing traditional materials and offering significant advantages in cost control and performance balance. The dedicated SPS production line is equipped with an AI-based equipment health assessment system, which collects real-time data on temperature, torque, and energy consumption through sensors to predict equipment faults in advance, reducing downtime losses for high-end materials. In the telecommunications and home sectors, the product portfolio continued to expand, customer supply volumes increased steadily, and cooperative relationships were deepened. The Company also strengthened its business development in the consumer electronics and IoT sectors, becoming an important supplier to several well-known enterprises and continuously increasing its market share. Circular economy materials are transitioning from "alternative options" to "mainstream essentials". The Company continued to optimise its product mix, focusing on overcoming performance bottlenecks in PCR (post-consumer recycled plastics) materials. The key properties of recycled materials, such as mechanical performance and thermal stability, approached those of virgin materials through techniques such as multi-stage purification, compatibilizer optimization, and reinforcement system reconstruction, providing technical support for their application in industries such as home appliances, automotive, and electronics.

(3) Biodegradable Materials Sector

Leveraging its long-standing expertise in R&D and production of modified materials, the Company achieved key technological breakthroughs in the field of biodegradable modified materials. It has developed various biodegradable modified materials, including PLA, PBAT, PBS, and thermoplastic starch plastics, with application technologies covering areas such as reinforcement, heat resistance, alloying, and biocompatibility. These materials are widely applicable to biodegradable packaging bags, shopping bags, disposable cutlery and food containers, hot and cold drink straws, and films.

Through long-term cooperation with research institutions and continuous in-depth research, the Company successfully synthesized fully biodegradable PHB material using propylene oxide produced on a large scale as a raw material, a self-developed nanocobalt catalyst, and a two-step process involving carbonylation and catalytic polymerization. The related technologies and product performance are at the leading level in the world. Compared to traditional biological fermentation methods, the new chemical synthesis process offers core advantages such as lower raw material costs, the absence of highly hazardous intermediate products during production, compliance with EHS management system requirements, and significantly increased single-line production capacity. It provides an economically viable and environmentally friendly systematic solution for the large-scale commercial application of biodegradable materials.

The Company steadily advanced the technical route for PHB material from "laboratory R&D to process package development, pilot-scale verification, and industrial-scale amplification". It has now completed the kilogram-scale preparation and amplification of a dedicated catalyst, the ton-scale pilot production of PHB material, and the development of controlled polymerization technology for PHB monomers. It also established mass production processes and product standards for a series of brand-name products. Currently, the project has entered the small-batch trial production stage. Meanwhile, leveraging the production facility with an annual output of 200,000 tons of styrene and 80,000 tons of propylene oxide, the Company achieved vertical integration and self-sufficiency in core raw materials for PHB, successfully completing the value chain upgrade from basic chemicals to high-end functional new materials.

(4) Optoelectronic Materials Sector

Subsidiary Gocci Opto-electronics specializes in the development, production, and sales of optical-grade light guide plates, diffuser plates, film materials, and optical module design, with products widely applied in liquid crystal displays and civil lighting across sectors such as televisions, computers, mobile phones, automotive displays, and commercial applications. As global display technologies continue to iterate and innovate, the optoelectronic display market is experiencing sustained growth, buoyed by the annual expansion of panel sizes, with high-end large-screen products emerging as the primary growth engine. As a core domestic supplier for optical diffuser plates and large-size light guide plates, Gocci Opto-electronics sustained close cooperative relationships with multiple core customers in the domestic and international optoelectronic display and consumer electronics sectors during the Reporting Period. Leveraging the Company's vertically integrated platform advantages in the new materials industry, and aligning with industry trends toward high-definition, high-brightness, ultra-large, and ultra-thin displays, Gocci Opto-electronics successively launched a series of products, including non-luminous foamed diffuser plates, luminous foamed diffuser plates, ultra-large-size optical diffuser plates, and large-size laser-engraved light guide plates, driving technological innovations in complete systems and upgrades in backlight technologies, providing strong support for upgrades in complete systems and backlight technologies. Gocci Opto-electronics accelerated the automation and digitalisation of optoelectronic display product manufacturing processes through the integrated application of high-precision sensors, machine vision, and intelligent algorithms, achieving quality improvements, speed enhancements, and cost optimization. This marked a pivotal transition from production leadership to technological leadership.

During the Reporting Period, Gocci Opto-electronics actively enhanced in-depth cooperation with core customers, advancing the mass production and application of quantum dot diffuser plates and RGB-MiniLED diffuser plates, while accelerating the application and promotion of perovskite quantum dot technology and cadmium selenide quantum dot technology. It continued to expand its presence in the automotive display sector, bringing a growing roster of automotive customers and expanding order volumes, with related products achieving smooth mass delivery.

(5) Sports and Health Sector

In recent years, the global artificial turf market has continued to expand steadily, driven by factors such as the development of sports infrastructure, rising demand for residential and commercial landscaping, and the growing adoption of environmentally friendly and water-saving concepts. Industry data shows that the global artificial turf market size was approximately USD6.56 billion to 7.43 billion in 2025, and is expected to exceed USD13 billion by 2030, representing a compound annual growth rate (CAGR) of about 6% to 7%. Subsidiary Gon Sports Turf focuses on intelligent sports and health scenarios, providing customers with integrated products and full-chain services, including sports turf, synthetic running tracks, and supporting fitness equipment. The company's grass fibers and turf systems have obtained FIFA certification, with technical capabilities ranking among the industry's best. During the Reporting Period, the Company's export business demonstrated steady growth, with innovative products such as customized grass, non-directional grass, and fully recyclable grass receiving high recognition in overseas markets. The company acquired 16 new international customers, spanning countries and regions including Spain, the Middle East, South America, Japan, South Korea, and Indonesia.

Spurred by the rapid rise of global sports event commercialization and experiential consumption scenarios, demand for customised and personalised flooring materials has grown rapidly. During the Reporting Period, Gon Sports Turf introduced jacquard artificial turf technology, and launched pattern-customisable artificial turf. These products offer significantly higher profitability compared to traditional turf, effectively increasing the proportion of high-value-added products, driving continuous optimization of the product mix, and further enhancing the company's overall profitability and differentiated competitive edge in the artificial turf business.

3. *Organic Polymer Composite Materials*

(1) New Energy Sector

The domestic new energy vehicle market has experienced explosive growth in recent years, with penetration rates increasing annually, driving rapid development in the new energy supporting industries such as energy storage and charging. The deployment of composite materials in battery structural components, charging facilities, and other areas continues to expand. Gon Composites has taken a leading position in the power battery composite materials sector, achieving significant results in product R&D and market expansion. Gon Composites continued to expand its HP-RTM Chocolate Ultra-thin Battery Pack business, strengthening strategic cooperation with leading power battery manufacturers. These products have been widely applied across multiple models of domestic mainstream new energy passenger and commercial vehicle manufacturers. In terms of new customer acquisition, the company successfully entered the supply systems of several commercial vehicle and energy storage customers during the Reporting Period, with mass supply expected in the second half of the year. Meanwhile, the company actively extended this technology to emerging application areas such as power battery composite material enclosures, successfully entering the supplier systems of multiple vehicle manufacturers, with some projects achieving bulk supply. In response to the industry trend of new energy vehicle battery packs upgrading to CTC/CTB architectures, the flat panel battery pack top covers were set to become a key technological focus in the next stage. The company initiated the STM process development project, aiming to develop system solutions compatible with next-generation battery pack upper covers, while advancing capacity build-up and market preparation for related products. In the new energy vehicle charging pile business, the Company completed iterative development of fourth-generation non-metallic DC terminal charging piles, wall-mounted charging piles, customized single-pile enclosures, and launched a series of supporting products, including lightweight non-metallic large wall panels for box-type substations, dust covers, louvers, and non-metallic roof covers. All these products have achieved stable supply. For its automotive exterior components business, the Company's product strength in the SMC automotive exterior components segment continued to be validated by leading customers. The Company has established a full-process integrated layout for SMC automotive exterior components, spanning material R&D to compression molding. It boasts service capabilities to engage with customers' product development at the early design stage. The advantages of its integrated industrial chain and cost control have built solid competitive moats, laying a solid foundation for sustained market share expansion.

(2) Other Sectors

In the realm of high-end sheet materials, a series of lightweight, low-density, and high-strength products have been developed, applicable to industries such as automotive exterior components, machinery, and telecommunications. Bulk supplies have already commenced to multiple commercial vehicle customers. In the medical and wellness sector, Zhejiang Guojiang New Materials Technology Co., Ltd., a joint venture established by subsidiary Gon Composites and Shanghai Fujiang New Materials Technology Co., Ltd., focuses on the innovative application of carbon fiber composite materials in the medical and health fields. Its main products include micro-hyperbaric oxygen chambers and special vehicles for hyperbaric oxygen chambers, aiming to become an industry leader in the wellness niche of carbon fiber composite materials. Meanwhile, subsidiary Gon Future (Liaoning) has also made positive progress in the medical device business, successively launching products such as oxygen concentrators and Vital Glow intelligent health AI mirrors. As the concept of "proactive health management" becomes increasingly widespread, the application advantages of hyperbaric oxygen chambers in rehabilitation and wellness, trauma repair, altitude sickness, sports recovery, mood regulation, and anti-aging beauty have gradually become prominent. In the future, related products can be widely applied in various scenarios, including rehabilitation centres, elderly care institutions, high-altitude locations, school communities, beauty centres, hotel clubs, and households, providing technological support for a healthy lifestyle for the general public.

4. Specialty Engineering Materials

(1) PEEK (Polyether Ether Ketone) Materials

To enhance our core competitiveness in the field of specialty engineering materials, the Company continues to advance applied R&D and industrialization for PEEK (Polyether Ether Ketone), and accelerates the establishment of an integrated layout for PEEK materials from polymerization, modification to compounding, thereby further consolidating its industry position in chemical new materials.

Based on its proprietary continuous fiber reinforcement technology and through collaborative development with institutions possessing leading domestic technologies, the Company has completed the development of PEEK material production technology and core processes. During the Reporting Period, the Company pressed ahead with the construction of PEEK polymerization production lines at its Zhoushan Base, which, upon completion, will achieve an annual production capacity of 1,000 tons of PEEK materials and create an integrated supply chain from "PEEK resin – prepreg tape – high-end composite structural components", fully leveraging synergies with the Company's existing businesses and expanding the application of its high-performance engineering plastic products in robotics, aerospace, medical, and new energy vehicle sectors. Besides, the Company will carry out R&D on high-performance modified PEEK materials for 3D printing, extending its strengths in modification technology into additive manufacturing. Formulation development and validation works have commenced, laying the groundwork for foraying into the high-end 3D printing materials market.

(2) High-End Specialty Materials for Aerospace

To seize the strategic opportunities presented by the development of domestic large aircraft and high-end aviation equipment, break through technological barriers in aviation-grade transparent materials, and achieve domestic substitution and technological self-reliance in key materials, the Company has continuously invested in the formulation research and process development of CPMMA aviation-grade acrylic glass through joint international research efforts and independent innovation in recent years. Currently, the Company has achieved systematic breakthroughs in core areas such as material formulation design, dedicated equipment development, VPP vertical casting processes, multi-axis stretching technologies, and multifunctional coating systems. The key performance metrics of our products align with international advanced standards, enabling mass production of high-transparency (93%), high-strength, and high-weather-resistance premium acrylic sheets. This provides a technological foundation for domestic substitution and breaking the long-term monopoly by foreign enterprises. The Company has planned and invested in the construction of a project with an annual output of 20,000 m^2 of aviation-grade acrylic glass at its Qingdao production base and obtained project filing approval, aiming to establish a vertically integrated production base for aviation-grade transparent materials. Leveraging these technological advantages, the company is expected to become one of the few domestic suppliers capable of mass-producing aviation-grade transparent materials that comply with airworthiness standards, thereby entering the mainstream supply chains of domestic large aircraft, military aircraft, high-end drones, electric vertical takeoff and landing (eVTOL) aircraft, as well as industrial and rail transportation sectors. This not only enhances supply chain security for related industries but also opens up a new high-value-added growth avenue for the Company.

(II) Biomedicine and Health Industry

During the Reporting Period, Dongbao Bio-Tech tracked industry developments, accurately assessed changes in market supply and demand and development trends, and remained firmly aligned with its strategic and operational focus. Leveraging years of accumulated resources in the collagen industry, core technological advantages, and established market channels, the Company coordinated and allocated operating resources in a well-organized manner to systematically advance the implementation of various business initiatives.

1. Consolidating Traditional Market Share, Cultivating Incremental Demand in Emerging Markets, and Expanding Overseas Markets to Promote Steady Business Development

Dongbao Bio-Tech firmly implemented the strategy of "securing share in traditional markets, cultivating growth in emerging fields, and expanding channels in overseas markets". The Company has strengthened customer relationship management and service capabilities, actively participated in major domestic and international industry exhibitions such as FIC, HNC, CPHI & PMEC China, NPEW, CIHIE, and IHE China, and enhanced channel development. It has continuously reinforced the promotion of brands like "Golden Deer, Yuansu, Jianpai, and Beiyoumian", resulting in a steady increase in brand awareness and market influence. In the traditional gelatin, collagen, and empty capsule sectors, the Company continued to deepen its relationships with major customers, maintained efficient communication with customers, and fully leveraged its customized supply capabilities and quality advantages to consolidate its leading position in traditional markets. During the Reporting Period, revenue from the gelatin business, empty capsule business, and raw material collagen business all achieved corresponding growth. In emerging fields/differentiated markets, the Company accelerated the market promotion of gelatin listed in Pharmacopoeia Part II, bovine bone gelatin, collagen for electrolytic copper foil (lithium battery sector), and collagen additives for textiles (anti-pilling), among others. Revenue from the gelatin listed in Pharmacopoeia Part II and collagen for electrolytic copper foil further increased, and the gradual expansion of niche markets further enhanced the Company's resilience against risks. Upon approval by the National Medical Products Administration, Dongbao Bio-Tech officially became a qualified supplier of gelatin used in succinylated gelatin injection. The gelatin listed in Pharmacopoeia Part II produced by Dongbao Bio-Tech has been successfully associated with succinylated gelatin injection and is expected to facilitate further expansion of the business of gelatin listed in Pharmacopoeia Part II. The empty capsule business continued to maintain steady growth, leveraging the brand reputation, customer base, and product innovation capabilities accumulated by Yiqing Bio-Tech over the years to continuously expand its applications in the health supplement sector. In addition, Dongbao Bio-Tech actively implemented its strategy of expanding channels in overseas markets and actively explored overseas markets through participation in exhibitions, expansion of distributors, and other initiatives. The gelatin export business has achieved growth.

2. *Deepening Brand System Development, Strengthening its Proprietary Brands and Multi-Brand Applications of Raw Materials, and Enhancing Brand Awareness*

During the Reporting Period, Dongbao Bio-Tech continued to promote the coordinated development across its own-brand operations and multi-brand applications of raw materials. For its proprietary brands, the Company has leveraged its "Yuansu" and "Beiyoumian" brands to address consumer needs in bone and joint health, oral beauty, and immunity enhancement, and expanded its presence in both online e-commerce platforms and offline pharmacy channels. It has also capitalized on festivals and e-commerce mega-sales events to roll out thematic marketing campaigns to retain existing customers and strengthen user stickiness. On the product pipeline front, the Company actively advanced the registration and application processes for health food approvals for products such as "Collagen Peptide Calcium Powder" and "Bone Collagen Peptide Calcium Tablets", which help improve and increase bone density, enriching its future terminal product portfolio. Leveraging the distinctive "prairie fresh bovine bone • small-molecule peptide" raw material profile, the Company enhanced the promotion of its raw materials across multiple brands, expanding B2B customers in the consumer health goods sector. Meanwhile, active participation in industry exhibitions and intensified brand publicity further elevated market visibility.

3. *Pursuing Market-Driven R&D Innovation, Accelerating Commercialization, and Enhancing Industrial Value and Core Competitiveness*

Dongbao Bio-Tech operates a market-driven R&D system, consolidating foundational research across the diverse applications of gelatin, empty capsule, and collagen, with a focus on application-driven breakthroughs. During the Reporting Period, hair-care-specific collagen products were launched and generated sales revenue. In light of market demand and its actual circumstances, Dongbao Bio-Tech continued to promote the industrial adoption of products including special collagen for the cashmere textile sector and ultra-low endotoxin gelatin (with endotoxin content significantly reduced to below 30 EU/g), while conducting in-depth research on projects such as acylated modified gelatin. The Company is committed to improving product quality and market fit, while progressively developing integrated application solutions to address customer pain points more effectively.

(III) AI Computing Power Construction, Operation and Maintenance, and the Artificial Intelligence Robotics Industry

AI industry is currently at a critical turning point, transitioning from technological breakthroughs to large-scale industry implementation. The rapid development in the training and inference of large language models (LLM) and AI applications across various industries has imposed higher requirements on the scale, operational efficiency, and system stability of computing power supply. Intelligent computing power has become a core, critical factor driving the development of the AI industry.

Fully leveraging the advantages of its vertically integrated industrial platform and building on its forward-looking strategic initiatives in the fields of robotics and embodied intelligence, the Company has established two major AI business segments: computing infrastructure and intelligent lightweight service robots. As the Company's core infrastructure platform for AI industry, the computing power business empowers the development of the Company's own AI models and products internally, while providing high-performance computing solutions to industry clients externally. The robotics business focuses on the independent R&D and industrialization of embodied intelligent robots and their core components. These two business segments support each other in terms of technological R&D and real-world implementation, and develop in a synergistic manner.

1. AI Computing Infrastructure Development and Operations and Maintenance Services

In July 2026, the Company established a wholly-owned subsidiary, Gon Jiuchi Technology (Shanghai) Co., Ltd., to comprehensively expand its presence across the AI computing power industry chain and promote mutual empowerment and synergistic upgrading between its principal businesses in new materials and the digital AI industry.

(1) *Industry development trend*

Currently, intelligent computing power has evolved from a single technological resource into a core, new factor of production that empowers industrial upgrading, drives the digital transformation in manufacturing, and supports the high-quality development of the real economy. AI industry has officially moved beyond the traditional resource leasing model and fully entered a new phase of development characterized by the industrialization of computing power and the standardized mass production of tokens. With the rapid iteration and implementation of large models, multimodal applications, and embodied intelligence technologies, the logic driving industry development has undergone a profound shift. Market demand is no longer limited to the expansion of computing power; instead, it now focuses on four core metrics: effective computing power utilization, training and inference stability, controllable energy consumption and costs, and service standardization capabilities.

The traditional computing power industry is plagued by widespread challenges such as crude hardware adaptation, high energy consumption, inefficient computing power scheduling, and difficulties in standardizing and mass-producing AI services. As a result, the industry's competitive landscape and underlying dynamics have been completely reshaped: at the foundational level, competition centers on the ability to customize and adapt hardware; at the intermediate level, it focuses on the ability to reduce costs through computing-power and electricity synergy; and at the top level, it revolves around the industrial-scale operation of tokens and the absorptive capacity of the LLM ecosystem. In the future, fully integrated enterprises capable of independently developing and optimizing high-end hardware, possessing their own intelligent computing infrastructure, leveraging low-cost production capacity directly connected to green power, standardizing token production, and establishing a closed-loop model ecosystem will build long-term, deep-rooted, and difficult-to-replicate core competitive barriers in the AI industry.

(2) *National policy directions and industry development landscape*

Our country continues to strengthen the top-level design of the AI industry, with new infrastructure for computing power, green intelligent computing, computing-power and electricity synergy, AI empowerment of the real economy, and the global expansion of digital services emerging as definitive national development priorities. In 2025, the State Council issued the "Opinions on Deepening the Implementation of the 'Artificial Intelligence

Plus' Initiative", which clearly called for promoting the deep integration of AI with all sectors of the real economy. In 2026, the Government Work Report prioritized the construction of new computing infrastructure, such as ultra-large-scale intelligent computing clusters and computing-power and electricity synergy. In the same year, a meeting of the Political Bureau of the Communist Party of China Central Committee included computing power networks in the "Six Networks" priority construction framework for new infrastructure. Several ministries and commissions, including the National Development and Reform Commission and the National Data Administration, have issued a series of supporting policies calling for the accelerated development of a modern computing power supply system that is diverse and heterogeneous, efficiently managed, intelligently on-demand, and environmentally friendly and safe, while making every effort to promote the substitution of green power, energy conservation and cost reduction in computing power, and the standardization of computing power services.

From a global industry perspective, the continuous evolution of AI models and the surge in their practical applications have driven rapid growth in market demand for tokens. The overseas computing power industry generally faces bottlenecks such as high energy consumption, expensive electricity, and insufficient effective production capacity. In contrast, China boasts abundant green power resources and a well-developed supporting ecosystem across the entire industrial chain, giving it a unique strategic advantage in the industrial-scale mass production of computing power, the standardized issuance of tokens, and cross-border digital service trade. The industry is currently experiencing a double-dividend cycle characterized by large-scale import substitution domestically and the global expansion of production capacity, presenting a golden opportunity for high-quality development for domestic computing power brands.

(3) The strategic value of the Company's expansion into the computing power industry, synergies with its principal businesses, and its positioning as a second growth engine

The Company has been deeply engaged in the fields of new materials R&D, smart manufacturing, process iteration, and performance simulation for many years, accumulating extensive engineering and technical capabilities, hands-on manufacturing experience, and industry-supporting resources, thereby laying a solid industrial foundation for entering the high-end computing power manufacturing and AI computing power services sectors.

① **Deeply empowering the upgrade of our principal businesses internally**

The computing power business can comprehensively support the Company's core operations, including R&D simulation for new materials, iterative optimization of production processes, precise testing of material properties, training of humanoid robots and embodied intelligence models, and intelligent scheduling of the Group's digital and intelligent supply chain. This significantly enhances R&D efficiency in the principal businesses, reduces the cost of technological iteration, accelerates the digital transformation of smart manufacturing, and continuously strengthens the competitive edge of the principal businesses.

② **Reshaping the computing power business model externally**

The Company will break away from the traditional “light-asset” computing power leasing model of the industry and, leveraging its core capabilities in high-end manufacturing, create an entirely new computing power business model characterized by heavy assets, advanced technology, and a robust closed-loop system that integrates custom hardware, technical services, proprietary computing power, green energy production capacity, token operations, and a model ecosystem. Following its principal business in new materials, the computing power industry will become the Company’s second core growth engine with greater scale, higher technical barriers, and stronger growth potential. It will drive the Company’s strategic transformation from a traditional materials manufacturer into a comprehensive technology platform enterprise focused on “high-end intelligent manufacturing + green computing power + industrialized AI operations”.

(4) The step-by-step business development path of the Company

The Company follows a clear development path: “High-end computing hardware technology services → Construction and operation of intelligent computing centers → Mass production of zero-carbon AIDC Token factories through the synergy of green power and computing power → A nationwide computing power base combined with an integrated computing-grid-model Token industrial ecosystem”, to build a comprehensive AI computing power industrial chain system that integrates software and hardware, production and sales, and the virtual and physical worlds.

Phase 1: Consolidating the industrial foundation – customization and modification of high-end computing hardware + full-cycle computing technology services

The Company will move away from the industry’s common, extensive model of simple trading and superficial leasing of general-purpose servers, and instead focus on high-barrier, tangible businesses such as in-depth customization of high-end computing hardware, low-level chip adaptation and modification, precision smart manufacturing of servers, architectural redesign and optimization, and lifecycle maintenance and operations. We plan to build a dedicated factory for the manufacturing and maintenance of customized computing hardware. We will perform specialized customization and optimization targeting the underlying parameters of GPU chips, board bandwidth, signal transmission latency, signal integrity, and cluster topology, thereby comprehensively enhancing the stability of AI cluster training and the effective utilization of computing power at the hardware level.

Leveraging our core capabilities in hardware customization, we will provide AI companies across all industries with a comprehensive suite of one-stop technical services, including deeply optimized computing power, cluster deployment and tuning, distributed training adaptation, LLM training and inference acceleration, and private project delivery. By combining high-end hardware manufacturing with in-depth technological empowerment, we are establishing an initial revenue model for our computing power business and building a differentiated core competitive advantage.

Phase 2: Strengthening operational carrier – large-scale smart computing center construction and professional computing power operations

Building on the successful implementation of its hardware customization business, the Company will steadily advance the large-scale construction of its own intelligent computing center clusters to establish a high-capacity, highly stable, heterogeneous-compatible, and elastically scalable infrastructure foundation for intelligent computing. Through our proprietary intelligent computing power scheduling platform, liquid-cooling precision temperature control system, and lifecycle cluster operations and maintenance management system, we will achieve intensive deployment, professional operation, and standardized delivery of computing resources. We will comprehensively address mid-to-high-end computing power demands, such as multimodal inference and industry-specific private deployments, to establish a stable, controllable, highly efficient, energy-saving, and industry-leading computing power supply capability, thereby laying a solid foundation for both the hardware infrastructure and operational systems required for the subsequent industrial-scale mass production of green computing power.

Phase 3: Building core competitive advantages – green electricity direct connection + computing-power and electricity synergy, and construction of a zero-carbon AIDC Token superfactory

Once the in-house intelligent computing center cluster is completed and put into operation, the Company will thoroughly implement its strategies for green electricity direct connection and computing-power and electricity synergy. By treating green power as the core production resource for AI computing power, the Company will secure long-term, low-cost, zero-carbon, stable, and controllable power generation capacity through green electricity direct connection, intelligent energy consumption optimization, and off-peak scheduling and operations. This approach will address the operational bottlenecks of high energy consumption and high electricity costs in the computing power industry at the source.

Based on its own large-scale intelligent computing clusters and a stable green power supply system, the Company plans to build a zero-carbon AIDC Token Super AI Factory. This initiative will transform the traditional passive service model of the industry characterized by "computing cards leasing and time-based billing" and establish a new industrialized mass-production model featuring "green power input → intelligent computing power processing and scheduling → standardized token output → LLM training and inference service delivery". By upgrading computing power services from "resource leasing" to "production capacity delivery", we will achieve the standardization, scaling, and industrialization of token production, effectively addressing the pain points of traditional computing power services, namely, the difficulty of mass production and inconsistent quality.

Through end-to-end integration of electricity and computing resources, we will achieve full autonomy and control over the entire process including power supply, computing power scheduling, cluster operations and maintenance, and production capacity output. This enables us to meet three key objectives: scaling up Token production capacity, optimizing production costs, and standardizing service quality. Against the backdrop of the "Dual Carbon" policy, we will establish a first-mover advantage in ESG and leadership in long-term sustainable development, providing core support for the transformation of the Company's computing power business from "high energy consumption" to "high added value".

Phase 4: Constructing an ecological closed loop – nationwide deployment of computing power bases and creating an integrated computing-grid-model industrial ecosystem

Following the achievement of stable profitability and a mature model at the single-site zero-carbon Token factory, the Company will initiate a strategic multi-site rollout of low-carbon computing power bases nationwide, forming a networked, scaled computing power capacity matrix across the country. The Company plans to build a fully integrated industrial ecosystem that encompasses computing-power and electricity synergy, computing power - network interconnection, intelligent scheduling, model training, scenario deployment, Token consumption and cross-border expansion in the long term. It will deeply engage with leading AI model firms to co-build foundational AI infrastructure, jointly fine-tune large models and collaboratively implement industry-specific applications, thereby providing clients with standardized Token services featuring high cost-effectiveness, high stability and strong adaptability and establishing a closed-loop ecosystem featuring internal self-absorption and virtuous circulation within the industry. At the same time, leveraging domestic zero-carbon, low-cost and large-scale Token production capacity, the Company will compliantly deploy computing power export operations, achieving a global footprint characterized by "Mass-produced in China, Delivered Worldwide."

In the future, the Company will comprehensively establish a full-chain AI computing power industry landscape featuring self-reliant hardware manufacturing, professionalized computing power operations, controllable green power capacity, industrialized Token production, closed-loop model ecosystem and globalized service delivery, thereby creating a new digital technology core business segment with sustained high growth, high barriers, and high certainty.

At present, Gon Jiuchi has completed the core cluster architecture design and the commercial deployment preparation for computing power adaptation and optimization solutions. All technical standards, operational systems and implementation processes have been defined and finalized, and the Company has already established practical cooperative relationships with multiple leading AI model firms. These efforts have laid a solid foundation for the subsequent large-scale deployment and industrialized operation of its computing power business.

2. *Intelligent Lightweight Service Robot Business*

Through its subsidiary, Gon Future (Shenzhen) Technology Co., Ltd. (國恩未來(深圳)科技有限公司), the Company comprehensively advances its presence in embodied intelligence and intelligent service robot industry. Drawing on its chemical new materials supply chain resources and mass production system for lightweight materials, it extends advanced material technologies into the embodied intelligence domain, delivering a full-chain material solution covering "material design – structural optimization – function realization", in a bid to build core manufacturing strengths characterized by self-controlled materials, customized structural optimization, lightweight integrated robot, high cost-performance and scalable mass production.

Leveraging its comprehensive new material supply chain system and mass-production capacity, the Company is able to perform customized material modification, lightweight ratio adjustments, high-strength weather-resistant material adaptation, noise- and vibration-damping material optimization and heat-dissipation material integration for different robotic components. This enables the Company to fundamentally address the material requirements of humanoid, quadruped and dual-arm robots in terms of high strength, low self-weight, high durability, fatigue resistance, impact resistance, low noise, and high adaptability, thereby achieving weight reduction and efficiency enhancement, upgraded structural strength, reduced energy consumption, and improved motion stability for the integrated robot, thus creating differentiated manufacturing barriers.

Meanwhile, the Company has built a dedicated embodied-intelligence training computing power cluster for robots, enabling localized training, iteration, tuning, and deployment of scenario-specific large models, motion control algorithms, multimodal perception algorithms, and autonomous decision-making algorithms for robots, which has systematically addressed industry pain points such as high training costs, unstable scheduling, poor scenario adaptability, weak data security and long iteration cycles, providing self-controlled, low-cost and highly stable computing power support for rapid version iteration, functional upgrades and scenario adaptation across the entire robot product line, and achieving the tripartite synergistic iteration of material hardware + AI computing power + intelligent algorithms.

(1) R&D and industrialization progress of the integrated product portfolio

During the Reporting Period, the Company has completed the independent design of the complete architecture, structural simulation and optimization, material selection and adaptation, hardware-software integration and debugging and algorithm system development for its full range of robot products including bipedal humanoid robots, wheeled dual-arm robots, industrial-grade quadruped robots and household AI companion robots, establishing a complete, standardized and rapidly iterable robotic technical system and technical documentation library.

The bipedal humanoid and wheeled dual-arm robots are benchmarked against industry-leading technical standards. Leveraging the Company's high-strength lightweight composite structural components, they achieve a balance between weight reduction and structural rigidity. The Company has independently developed a full suite of multimodal interaction, whole-body transmission control, high-precision sensory recognition, and posture-balancing algorithms, completing the full self-developed design process covering appearance and structure, hardware integration, electronic control drives, software systems and intelligent algorithms. The lightweight structure, motion stability and environmental adaptability of these robots have reached industry-leading levels, and they are widely adaptable to diverse application scenarios such as commercial services, intelligent inspection, home care, and contextual interaction.

The industrial-grade quadruped robot has entered the algorithm iteration and training phase, with ongoing efforts to optimize overall weight, streamline body dimension, upgrade structural strength, reduce energy and power consumption, fine-tune communication latency, and control total cost, thereby continuously enhancing the robot's capability to navigate complex terrain, withstand impacts, and maintain stable performance over extended periods of operation. As conditions for industrial-scale deployment continue to mature, the Company is well-positioned to achieve mass adoption across various scenarios including industrial inspection, special-purpose operations, industrial park security, and outdoor exploration.

For the household AI companion robot, three first-generation models – the WiFi standard version, the 4G full-network version, and the Douchong version – have completed engineering verification and prototype finalization. The body shells, support structures, and protective components are made from the Company's self-developed lightweight materials, offering advantages in texture, toughness, drop resistance, quiet operation, and low power consumption. Currently, all three models are undergoing deep software system tuning and functional adaptation, and equipped with core functions such as intelligent semantic dialogue, autonomous obstacle avoidance, intelligent following, remote control and whole-home patrol. In particular, the dedicated Douchong model is equipped with a high-definition full-color night-vision module. Leveraging the highly adaptable material protection system of the robot body, it achieves all-weather stable operation and can perform functions including pet monitoring, remote companionship, intelligent interaction, and home security, demonstrating strong differentiation, practicality, and readiness for deployment of products.

(2) Full-stack self-development of core components for robots

Leveraging its integrated capabilities in material R&D, structural simulation, precision manufacturing, and computing power simulation verification, the Company has achieved full-stack self-development, independent iteration, and in-house process manufacturing of key core robot components, eliminating reliance on external supply chains and establishing a self-controlled underlying hardware architecture, which can create synergy with the Company's core new materials business and facilitate the reuse of the technical systems..

Multi-series intelligent dexterous hands are being steadily iterated and rolled out: The direct-drive five-finger dexterous hand has undergone multiple rounds of mechanical simulation and structural iterative optimization, and has now entered the sample prototype trial-production preparation stage, which features high dexterity, high load capacity, high adaptability, and low self-weight. The cable-driven five-finger dexterous hand has completed multi-technical-route pre-research, market validation, and physical prototype development, achieving a balance between flexible grasping and structural durability with controllable costs and broad scenario applicability. The electric-driven three-finger dexterous hand has completed technical feasibility closed-loop verification, established a mature technical architecture, and entered the detailed structural design and process adaptation phase, suitable for industrial flexible grasping, intelligent operation, and end-service scenarios.

In the field of teleoperation human-machine interaction devices, the self-developed force-feedback teleoperation glove has completed its first-generation prototype. Currently, ongoing optimization is being conducted for motion-capture precision, response latency, and posture-recognition accuracy, while simultaneously advancing the development of high-precision force-feedback supporting algorithms and hardware solutions. Leveraging its proprietary computing power, the Company conducts large-scale motion-data training simulations to continuously enhance the precision of master-slave human-machine control and immersive experience.

In the domain of intelligent perception core devices, the electronic skin project has completed multiple rounds of technical route validation, material formulation iteration, and process-adaptation pre-research, successfully producing first-generation functional samples. Through using material modification to optimize perception sensitivity, flexible conformability, signal-transmission stability and environmental adaptability, this technology can be fully integrated onto humanoid robot bodies and dexterous-hand end-effectors, enabling high-precision tactile perception, flexible interaction, obstacle recognition, and fine-manipulation sensing in the future, thereby significantly enhancing the environmental understanding and autonomous operation capabilities of embodied intelligent robots.

In summary, the Company's expansion into artificial intelligence and computing power is not a mere cross-sector diversification, but rather a strategic imperative resulting from the upward extension of its new material high-end manufacturing capabilities and the downward deployment of its computing power infrastructure. With materials manufacturing as its hard-core foundation, green computing power industrial operations as its digital hub, and embodied intelligent robots as its terminal deployment platform, the Company will establish a fully self-contained, closed-loop industrial system encompassing materials – hardware – computing power – algorithms – terminals – scenarios.

The core new materials business provides lightweight, highly reliable and low-cost hardware manufacturing support for the AI business, while the AI computing power and intelligent terminal businesses, in turn, serve as catalysts for precise iteration of material R&D, continuous process upgrading and intelligent transformation of the manufacturing system. Looking ahead, the Company will continue to deepen the deep integration of new materials + AI computing power + embodied intelligent terminals, continuously promote the expansion of computing power capacity, industrialized mass production of Token, finalization and iteration of robot products, and mass production and rollout of core components. The Company will steadily cultivate its third major high-tech growth business segment, and comprehensively realize its strategic transformation from a new materials manufacturer into a nationally recognized high-tech platform enterprise integrating advanced manufacturing, green computing power and artificial intelligence.

OUTLOOK

1. Chemical New Materials Industry. Guided by the national strategic direction of developing high-end manufacturing, the Company will continue to leverage the upgrading of its chemical new materials industry as a strategic pivot. Through a triple driven approach of "technology integration + industrial chain extension + intelligent manufacturing upgrading", the Company plans to further build a vertically integrated industrial platform covering the entire spectrum from basic raw materials to end products. In industrial clusters such as the Yangtze River Delta and the Pearl River Delta, the Company aims to develop a localized integrated development model of "green petrochemical materials – organic polymer modification/compounding – optical film/sheet materials", with the goal of achieving self sufficiency in key intermediates. Leveraging its integrated new materials platform, the Company intends to continue expanding into specialty engineering materials, proactively explore emerging application fields such as robotics and aerospace, accelerate the domestic substitution of critical materials, and further enhance its high value added product portfolio to strengthen its core competitiveness and industry standing.

2. Biomedical and Healthcare Industry. The Company will continue to break through established models with innovative approaches, with market demand as its guide, innovation as its core driving force, and digitalization as an enabler. It plans to vigorously advance the comprehensive and in depth application and deployment of collagen in the fields of "medical, aesthetic, health, and food" sectors, as well as in new materials. Driven by technological innovation and refined management, the Company will further enhance operational efficiency, consolidate its endogenous growth drivers, and propel its internally driven development to a new level. The Company will continue to leverage its advantages as a listed company platform, extend the industrial value chain through strategic synergy and M&A integration, and is committed to building a diversified and high value added revenue structure. It strives to establish itself as a leading national collagen brand and to build a comprehensive group in the biomedical and healthcare industry segments, deeply unlocking economies of scale, platform synergies, and brand benefits, thereby laying a solid foundation for achieving the development goal of "New Dongbao, New Future".

3. AI Computing Infrastructure Construction, Operations and Maintenance, and Artificial Intelligence Robotics Industry. Fully leveraging the advantages of its vertically integrated industrial platform and building on its forward looking strategic initiatives in the fields of robotics and embodied intelligence, the Company has established two major AI business segments: computing infrastructure and intelligent lightweight service robots. As the Company's core infrastructure platform for AI industry, the computing power business will empower the development of the Company's own AI models and products internally, while providing high-performance computing solutions to industry clients externally. The robotics business will focus on the independent R&D and industrialization of embodied intelligent robots and their core components. These two business segments will support each other in terms of technological R&D and real-world implementation, and develop in a synergistic manner.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Revenue Analysis

During the Reporting Period, the Group's revenue was primarily derived from organic polymer modified materials, organic polymer composite materials and green petrochemical new materials. During the Reporting Period, the Group achieved revenue of RMB11,514.4 million, representing an increase of 18.05% as compared to RMB9,753.7 million in the same period of 2025, primarily due to the capacity release of the green petrochemical bases and continuous growth in market demands during the Reporting Period.

The table below sets forth the revenue analysis of the Group by industry, product and geographical region:

Unit: '000

Items	Current reporting period Amount	Current reporting period Proportion of operating revenue	Same period last year Amount	Same period last year Proportion of operating revenue	Year-on-year increase or decrease
Total operating revenue	**11,514,439**	**100%**	9,753,672	100%	18.05%
By industry					
New chemical materials	**10,415,695**	**90.46%**	8,603,004	88.21%	21.07%
Biomedical, healthcare	**413,211**	**3.59%**	368,075	3.77%	12.26%
Others	**685,534**	**5.95%**	782,593	8.02%	-12.40%
By product					
Organic polymer modified materials	**5,483,036**	**47.62%**	4,914,391	50.38%	11.57%
Organic polymer composite materials	**2,046,163**	**17.77%**	1,726,943	17.71%	18.48%
Green petrochemical materials and new materials	**2,886,495**	**25.07%**	1,961,671	20.11%	47.14%
Gelatin, collagen and their derivatives	**206,044**	**1.79%**	168,287	1.73%	22.44%
Biomedical (Empty capsules)	**207,167**	**1.80%**	199,788	2.05%	3.69%
Others	**685,534**	**5.95%**	782,593	8.02%	-12.40%
By region					
Domestic	**11,267,512**	**97.86%**	9,597,015	98.39%	17.41%
Overseas	**246,927**	**2.14%**	156,657	1.61%	57.62%

2. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group achieved gross profit of RMB1,528.9 million, representing an increase of 54.88% as compared to RMB987.1 million in the same period of 2025. Consolidated gross profit margin was 13.28%, representing an increase of 3.16% as compared to 10.12% in the same period of 2025, primarily due to the scale effect resulting from increased capacity utilization of new chemical materials during the Reporting Period, which led to a reduction in unit costs, as well as improvements in production processes and technological upgrades that enhanced production efficiency.

The table below sets forth gross profit and gross profit margin analysis of the Group by industry, product and geographical region:

Unit:'000

Items	**Current reporting period**		Same period last year	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
Total gross profit	**1,528,880**	**13.28%**	987,135	10.12%
By industry				
New chemical materials	**1,415,186**	**13.59%**	875,633	10.18%
Biomedical, healthcare	**84,238**	**20.39%**	90,072	24.47%
Others	**29,456**	**4.30%**	21,430	2.74%
By product				
Organic polymer modified materials	**768,823**	**14.02%**	576,651	11.73%
Organic polymer composite materials	**295,797**	**14.46%**	203,917	11.81%
Green petrochemical materials and new materials	**350,566**	**12.15%**	95,065	4.85%
Gelatin, collagen and their derivatives	**36,297**	**17.62%**	40,362	23.98%
Biomedical (Empty capsules)	**47,942**	**23.14%**	49,710	24.88%
Others	**29,456**	**4.30%**	21,430	2.74%
By region				
Domestic	**1,502,100**	**13.33%**	966,248	10.07%
Overseas	**26,780**	**10.85%**	20,887	13.33%

3. Expenses

Unit:'000

	Current reporting period	Same period last year	Year-on-year increase or decrease	Reason for changes
Selling expenses	79,724	73,568	8.37%	
Administrative expenses	145,763	117,735	23.81%	
Finance expenses	115,520	83,124	38.97%	Primarily due to an increase in exchange losses arising from exchange rate fluctuations on foreign currency held
Research and development expenses	392,580	295,594	32.81%	Primarily due to an increase in research and development expenses

4. Assets and Liabilities

Unit:'000

(1) Explanation for the balance sheet items

	End of the current Reporting Period		End of the previous year		Increase/ decrease in proportion	Explanation for significant changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary funds	4,017,678	17.78%	3,292,467	16.64%	1.14%	No significant change
Accounts receivable	3,143,609	13.91%	2,828,038	14.29%	-0.38%	No significant change
Inventories	4,342,333	19.22%	3,875,222	19.58%	-0.36%	No significant change
Investment properties	2,050	0.01%	2,226	0.01%	0.00%	No significant change
Long-term equity investments	284,020	1.26%	192,845	0.97%	0.29%	No significant change
Fixed assets	4,650,179	20.58%	3,791,545	19.16%	1.42%	No significant change
Construction in progress	2,239,001	9.91%	2,166,777	10.95%	-1.04%	No significant change
Right-of-use assets	32,584	0.14%	34,506	0.17%	-0.03%	No significant change
Short-term borrowings	1,819,348	8.05%	1,613,431	8.15%	-0.10%	No significant change
Contract liabilities	117,973	0.52%	147,227	0.74%	-0.22%	No significant change
Long-term borrowings	3,410,140	15.09%	2,530,428	12.79%	2.30%	No significant change
Lease liabilities	15,516	0.07%	11,868	0.06%	0.01%	No significant change

(2) Gearing ratio

As at 30 June 2026, the gearing ratio of the Group was 59.48% (31 December 2025: 61.09%), and the decrease in gearing ratio was mainly attributable to the increase in owners' equity and total assets resulting from the issuance of H Shares by the Company during the Reporting Period.

Items	**At the end of the current Reporting Period**	At the end of the previous year
Total assets	**22,592,761**	19,787,851
Total liabilities	**13,438,010**	12,087,515
Gearing ratio	**59.48%**	61.09%

(3) Mortgage or pledge of assets

Items	**Net book value at the end of the current Reporting Period**	Net book value at the end of the previous year	**Condition of restriction**
Monetary funds	**849,528**	1,089,662	Deposits for bank acceptance bills, etc.
Bills receivable	**15,428**	250	Facility pledge
Fixed assets	**1,080,674**	822,092	Facility pledge
Intangible assets	**196,940**	134,900	Facility pledge
Receivables financing	**106,158**	65,863	Facility pledge
Construction in progress	**59,120**	81,818	Facility pledge
Long-term equity investments	**509,587**	509,587	Facility pledge
Total	**2,817,435**	2,704,172	

5. Cash Flows

Unit:'000

Items	Current Reporting Period	Same period last year	Year-on-year increase or decrease	Reason for changes
Net cash flows from operating activities	320,635	338,001	-5.14%	
Net cash flows from investing activities	-1,336,636	-206,958	-545.85%	Mainly due to the increase in cash paid to acquire fixed assets, intangible assets and other long-term assets
Net cash flows from financing activities	2,006,595	191,667	946.92%	Mainly due to the proceeds received from the H Share issuance
Net increase in cash and cash equivalents	965,345	315,912	205.57%	Mainly due to the proceeds received from the H Share issuance

6. Liquidity, Financial Resources and Capital Structure

As at 30 June 2026, the Group had cash and cash equivalents of RMB3,168.1 million (31 December 2025: RMB2,202.8 million), approximately 93.49% of which was denominated in RMB.

As at 30 June 2026, the Group had bank and other borrowings of RMB7,586.7 million (31 December 2025: RMB6,147.3 million), all of which were denominated in RMB. Fixed-rate borrowings amounted to RMB2,774.7 million, accounting for approximately 36.57% of the total, while borrowings repayable within one year amounted to RMB3,135.5 million, representing approximately 41.33% of the total.

The Group primarily funded its development needs through cash generated from operating activities, bank facilities and proceeds from issue of shares.

The Group has sufficient liquidity to meet its daily liquidity management needs, repay its debts as and when they become due and satisfy its capital expenditure needs.

7. Financial Risk

The Group is exposed to a variety of market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk, as set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(1) Interest rate risk

The Group's cash flow interest rate risk mainly relates to its floating-rate bank borrowings, restricted bank deposits and bank balances. The Group is also exposed to fair value interest rate risk, which mainly relates to fixed-rate bank and other borrowings, the interest-bearing portion of convertible bonds. The Group currently does not conduct any interest rate swaps to hedge its exposure to fair value interest rate risk. However, our management will consider hedging significant interest rate risks when necessary.

(2) Foreign currency risk

The Group's transactions are primarily conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange risk arising from assets and liabilities denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, EUR and USD. Our management closely monitors foreign currency exposure and uses foreign exchange forward contracts to hedge significant foreign currency exposures when necessary.

(3) Credit risk

To minimise the credit risk of trade and bills receivables, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts.

In addition, the Group reviews the recoverable amounts of these balances individually and/or collectively at the end of the year/period to ensure that adequate impairment losses are made for irrecoverable amounts.

(4) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's operations.

OTHER INFORMATION

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Company did not have any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

The Group will arrange future investment or capital asset acquisition plans in accordance with the strategic planning and actual operating conditions.

Contingent Liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities (31 December 2025: Nil).

Use of Proceeds from the Global Offering

The 30,000,000 H Shares were listed on the Main Board of the Stock Exchange on 4 February 2026 with an offer price of HK$36.0 per H Share, with net proceeds received by the Company from the Global Offering in the amount of approximately HK$1,000.4 million after deducting the listing expenses payable by the Company in connection with the Global Offering. The Company intends to apply the net proceeds in the same manner and proportions as set out in the section titled "Future Plans and Use of Proceeds" in the Prospectus. The utilisation of proceeds from Global Offering as at 30 June 2026 is set out in the table below.

	% of the total net proceeds(Note)	Net proceeds from the Global Offering (HK$ in millions)	Actual utilised amount as of 30 June 2026 (HK$ in millions)	Unutilised amount as of 30 June 2026 (HK$ in millions)	Expected timeline of full utilization
Building the Thailand production base	50.0	500.2	9.5	490.7	By 31 December 2028
Building the Yixing production base	35.0	350.1	37.5	312.6	By 31 December 2028
Investment in Hong Kong	10.0	100.0	–	100.0	By 31 December 2028
Working capital for general use	5.0	50.0	–	50.0	By 31 December 2028
Total	100.0	1,000.4	47.0	953.4	

Note: The aggregate of the figures in the table above may not add up to the relevant sub-total or total figures shown due to rounding of the figures to one decimal place

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a total of 5,550 full-time employees (30 June 2025: 5,470), substantially all of whom are stationed in China. For the Reporting Period, the employee expenses of the Group amounted to approximately RMB353.9 million (for the six months ended 30 June 2025: approximately RMB324.5 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits qualified personnel with professional capabilities and working experience related to the Company's business to support the sustainable growth of business.

The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly for employees, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

As at the Latest Practicable Date, the Company has no outstanding future employee incentive plan or restricted share incentive plan.

OTHER INFORMATION

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 30 June 2026, so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code.

Name	Position	Nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the share capital of the same class as of 30 June 2026[1] (%)	Approximate percentage of shareholding in the total issued and outstanding share capital of our Company as of 30 June 2026[1] (%)
Mr. Wang Aiguo	Chairman of our Board, executive Director and general manager	Beneficial owner	186,480,000 (A Shares)	46.80	43.52
		Interest of spouse[2]	39,960,000 (A Shares)	10.03	9.33
		Interest in treasury shares[3]	6,250,000 (A Shares)	1.57	1.46

Notes:

1. The calculation was based on the total number of 428,450,000 Shares in issue (including: 398,450,000 A Shares (which included 6,250,000 treasury A Shares) and 30,000,000 H Shares) as at 30 June 2026.

2. Ms. Xu Bo is the spouse of Mr. Wang Aiguo. By virtue of the SFO, Mr. Wang Aiguo and Ms. Xu Bo are deemed to be interested in all the Shares held by each other. As of 30 June 2026, Ms. Xu Bo and Qingdao Century Xinghao Investment Co., Ltd.* (青島世紀星豪投資有限公司) ("**Xinghao Investment**") directly held 13,320,000 A Shares and 26,640,000 A Shares, respectively. Xinghao Investment is controlled and held as to 83.30% of its equity by Ms. Xu Bo. By virtue of the SFO, Ms. Xu Bo is deemed to be interested in all the Shares held by Xinghao Investment.

As of 30 June 2026, there were 6,250,000 A Shares repurchased and held as treasury shares. Mr. Wang Aiguo who controls more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company. As of the Latest Practicable Date, our Company completed the cancellation of 6,250,000 A Shares. For details, please refer to the relevant contents of "Significant Events after the Reporting Period – (2) Cancellation of the Repurchased A Shares" in this interim report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of 30 June 2026, the following persons/entities (other than the Directors and chief executive officer of the Company) have interests and/or short positions in our Shares or our underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO, or are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Name	Nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the share capital of the same class as of 30 June 2026[1]	Approximate percentage of shareholding in the total issued and outstanding share capital of our Company as of 30 June 2026[1]
Ms. Xu Bo	Beneficial interest	13,320,000 (A Shares)	3.34	3.11
	Interest in controlled corporation[2]	26,640,000 (A Shares)	6.69	6.22
	Interest of spouse[3]	192,730,000 (A Shares)	48.37	44.98
Xinghao Investment	Beneficial interest	26,640,000 (A Shares)	6.69	6.22
First Seafront Fund Series SPC	Beneficial interest	3,055,400 (H Shares)	10.18	0.71
First Seafront Holding Limited	Interest in controlled corporation[4]	3,055,400 (H Shares)	10.18	0.71
SLD International Enterprises Limited	Beneficial interest	2,222,200 (H Shares)	7.41	0.52
Shen Zhenyu	Interest in controlled corporation[5]	2,222,200 (H Shares)	7.41	0.52

Notes:

1. The calculation is based on the total number of 428,450,000 Shares in issue (including: 398,450,000 A Shares (which included 6,250,000 treasury A Shares) and 30,000,000 H Shares) as at 30 June 2026.

2. As of 30 June 2026, Xinghao Investment directly held 26,640,000 A Shares and Xinghao Investment is controlled and held as to 83.30% by Ms. Xu. By virtue of the SFO, Ms. Xu is deemed to be interested in all the Shares held by Xinghao Investment.

3. Mr. Wang Aiguo is the spouse of Ms. Xu Bo. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.

4. As of 30 June 2026, First Seafront Fund Series SPC is controlled by First Seafront Asset Management Limited as the investment manager on a discretionary basis. First Seafront Asset Management Limited is ultimately owned by First Seafront Holding Limited, and no ultimate beneficial owner holds 30% or more interest in First Seafront Asset Management Limited. No single investor holds 30% or more interest in the fund, and no ultimate beneficial owner holds 30% or more interest in the fund. By virtue of the SFO, First Seafront Holding Limited is deemed to be interested in all the Shares held by First Seafront Fund Series SPC.

5. As of 30 June 2026, SLD International Enterprises Limited is owned as to 90% by Shen Zhenyu. By virtue of the SFO, Shen Zhenyu is deemed to be interested in all the Shares held by SLD International Enterprises Limited.

Save as disclosed above, as of 30 June 2026, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other persons/entities who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interest of substantial shareholder in non wholly owned subsidiary of the Company

As of 30 June 2026, the Directors are not aware of any persons (other than the Directors or chief executive) who has, directly or indirectly, acquired interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at 30 June 2026, the Company held 6,250,000 A shares, which were repurchased by the Company prior to the Listing Date, as treasury shares, which were deposited in the Company's share repurchase account until their cancellation on 31 July 2026. There was no purchase of H shares made by the Company nor any of its subsidiaries since the Listing Date and up to the Latest Practicable Date. Other than the Global Offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) since the Listing Date and up to 30 June 2026.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2026.

CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Group's development and protection of the interests of its Shareholders. The Company has adopted the relevant code provisions of the Corporate Governance Code as the basis for its corporate governance practices.

The Board is of the view that the Company has complied with all the applicable code provisions set out in the Corporate Governance Code since Listing Date and up to the date of this report except for the following deviation. Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wang Aiguo is the Chairman and general manager of the Company. The Board believes that vesting the roles of Chairman and general manager in the same individual, who is also the founder of the Group, provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board will continue to review and monitor the corporate governance practices of the Company with the aim of maintaining a high standard of corporate governance.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(1) Capitalisation Issue out of the Company's Existing Reserves

On the 2025 annual general meeting of the Company held on 9 June 2026 (the "**2025 AGM**"), a special resolution was passed by the Shareholders to approve, among other things, the capitalisation issue out of existing reserves of the Company of 4.8 Shares for every 10 existing Shares (the "**Capitalisation Issue**"), representing a total increase of 14,400,000 H Shares based on the total of 30,000,000 H Shares is issue as of 9 June 2026. The new H Shares were issued on 16 July 2026 on a pro rata basis on the holders of all H Shares as of the record date of 25 June 2026. The aggregate nominal value of the new H Shares was RMB14,400,000. The market price of each H Share was HK$47.58 as at the close of trading on the said record date.

(2) Cancellation of the Repurchased A Shares

At the 2025 AGM, a special resolution was passed by the Shareholders to approve the change of use of the 6,250,000 treasury shares repurchased by the Company from "for the implementation of equity incentive plans or employee stock ownership plans" to "for cancellation and reduction of the Company's registered capital". The Company completed the cancellation with the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on 31 July 2026. Upon completion of such cancellation, the Company's issued A Shares were reduced to 392,200,000 Shares.

Save as disclosed above, there were no significant events occurred from the end of the Reporting Period to the date of this report.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's employees who, because of his/her office or employment, are likely to possess inside information.

Specific enquiries have been made by the Company to all the Directors and all of the Directors have confirmed that they have complied with the Model Code during the period from the Listing Date to the Latest Practicable Date. No incident of non-compliance of the Model Code by the employees was identified by the Company during the period from the Listing Date to the Latest Practicable Date.

CHANGE IN DIRECTORS' INFORMATION

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of Changes
Ms. Li Huiying	Ms. Li was awarded a bachelor's degree in economics from Qingdao University of Technology in June 2026.
Ms. Hong Ting	Ms. Hong was appointed as an independent non-executive director of ALSCO Pooling Service Co., Ltd. (2649.HK) on 9 March 2026 and resigned from the said office on 4 August 2026.
Mr. Huang Zhaoge	Mr. Huang ceased to be an independent director of Qingdao Haojiang Smart Technology Co., Ltd.*（青島豪江智能科技股份有限公司）on 17 July 2026.

Save as disclosed above, there are no other changes in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2026.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of the date of this interim report, save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

FINANCIAL REPORT

I. AUDIT REPORT

Is the interim report audited

☐Yes ✓No

The Company's interim financial report is unaudited.

II. FINANCIAL STATEMENTS

The unit in the notes to the financial statements is: RMB

II. FINANCIAL STATEMENTS *(Continued)*

1. Consolidated Balance Sheet

Prepared by: QINGDAO GON TECHNOLOGY CO., LTD.

30 June 2026

Unit: RMB

Items	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	4,017,678,015.11	3,292,466,776.14
Settlement deposits		
Placements with banks and other financial institutions		
Financial assets held for trading		
Derivative financial assets		
Bills receivables	872,116,325.47	720,151,188.14
Accounts receivable	3,143,608,510.40	2,828,038,175.87
Receivables financing	486,742,441.81	516,713,401.56
Prepayments	728,011,485.94	716,300,593.77
Premiums receivables		
Receivables from reinsurers		
Reinsurance deposits receivables		
Other receivables	22,076,431.57	14,225,256.88
Including: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	4,342,333,327.61	3,875,221,554.71
Including: Data resources		
Contract assets		
Assets held for sale	75,874,427.75	167,016,443.54
Non-current assets due within one year	14,705,633.41	19,351,746.92
Other current assets	97,986,099.84	109,027,806.44
Total current assets	13,801,132,698.91	12,258,512,943.97

II. FINANCIAL STATEMENTS *(Continued)*

1. Consolidated Balance Sheet *(Continued)*

Items	Closing balance	Opening balance
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	**284,020,113.84**	192,844,541.12
Other equity instruments investments	**35,196,061.66**	35,196,061.66
Other non-current financial assets		
Investment properties	**2,049,913.66**	2,225,695.21
Fixed assets	**4,650,178,899.06**	3,791,544,749.90
Construction in progress	**2,239,000,521.70**	2,166,777,322.10
Productive biological assets		
Oil and gas assets		
Right-of-use assets	**32,583,869.20**	34,505,508.13
Intangible assets	**862,751,446.45**	844,606,730.48
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	**331,974,811.38**	331,974,811.38
Long-term deferred expenses	**8,252,267.82**	3,992,633.64
Deferred tax assets	**25,987,082.07**	23,119,840.12
Other non-current assets	**319,633,636.13**	102,550,353.83
Total non-current assets	**8,791,628,622.97**	7,529,338,247.57
Total assets	**22,592,761,321.88**	19,787,851,191.54

II. FINANCIAL STATEMENTS *(Continued)*

1. Consolidated Balance Sheet *(Continued)*

Items	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	**1,819,347,820.44**	1,613,431,491.91
Borrowings from the central bank		
Loans from other banks and financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payables	**3,988,024,076.14**	3,892,225,081.15
Accounts payable	**640,850,422.12**	680,910,600.67
Advances from customers		
Contract liabilities	**117,973,220.23**	147,226,506.73
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Client fund held for securities trading		
Funds held on behalf of issuers for securities underwriting		
Employee benefits payable	**59,967,052.23**	67,863,609.22
Taxes payable	**178,855,599.36**	195,774,240.75
Other payables	**64,701,777.23**	61,776,780.24
Including: Interest payables		
Dividend payable	**15,000,000.00**	
Fees and commissions payable		
Payables to reinsurers		
Liabilities held for sale		
Non-current liabilities due within one year	**1,358,240,564.59**	1,220,170,273.81
Other current liabilities	**148,168,781.51**	157,022,514.35
Total current liabilities	**8,376,129,313.85**	8,036,401,098.83

II. FINANCIAL STATEMENTS *(Continued)*

1. Consolidated Balance Sheet *(Continued)*

Items	Closing balance	Opening balance
Non-current liabilities:		
Provisions for insurance contracts		
Long-term borrowings	**3,410,140,070.00**	2,530,428,170.00
Bonds payable	**360,740,273.67**	354,286,677.45
Including: Preference shares		
Perpetual bonds		
Lease liabilities	**15,515,520.61**	11,868,404.23
Long-term payables	**1,051,008,395.34**	927,730,862.02
Long-term employee benefits payable		
Provisions		
Deferred income	**82,312,231.02**	70,258,209.41
Deferred tax liabilities	**142,164,015.08**	156,541,422.88
Other non-current liabilities		
Total non-current liabilities	**5,061,880,505.72**	4,051,113,745.99
Total liabilities	**13,438,009,819.57**	12,087,514,844.82
Owners' equity:		
Share capital	**442,850,000.00**	271,250,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital Reserve	**1,483,200,427.64**	762,093,489.15
Less: Treasury shares	**130,291,303.33**	130,291,303.33
Other comprehensive income	**-33,767,707.02**	-15,748,978.34
Special reserves	**34,470,071.75**	26,618,635.68
Surplus reserves	**135,625,000.00**	135,625,000.00
General risk reserves		
Retained earnings	**5,189,588,242.66**	4,682,278,811.52
Total equity attributable to owners of the parent company	**7,121,674,731.70**	5,731,825,654.68
Non-controlling interests	**2,033,076,770.61**	1,968,510,692.04
Total owners' equity	**9,154,751,502.31**	7,700,336,346.72
Total liabilities and owners' equity	**22,592,761,321.88**	19,787,851,191.54

Legal representative: Wang Aiguo   Financial controller: Yu Chuibai   Head of the financial department: Zhao Yanying

II. FINANCIAL STATEMENTS *(Continued)*

2. Balance sheet of the parent company

Unit: RMB

Items	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	2,662,762,058.76	2,022,966,216.31
Financial assets held for trading	124,017,883.95	122,268,031.75
Derivative financial assets		
Bills receivables	537,195,016.24	411,916,034.02
Accounts receivable	4,187,263,683.73	2,479,983,331.84
Receivables financing	294,175,555.83	335,671,132.58
Prepayments	105,198,581.14	78,471,215.79
Other receivables	835,932,470.06	813,175,378.44
Including: Interest receivable	19,111,622.10	15,358,007.01
Dividend receivable		
Inventories	2,774,030,506.27	2,534,228,705.88
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	14,705,633.41	19,351,746.92
Other current assets	608,447.85	19,596,305.43
Total current assets	11,535,889,837.24	8,837,628,098.96

II. FINANCIAL STATEMENTS *(Continued)*

2. Balance sheet of the parent company *(Continued)*

Items	Closing balance	Opening balance
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	**3,252,863,976.36**	3,098,690,856.09
Other equity instruments investments		
Other non-current financial assets		
Investment properties	**182,264,380.60**	186,569,421.58
Fixed assets	**666,543,798.90**	656,381,779.13
Construction in progress	**181,747,741.79**	164,630,215.58
Productive biological assets		
Oil and gas assets		
Right-of-use assets	**9,754,123.89**	9,016,188.32
Intangible assets	**24,188,059.17**	25,486,074.48
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term deferred expenses	**187,018.70**	277,690.63
Deferred tax assets		
Other non-current assets	**21,678,970.00**	29,859,934.00
Total non-current assets	**4,339,228,069.41**	4,170,912,159.81
Total assets	**15,875,117,906.65**	13,008,540,258.77

II. FINANCIAL STATEMENTS *(Continued)*

2. Balance sheet of the parent company *(Continued)*

Items	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	863,813,212.11	972,242,615.76
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payables	3,890,788,433.12	3,316,553,773.87
Accounts payable	257,741,344.46	193,905,284.20
Advances from customers		
Contract liabilities	652,697,672.47	418,256,613.16
Employee benefits payable	9,640,180.43	15,485,700.05
Taxes payable	25,775,751.80	42,726,426.27
Other payables	149,119,658.07	142,554,507.43
Including: Interest payable	1,034,027.78	288,888.89
Dividend payable	15,000,000.00	
Liabilities held for sale		
Non-current liabilities due within one year	774,845,164.28	838,766,542.95
Other current liabilities	90,808,079.68	69,962,884.55
Total current liabilities	6,715,229,496.42	6,010,454,348.24
Non-current liabilities:		
Long-term borrowings	2,511,576,500.00	1,482,394,600.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	6,701,126.19	6,925,383.16
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	29,020,007.83	22,319,439.16
Deferred tax liabilities	2,711,065.74	4,666,878.78
Other non-current liabilities		
Total non-current liabilities	2,550,008,699.76	1,516,306,301.10

II. FINANCIAL STATEMENTS *(Continued)*

2. Balance sheet of the parent company *(Continued)*

Items	Closing balance	Opening balance
Total liabilities	**9,265,238,196.18**	7,526,760,649.34
Owners' equity:		
Share capital	**442,850,000.00**	271,250,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital Reserve	**1,668,498,909.25**	947,391,970.76
Less: Treasury shares	**130,291,303.33**	130,291,303.33
Other comprehensive income		
Special reserves		
Surplus reserves	**135,625,000.00**	135,625,000.00
Retained earnings	**4,493,197,104.55**	4,257,803,942.00
Total owners' equity	**6,609,879,710.47**	5,481,779,609.43
Total liabilities and owners' equity	**15,875,117,906.65**	13,008,540,258.77

II. FINANCIAL STATEMENTS *(Continued)*

3. Consolidated Income Statement

Unit: RMB

Items	First half of 2026	First half of 2025
I. Total operating income	**11,514,439,419.46**	9,753,671,915.54
Including: Operating income	**11,514,439,419.46**	9,753,671,915.54
Interest income		
Premium earned		
Handling charges and commission income		
II. Total operating costs	**10,752,462,668.38**	9,365,377,643.63
Including: Operating costs	**9,985,559,584.63**	8,766,536,872.15
Interest expenses		
Handling charges and commission expenses		
Surrender payment		
Net claims paid		
Net provision for insurance liabilities		
Policyholder dividends		
Reinsurance expenses		
taxes and surcharges	**33,316,800.10**	28,819,513.88
Selling expenses	**79,723,979.75**	73,567,787.34
Administrative expenses	**145,762,773.10**	117,735,126.20
Research and development expenses	**392,579,692.84**	295,594,083.44
Financial expenses	**115,519,837.96**	83,124,260.62
Including: Interest expenses	**84,980,522.07**	85,052,641.40
Interest income	**16,177,706.94**	13,624,950.44

II. FINANCIAL STATEMENTS *(Continued)*

3. Consolidated Income Statement *(Continued)*

Items	First half of 2026	First half of 2025
Add: Other income	**36,429,665.10**	51,638,414.70
Investment income (loss is represented by "-")	**-13,447,113.65**	-15,263,163.92
Including: Gains from investment in associates and joint ventures	**-10,610,627.08**	-10,993,773.05
Gains from derecognition of financial asset at amortised cost	**-192,995.82**	-119,382.19
Exchange gains (loss is represented by "-")		
Gains from net exposure hedging (loss is represented by "-")		
Gains from changes in fair value (loss is represented by "-")	**465,524.00**	271,356.12
Impairment losses of credit (loss is represented by "-")	**-4,274,328.86**	5,828,042.83
Impairment losses of assets (loss is represented by "-")	**-20,785,561.67**	-47,635,559.60
Gains from disposal of assets (loss is represented by "-")	**13,872,843.12**	2,407,392.41

II. FINANCIAL STATEMENTS *(Continued)*

3. Consolidated Income Statement *(Continued)*

Items	First half of 2026	First half of 2025
III. Operating profit (loss is represented by "-")	**774,237,779.12**	385,540,754.45
Add: Non-operating income	**2,662,273.42**	11,031,199.48
Less: Non-operating expenses	**1,623,520.11**	1,260,097.33
IV. Total profit (total loss is represented by "-")	**775,276,532.43**	395,311,856.60
Less: Income tax expenses	**51,554,542.57**	48,370,664.81
V. Net profit (net loss is represented by "-")	**723,721,989.86**	346,941,191.79
(I) Classified by continuity of operations		
1. Net profit from continuing operation (net loss is represented by "-")	**723,721,989.86**	346,941,191.79
2. Net profit from discontinued operations (net loss is represented by "-")		
(II) Classified by ownership		
1. Net profit attributable to the shareholders of the parent company (net loss is represented by "-")	**654,809,431.14**	345,861,695.19
2. Non-controlling interests (net loss is represented by "-")	**68,912,558.72**	1,079,496.60
VI. Net amount of other comprehensive income after tax	**-18,021,558.63**	-11,167,860.60
Net amount of other comprehensive income after tax attributable to owners of the parent company	**-18,018,728.68**	-11,190,948.89
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the Company		
5. Others		

II. FINANCIAL STATEMENTS *(Continued)*

3. Consolidated Income Statement *(Continued)*

Items	First half of 2026	First half of 2025
(II) Other comprehensive income that will be reclassified to profit or loss	**-18,018,728.68**	-11,190,948.89
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences on translation of foreign currency financial statements	**-18,018,728.68**	-11,190,948.89
7. Others		
Net amount of other comprehensive income after tax attributable to minority shareholders	**-2,829.95**	23,088.29
VII. Total comprehensive income	**705,700,431.23**	335,773,331.19
Total comprehensive income attributable to owners of the parent company	**636,790,702.46**	334,670,746.30
Total comprehensive income attributable to minority shareholders	**68,909,728.77**	1,102,584.89
VIII. Earnings per share:		
(I) Basic earnings per share	**1.53**	0.88
(II) Diluted earnings per share	**1.53**	0.88

For the business combination under common control in the current period, the net profit realised by the merged party before the combination was nil, and the net profit realised by the merged party in the previous period was nil.

Legal representative:	Officer-in-charge of accounting affair:	Head of the accounting firm:
Wang Aiguo	Yu Chuibai	Zhao Yanying

II. FINANCIAL STATEMENTS *(Continued)*

4. Income Statement of the Parent Company

Unit: RMB

Items	First half of 2026	First half of 2025
I. Operating income	7,063,752,035.57	6,059,099,503.54
Less: Operating costs	6,256,129,618.56	5,436,669,744.74
taxes and surcharges	7,988,601.53	7,599,404.16
Selling expenses	29,932,020.03	24,399,961.15
Administrative expenses	44,594,540.82	32,947,877.29
Research and development expenses	224,855,164.35	184,916,366.54
Financial expenses	74,379,731.74	53,507,390.95
Including: Interest expenses	47,007,475.64	55,275,307.52
Interest income	12,623,379.03	6,860,814.44
Add: Other income	22,629,449.23	35,697,976.69
Investment income (loss is represented by "-")	-6,312,022.12	-7,822,004.96
Including: Gains from investment in associates and joint ventures	-8,380,320.73	-9,229,379.70
Gains from derecognition of financial asset at amortised cost (loss is represented by "-")		
Gains from net exposure hedging (loss is represented by "-")		
Gains from changes in fair value (loss is represented by "-")	2,215,376.20	6,149,163.62
Impairment losses of credit (loss is represented by "-")	-6,390,828.35	2,976,749.11
Impairment losses of assets (loss is represented by "-")	-18,142,796.08	-24,128,837.13
Gains from disposal of assets (loss is represented by "-")	-177,365.82	2,223.09
II. Operating profit (loss is represented by "-")	419,694,171.60	331,934,029.13
Add: Non-operating income	1,645,398.42	295,462.62
Less: Non-operating expenses	737,242.43	499,787.38
III. Total profit (total loss is represented by "-")	420,602,327.59	331,729,704.37
Less: Income tax expenses	37,709,165.04	29,434,345.04

II. FINANCIAL STATEMENTS *(Continued)*

4. Income Statement of the Parent Company *(Continued)*

Items	First half of 2026	First half of 2025
IV. Net profit (net loss is represented by "-")	**382,893,162.55**	302,295,359.33
(I) Net profit from continuing operation (net loss is represented by "-")	**382,893,162.55**	302,295,359.33
(II) Net profit from discontinued operations (net loss is represented by "-")		
V. Net amount of other comprehensive income after tax		
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of credit risk of the Company		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provisions for other debt investments		
5. Cash flow hedging reserve		
6. Exchange differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	**382,893,162.55**	302,295,359.33
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

II. FINANCIAL STATEMENTS *(Continued)*

5. Consolidated Cash Flow Statement

Unit: RMB

Items	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from the sale of goods or provision of labor services	11,351,882,932.70	10,709,829,531.23
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from insurance policy holders and investment		
Cash received from interest, fees and commissions		
Net increase in loans from other banks and financial institutions		
Net increase in proceeds from repurchase business		
Net cash received from securities brokerage activities		
Refund of taxes	51,584,043.94	33,197,163.58
Other cash received from operating activities	68,159,237.99	39,481,185.30
Sub-total of cash inflows from operating activities	11,471,626,214.63	10,782,507,880.11

II. FINANCIAL STATEMENTS *(Continued)*

5. Consolidated Cash Flow Statement *(Continued)*

Items	First half of 2026	First half of 2025
Cash paid for goods and services	10,501,244,965.86	9,919,698,491.05
Net increase in customer loans and advances		
Net increase in deposits with the central bank and other financial institutions		
Cash paid for compensation payments under original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	323,322,597.52	277,175,883.54
Payments of various taxes	186,391,683.09	139,090,675.18
Other cash paid for operating activities	140,032,102.26	108,541,837.75
Subtotal of cash outflows from operating activities	11,150,991,348.73	10,444,506,887.52
Net cash flows from operating activities	320,634,865.90	338,000,992.59
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from returns on investments	514,517.97	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	99,095,850.00	120,687.00
Net cash received from disposal of subsidiaries and other business units		-3,601,686.06
Other cash received from investing activities	2,052,133,061.13	1,952,566,969.09
Subtotal of cash inflows from investing activities	2,151,743,429.10	1,949,085,970.03
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,334,379,240.14	194,944,243.81
Cash paid for investments	101,000,001.00	12,100,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		-360.82
Other cash paid for investing activitie	2,053,000,000.00	1,949,000,000.00
Sub-total of cash outflows from investing activities	3,488,379,241.14	2,156,043,882.99
Net cash flows from investing activities	-1,336,635,812.04	-206,957,912.96

II. FINANCIAL STATEMENTS *(Continued)*

5. Consolidated Cash Flow Statement *(Continued)*

Items	First half of 2026	First half of 2025
III. Cash flows from financing activities:		
Cash received from investors	**918,324,365.23**	
Including: Cash received by subsidiaries from investment from minority shareholders		
Cash received from borrowings	**3,587,827,363.04**	2,188,426,843.39
Other cash received from financing activities		1,408,963.25
Sub-total of cash inflows from financing activities	**4,506,151,728.27**	2,189,835,806.64
Cash paid for repayment of debts	**2,239,341,870.92**	1,743,746,178.42
Cash payments for distribution of dividends, profits or interest repayment	**218,103,064.85**	160,156,935.99
Including: Dividends and profits paid to minority shareholders by subsidiaries	**5,488,064.92**	11,433,087.77
Other cash paid for financing activities	**42,112,027.95**	94,265,798.35
Sub-total of cash outflows from financing activities	**2,499,556,963.72**	1,998,168,912.76
Net cash flows from financing activities	**2,006,594,764.55**	191,666,893.88
IV. Effect of changes of exchange rate on cash and cash equivalents	**-25,248,574.65**	-6,798,009.29
V. Net increase in cash and cash equivalents	**965,345,243.76**	315,911,964.22
Add: Cash and cash equivalents at the beginning of the period	**2,202,804,608.62**	2,014,763,535.30
VI. Cash and cash equivalents at the end of the period	**3,168,149,852.38**	2,330,675,499.52

II. FINANCIAL STATEMENTS *(Continued)*

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Cash received from the sale of goods or provision of labor services	**7,850,806,907.18**	7,341,945,064.89
Tax refunds received		
Cash received relating to other operating activities	**23,479,048.36**	9,826,781.82
Subtotal of cash inflow from operating activities	**7,874,285,955.54**	7,351,771,846.71
Cash paid for purchase of goods and engagement of labor services	**7,050,045,765.94**	6,410,211,570.57
Cash paid to and for employees	**69,576,292.43**	67,940,732.91
Payments of all types of taxes	**68,878,603.72**	53,208,185.97
Cash paid relating to other operating activities	**91,338,085.32**	41,311,528.98
Subtotal of cash outflows from operating activities	**7,279,838,747.41**	6,572,672,018.43
Net cash flows from operating activities	**594,447,208.13**	779,099,828.28
II. Cash flows from investing activities:		
Cash received from recovery of investments		
Cash received from return on investments	**1,508,532.26**	3,142,775.55
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	**95,000.00**	
Net cash received from disposals of subsidiaries and other operating business units		
Cash received relating to other investing activities	**150,000,000.00**	30,000,000.00
Subtotal of cash inflow from investing activities	**151,603,532.26**	33,142,775.55
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	**105,157,343.45**	23,496,085.87
Cash paid for investments	**162,553,441.00**	331,621,500.00
Net cash paid for acquisition of subsidiaries and other operating business units		
Cash paid relating to other investing activities	**1,178,067,170.00**	342,000,000.00
Subtotal of cash outflow from investing activities	**1,445,777,954.45**	697,117,585.87
Net cash flow from investing activities	**-1,294,174,422.19**	-663,974,810.32

II. FINANCIAL STATEMENTS *(Continued)*

6. Cash Flow Statement of the Parent Company *(Continued)*

Items	First half of 2026	First half of 2025
III. Cash flows from financing activities:		
Cash received from accepting investments	**918,324,365.23**	
Cash received from borrowings	**2,443,860,613.04**	1,425,026,843.39
Cash received relating to other financing activities	**20,000,000.00**	30,121,969.01
Subtotal of cash inflows from financing activities	**3,382,184,978.27**	1,455,148,812.40
Cash paid for repayment of debts	**1,586,749,405.92**	1,278,811,978.42
Cash payments for distribution of dividends, profits or interest repayment	**180,836,856.88**	128,259,627.56
Cash paid relating to other financing activities	**40,696,347.06**	7,160,316.80
Subtotal of cash outflows from financing activities	**1,808,282,609.86**	1,414,231,922.78
Net cash flows from financing activities	**1,573,902,368.41**	40,916,889.62
IV. Effect of changes of exchange rate on cash and cash equivalents	**-19,155,187.19**	-839,341.01
V. Net increase in cash and cash equivalents	**855,019,967.16**	155,202,566.57
Add: Balance of cash and cash equivalents at the beginning of the period	**1,163,376,108.67**	1,078,992,255.56
VI. Balance of cash and cash equivalents at the end of the period	**2,018,396,075.83**	1,234,194,822.13

II. FINANCIAL STATEMENTS *(Continued)*

7. Consolidated Statement of Changes in Owners' Equity

Amount for the period

Unit: RMB

	First half of 2026														
	Equity attributable to owners of the parent company														
		Other equity instruments													
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
I. Closing balance of the previous year	271,250,000.00				762,093,489.15	130,291,303.33	-15,748,978.34	26,618,635.68	135,625,000.00		4,682,278,811.52		5,731,825,654.68	1,968,510,692.04	7,700,336,346.72
Add: Changes in accounting policies													0.00		0.00
Corrections of early errors													0.00		0.00
Others													0.00		0.00
II. Opening balance of the current year	271,250,000.00				762,093,489.15	130,291,303.33	-15,748,978.34	26,618,635.68	135,625,000.00		4,682,278,811.52		5,731,825,654.68	1,968,510,692.04	7,700,336,346.72
III. Increase/(decrease) during the period (with "-" for decrease)	171,600,000.00				721,106,938.49		-18,018,728.68	7,851,436.07			507,309,431.14		1,389,849,077.02	64,566,078.57	1,454,415,155.59
(I) Total comprehensive income							-18,018,728.68				654,809,431.14		636,790,702.46	68,909,728.77	705,700,431.23
(II) Owners' contribution and reduction of capital	30,000,000.00				862,706,938.49								892,706,938.49	108,107.89	892,815,046.38
1. Ordinary shares contributed by owners	30,000,000.00				862,706,938.49								892,706,938.49	0.00	892,706,938.49
2. Capital contributed by holders of other equity instruments													0.00	108,107.89	108,107.89
3. Amounts of share-based payments recognised in owners' equity													0.00		0.00
4. Others													0.00		0.00
(III) Profit distribution											-147,500,000.00		-147,500,000.00	-5,488,064.92	-152,988,064.92
1. Appropriation of surplus reserve											0.00		0.00	0.00	0.00
2. Appropriation of general risk reserve											0.00		0.00	0.00	0.00
3. Distributions to owners (or shareholders)											-147,500,000.00		-147,500,000.00	-5,488,064.92	-152,988,064.92
4. Others													0.00		0.00
(IV) Internal transfer of owner's equity	141,600,000.00				-141,600,000.00								0.00	-5,571.72	-5,571.72
1. Conversion of capital reserves into paid-in capital (or share capital)	141,600,000.00				-141,600,000.00								0.00	0.00	0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)													0.00	0.00	0.00
3. Surplus reserve to cover losses													0.00	0.00	0.00
4. Change in defined benefit plan carried over to retained earnings													0.00	0.00	0.00
5. Other comprehensive income carried over to retained earnings													0.00	0.00	0.00
6. Others													0.00	-5,571.72	-5,571.72

II. FINANCIAL STATEMENTS *(Continued)*

7. Consolidated Statement of Changes in Owners' Equity *(Continued)*

Amount for the period (Continued)

	First half of 2026														
	Equity attributable to owners of the parent company														
		Other equity instruments													
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
(V) Special reserve								7,851,436.07					7,851,436.07	1,041,878.55	8,893,314.62
1. Appropriation for the current period								11,682,758.65					11,682,758.65	1,409,441.63	13,092,200.28
2. Ap plication for the current period								3,831,322.58					3,831,322.58	367,563.08	4,198,885.66
(VI) Others													0.00		0.00
IV. Closing balance of the current period	442,850,000.00				1,483,200,427.64	130,291,303.33	-33,767,707.02	34,470,071.75	135,625,000.00		5,189,588,242.66		7,121,674,731.70	2,033,076,770.61	9,154,751,502.31

Amount for the last year

Unit: RMB

	First half of 2025														
	Equity attributable to owners of the parent company														
		Other equity instruments													
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
I. Closing balance of the previous year	271,250,000.00				762,052,502.74	130,291,303.33	-645,258.00	15,915,474.93	135,625,000.00		3,916,690,875.29		4,970,597,291.63	2,061,731,632.16	7,032,328,923.79
Add: Changes in accounting policies															
Corrections of early errors															
Others															
II. Opening balance of the current year	271,250,000.00				762,052,502.74	130,291,303.33	-645,258.00	15,915,474.93	135,625,000.00		3,916,690,875.29		4,970,597,291.63	2,061,731,632.16	7,032,328,923.79
III. Increase/(decrease) during the period (with "-" for decrease)					-243.46		-11,190,948.89	6,250,146.03			270,201,813.50		265,260,767.18	-75,197,983.68	190,062,783.50
(I) Total comprehensive income							-11,190,948.89				345,861,695.19		334,670,746.30	1,080,589.13	335,751,335.43
(II) Owners' contribution and reduction of capital														-56,114,846.36	-56,114,846.36
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amounts of share-based payments recognised in owners' equity															
4. Others														-56,114,846.36	-56,114,846.36

II. FINANCIAL STATEMENTS *(Continued)*

7. Consolidated Statement of Changes in Owners' Equity *(Continued)*

Amount for the last year (Continued)

Items	First half of 2025														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority interests	Total owners' equity
(III) Profit distribution											-74,200,000.00		-74,200,000.00	-11,433,087.77	-85,633,087.77
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Distributions to owners (or shareholders)											-74,200,000.00		-74,200,000.00	-11,433,087.77	-85,633,087.77
4. Others															
(IV) Internal transfer of owner's equity					-243.46						-1,459,881.69		-1,460,125.15	-10,605,397.16	-12,065,522.31
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserve to cover losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others					-243.46						-1,459,881.69		-1,460,125.15	-10,605,397.16	-12,065,522.31
(V) Special reserve								6,250,146.03					6,250,146.03	1,874,758.48	8,124,904.51
1. Ap propriation for the current period								8,295,768.33					8,295,768.33	2,174,396.21	10,470,164.54
2. Ap plication for the current period								2,045,622.30					2,045,622.30	299,637.73	2,345,260.03
(VI) Others															
IV. Closing balance of the current perio	271,250,000.00				762,052,259.28	130,291,303.33	-11,836,206.89	22,165,620.96	135,625,000.00		4,186,892,688.79		5,235,858,058.81	1,986,533,648.48	7,222,391,707.29

II. FINANCIAL STATEMENTS *(Continued)*

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

Amount for the period

Unit: RMB

Items	First half of 2026											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
I. Closing balance of the previous year	271,250,000.00				947,391,970.76	130,291,303.33			135,625,000.00	4,257,803,942.00		5,481,779,609.43
Add: Changes in accounting policies												0.00
Corrections of early errors												0.00
Others												0.00
II. Opening balance of the current year	271,250,000.00				947,391,970.76	130,291,303.33			135,625,000.00	4,257,803,942.00		5,481,779,609.43
III. Increase/(decrease) during the period (with "-" for decrease)	171,600,000.00				721,106,938.49					235,393,162.55		1,128,100,101.04
(I) Total comprehensive income										382,893,162.55		382,893,162.55
(II) Owners' contribution and reduction of capital	30,000,000.00				862,706,938.49							892,706,938.49
1. Ordinary shares contributed by owners	30,000,000.00				862,706,938.49							892,706,938.49
2. Capital contributed by holders of other equity instruments												0.00
3. Amounts of share-based payments recognised in owners' equity												0.00
4. Others												0.00
(III) Profit distribution										-147,500,000.00		-147,500,000.00
1. Appropriation of surplus reserve												0.00
2. Distributions to owners (or shareholders)										-147,500,000.00		-147,500,000.00
3. Others										0.00		0.00

II. FINANCIAL STATEMENTS *(Continued)*

8. Parent Company's Statement of Changes in Owners' Equity *(Continued)*

Amount for the period *(Continued)*

	First half of 2026											
		Other equity instruments										
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
(IV) Internal transfer of owner's equity	141,600,000.00				-141,600,000.00							0.00
1. Conversion of capital reserves into paid-in capital (or share capital)	141,600,000.00				-141,600,000.00							0.00
2. Conversion of surplus reserves into paid-in capital (or share capital)												0.00
3. Surplus reserve to cover losses												0.00
4. Change in defined benefit plan carried over to retained earnings												0.00
5. Other comprehensive income carried over to retained earnings												0.00
6. Others												0.00
(V) Special reserve												0.00
1. Ap propriation for the current period												0.00
2. Ap plication for the current period												0.00
(VI) Others												0.00
IV. Closing balance of the current period	442,850,000.00				1,668,498,909.25	130,291,303.33			135,625,000.00	4,493,197,104.55		6,609,879,710.47

II. FINANCIAL STATEMENTS *(Continued)*

8. Parent Company's Statement of Changes in Owners' Equity *(Continued)*

Amount for the last year

Unit: RMB

	First half of 2025											
		Other equity instruments										
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
I. Closing balance of the previous year	271,250,000.00				947,391,970.76	130,291,303.33			135,625,000.00	3,574,434,449.30		4,798,410,116.73
Add: Changes in accounting policies												
Corrections of early errors												
Others												
II. Opening balance of the current year	271,250,000.00				947,391,970.76	130,291,303.33			135,625,000.00	3,574,434,449.30		4,798,410,116.73
III. Increase/(decrease) during the period (with "-" for decrease)										228,095,359.33		228,095,359.33
(I) Total comprehensive income										302,295,359.33		302,295,359.33
(II) Owners' contribution and reduction of capital												
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amounts of share-based payments recognised in owners' equity												
4. Others												
(III) Profit distribution										-74,200,000.00		-74,200,000.00
1. Appropriation of surplus reserve												
2. Distributions to owners (or shareholders)										-74,200,000.00		-74,200,000.00
3. Others												

II. FINANCIAL STATEMENTS *(Continued)*

8. Parent Company's Statement of Changes in Owners' Equity *(Continued)*

Amount for the last year (Continued)

	First half of 2025											
		Other equity instruments										
Items	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
(IV) Internal transfer of owner's equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserve to cover losses												
4. Change in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation for the current period												
2. Ap plication for the current period												
(VI) Others												
IV. Closing balance of the current period	271,250,000.00				947,391,970.76	130,291,303.33			135,625,000.00	3,802,529,808.63		5,026,505,476.06

III. BASIC INFORMATION OF THE COMPANY

Qingdao Gon Technology Co., Ltd. (the "Company", collectively with its subsidiaries, the "Group") was incorporated on 22 December 2000, with Wang Aiguo as its legal representative and its place of registration and head office address at No. 2 Road, Qingda Industrial Park, Jihongtan Street, Chengyang District, Qingdao City. The Unified Social Credit Code of the Company is 913702007255650680. The Company's A shares were listed on Shenzhen Stock Exchange on 30 June 2015 (stock code: 002768), and the Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 4 February 2026 (stock code: 2768).

The Company operates in the plastic products industry, and is principally engaged in research, development, production, and sales of plastic raw materials and products, modified plastics, plastic alloy materials, functional plastic sheets, molds, composite materials and products. The principal products of the Company mainly include organic polymer modified materials, organic polymer composites materials, green petrochemical materials and new materials, gelatin, collagen and their derivatives, and biopharmaceuticals (empty capsules).

The financial statements have been approved for publication by the Board of Directors of the Company on 28 August 2026.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group have been prepared based on actual transactions and events according to the Accounting Standards for Business Enterprises and its application guidelines, interpretations and other relevant regulations (hereinafter collectively referred to as "ASBEs") issued by the Ministry of Finance and the relevant disclosure provisions of the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (Revised in 2023) issued by the China Securities Regulatory Commission.

2. Going concern

The Group has evaluated the ability to continue as a going concern for the 12 months commencing from 30 June 2026 and has found no events or circumstances that cast significant doubt on its ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Reminders on specific accounting policies and accounting estimates: The accounting policies and accounting estimates developed by the Group according to characteristics of its actual production and operation include bad debts provision for receivables, provision for decline in value of inventories, depreciation of fixed assets, amortization of intangible assets, conditions for capitalizing R&D expenses, recognition and measurement of revenue, etc.

1. Declaration on compliance with the Accounting Standards for Business Enterprises

These financial statements give a true, accurate and complete view of the financial position as at 30 June 2026, operation results, cash flows and other information for the first half of 2026 of the Company and the Group in accordance with the Accounting Standards for Business Enterprises.

2. Accounting period

The Group adopts the calendar year, being the period from 1 January to 31 December, as its accounting period.

3. Business cycle

The Group adopts a 12-month period as its business cycle.

4. Reporting currency

The Company adopts the Renminbi as its reporting currency. The subsidiaries of the Group shall determine their respective reporting currencies depending on the primary economic environment where they operate. The Group converts other currencies into RMB in preparing the financial statements according to the methods described in Section V. 10.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. Method for determination and basis for selection of materiality criteria

☑ Applicable ☐ Not applicable

Items	Materiality criteria
Significant accounts receivable with provisions for bad debts made on an individual basis	The amount of the provision for a single account represents more than 10% of the total provision for bad debts for all types of receivables and exceeds RMB15.00 million
Receivables for which the amount of provision for credit loss recovered or reversed during the year is significant	The amount of bad debt provision recovered or reversed for an individual receivable exceeds RMB15.00 million
Significant prepayments aged over 1 year	The amount of an individual prepayment aged over 1 year exceeds RMB15.00 million
Significant construction in progress	Any of the budget amount, the opening balance, the closing balance and the amount transferred to fixed assets during the year of an individual construction project in progress exceeds RMB100.00 million
Significant payables aged over 1 year	The amount of an individual payable aged over 1 year exceeds RMB15.00 million
Significant contract liabilities aged over 1 year	The amount of an individual contract liability aged over 1 year exceeds RMB15.00 million
Significant other payables aged over 1 year	The amount of an individual item of other payables aged over 1 year exceeds RMB15.00 million
Significant investing activities	The amount of an individual investment exceeds RMB100.00 million
Significant capitalized R&D projects/ outsourced R&D projects	The amount of an individual capitalized R&D project exceeds RMB10.00 million
Significant non-wholly-owned subsidiaries	Any of the operating revenue, total profit, net assets and total assets of the non-wholly owned subsidiaries represents more than 15% of the Group's consolidated amount
Significant events after the balance sheet date	The Company recognised profit distribution after the balance sheet date and acquisition of subsidiaries as significant events after the balance sheet date

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Accounting treatments for business combinations under common control and not under common control

(1) Business combinations under common control

A business combination under common control means that the entities involved in the combination are under the ultimate control of the same party or parties before and after the combination and that such control is not temporary. The assets and liabilities acquired by the Group, as the combining party, from business combination under common control should be measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the book value of the net assets obtained and the book value of the consideration paid for the combination (or the total par value of the shares issued) shall be adjusted in capital reserve; where the capital reserves are not sufficient to absorb the difference, the retained earnings shall be adjusted.

(2) Business combinations not under common control

A business combination not under common control means that the parties involved in the combination are not under the ultimate control of the same party or parties before and after the combination.

The acquiree's identifiable assets, liabilities and contingent liabilities obtained by the Group as an acquirer in a business combination not under common control shall be measured at fair value on the acquisition date. Where the cost of combination exceeds the acquirer's share of the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is less than the acquirer's share of the fair value of the acquiree's identifiable net assets, the fair values of all the identifiable assets, liabilities and contingent liabilities obtained in the business combination and the cost of combination shall be firstly reviewed. If, after that review, the cost of combination is still less than the acquirer's share of the fair value of the acquiree's identifiable net assets in the business combination, the difference shall be included in the consolidated non-operating revenue for the period.

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

The consolidation scope of the consolidated financial statements of the Group is determined based on control, including the Company and all subsidiaries controlled by the Company (including the divisible parts of enterprises and investees, as well as structured entities controlled by enterprises). The standard for judging control by the Group that the Group has the power over the investee, enjoys variable returns through participating in related activities of the investee, and is able to use the power over the investee to influence its return amount.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Criteria for determining control and preparation of consolidated financial statements *(Continued)*

In preparing the consolidated financial statements, when the accounting policies or the accounting periods that subsidiaries adopted are inconsistent with that of the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policy or accounting period of the Company.

The impact of internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statements will be offset at the time of consolidation. The proportion of the owner's equity of the subsidiary which do not belong to the parent company, and the proportion of profit or loss for current period, other comprehensive income and total comprehensive income which belong to the equity of minority shareholders shall be listed under "equity interests of minority shareholders, gain or loss attributable to minority shareholders, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders" in the consolidated financial statements.

For subsidiaries acquired through business combination under common control, the operating results and cash flows of the acquiree shall be consolidated into the consolidated financial statements since the beginning of the period of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for last year, as if the reporting subject which was formed after combination had been in existence since the ultimate controlling party gains control.

For subsidiaries acquired by business combinations not under common control, its operating results and cash flows shall be included in the consolidated financial statements since the Group obtained its control. In preparing the consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as the basis, which were determined on the date of acquisition.

8. Classification of joint arrangements and accounting treatments of joint operations

The joint arrangements of the Group include joint operations and joint ventures. A joint operation refers to a joint arrangement in which the parties enjoy the assets and assume the liabilities associated with the arrangement. A joint venture is a joint arrangement in which the parties only have rights to the net assets of the arrangement.

As for joint operation projects, the Group, as the joint venture party in the joint operation, recognises the assets and liabilities that it holds and assumes individually, and the assets and liabilities that it holds or assumes in proportion, and recognises related income and fees individually or in proportion in accordance with the relevant agreements. For transactions of assets that are purchased or sold under joint operation that do not constitute business, only the profit or loss incurred from that transaction attributable to the other parties under the joint operation is recognized.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Criteria for determining cash and cash equivalents

Cash in the Group's cash flow statement represents the cash on hand and the deposits readily available for payment. Cash equivalents in the cash flow statement represent investments that are held for less than three months, highly liquid, and are easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of financial statements in foreign currency

(1) Foreign currency transaction

At the initial recognition of foreign currency transactions, the Group shall translate the amount in foreign currency into the reporting currency using the spot exchange rate on the date when the transaction occurs. On the balance sheet date, monetary items in foreign currency shall be translated into the reporting currency using the spot exchange rate on the balance sheet date. Exchange differences arising thereon shall be directly recognized in the profit or loss for the current period, except for exchange differences generated from currency translation arising from foreign currency loans specifically borrowed for the purchase or production of assets that meet capitalization criteria, which are disposed according to capitalization principles; Non-monetary items in foreign currency measured at historical cost shall still be translated using the spot exchange rate on the transaction date, without changing the amount of the reporting currency; Non-monetary items in foreign currency measured at fair value shall be translated using the a spot exchange rate on the date when fair value is determined. The difference between the translated amount in the reporting currency and the original amount in reporting currency shall be treated as a change in fair value (including exchange rate changes), and shall be included in the profit or loss for the current period; The capital from investors in foreign currency shall be translated using the spot exchange rate on the transaction date, and there shall be no foreign currency capital translation differences between the investment in foreign currency and the amount of corresponding monetary items in the reporting currency.

(2) Translation of financial statements in foreign currency

When preparing the consolidated financial statements, the Group translates the financial statements on overseas operations into RMB. For balance sheets in foreign currency, assets and liabilities items are translated at the spot exchange rate on the balance sheet date; owner's equity items, except for "undistributed profits", are converted at the spot exchange rate when the business occurs; The income and expense items in the income statement shall be converted at the average exchange rate in the transaction period. The translation differences arising from the above translation of statements denominated in foreign currency are presented in other comprehensive income item. Cash flows in foreign currency are translated using the average exchange rate in the transaction period, and the effects of exchange rate fluctuations on cash are separately presented in the cash flow statement.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments

(1) Recognition and derecognition of financial instruments

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

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognised, i.e., the financial assets previously recognised to be transferred out from the balance sheet, when the following conditions are met: 1) the rights to collect cash flows from the financial asset expire; 2) the Group has transferred its rights to collect cash flows from the financial asset, or has assumed an obligation to pay the collected cash flows in full without material delay to a third party under a “pass-through arrangement”; and the Group has transferred substantially all the risks and rewards on ownership of the financial asset, or relinquished control over such financial asset even though it has neither substantially transferred nor retained almost all the risks and rewards on ownership of the financial asset.

A financial liability is derecognized if the obligation under the financial liability has been fulfilled, revoked or expired. If an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified in its entirety, such replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference being recognized in profit or loss.

Financial assets acquired or sold in a conventional manner shall be recognised and derecognised according to the accounting on the transaction date.

(2) Classification and measurement of financial assets

At the time of initial recognition, the Group classifies financial assets into financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on its business model for managing financial assets and the contractual cash flow characteristics of the financial assets. All affected related financial assets will be reclassified only when the Group changes its business model for managing financial assets.

Financial assets are measured at fair value on initial recognition, except for accounts receivable or notes receivable arising from the sale of goods or provision of services, etc., which do not contain significant financing components or do not take into account financing components for a period not exceeding one year,, which are initially measured at the transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are recognised directly in profit or loss for the period; for other categories of financial assets, the related transaction costs are included in their initial recognition amount.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets *(Continued)*

Subsequent measurement of financial assets depends on their classifications:

1) Financial assets measured at amortised cost

A financial asset is classified as a financial asset measured at amortised cost if both of the following conditions are met: ① the business model for managing the financial asset is aimed at collecting the contractual cash flows. ② the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. The Group's financial assets in this category mainly consist of monetary funds, accounts receivable, notes receivable, other receivables, and long-term receivables.

2) Debt instrument investments at fair value through other comprehensive income

A financial asset is classified as a financial asset at fair value through other comprehensive income if both of the following conditions are met: ① the business model for managing the financial asset is aimed at collecting contractual cash flows and disposing such financial asset; and ② the contractual terms of the financial asset provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. Interest income on such financial asset is recognised using the effective interest method. Changes in fair values are recognised in other comprehensive income, with the exception of interest income, impairment losses and exchange differences, which are recognised in profit or loss for the period. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred out and recognized in profit or loss for the period. The Group's financial assets in this category mainly include: receivables financing.

3) Investments in equity instruments at fair value through other comprehensive income

The Group irrevocably designates certain investments in equity instruments not held for trading as financial assets at fair value through other comprehensive income. Such a designation cannot be revoked once made. The Group only recognizes relevant dividend income (except for dividend income that is explicitly recovered as part of the investment cost) in the profit or lossfor the period, and subsequent changes in fair value are recognized in other comprehensive income without making provisions for impairment. When the financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be transferred out and recognized in retained earnings. The Group's financial assets in this category are investments in other equity instruments.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(2) Classification and measurement of financial assets (Continued)

4) Financial assets at fair value through profit or loss

Other than the above financial assets classified as financial assets measured at amortised cost and those classified or designated as financial assets at fair value through other comprehensive income, the Group classifies its financial assets as financial assets at fair value through profit or loss for the period. Financial assets in this category are subsequently measured at fair value, with all changes in fair value recognized in profit or loss for the period, except for those relating to hedge accounting. The Group's financial assets in this category mainly include: financial assets held for trading.

In business combination not under common control, if a contingent consideration recognized by the Group constitutes a financial asset, such financial asset shall be classified as a financial asset measured at fair value through profit or loss.

(3) Classification, recognition basis and measurement method of financial liabilities

Except for financial liabilities arising from financial guarantee contracts in force, loan commitments granted at interest rate lower than the market level, transfer of financial assets not qualifying for derecognition and continuous involvement of transferred financial assets, the Group classifies its financial liabilities at initial recognition as: financial liabilities at fair value through profit or loss ("FVTPL") and financial liabilities at amortised cost. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognised in profit or loss for the current period; for financial liabilities at amortised cost, the relevant transaction costs are recognised in their initial recognition amount.

The subsequent measurement of financial liabilities depends on the classification:

1) Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(3) Classification, recognition basis and measurement method of financial liabilities (Continued)

2) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (including derivatives that are financial liabilities) comprise financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss at initial recognition. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, and all changes in fair value are recognised in the profit or loss for the current period. Financial liabilities designated as at fair value through profit or loss are subsequently measured at fair value, and changes in fair value are recognised in the profit or loss for the current period, except for changes in fair value attributable to changes in the Group's own credit risks, which are recognised in other comprehensive income. If the recognition of changes in fair value attributable to changes in the Group's own credit risks recognised in other comprehensive income would create or enlarge accounting mismatches in profit or loss, the Group shall recognize all changes in fair value (including the amount of the effect of changes in the Group's own credit risks) in the profit or loss for the current period.

(4) Impairment of financial instruments

Based on expected credit losses ("ECL"), the Group assesses for impairment and recognizes loss provision for financial assets at amortised cost, debt investments at fair value through other comprehensive income ("FVTOCI"), and contract assets.

1) Measurement of the expected credit losses. Expected credit losses are the weighted average of the credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the Group's original effective interest rate, being the present value of all cash shortfalls.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses for next 12 months are the expected credit losses that result from all possible default events on a financial instrument within the 12 months after the balance sheet date (or the expected life of the instrument, if it is less than 12 months). It is a portion of lifetime expected credit losses.

The following elements are reflected in the Group's consideration of method of measuring expected credit loss: ① an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; ② the time value of money; and ③ reasonable and reliable information about past events, current conditions and projected future economic conditions that can be obtained at the balance sheet date without unnecessary additional costs.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

1) *Measurement of the expected credit losses. Expected credit losses are the weighted average of the credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the Group's original effective interest rate, being the present value of all cash shortfalls. (Continued)*

The Group evaluates the expected credit losses of financial instruments on an individual and group basis. When evaluating on a group basis, the Group divides financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: financial instrument type, credit risk rating, debtor's geographical location, debtor's industry, overdue information, ageing of accounts receivable, etc.

The Group's assessment of impairment of financial instruments and contract assets using the expected credit loss model requires significant judgment and estimation, with all reasonable and evidence-based information taken into account, including forward-looking information. When making these judgments and estimates, the Group infers expected changes in the debtor's credit risk based on historical repayment data as well as economic policies, macroeconomic indicators, industry risks, and other factors. Different estimates may affect the provision for impairment, and the provision for impairment that has already been made may not be equal to the actual amount of future impairment losses.

2) *Group categories and basis for determining impairment provision based on groups of credit risk characteristics*

The Group assesses the expected credit losses of financial instruments on an individual and group basis. When the assessment is performed on a group basis, the Group categorizes financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: type of financial instruments, credit risk ratings, overdue information, ageing of receivables, etc.

① Impairment testing method for accounts receivable and contract assets

For accounts receivable, notes receivable, receivables financing, contract assets and other receivables that do not contain significant financing components arising from day-to-day operating activities such as selling goods and rendering services, the Group applies simplified measurement methods to measure loss provisions based on lifetime expected credit losses.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments (Continued)

2) Group categories and basis for determining impairment provision based on groups of credit risk characteristics (Continued)

① Impairment testing method for accounts receivable and contract assets *(Continued)*

For lease receivable, accounts receivable and contract assets containing significant financing components, the Group applies simplified measurement methods to measure loss provisions based on lifetime expected credit losses.

For receivables, except for items with a significant individual amount that have already incurred credit impairment, for which credit losses are determined on an individual basis, a table correlating aging of accounts receivable with default loss rates is typically prepared based on groups of common credit risk characteristics, taking into account the factors that the expected credit loss measurement method should reflect and drawing on historical credit loss experience. Expected credit losses are then calculated based on this table.

Except for receivables for which credit risk is assessed individually, the Group classifies other receivables into groups based on the credit risk characteristics and calculates the ECLs on a group basis.

Receivables that are individually assessed for credit risk include: receivables with disputes with the other party or involving litigation or arbitration; accounts receivable for which there are obvious indications that the debtor is likely unable to fulfil its repayment obligations.

The Group recognises receivables with an individual amount exceeding RMB15 million and subject to special risks as significant receivables. When there is objective evidence indicating that the Group will not be able to recover all the amounts in accordance with the original terms of the receivables, the impairment test is conducted separately based on the difference between the present value of the estimated future cash flows and its carrying amount to make provision for bad debts.

The Group conducts impairment tests individually on receivables with significant individual amounts, and the difference between the present value of the estimated future cash flows and its carrying amount is used for bad debt provision.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments (Continued)

2) Group categories and basis for determining impairment provision based on groups of credit risk characteristics (Continued)

① Impairment testing method for accounts receivable and contract assets *(Continued)*

Financial assets that have not been impaired based on individual testing are included in a group of financial assets with similar credit risk characteristics for impairment testing: Receivables for which an impairment loss has been recognized based on individual testing are no longer included in a group of receivables with similar credit risk characteristics for impairment testing.

Except for the receivables for which the credit risk is assessed separately, the Group classifies the receivables into different groups based on common risk characteristics and performs credit risk assessment on a group basis. The basis on which the groups are determined is set forth as follows:

Items	Basis for determining the group	Methodology for measuring expected credit losses
Group 1	Using the aging of accounts receivable as a credit risk characteristic	Based on historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, prepare a table comparing the aging of accounts receivable with the expected credit loss rates over the entire life of the receivables, and calculate the expected credit losses
Group 2	Other receivables, including various types of security deposits, collateral, contingency funds, advances, and temporary payments	Based on historical credit loss experience, and taking into account current conditions and forecasts of future economic conditions, prepare a comparison table of expected credit loss rates for the next 12 months or the entire life of the loan, and calculate the expected credit loss
Group 3	Bank acceptances issued by banks with high credit ratings	There has been no history of default on these instruments, and the risk of credit loss is extremely low; based on historical credit loss experience, the credit impairment loss rate is 0%

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments *(Continued)*

2) Group categories and basis for determining impairment provision based on groups of credit risk characteristics (Continued)

① Impairment testing method for accounts receivable and contract assets *(Continued)*

Items	Basis for determining the group	Methodology for measuring expected credit losses
Group 4	Bank acceptance and trade acceptance of other accepting banks	Based on historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, calculate the expected credit losses using default risk exposure and the expected credit loss rate over the entire life of the exposure
Group 5	Amounts from related parties within the scope of consolidation	Based on historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, the expected credit loss rate for this group is 0%

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments (Continued)

2) Group categories and basis for determining impairment provision based on groups of credit risk characteristics (Continued)

② Impairment testing methods for debt investments, other debt investments and financial guarantee contracts

Except for financial assets measured using the simplified approach (such as debt investments, other debt investments), and financial guarantee contracts, the Group adopts the general approach (three-stage model) to recognise ECLs. On each balance sheet date, the Group assesses whether the credit risk of the financial asset has significantly increased since initial recognition. If the credit risk has not significantly increased since initial recognition, the asset is classified as in Stage 1. The Group measures the loss provision based on ECLs for the next 12 months and calculates interest income using the carrying amount and the effective interest rate. If the credit risk has significantly increased but no credit impairment has occurred, the asset is classified as in Stage 2. The Group measures the loss provision based on expected credit losses over the entire life of the asset and calculates interest income using the carrying amount and the effective interest rate. If credit impairment has occurred since initial recognition, the asset is classified as in Stage 3. The Group measures the loss provision based on expected credit losses over the entire life of the asset and calculates interest income using the amortised cost and the effective interest rate. For financial instruments with low credit risk at the balance sheet date, the Group assumes that their credit risk has not significantly increased since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses for next 12 months are the expected credit losses that result from all possible default events on a financial instrument within the 12 months after the balance sheet date (or the expected life of the instrument, if it is less than 12 months). It is a portion of lifetime expected credit losses.

Please refer to Note XII. 1 for the disclosure of the Group's criteria for judging the significant increase in credit risk and the definition of credit-impaired assets.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(4) Impairment of financial instruments (Continued)

3) Criteria for individual impairment assessment for which bad debt provisions on an individual basis is applied

If the credit risk characteristics of a customer are significantly different from those of other customers in the group, or if there is a significant change in the credit risk characteristics of the customer, for example, if the customer is in severe financial difficulty and the expected credit loss rate on receivables from this customer has significantly exceeded the expected credit loss rate for the aging and overdue ranges in which the customer is located, etc., the Group makes a provision for losses on an individual basis on the receivables from this customer.

4) Write-off of impairment provision

When the Group no longer reasonably expects that the contractual cash flows of financial assets can be recovered in whole or in part, the Group directly writes down the book value of the financial assets. Financial assets that have been written down and subsequently recovered, reversals of impairment losses are credited to profit or loss for the current period.

(5) Basis of Recognition and Measurement of Transfers of Financial Assets

For financial asset transfer transactions, the Group will derecognise the financial asset if it has transferred almost all the risks and rewards of the ownership of the financial asset to the transferee. If it has retained almost all the risks and rewards of the ownership, it will not derecognise the financial asset. If it has neither transferred nor retained almost all the risks and rewards of the ownership and has given up control of the financial asset, it will derecognise the financial asset and recognise the resulting assets and liabilities. If it has not given up control over the financial asset, it will recognise related financial assets, and related liabilities correspondingly, to the extent of its continued involvement with the transferred financial asset.

If the entire transfer of the financial assets satisfies the criteria of derecognition, the difference between the book value of the financial asset transferred at the date of derecognition and the sum of the consideration received for the transfer and any cumulative gain or loss of fair value that was recognised directly in other comprehensive income for the part derecognised (the transferred financial assets shall meet the following criteria simultaneously: ① The Group manages the assets within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets. ② The contractual terms of the financial asset stipulate that the cash flow generated on a particular date is solely payments of principal and interest on the principal amount outstanding.) is included in profit or loss for the current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(5) Basis of Recognition and Measurement of Transfers of Financial Assets *(Continued)*

If a partial transfer of the financial assets satisfies the criteria of derecognition, the entire book value of the financial asset transferred is allocated between the part to be derecognised and the part not to be derecognised in proportion to their respective relative fair values, and the difference between the sum of the consideration received for the transfer and any cumulative gain or loss of fair value for the part derecognised that was recognised directly in other comprehensive income (the transferred financial assets shall meet the following criteria simultaneously: ① The Group manages the assets within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets. ② The contractual terms of the financial asset stipulate that the cash flow generated on a particular date is solely payments of principal and interest on the principal amount outstanding.) and the book value of the entire financial asset above-mentioned for allocation is included in profit or loss for the current period.

Where the continuing involvement is in the form of a financial guarantee for the transferred financial asset, the asset resulting from the continuing involvement is recognised at the lower of the book value of the financial asset and the amount of the financial guarantee. The financial guarantee amount is the maximum amount of the consideration received that the Group could be required to repay.

(6) Distinction between financial liabilities and equity instruments and related treatment

The Group distinguishes between financial liabilities and equity instruments in accordance with the following principles: (1) If the Group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument must be or may be settled with the Group's own equity instruments, it is necessary to consider whether the Group's own equity instruments used to settle the instrument are to be used as a substitute for cash or other financial assets, or to enable the holder of the instrument to take residual equity in the assets after the issuer deducts all liabilities. If the former is the case, the instrument is the issuer's financial liabilities. If the latter is the case, the instrument is the issuer's equity instrument. In some cases, if a financial instrument contract sets that the Group must or may use its own equity instruments to settle the financial instrument, in which the amount of contractual rights or obligations is equal to the number of its own equity instruments available or to be delivered multiplied by the fair value at the time of settlement, whether the amount of the contractual rights or obligations is fixed or changes totally or partially based on the variables other than the market price of the Group's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument), the contract is classified as financial liabilities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(6) Distinction between financial liabilities and equity instruments and related treatment (Continued)

All terms and conditions reached between the Group's members and holders of financial instruments shall be considered when the Group makes a classification of financial instruments (or their components) in the consolidated statements. If the Group, as a whole, assumes an obligation under the instrument to deliver cash, other financial assets, or to settle in any other manner that results in the instrument being classified as a financial liability, the instrument shall be classified as a financial liability.

At initial recognition, the Group classifies the preferred shares and perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and economic substance with reference to the definition of financial assets, financial liabilities and equity instruments.

If a financial instrument or its components are classified as financial liabilities, the relevant interest, stock dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing are included in profit or loss for the current period.

If a financial instrument or its components are equity instruments, the Group shall treat it as a change in equity when it is issued (including refinancing), repurchased, sold or cancelled, and shall not recognise the change in fair value of equity instruments.

(7) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward contracts, commodity forward contracts, and interest rate swaps, to hedge exchange rate risk, commodity price risk, and interest rate risk, respectively. Derivative financial instruments are initially measured at their fair value on the date of signing of the derivative transaction contract, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognised as an asset, while those with a negative fair value are recognised as a liability.

Gains or losses arising from changes in the fair value of derivatives are recognised in profit or loss for the current period unless they are related to hedge accounting.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

(8) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and shall not be offset. However, when all of the following conditions are met, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet:

1) The Group has a legal right to offset the recognised amount and such legal rights are currently enforceable;

2) The Group plans to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously.

12. Notes receivable

Please refer to "V. 11.(4) Impairment of financial instruments" for the determination of expected credit losses of notes receivable.

13. Accounts receivable

Please refer to "V. 11.(4) Impairment of financial instruments" for the determination of expected credit losses of accounts receivables.

14. Receivables financing

For those notes receivable and accounts receivable for which the contractual cash flow characteristics are consistent with the basic lending arrangements and the Group's business model for managing such financial assets is to collect the contractual cash flows and for sale, the Group classifies such notes receivable and accounts receivable as receivables financing and measures them at fair value, with changes included in other comprehensive income. Interest income, impairment losses and exchange differences of receivables financing recognised by the effective interest method are recognised in profit or loss for the current period, and the remaining changes in fair value are included in other comprehensive income. Upon derecognition, the accumulated gain or loss previously included into other comprehensive income is transferred from other comprehensive income and included into the profit or loss for the current period.

15. Other receivables

Please refer to "V 11.(4) Impairment of financial instruments" for the determination of expected credit losses of other receivables.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Contract assets

Contract assets refer to the Group's right to receive consideration for the goods it has transferred to customers, and the right depends on other factors excluding the passage of time. If the Group sells two clearly distinguishable commodities to a customer and is entitled to receive payment because one of the commodities has been delivered, but receipt of that payment is contingent upon the delivery of the other commodity, the Group recognises the right to receive payment as a contract asset. For details of the determination method and accounting treatment methods for expected credit loss of contract assets, please refer to the relevant contents of "V. 11 Impairment of financial instruments" in this Section.

17. Inventories

The Group's inventories primarily comprise raw materials, finished goods, work in progress, externally purchased semi-finished goods, materials entrusted for processing, self-manufactured semi-finished goods, low-value consumables, etc. Perpetual inventory system is adopted by the Group. Inventory is valued at actual cost when acquired. Weighted average method is used to determine the actual cost of the inventory used or issued. Low-value consumption goods are amortised using the one-time write-off method.

Inventory at the end of the period is measured at the lower of cost or net realisable value. When the net realisable value is lower than the cost, the inventory impairment provision shall be made.

The net realisable value of inventory of goods directly used for sale such as finished products, self-manufactured semi-finished products and materials for sale is determined by deducting the estimated sales expenses and relevant taxes from the estimated selling prices of such inventories. The net realisable value of inventory of materials held for production is the amount after deducting the estimated costs to be incurred upon completion, estimated sales expenses and relevant taxes from the estimated selling prices of finished products being manufactured.

For inventory items in large quantities and of low unit prices, the Group recognises a provision for inventory impairment on an aggregated basis by category; for inventory item that are related to product lines produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items, the Group recognises a provision for inventory impairment on an aggregated basis. In determining its net realisable value, the amount is based on the estimated selling price of the inventory group as a whole, less estimated selling expenses and related taxes.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Held-for-sale assets

The Group classifies a non-current asset as held for sale when it recovers its carrying amount primarily through a sale (including an exchange of non-monetary assets with commercial substance; the same applies hereinafter) rather than through continued use, or through the disposal of a disposal group.

The Group classifies non-current assets or disposal groups that meet all of the following criteria as held-for-sale: ① they are ready for immediate sale under current conditions based on the practice of selling such assets or disposal groups in similar transactions; ② it is highly probable that the sale will occur; that is, a decision has been made on a plan to sell and an undertaking to purchase has been obtained, and the sale is expected to be completed within a year. If relevant regulations require that a sale be approved by the appropriate authorities or regulatory agencies, such approval must be obtained. For non-current assets and disposal groups (other than financial assets, deferred income tax assets, investment properties measured at fair value and the assets arising from staff remuneration) held by the Group, where its carrying amount is higher than the net value of its fair value less disposal expenses, its carrying amount is written down to its fair value less disposal expenses, and the amount of the write-down is recognised as an impairment loss on the asset and charged to profit or loss for the current period, and at the same time, provision is made for impairment of assets held for sale.

Where the Group loses control of a subsidiary due to reasons such as disposal of investment in the subsidiary, regardless of whether the Group retains any part of equity investment after disposal, upon the investment in the subsidiary for disposal satisfying the criteria for classification as held for sale, the investment in the subsidiary will be entirely classified as held for sale in the separate financial statements of the parent company, and all assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.

Non-current assets held for sale or in disposal groups are not depreciated or amortised, interest and other costs of liabilities in the disposal group held for sale continue to be recognised.

The unrecognised profit or loss will be recorded in the profit or loss for the current period when derecognising the non-current assets or disposal group held for sale.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Long-term equity investments

The Group's long-term equity investments include investments in subsidiaries, investments in associates and equity investments in joint ventures.

(1) Judgment of significant influence and common control

The Group's equity investments in which it has significant influence over the investee are investments in associates. Significant influence refers to the power of the Group to participate in the financial and operating policy decisions of the investee, but without the ability to control or jointly control the formulation of such policies together with other parties. The Group is generally deemed to have significant influence over an investee when it directly, or indirectly through its subsidiaries, holds more than 20% but less than 50% of the voting rights of the investee, unless there is clear evidence indicating that the Group is unable to participate in the production and operation decisions of the investee or exercise control over it.

The Group's equity investments in which the Group and other participants implement common control over the investee and have the right to the net assets of the investee are investments in joint ventures. Common control means the common control over an arrangement according to relevant agreements, where the activities of the arrangement can be decided only when all the participants sharing the control reach a consensus. Our judgment of common control is based on the fact that all participants or groups of participants jointly control the arrangement and that policies of relevant activities for the arrangement must be unanimously agreed by the participants who jointly control the arrangement.

(2) Accounting treatments

The Group initially measures the acquired long-term equity investments at the initial investment cost.

The initial investment cost of long-term equity investment acquired through business combination involving entities under common control is the share of the carrying amount of the net assets of the party to be combined at the combination date in the consolidated statements of the ultimate controlling party; provided that the carrying amount of the net assets of the party to be combined at the combination date is negative, the initial investment cost is determined as nil.

For long-term equity investments acquired through a business combination involving entities not under common control, the cost of the combination is used as the initial investment cost.

Except for those acquired through business combination, as to long-term equity investments acquired by cash payment, the actual purchase price and expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments are regarded as initial investment cost; For long-term equity investments acquired by issuing equity securities, the fair value of issued equity securities is taken as the investment cost.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Long-term equity investments *(Continued)*

(2) Accounting treatments *(Continued)*

The Company's investments in subsidiaries are accounted for under the cost method in the separate financial statements. Under the cost method, long-term equity investments are measured at initial investment cost. When additional investments are made, the carrying amount of the cost of long-term equity investments is increased by the fair value of costs paid for the additional investment and related transaction costs incurred. Cash dividends or profits declared by the investee are recognised as investment income for the current period in the amount to which the investor is entitled.

The Group's investments in joint ventures and associates are accounted for using the equity method. Under the equity method, if the initial investment cost of long-term equity investments is greater than the share of fair value of identifiable net assets of the investee, the book value of long-term equity investments shall not be adjusted; if the initial investment cost of long-term equity investments is less than the share of fair value of the identifiable net assets of the investee, the difference is adjusted to the book value of the long-term equity investment and is included in the profit and loss for the current period.

For long-term equity investment subsequently measured by equity method, during the investment holding period, the book value of long-term equity investment shall be accordingly increased or decreased as the owner's equity of the investee changes. Wherein, the Company shall, based on the fair value of identifiable assets of the investee when the investment is obtained, determine the share of net profit or loss of an investee, as per the Group's accounting policy and period, offset the unrealised internal transaction gains and losses arising from transactions with associates and joint ventures that do not constitute business, calculate the portion attributable to the Group according to its share (if the internal transaction loss is an asset impairment loss, the full amount is recognised), adjust and recognise the net profit of the investee. The Group recognises the net loss incurred by the investee until the book value of the long-term equity investment and other long-term interests that essentially constitute the net investment in the investee are reduced to zero, except where the Group has the obligation to bear additional losses.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

20. Investment properties

Measurement model of investment properties

Cost method measurement

Depreciation or amortisation method

The Group's investment properties refer to properties held for the purpose of earning rentals or capital appreciation, or both, including buildings, structures and land use rights. They are measured using the cost model.

The Group's investment properties are depreciated or amortised using the average life method. The estimated useful life, net residual value rates and annual depreciation (amortisation) rates of all types of investment properties are as follows:

Category	Duration of depreciation (years)	Estimated residual value rate (%)	Annual depreciation (%)
Buildings and structures	20-30	5.00	3.17-4.75
Land use right	40-50	–	2.00-2.50

21. Fixed assets

(1) Recognition conditions

The Group's fixed assets are tangible assets held for producing goods, providing services, leasing, or for operating and administrative purposes, with useful lives exceeding one year.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the cost of the asset can be measured reliably. The Group's fixed assets include buildings and structures, machinery and equipment, transportation vehicles, electronic equipment and others.

Except for fixed assets that have been fully depreciated but are still in use and land that is accounted for separately, the Group makes provision for depreciation for all the fixed assets. The Group makes provision for depreciation using straight-line method. The useful life, estimated residual value ratio and depreciation rate of fixed assets of the Group are shown as below:

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Fixed assets *(Continued)*

(2) Methods for depreciation

Category	Depreciation method	Duration of depreciation (years)	Estimated residual rate (%)	Annual depreciation rate (%)
Buildings and structures	straight-line method	20-40	5.00	2.38-4.75
Machinery and equipment	straight-line method	5-20	5.00	4.75-19.00
Transportation vehicles	straight-line method	4-10	5.00	9.50-23.75
Office equipment	straight-line method	3-14	5.00	6.79-31.67

The Group reviews the estimated useful life, estimated net residual value and the depreciation method of fixed assets at each financial year-end. If any changes occur, they will be regarded as changes on accounting estimates.

The Company is required to comply with the disclosure requirements of the “Chemical Industry Related Business” as set out in the Self-regulatory Guidelines No. 3 – Disclosure of Industry Information for Listed Companies on the Shenzhen Stock Exchange.

22. Construction in progress

The Company is required to comply with the disclosure requirements of the “Chemical Industry Related Business” as set out in the Self-regulatory Guidelines No. 3 – Disclosure of Industry Information for Listed Companies on the Shenzhen Stock Exchange.

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs.

On the date when the construction in progress reaches its intended useable state, it shall be carried forward to fixed assets at the estimated value based on the project budget, cost or actual cost of the project, etc. Depreciation starts from the following month, and the difference in the original value of fixed assets is adjusted after the final completion settlement procedures have been completed.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Construction in progress *(Continued)*

Items	Criteria for carrying forward to fixed assets
Buildings and structures	(1) The main construction project and supporting projects have been substantially completed; (2) The project meets the standards for final acceptance of the building; (3) The project has actually begun operation.
Machinery and equipment to be installed	(1) The relevant equipment and other supporting facilities have been fully installed; (2) After commissioning, the equipment meets design requirements and has completed trial production; (3) The equipment has been accepted by asset management personnel and end users.

23. Borrowing costs

The Group capitalises the borrowing costs directly attributable to the construction or production of assets that meet the capitalisation conditions and includes them in the cost of the relevant assets. Other borrowing costs are included in the profits and losses for the current period. The assets determined by the Group to qualify for capitalisation include the borrowing costs of the fixed assets, investment properties and inventories that require more than 1 year of acquisition or construction to be ready for intended use or selling, which shall be capitalised when expenditures on an asset have been incurred, borrowing costs have been incurred, and the construction or production activities necessary to bring the asset to its intended usable or saleable condition have commenced. When the assets meeting the capitalisation requirements are acquired or constructed and ready for intended use or selling, the capitalisation shall be terminated, and the borrowing costs incurred subsequently shall be included in the profits and losses for the current period. If assets satisfying capitalisation conditions are suddenly suspended in acquisition or construction for more than three months continuously, the capitalisation of the borrowing costs shall be suspended until the restart of acquisition or construction of the assets.

In each accounting period within the capitalisation period, the Group recognises the capitalised amount of borrowing costs in accordance with the following method: For specialised loans, the amount is determined based on the actual interest expense incurred during the current period, net of interest income earned on undrawn loan funds deposited in a bank or investment returns earned from temporary investments. For funds drawn from general loans, the amount is determined based on the weighted average of asset expenditures that exceed the amount of specialised loans, multiplied by the capitalisation rate of the general loans drawn, where the capitalisation rate is calculated based on the weighted average interest rate of the general loans.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Intangible assets

(1) Useful life and its basis for determination, estimation, and amortisation method or review procedures

The land use rights shall be evenly amortised over its remaining term when it is obtained from the date of transfer. The patent technology, non-patent technology and other intangible assets are amortised evenly by stages over estimated useful life, beneficial term stipulated by contract and legal effective term, whichever is the shortest. The amortisation amount is included in relevant asset cost and the profit or loss for the current period according to its beneficiaries. The Group reviews the estimated useful life and amortisation method of intangible assets with finite useful life at the end of each year, and any changes will be treated as changes in accounting estimates.

The useful life of the trademark right of use cannot be determined, because it is impossible to foresee the period during which it will bring economic benefits to the Group. The Group will review the useful lives on those intangible assets with indefinite useful lives at each accounting period.

(2) Scope of and related accounting treatment for research and development expenditures

The Group's research and development expenditure includes salaries of research and development personnel, direct investment expenses, depreciation and deferred expenses, and other expenses.

The Group's research and development expenditures are classified into research-phase expenditures and development-phase expenditures based on their nature and the existence of significant uncertainty as to whether intangible assets will ultimately be generated from such research and development activities.

Research phase expenditures are expensed in the profit or loss for the current period as incurred. Development phase expenditures are recognised as intangible assets when the following conditions are met simultaneously: The Group has assessed that it is technically feasible to complete the intangible asset and to use or sell it; the Group has the intention to complete the intangible asset and to use or sell it; the intangible asset is expected to generate economic benefits for the Group; the Group has adequate technical, financial, and other resources to support the completion of development of the intangible asset and the ability to use or sell the intangible asset; expenditures attributable to the development phase of the intangible asset can be reliably measured. Development phase expenditures that do not meet the capitalisation criteria are expensed in the profit or loss for the current period as incurred.

Development cost that has been recognised in profit or loss in previous periods is not recognised as an asset in subsequent periods. Development-phase costs that have been capitalised will be presented as development expenditures on balance sheet and transferred to intangible asset when the project gets ready for its intended use.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Impairment of long-term assets

The Group re-examines long-term equity investment, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with limited useful life and other items at each balance sheet date. When there is any indication of impairment, the Group performs an impairment test. Goodwill, intangible assets with indefinite useful lives, and development expenditures that have not yet reached their intended usable state are subject to impairment testing at the end of each year regardless of whether there are signs of impairment.

(1) Impairment of non-current assets other than financial assets (except for goodwill)

When the Group conducts impairment testing, it determines its recoverable amount based on the higher of the net amount of the asset's fair value minus disposal costs and the present value of the asset's expected future cash flows. After the impairment test, if the carrying amount of the asset exceeds its recoverable amount, the difference is recognised as an impairment loss.

The Group estimates the recoverable amount of an asset on an individual basis. Where it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of an asset group is determined on the basis of the asset group to which the asset belongs. The identification of an asset group is based on whether the major cash inflows generated from the asset group are independent of those from other assets or asset groups.

The net amount after the fair value deducts the disposal costs is determined by reference to the sales agreement price of the similar assets in the fair trade or the observable market price minus the incremental cost directly attributable to the disposal of the assets. When estimating the present value of future cash flow, the Management must estimate the estimated future cash flow of the asset or asset group and select an appropriate discount rate to determine the present value of future cash flow. Refer to VII. 19 of this section for details.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Impairment of long-term assets *(Continued)*

(2) Impairment of goodwill

Goodwill generated in business combination shall be allocated at its carrying amount to relevant asset groups, by a reasonable method from the acquisition date. If it is difficult to allot them to relevant asset groups, they shall be allocated to relevant asset group portfolios. When conducting impairment tests on asset groups or asset group portfolios that incorporate goodwill, if there are signs of impairment in asset groups or asset group portfolios related to goodwill, impairment tests should be conducted first on asset groups or asset group portfolios that do not incorporate goodwill. Recoverable amount should be calculated, and shall be compared with relevant carrying amount, so as to recognise the corresponding impairment loss; Further impairment tests shall be conducted on asset groups or asset group portfolios that incorporate goodwill, carrying amount and recoverable amount shall be compared, if the recoverable amount is lower than the carrying amount, then impairment loss shall be first offset against the carrying amount of goodwill allocated to the asset groups or asset group portfolios. Then, based on the proportion of the carrying amount of assets other than goodwill in the asset group or asset group portfolios, the carrying amount of other assets shall be offset proportionally.

The methods, parameters and assumptions for impairment testing of goodwill are detailed in VII. 20 of this section.

Once an impairment loss on the aforesaid assets is recognised, it shall not be reversed in subsequent accounting periods.

26. Long-term deferred expenses

The Group's long-term deferred expenses include expenditures for the improvement of leased fixed assets and other costs that the Group has already paid but which are to be amortised over a period exceeding one year across the current and future accounting periods. These expenses are amortised on a straight-line basis over their respective benefit periods. If a long-term deferred expense item ceases to provide benefits to future accounting periods, the entire unamortised carrying amount of that item is transferred to profit or loss for the current period.

27. Contract liabilities

Contract liabilities reflect the obligation of the Group to transfer goods to customers due to the consideration received or receivable by the Group. If, before the Group transfers the goods to the customer, the customer has already paid the contract consideration or the Group has obtained the unconditional right to receive the contract consideration, the Group recognises the contract liability at the amount received or receivable at the earlier of the actual payment date and the due date of the payment.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Employee benefits

(1) Accounting treatment methods of short-term benefits

Short-term benefits mainly include staff salaries, bonuses, allowances and subsidies, staff welfare payments, social insurance premiums and housing provident fund, labor union expenses, and staff education expenses. During the accounting period in which the employees render services, the Group recognises the short-term benefits actually incurred as liabilities and include them in profit or loss for the current period or related asset costs according to the beneficiaries.

(2) Accounting treatment of post-employment benefits

Post-employment benefits mainly include basic endowment insurance premiums and unemployment insurance premiums, and are classified as defined contribution plans according to the risks and obligations assumed by the Company. Contributions that are paid to a separate entity under a defined contribution plan to obtain services provided by the employees during the accounting period on the balance sheet date, shall be recognised as liabilities, and included in the profit or loss for the current period or related asset cost, depending on the beneficiaries of the relevant services.

(3) Accounting treatment of termination benefits

Termination benefits refer to compensation provided by the Group to employees upon termination of the employment relationship prior to the expiration of an employee's employment contract, or to encourage employees to voluntarily accept redundancys. The Group recognises a liability arising from the compensation paid for the termination of the employment relationship and charges it to profit or loss for the current period on the earlier of the date when the Group can no longer unilaterally withdraw its plan to terminate the employment relationship or its redundancy proposal, and the date when it recognises the costs and expenses associated with the restructuring that gives rise to the termination benefits.

29. Estimated liabilities

When an external warranty, discount of Commercial acceptance bills, pending legal proceedings or arbitration, warranty on quality of goods or other contingencies meet all the following requirements, the Group shall recognise such items as liabilities: the obligation is a present obligation of the Group; the fulfillment of such obligations will likely cause the outflow of economic benefits from the Group; the amount of such obligations can be measured reliably.

Estimated liabilities are initially measured at the best estimate required to be paid when performing relevant current obligations, with comprehensive consideration of such factors as risks, uncertainties, and the time value of money related to contingencies. The Group reviews the current best estimates and makes adjustments to the carrying amount of the estimated liabilities at the balance sheet date.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

30. Share-based payments

Equity-settled share-based payments granted in exchange for employee services are measured at the fair value of the equity instruments granted, determined as of the grant date. If the equity instruments are immediately exercisable upon grant, they are recognised in the relevant costs or expenses at fair value on the grant date, with a corresponding increase in capital reserves. If exercisability is conditional upon the completion of services during a vesting period or the achievement of specified performance conditions, then on each balance sheet date within the vesting period, the services received during the current period are recognised in the relevant costs or expenses and capital reserves at the fair value of the equity instruments as of the grant date, based on the best estimate of the number of equity instruments expected to be exercised. If the terms and conditions of an equity-settled share-based payment arrangement are modified, the services received are recognised based on the original terms and conditions, at a minimum. Furthermore, any modification that increases the fair value of the granted equity instruments or any change that is beneficial to the employees as of the modification date is recognised as an increase in the services received.

If the equity-settled share-based payments are canceled, it will be treated as an accelerated exercise on the cancellation date and the unrecogised amount will be immediately recognised. If an employee or another party has the option to satisfy non-vesting conditions but fails to do so during the vesting period, this is treated as a cancellation of an equity-settled share-based payment. However, if a new equity instrument is granted to an employee, and on the grant date, it is determined that the new equity instrument granted is used to replace the canceled equity instrument, the granted replacement equity instrument shall be treated in the same way as the modifications of the original equity instrument terms and conditions are treated.

Cash-settled share-based payments are measured at the fair value of liabilities determined on the basis of Shares or other equity instruments assumed by the Group. For those exercisable immediately upon the grant, they shall be recognised in the relevant costs or expenses at fair value of the liabilities assumed on the grant date, with a corresponding increase in liabilities. For those exercisable upon completion of services for the vesting period or fulfilment of performance conditions, the Group recognises the services obtained in the current period to costs or expenses at each balance date during the vesting period based on the best estimate of the exercise and according to the fair value of the liability assumed by the Group and adjusts the liabilities accordingly. At each balance sheet date or settlement date before the settlement of relevant liabilities, the fair value of liabilities is remeasured, with respective changes included in the profit or loss for the current period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

31. Other financial instruments such as preferred shares and perpetual bonds

Any preferred share or perpetual bond classified as debt instrument is measured initially at fair value after deduction of the transaction cost, and subsequently at amortised cost using the effective interest method. Its interest expense or dividend distribution is accounted for as borrowing cost, and its gain or loss on repurchase or redemption shall be recognised in profit or loss for the current period.

For any preferred share or perpetual bond classified as equity instrument, the consideration received upon its issuance is, after deduction of the transaction cost, added to the owner's equity. Its interest expense or dividend distribution is accounted for as profit distribution, and its repurchase or cancellation shall be accounted for as change in equity.

32. Revenue

Disclosure of accounting policies adopted for revenue recognition and measurement by business type

The Group recognises its revenue upon the fulfilment of contractual performance obligations under a contract, namely, when the customer obtains control over the relevant products or services. The acquisition of control over relevant products or services shall mean the ability to direct the use of the products or the provision of the services and receive substantially all economic benefits derived therefrom.

The revenue of the Group mainly includes revenue from sale of goods, trading revenue, etc.

(1) Revenue from Sales of Goods

Domestic sales: revenue is recognised when the Group delivers the goods to the customer or carrier and the Group has obtained the current claim for payment and is likely to recover the consideration. Where a sales contract or agreement explicitly provides for credit sales and does not include a clause allowing for unconditional returns, the Group recognises revenue when the goods are delivered to the counterparty's designated location and signed for acceptance by the counterparty; For sales made on a cash-on-delivery or prepaid basis, the Group recognises revenue when the goods are shipped and the customer signs the delivery note; For sales of goods that require installation, the Group recognises revenue when the goods are shipped, received by the customer, installed, and accepted.

Sales outside China: the revenue shall be recognised when the goods are dispatched, loaded at the port of shipment and departed from the port, and when the Group has obtained the right to claim for a payment, with the consideration price likely to be received. Revenue is recognised when goods are shipped in accordance with the terms of a contract or agreement, when the goods have been loaded onto the vessel, when export customs clearance procedures have been completed, or when payment has been received or evidence of the right to collect payment has been obtained.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

32. Revenue *(Continued)*

Disclosure of accounting policies adopted for revenue recognition and measurement by business type *(Continued)*

(2) Trading revenue

The Group's trading operations primarily involve chemical products.

The Group's trading activities involve the participation of third parties. If the Group obtains control of goods from third parties and subsequently transfers them to customers, during the transaction process, the Group assumes the primary responsibility for transferring the goods to customers, bears inventory risks, and has the authority to autonomously determine the prices of the goods traded, the Group acts as the principal in the transaction, and recognises trading revenue based on the total consideration it expects to be entitled to receive as stipulated in the contracts.

If the Group does not have control over the goods prior to delivering them to the customer, the Group acts as an agent in that transaction and recognises revenue based on the net amount of the transaction.

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable in cash by the customers immediately upon the acquisition of control over the products. The difference between such transaction price and contract consideration is amortised over the contract period using the effective interest rate method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products.

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

The Company is required to comply with the disclosure requirements of the "Chemical Industry Related Business" as set out in the Self-regulatory Guidelines No. 3 – Disclosure of Industry Information for Listed Companies on the Shenzhen Stock Exchange.

33. Contract costs

(1) Determination method of assets related to contract costs

Assets of the Group related to contract costs include contract performance costs and contract acquisition costs. According to their liquidity, contract performance costs are presented separately in inventory and other non-current assets, while contract acquisition costs are presented separately in other current assets and other non-current assets.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

33. Contract costs *(Continued)*

(1) Determination method of assets related to contract costs *(Continued)*

The costs incurred by the Company in performing its contract are recognised as an asset if they meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, including direct labor cost, direct material cost, manufacturing overheads, costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because of the contract; the costs increase resources of the Company that will be used in satisfying performance obligations in the future; the costs are expected to be recovered. However, if the amortisation period for an asset does not exceed one year, it may be recognised in profit or loss for the current period as incurred.

Contract acquisition cost refers to the incremental cost for the Group to obtain a contract which is expected to be recoverable. Contract acquisition cost is recognised as an asset. If the amortisation period of such asset is no more than one year, the Group chooses the simplified treatment of including such contract acquisition cost in profit or loss for the current period as incurred. Incremental cost refers to the cost which will not be incurred by the Group had no contract been acquired (such as sales commission, etc.). Other expenses incurred by the Group to obtain contracts (other than the incremental cost which is expected to be recoverable) (such as travelling expenses which will be incurred regardless of whether the contract will be obtained) are included in profit or loss for the current period as incurred, save for those expressly to be borne by customers.

(2) Amortisation of assets relating to contract costs

The assets related to the contract costs of the Group are amortised on the same basis as the recognition of sales revenue related to the assets and included in profit or loss for the current period.

(3) Impairment of assets relating to contract costs

If the carrying amount of the Group's assets related to contract costs is higher than the excess of (i) the remaining consideration that the enterprise is expected to obtain due to the transfer of the commodities related to the asset; (ii) the estimated costs due to the transfer of the relevant commodities, the Group will recognise an impairment loss for the excess amount.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

34. Government grants

Government grants are recognised when the Group can meet the attached conditions and can receive the grants. When the government grant is a monetary asset, it is measured according to the actual amount received. For the grant allocated according to the fixed quota standard, or when there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated in the financial support policy and it is expected to be able to receive the financial support funds, it is measured at the receivable amount; when the government grant is a non-monetary asset, it is measured at its fair value; when the fair value cannot be obtained reliably, it is measured at its nominal amount (RMB1).

The Group's government grants include asset-related and income-related government grants. In particular, asset-related government grants refer to those obtained by the Group and used for the acquisition or construction of long-term assets or the obtainment of such assets by other means. Income-related government grants refer to those other than asset-related government grants. If no assistance object is specified in the government documents, the Group will make a judgment based on the above principles. If it is difficult to distinguish, it is classified as income-related government grants.

The asset-related government grants shall be recognised as deferred income, and they shall be recognised in profit or loss for the current period on a systematic and rational basis in relative assets' useful life. If such assets are sold, transferred, scrapped or destructed before relative assets' useful life is over, then balance of the relevant undistributed defe rred income shall be transferred into profit or loss for the current period in which the asset is disposed of.

The income-related government grants used to compensate for related costs or losses during future periods shall be recognised as deferred income, and recognised in profit or loss for the current period during the period when is the relevant costs, expenses or losses are recognised. The government grants related to daily activities shall be included in other income based on the substance of business transactions. The government grants not related to daily activities shall be included in the non-operating revenue and expenses.

When the Group receives interest subsidies on policy-based preferential loans, the accounting treatment is determined based on whether the government transfers the subsidy funds to the lending bank or directly to the Group, in accordance with the following principles: (1) Where thel government allocates the interest subsidy to the lending bank and the lending bank provides loans to the Group at the policy-based preferential interest rate, the Group recognises the amount of the loan it actually receives as the entry value of the loan, and calculates the related borrowing costs based on the principal amount of the loan and the policy-based preferential interest rate. (2) Where the government allocates the interest subsidy to the Group directly, the Group offsets the related borrowing costs with the subsidy.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

35. Deferred tax assets/Deferred tax liabilities

Deferred tax assets and deferred tax liabilities of the Group are calculated and recognised based on the temporary differences arising from the differences between the tax bases and the carrying amount of assets and liabilities, as well as the differences between the tax bases and the carrying amount of items that are not recognised as assets or liabilities but for which the tax bases can be determined according to tax regulations.

The Group recognises deferred income tax liabilities for all taxable temporary differences except for the following situations: (1) the temporary difference arising from the initial recognition of goodwill, or the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss); (2) the taxable temporary differences related to investments in subsidiaries, associates and joint ventures, where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future.

The Group recognises deferred income tax assets for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised, except in the following circumstances: (1) the temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses); and (2) the deductible temporary differences related to investments in subsidiaries, associates and joint ventures that cannot satisfy all the following conditions: temporary differences are likely to be reversed in the foreseeable future, and taxable income is likely to be obtained in the future to offset deductible temporary differences.

The Group recognises deferred income tax assets for all unused deductible losses to the extent that it is probable that sufficient taxable income will be available against which the deductible losses can be utilised. The Management uses a lot of judgment to estimate the time and amount of taxable income in the future, and combines tax planning strategies to determine the amount of deferred income tax assets that should be recognised, so there is uncertainty.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is recovered or the liability is settled.

When all the following conditions are met, the Group will present the deferred income tax assets and deferred income tax liabilities at net amount after offsetting: the Group has the legal right to settle current income tax assets and current deferred income tax liabilities on a net basis; deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection and administration department on the same taxpayer or different taxpayers, but in each future period when significant deferred income tax assets and deferred income tax liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and current income tax liabilities on a net basis or to obtain assets and pay off debts at the same time.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

36. Leasing

(1) Accounting treatment method for leasing as a Lessee

1) Lease recognition

Except for short-term leases and leasing of low-value assets, at the beginning of the lease term, the Group recognises the right-of-use assets and lease liabilities for the lease.

Right-of-use assets, which represent the Group's right as lessee to use the leased assets during the lease term, are initially measured at cost. The costs include: (i) the initial measurement amount of the lease liability; (ii) the amount of lease payments (net of amounts relating to lease incentives taken) made on or before the inception date of the lease term; (iii) the initial direct cost incurred; (iv) costs expected to be incurred to dismantle and remove the leased asset, to restore the site on which the leased asset is located or to restore the leased asset to its agreed condition under the terms of the lease, other than those incurred for the production of inventory. Where the Group remeasures a lease liability in accordance with the relevant provisions of the accounting standards for lease, the carrying amount of the right-of-use asset is adjusted accordingly.

The Group depreciates the right-of-use assets by the straight-line method based on the expected consumption mode of economic benefits related to the right-to-use assets. If the ownership of the leased asset can be reasonably confirmed to be acquired at the expiration of the lease term, the depreciation shall be carried out within the remaining useful life of the leased asset; otherwise, the depreciation shall be carried out within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount is included in the cost of the relevant assets or the profit or loss for the current period according to the use of the right-of-use asset.

The Group initially measures the lease liabilities at the present value of the lease payments that are unpaid at the commencement of the lease term. Lease payments include: (i) fixed payments and essentially fixed payments, less any lease incentives; (ii) variable lease payments that depend on an index or a rate; (iii) the exercise price of a purchase option when the Group reasonably determines that it will exercise purchase option; (iv) the payments to be made to exercise the option to terminate the lease when the lease term reflects that the Group will exercise such option; (v) amounts expected to be payable by the Group under residual value guarantees.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

36. Leasing *(Continued)*

(1) Accounting treatment method for leasing as a Lessee *(Continued)*

1) Lease recognition (Continued)

When calculating the present value of the lease payment, if it is impossible for the Group to determine the interest rate implicit in lease, the incremental borrowing rate shall be adopted as the discount rate. The Group shall calculate the interest expenses of the lease liabilities for each period in the lease term at a fixed periodic interest rate and include them in profit or loss for the current period, expect for those subject to capitalisation.

When the Group recognises the interest on the lease liabilities after the commencement of the lease term, it will increase the carrying amount of the lease liabilities; When making the lease payment, it will reduce the carrying amount of the lease liabilities. If there is any change in the essentially fixed payment, the expected amount payable of the guaranteed residual value, the index or ratio for determination of the lease payment, the evaluation result of the purchase option, renewal option or termination option, or the actual exercise of the options, the Group will re-measure the lease liabilities at the present value of the lease payment after the change.

2) Lease modification

Lease modification refers to the modification of lease scope, lease consideration and lease term beyond the original contract terms, including the addition or termination of the right to use one or more leased assets, and the extension or shortening of the lease term specified in the contract. The effective date of lease modification refers to the date when both parties reach an agreement on lease modification.

If the lease modifications and all the following conditions are met, the Group will take the lease modification as a separate lease for the accounting treatment: ① the lease modification expands the lease scope or extend the lease term by increasing the right to use one or more leased assets, and ② the increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope or the extended lease term according to the contract.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

36. Leasing *(Continued)*

(1) Accounting treatment method for leasing as a Lessee (Continued)

2) Lease modification (Continued)

If a lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group re-determines the lease term after the modification by apportioning the consideration of the modified contract in accordance with the relevant provisions of the accounting standards for lease; and the lease payments after the modification are discounted using the revised discount rate to re-measure the lease liability. With respect to the effect of the above lease liability adjustments, the Group accounts for lease modifications according to the following scenarios: (i) If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the lessee shall reduce the carrying amount of the right-of-use asset and recognise the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period. (ii) If other lease modifications result in a remeasurement of the lease liability, the lessee shall adjust the carrying amount of the right-of-use asset accordingly.

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

For short-term leases with a lease term of less than 12 months and leases of low-value assets where the underlying asset is of low value when new, the Group has elected not to recognise right-of-use asset and lease liability. The Group recognises the lease payments of short-term leases and the low-value asset leases in the cost of the relevant assets or the profit or loss for the current period in each period in the lease term on a straight-line basis.

(2) Accounting treatment for leases as a lessor

If a lease substantially transfers almost all risks and rewards related to the ownership of the leased asset, the Group, as the lessor, shall classify the lease as a finance lease, and other leases other than the finance lease as operating leases.

1) Finance lease

At the beginning of the lease term, the Group recognises the finance leases receivable on the finance leases and derecgonises the finance leases assets. Upon initial measurement of the finance leases receivable, the Group uses the net lease investment as the entry value of the finance leases receivable.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

36. Leasing *(Continued)*

(2) Accounting treatment for leases as a lessor *(Continued)*

1) *Finance lease (Continued)*

The net lease investment is the sum of the unguaranteed residual value and the present value of outstanding lease receivables at the commencement date of the lease term (discounted by the interest rate implicit in the lease). The Group calculates and recognises interest income in each period during the lease term based on fixed periodic interest rate. The variable lease payments collected by the Group and not included in measurement on net investment in leases are recorded in profit or loss for the current period when incurred.

2) *Operating Lease*

In each period during the lease term, the Group will recognise the lease receivables of operating lease as the rental income according to the straight-line method.

The initial direct expenses incurred by the Group relating to the operating lease are capitalised to the cost of the underlying asset of the lease, and shall be included in the profit or loss for the current period in stages during the lease term according to the same recognition basis as rental income. The variable lease payment collected by the Group related to operating lease and not included in lease receivables is included in the profit or loss for the current period when incurred.

The Group accounts for a change to an operating lease as a new lease from the effective date of the change, and any lease payments received in advance or receivable related to the lease prior to the change are treated as lease payments under the new lease.

3) *Sale-leaseback*

If the control of the relevant underlying assets is not transferred to the Group, the Group, as the buyer and lessor in a sale and leaseback transaction, will not recognise the transferred assets, but will recognise a financial asset equal to the transfer income. If the control of the relevant underlying assets has been transferred to the Group and the transfer of the assets constitutes a sale, the Group will account for the purchase of the assets and the leasing of the assets in accordance with the aforementioned policies.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

37. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

☐ Applicable ☑Not applicable

(2) Changes in significant accounting estimates

☐ Applicable ☑Not applicable

(3) Adjustments to relevant items of the financial statements at the beginning of the year upon initial application of new accounting standards since 2026

☐ Applicable ☑Not applicable

38. Others

1. Discontinued operation

Discontinued operation refers to a component of the Group that meets one of the following conditions, that can be separately distinguished, and that has been disposed of or classified as held for sale: (1) the component represents a separate principal business or a separate principal operating area; (2) the component is part of a related plan for the proposed disposal of a separate principal business or a separate principal operating area; and (3) the component is a subsidiary that has been acquired exclusively for the purpose of resale.

In the income statement, the Group has added items such as "net profit from continuing operations" and "net profit from discontinued operations" under "Net Profit" to respectively reflect the profit or loss related to continuing operations and discontinued operations with the net amount after tax. Profit or loss related to discontinued operations shall be presented as such from discontinued operations for the entire Reporting Period, rather than only for the Reporting Period after it is identified as a discontinued operations.

2. Fair value measurement

On each balance sheet date, the Group measures investment properties, derivative financial instruments and equity instruments at fair value. Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; Level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

38. Others *(Continued)*

2. *Fair value measurement* *(Continued)*

At each balance sheet date, the Group reassesses the assets and liabilities recognised in the financial statements that are measured at fair value on a recurring basis to determine whether there have been any transfers within the fair value hierarchy.

VI. TAXATION

1. Main taxes and tax rates

Type of tax	Basis of calculation of tax	Tax rates
Value-added tax	Revenue from Product Sales, Construction Revenue, and Rental Income from Real Estate	13%, 9%, 6%, 5%, 3%
City maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	15%, 25%, 20%, 8.25%
Educational surcharge	Turnover tax payable	3%
Property tax	For ad valorem levy, the residual value of the property after deducting 30% of its original value at one time; For rental income based tax, the rental income	1.2%, 12%

VI. TAXATION *(Continued)*

1. Main taxes and tax rates *(Continued)*

Disclosure statement of taxable entities subject to different enterprise income tax rates

Name of taxpayer	Income tax rate
The Company	15.00%
Qingdao Yiqing Biotechnology Co., Ltd.	15.00%
Qingdao Gon Composites Co., Ltd.	15.00%
Qingdao Guoen Sports Turf Co., Ltd. (青島國恩體育草坪有限公司)	25.00%
Qingdao Guoen Special Vehicle Development Co., Ltd.	20.00%
Guangdong Gon Plastic Industry Development Co., Ltd.	15.00%
Qingdao Gon Plastic Trade Co., Ltd.	25.00%
Qingdao Gocci Opto-electronics Technology Co., Ltd.	15.00%
Qingdao Guoen Culture and Sports Industry Co., Ltd. (青島國恩文體產業有限公司)	20.00%
Shandong Guoen Health Science and Technology Co., Ltd. (山東國恩健康科技有限公司)	20.00%
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	15.00%
Dongbao Yuansu (Qingdao) Biotechnology Co., Ltd.	20.00%
Inner Mongolia Dongbao Datian Biotechnology Co., Ltd.	25.00%
Gon Plastics (Henan) Co., Ltd.	25.00%
Gon Plastics (Qingdao) Co., Ltd.	15.00%
Gon Plastics (Zhejiang) Co., Ltd.	15.00%
Shandong Guoen Chemical Co., Ltd. (山東國恩化學有限公司)	25.00%
Rizhao Gon Chemical Co., Ltd.	15.00%
Gon Chemical (Dongming) Co., Ltd.	25.00%
Jiangsu CITIC Guoan New Materials Co., Ltd.	25.00%
Shanghai Yuwo Chemical Co., Ltd.	25.00%
Shanghai Huiyun Supply Chain Co., Ltd.	25.00%
Shanghai Zhaobang Petrochemical Company Limited	25.00%
Dongming Gon Ruihua New Materials Co., Ltd.	25.00%
Shandong Zhaobang Fine Chemicals Co., Ltd.	25.00%
Dongming Huabei Petrochemical Sales Co., Ltd.	25.00%
Shanghai Yuwo Energy Technology Research & Development Co., Ltd.	25.00%
Shanghai Qingfang Huiyuan Trading Co., Ltd.	25.00%
Dongming Aoke Fine Chemicals Company Limited	25.00%
Shandong Aoying Supply Chain Co., Ltd.	25.00%
Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd.	15.00%
Qingdao Gon Meltblown Industry Co., Ltd. (青島國恩熔噴產業有限公司)	20.00%
Qingdao Gon Polymer New Material Technology Co., Ltd.	20.00%
Zhejiang Gon Materials Co., Ltd. (浙江國恩物產有限公司)	25.00%
Qingdao Haishan Development Co., Ltd.	25.00%
Zhejiang Gon Composites Co., Ltd.	25.00%

VI. TAXATION *(Continued)*

1. Main taxes and tax rates *(Continued)*

Disclosure statement of taxable entities subject to different enterprise income tax rates *(Continued)*

Name of taxpayer	Income tax rate
Zhejiang Guoen Chemical Co., Ltd.	25.00%
Jiangsu Guoheng New Materials Technology Co., Ltd.	25.00%
Guoen Future (Shanghai) Chemical Co., Ltd.	20.00%
Qingdao Gon Future Health Technology Development Co., Ltd.	20.00%
Guoen Future (Liaoning) Health Science and Technology Development Co., Ltd.	20.00%
Gon Group (Hong Kong) Limited (國恩集團(香港)有限公司)	8.25%
Gon International (Hong Kong) Investment Limited	8.25%
Gon Technology (Hong Kong) Development Limited	8.25%
Hong Kong Petrochemical Company Limited	8.25%
Guoen Future (Guangdong) Plastics Sales Co., Ltd.	25%
Guoen Qingchuang (Shanghai) New Material Co., Ltd. (國恩青創(上海)新材料有限公司)	25%
Gon Polymers GmbH	15%
Huai'an Xinsheng New Material Technology Co., Ltd.	25%
Gon Technology (Thailand) Co., Ltd.	15%
Guoen Future (Shenzhen) Technology Co., Ltd. (國恩未來(深圳)科技有限公司)	25%
Ganchu Future (Shenzhen) Technology Co., Ltd. (感觸未來(深圳)科技有限公司)	25%
Guoen (Yixing) New Material Development Co., Ltd.	25%

2. Tax incentives

(1) Enterprise Income Tax Incentives

The Company was recertified as a high-tech enterprise on 9 November 2023, by the Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Finance Bureau, and Qingdao Municipal Taxation Bureau of the State Taxation Administration (High-tech Enterprise Certificate Number: GR202037100140, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law and other relevant provisions, the Company's enterprise income tax rate for 2026 is 15%.

Qingdao Yiqing Biotechnology Co., Ltd. ("Yiqing Biotechnology") was recertified as a high-tech enterprise on 9 November 2023 by the Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Finance Bureau, and Qingdao Municipal Taxation Bureau of the State Taxation Administration (High-tech Enterprise Certificate Number: GR202337101248, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law, and other relevant provisions, the enterprise income tax rate of Qingdao Yiqing Biotechnology Co., Ltd. for 2026 is 15%.

VI. TAXATION *(Continued)*

2. Tax incentives *(Continued)*

(1) Enterprise Income Tax Incentives (Continued)

Baotou Dongbao Bio-Tech Co., Ltd. ("Dongbao Bio-Tech") passed the re-examination for high-tech enterprises on 9 November 2023 and obtained the High-Tech Enterprise Certificate (No.: GR202315000329, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law and other relevant provisions, the enterprise income tax rate of Dongbao Bio-Tech for 2026 is 15%.

Qingdao Gocci Opto-electronics Technology Co., Ltd. ("Gocci Opto-electronics") was certified as a high-tech enterprise by the Qingdao Municipal Science and Technology Bureau, the Qingdao Municipal Finance Bureau and the Qingdao Tax Service, State Taxation Administration on 19 November 2024 (High-Tech Enterprise Certificate No.: GR202437100826, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law, and other relevant provisions, the enterprise income tax rate of Gocci Opto-electronics for 2026 is 15%.

Guangdong Gon Plastic Industry Development Co., Ltd. ("Guoen Plastic Industry") was certified as a high – tech enterprise on 11 December 2024 (High – tech Enterprise Certificate No.: GR202444010688, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law, and other relevant provisions, the enterprise income tax rate of Guoen Plastics for 2026 is 15%.

On 19 December 2025, Qingdao Gon Composites Co., Ltd. ("Gon Composites") was certified as a high – tech enterprise by the Qingdao Municipal Science and Technology Bureau, the Qingdao Municipal Finance Bureau, and the Qingdao Municipal Taxation Bureau of the State Taxation Administration (High – tech Enterprise Certificate No.: GR202537100302, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law, and other relevant provisions, the enterprise income tax rate of Gon Composites for 2026 is 15%.

Guoen Plastic Industry (Zhejiang) Co., Ltd. ("Zhejiang Plastic Industry") was certified as a High-tech Enterprise on 8 December 2023 by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (High-tech Enterprise Certificate No.: GR202333007593, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law, and other relevant provisions, the enterprise income tax rate of Zhejiang Plastic Industry for 2026 is 15%.

VI. TAXATION *(Continued)*

2. Tax incentives *(Continued)*

(1) Enterprise Income Tax Incentives *(Continued)*

Guoen Plastics (Qingdao) Co., Ltd. ("Qingdao Plastics") was certified as a high-tech enterprise by the Qingdao Municipal Science and Technology Bureau, the Qingdao Municipal Finance Bureau and the Qingdao Municipal Tax Service, State Taxation Administration on 9 November 2023 (High-Tech Enterprise Certificate No.: GR202237101400, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law and other relevant provisions, the enterprise income tax rate of Qingdao Plastics for 2026 is 15%.

Guoen Yisu (Zhejiang) New Material Technology Co., Ltd. ("Guoen Yisu") was certified as a High-tech Enterprise on 6 December 2024 by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (High-tech Enterprise Certificate No.: GR202433005286, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law and other relevant provisions, the enterprise income tax rate of Guoen Yisu for 2026 is 15%.

Rizhao Guoen Chemical Co., Ltd. ("Rizhao Chemical") was certified as a high-tech enterprise by the Rizhao Municipal Science and Technology Bureau, the Rizhao Municipal Finance Bureau and the Rizhao Municipal Taxation Bureau of the State Taxation Administration on 7 December 2024 (High-tech Enterprise Certificate No.: GR202437001290, valid for 3 years). Pursuant to Article 28 of the Enterprise Income Tax Law, Article 93 of the Regulations for the Implementation of the Enterprise Income Tax Law and other relevant provisions, the enterprise income tax rate of Rizhao Chemical for 2026 is 15%.

VI. TAXATION *(Continued)*

2. Tax incentives *(Continued)*

(1) Enterprise Income Tax Incentives (Continued)

Pursuant to the provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (Cai Shui [2022] No. 13) and the Announcement of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Business (Cai Shui [2023] No. 6): From 1 January 2023 to 31 December 2024, for small and micro-profit enterprises, the portion of annual taxable income not exceeding RMB1 million shall be calculated at a reduced rate of 25% when determining taxable income and subject to a 20% enterprise income tax rate; From 1 January 2022 to 31 December 2024, for small and micro-profit enterprises, the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million shall be included in taxable income at a reduced rate of 25% and subject to a 20% enterprise income tax rate. According to the "Announcement on the Relevant Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement No. 12 [2023]) issued by the Ministry of Finance and the State Taxation Administration, the annual taxable income of a small and micro enterprise shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%, which will be extended until 31 December 2027. Qingdao Guoen Special Purpose Vehicle Development Co., Ltd., Qingdao Gon Melt-Blown Industry Co., Ltd., Qingdao Guoen Culture and Sports Industry Co., Ltd., Shandong Guoen Health Science and Technology Co., Ltd., Dongbao Yuansu (Qingdao) Biotechnology Co., Ltd., Qingdao Guoen Yasu New Materials Technology Co., Ltd., Guoen Future (Shanghai) Chemical Co., Ltd., Qingdao Guoen Future Health Technology Development Co., Ltd., and Guoen Future (Liaoning) Health Technology Development Co., Ltd. enjoy the aforementioned tax incentives.

Gon Group (Hong Kong) Limited and its subsidiaries, namely Gon International (Hong Kong) Investment Limited, Gon Technology (Hong Kong) Development Limited and Hong Kong Petrochemical Limited, are incorporated in Hong Kong, China. Pursuant to the Hong Kong Inland Revenue Ordinance, the Hong Kong profits tax rate is 8.25% on the portion of assessable income up to HKD2 million, and 16.5% on the portion exceeding HKD2 million.

In accordance with the "Notice on the Relevant Enterprise Income Tax Policies for the Deduction of Equipment and Instruments" (Announcement No. 37 [2023] of the Ministry of Finance and the State Taxation Administration) jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2024 to 31 December 2027, the cost of newly purchased equipment and instruments with unit value no more than RMB5 million can be fully deducted against taxable income and recognised as expenses for the current period, instead of being depreciated annually.

VI. TAXATION *(Continued)*

2. Tax incentives *(Continued)*

(2) Preferential tax policies on VAT

In accordance with the provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on the Exemption of Organic Fertilizer Products from Value-Added Tax" (Cai Shui [2008] No. 56) and the "Announcement of the State Administration of Taxation on Clarifying the Implementation Standards for Organic Fertilizer Products" (Announcement No. 86 of 2015 of State Administration of Taxation), the bio-organic fertilizers produced and sold by Inner Mongolia Dongbao Datian Biotechnology Co., Ltd. ("Dongbao Datian") comply with the "Bio-organic Fertilizer" (NY884–2012) standards and are therefore eligible for the VAT exemption policy.

According to Article 2 of the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policies for Small-scale VAT Taxpayers (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2024, small-scale VAT taxpayers subject to a levy rate of 3% on taxable sales income will be levied VAT at a reduced levy rate of 1%; for VAT prepayment items subject to a 3.00% prepayment rate, VAT shall be prepaid at a reduced rate of 1.00%. According to the Announcement on the Transition of Preferential Value-Added Tax Policies Following the Implementation of the Value-Added Tax Law (Announcement No. 10 of 2026 of the Ministry of Finance and the State Taxation Administration), the above preferential policies will be uniformly implemented until 31 December 2027.

Pursuant to the provisions of the Notice on the Exemption of Value-Added Tax on Feed Products (Cai Shui [2001] No. 121) issued by the Ministry of Finance and the State Administration of Taxation, the calcium hydrogen phosphate products manufactured and sold by Baotou Dongbao Bio-tech Co., Ltd. are exempt from value-added tax.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	**3,771.21**	12,602.68
Bank deposits	**3,168,058,661.95**	2,202,762,574.86
Other monetary funds	**849,615,581.95**	1,089,691,598.60
Total	**4,017,678,015.11**	3,292,466,776.14
Including: Total amount deposited overseas	**730,912,097.46**	61,645,043.79

2. Notes receivable

(1) Classified presentation of notes receivable

Unit: RMB

Item	Closing balance	Opening balance
Bankers' acceptances	**325,206,514.09**	272,571,774.24
Commercial acceptance bills	**551,292,306.49**	451,198,264.07
Bad debt provision	**-4,382,495.11**	-3,618,850.17
Total	**872,116,325.47**	720,151,188.14

(2) Disclosure by method of provision for bad debts

Unit: RMB

	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
Category	Amount	Percentage	Amount	Provision percentage	Carrying amount	Amount	Percentage	Amount	Provision percentage	Carrying amount
Notes receivable for which bad debt provision is made on a collective basis	876,498,820.58	100.00%	4,382,495.11	0.50%	872,116,325.47	723,770,038.31	100.00%	3,618,850.17	0.50%	720,151,188.14
Including:										
Bankers' acceptances of other acceptance banks and Commercial acceptance bills	876,498,820.58	100.00%	4,382,495.11	0.50%	872,116,325.47	723,770,038.31	100.00%	3,618,850.17	0.50%	720,151,188.14
Total	876,498,820.58	100.00%	4,382,495.11		872,116,325.47	723,770,038.31	100.00%	3,618,850.17		720,151,188.14

Category name of provision for bad debts on a collective basis: bankers' acceptances of other acceptance banks and Commercial acceptance bills

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Notes receivable *(Continued)*

(2) Disclosure by method of provision for bad debts *(Continued)*

Unit: RMB

Name	Closing balance		
	Gross balance	Bad debt provision	Provision percentage
Bankers' acceptances of other acceptance banks and Commercial acceptance bills	**876,498,820.58**	**4,382,495.11**	**0.50%**
Total	**876,498,820.58**	**4,382,495.11**	

Basis for determining the group:

Commercial acceptance bills and bankers' acceptances accepted by acceptors with lower credit ratings.

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

☐Applicable ☑Not applicable

(3) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Bankers' acceptances of other accepting banks and Commercial acceptance bills	3,618,850.17	763,703.82			-58.88	**4,382,495.11**
Total	3,618,850.17	763,703.82			-58.88	**4,382,495.11**

Where the amount of bad debt provision recovered or reversed during the current period is material:

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Notes receivable *(Continued)*

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

Unit: RMB

Item	Notes receivable pledged at the end of the period
Bankers' acceptances	**15,427,676.14**
Total	**15,427,676.14**

(5) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bankers' acceptances		137,488,665.59
Total		137,488,665.59

3. Accounts receivable

(1) Disclosure by aging

Unit: RMB

aging	Closing gross balance	Opening gross balance
Within 1 year (inclusive)	**3,115,834,923.27**	2,806,196,523.85
1–2 years	**27,602,515.30**	18,199,480.98
2–3 years	**9,574,180.89**	8,820,461.98
More than 3 years	**88,421,285.89**	86,362,475.90
3–4 years	**15,962,972.59**	12,342,044.37
4–5 years	**35,224,016.97**	34,956,186.04
Over five years	**37,234,296.33**	39,064,245.49
Total	**3,241,432,905.35**	2,919,578,942.71

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Accounts receivable *(Continued)*

(2) Disclosure by method of provision for bad debts

Unit: RMB

	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
Category	Amount	Percentage	Amount	Provision percentage	Carrying amount	Amount	Percentage	Amount	Provision percentage	Carrying amount
Accounts receivable with provision for bad debts made on individual basis	1,397,382.90	0.04%	1,397,382.90	100.00%		1,397,382.90	0.05%	1,397,382.90	100.00%	
Accounts receivable with provision for bad debts on a collective basis	3,240,035,522.45	99.96%	96,427,012.05	2.98%	3,143,608,510.40	2,918,181,559.81	99.95%	90,143,383.94	3.09%	2,828,038,175.87
Including:										
Accounts receivable with provision for bad debt on expected credit risk group basis	3,240,035,522.45	99.96%	96,427,012.05	2.98%	3,143,608,510.40	2,918,181,559.81	99.95%	90,143,383.94	3.09%	2,828,038,175.87
Total	3,241,432,905.35	100.00%	97,824,394.95		3,143,608,510.40	2,919,578,942.71	100.00%	91,540,766.84		2,828,038,175.87

Provision for bad debts made on individual basis:

Unit: RMB

	Opening balance		Closing balance			
Name	Gross balance	Bad debt provision	Gross balance	Bad debt provision	Provision percentage	Reason
Zhongxin Technology Group Co., Ltd.	1,397,382.90	1,397,382.90	1,397,382.90	1,397,382.90	100.00%	The company has entered bankruptcy proceedings, making it difficult to recover the funds.
Total	1,397,382.90	1,397,382.90	1,397,382.90	1,397,382.90		

Provision for bad debts on a collective basis:

Unit: RMB

	Closing balance		
Name	Gross balance	Bad debt provision	Provision percentage
Within 1 year	3,111,217,646.68	16,911,669.07	0.54%
1–2 years	32,092,131.27	8,984,727.33	28.00%
2–3 years	9,701,841.51	5,064,024.93	52.20%
More than 3 years	87,023,902.99	65,466,590.72	75.23%
Including: 3–4 years	15,962,972.59	13,279,494.69	83.19%
4–5 years	35,224,016.97	16,350,182.62	46.42%
Over five years	35,836,913.43	35,836,913.41	100.00%
Total	3,240,035,522.45	96,427,012.05	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Accounts receivable *(Continued)*

(2) Disclosure by method of provision for bad debts *(Continued)*

If provision for bad debts of accounts receivables is made using the general model for expected credit loss:

☐Applicable ☑Not applicable

(3) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Accounts receivable with provision for bad debts made on individual basis	1,397,382.90					1,397,382.90
Accounts receivable with provision for bad debts on a collective basis						
Including: aging group	78,549,063.05	4,475,403.21	3,217,080.16	37,361.99		79,770,024.11
Other group	11,594,320.89	5,062,667.05				16,656,987.94
Total	91,540,766.84	9,538,070.26	3,217,080.16	37,361.99		97,824,394.95

(4) Actual write-off of accounts receivable for the period

Unit: RMB

Item	Amount written-off
Accounts receivable actually written off	37,361.99

(5) Status of top five debtors in the closing balance of accounts receivable and contract assets

Unit: RMB

Entity name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets	Closing balance of bad-debt provision for trade receivables and provision for impairment of contract assets
Summary of the top five accounts receivable in the closing balance	620,612,903.69		620,612,903.69	19.14%	3,413,370.97
Total	620,612,903.69		620,612,903.69	19.14%	3,413,370.97

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Contract assets

(1) Details of contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Gross balance	Bad debt provision	Carrying amount	Gross balance	Bad debt provision	Carrying amount
Contract assets	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00		0.00	0.00	

5. Receivables financing

(1) Classified presentation of receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	225,461,484.08	237,565,343.44
Accounts receivable vouchers	261,280,957.73	279,148,058.12
Total	486,742,441.81	516,713,401.56

(2) Disclosure by method of provision for bad debts

Unit: RMB

Class	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
	Amount	Percentage	Amount	Provision percentage	Carrying amount	Amount	Percentage	Amount	Provision percentage	Carrying amount
Provision for bad debts made on a collective basis	486,742,441.81	100.00%			486,742,441.81	516,713,401.56	100.00%			516,713,401.56
including:										
Total	486,742,441.81	100.00%			486,742,441.81	516,713,401.56	100.00%			516,713,401.56

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Receivables financing *(Continued)*

(3) Receivable financing pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Notes receivable	45,229,564.35
Accounts receivable vouchers	60,928,075.76
Total	106,157,640.11

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

Unit: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Notes receivable	449,189,126.81	
Accounts receivable vouchers	23,094,524.26	
Total	472,283,651.07	

(5) Increase or decrease in receivables financing and changes in their fair value in the period

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Notes receivable	237,565,343.44	2,273,356,987.15	2,285,460,846.51	225,461,484.08
Accounts receivable vouchers	279,148,058.12	341,067,243.33	358,934,343.72	261,280,957.73
Total	516,713,401.56	2,614,424,230.48	2,644,395,190.23	486,742,441.81

(6) Other information

At the end of the period, all receivables financing consist of bankers' acceptances and accounts receivable vouchers that meet the derecognition conditions upon transfer, which have a short remaining term, and the gross balance is considered an appropriate estimate of their fair value.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	22,076,431.57	14,225,256.88
Total	22,076,431.57	14,225,256.88

(1) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Gross closing balance	Gross opening balance
Deposits, margins and reserves	15,476,611.04	14,292,467.23
Non-trade balances	48,953,915.27	42,917,564.48
Advance Payment of Social Security and Housing Provident Fund Contributions	1,595,732.65	1,584,363.90
Export tax refund receivables	4,047,756.82	3,285,897.32
Total	70,074,015.78	62,080,292.93

2) Disclosed by aging

Unit: RMB

Aging	Gross closing balance	Gross opening balance
Within 1 year (including 1 year)	19,410,238.53	11,217,479.80
1–2 years	3,033,572.23	2,911,423.24
2–3 years	696,475.21	1,751,841.95
More than 3 years	46,933,729.81	46,199,547.94
3–4 years	2,308,706.38	1,129,088.75
4–5 years	39,553,867.25	40,771,492.34
Over 5 years	5,071,156.18	4,298,966.85
Total	70,074,015.78	62,080,292.93

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables *(Continued)*

(1) Other receivables (Continued)

3) Disclosure by method of provision for bad debts

☑Applicable ☐Not applicable

Unit: RMB

	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
Category	Amount	Percentage	Amount	Provision percentage	carrying amount	Amount	Percentage	Amount	Provision percentage	Carrying amount
Provision for bad debts made on individual basis	382,029.25	0.55%	382,029.25	100.00%		382,029.25	0.62%	382,029.25	100.00%	0.00
Provision for bad debts made on a collective basis	69,691,986.53	99.45%	47,615,554.96	68.32%	22,076,431.57	61,698,263.68	99.38%	47,473,006.80	76.94%	14,225,256.88
Total	70,074,015.78	100.00%	47,997,584.21		22,076,431.57	62,080,292.93	100.00%	47,855,036.05		14,225,256.88

Provision for bad debts made on individual basis:

Unit: RMB

	Opening balance		Closing balance			
Name	Gross balance	Bad debt provision	Gross balance	Bad debt provision	Provision percentage	Reason for provision
Dongguan Laobiao Industrial Investment Co., Ltd.	382,029.25	382,029.25	382,029.25	382,029.25	100.00%	other receivables from Dongguan Laobiao Industrial Investment Co., Ltd. This amount represents the rental deposit minus any outstanding charges. Due to a legal dispute between Laobiao Industrial Investment Co., Ltd. and a landlord regarding the ownership of the rent, it is unlikely that this amount will be recovered; therefore, a full provision for bad debts has been recorded.
Total	382,029.25	382,029.25	382,029.25	382,029.25		

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables *(Continued)*

(1) Other receivables (Continued)

3) Disclosure by method of provision for bad debts (Continued)

Provision for bad debts on a collective basis:

Unit: RMB

	Closing balance		
Name	Gross balance	Bad debt provision	Provision percentage
Within 1 year (including 1 year)	19,410,238.53	251,879.73	1.30%
1–2 years	3,027,362.55	743,655.64	24.56%
2–3 years	696,475.21	322,328.01	46.28%
More than 3 years	46,557,910.24	46,297,691.58	99.44%
Among which:			
3–4 years	1,932,886.81	1,691,539.79	87.51%
4–5 years	39,553,867.25	39,534,995.61	99.95%
Over 5 years	5,071,156.18	5,071,156.18	100.00%
Total	69,691,986.53	47,615,554.96	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables *(Continued)*

(1) Other receivables (Continued)

3) Disclosure by method of provision for bad debts (Continued)

Provision for bad debts calculated using the general model for expected credit loss:

Unit: RMB

Bad debt provision	Stage 1 ECL over the next 12 months	Stage 2 Lifetime expected credit loss (not credit-impaired)	Stage 3 Lifetime expected credit loss (credit-impaired)	Total
Balance as at 1 January 2026	365,851.27	1,474,178.61	46,015,006.17	47,855,036.05
Balance as at 1 January 2026 in the current period				
– Transferred to Stage 2	-41,282.50	41,282.50		0.00
– Transferred to stage 3		-529,897.81	529,897.81	0.00
– Transferred back to stage 2				0.00
– Transferred back to Stage 1				0.00
Provision during the current period	174,813.09	248,407.48	594,302.87	1,017,523.44
Reversal during the current period	247,502.13	161,777.45	349,695.70	758,975.28
Write-off during the current period			116,000.00	116,000.00
Other changes				0.00
Balance as at 30 June 2026	251,879.73	1,072,193.33	46,673,511.15	47,997,584.21

Basis for Classification by Stage and Bad Debt Provision Proportion

Basis for Classification by Stage: The Company classifies other receivables with an aging period of up to 1 year into Stage 1 (0–6 months or 7–12 months); Other receivables with clear indications of credit impairment already incurred are classified into Stage 3; Other amounts are classified into Stage 2 (with aging of 1–2 years or 2–3 years).

Changes in gross balance with significant changes in loss provision for the period

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables *(Continued)*

(1) Other receivables *(Continued)*

4) Provision for bad debts made, recovered or reversed in the current period

Provision for bad debts for the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period: Provision	Recovery or reversal	Carryforward or write-off	Others	Closing balance
Bad debt provision for other receivables	47,855,036.05	1,017,523.44	758,975.28	116,000.00		**47,997,584.21**
Total	47,855,036.05	1,017,523.44	758,975.28	116,000.00		**47,997,584.21**

5) Status of top five debtors in the closing balance of other receivables

Unit: RMB

Entity name	Nature of amount	Closing balance	aging	Proportion of the amount to total other receivables	Closing balance of provision for bad debts
Entity 1	Deposits, margins and reserves	5,000,000.00	Within 1 year	7.14%	25,000.00
Entity 2	Export tax refund receivables	4,047,756.82	Within 1 year	5.78%	20,238.79
Entity 3	Deposits, margins and reserves	1,636,610.52	Within 1 year, 2–3 years	2.34%	65,254.56
Entity 4	Deposits, margins and reserves	1,379,137.19	1–2 years	1.97%	344,784.30
Entity 5	Deposits, margins and reserves	1,261,000.00	2–3 years, 3–4 years, 5 years or above	1.80%	1,260,500.00
Total		13,324,504.53		19.01%	1,715,777.65

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Prepayments

(1) *Presentation of Prepayments by aging*

Unit: RMB

aging	Closing balance Amount	Closing balance Percentage	Opening balance Amount	Opening balance Percentage
Within 1 year	**719,880,973.99**	**98.88%**	710,498,693.96	99.19%
1–2 years	**3,204,881.86**	**0.44%**	1,331,235.26	0.18%
2–3 years	**2,770,096.46**	**0.38%**	2,190,652.85	0.31%
More than 3 years	**2,155,533.63**	**0.30%**	2,280,011.70	0.32%
Total	**728,011,485.94**		716,300,593.77	

(2) *Status of top five debtors in the closing balance of other prepayments*

The closing balance of prepayments for the top five debtors totaled RMB316,677,162.67, which accounted for 43.5% of total prepayments.

8. Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industries

No

(1) *Classification of inventories*

Unit: RMB

Item	Closing balance Gross balance	Closing balance Impairment provision for inventories or contract performance costs	Closing balance Carrying amount	Opening balance Gross balance	Opening balance Impairment provision for inventories or contract performance costs	Opening balance Carrying amount
Raw materials	**3,262,222,953.06**	**31,173,877.58**	**3,231,049,075.48**	2,678,483,961.16	37,325,593.14	2,641,158,368.02
Work in progress	**56,768,684.74**		**56,768,684.74**	57,179,022.16		57,179,022.16
Finished goods	**815,442,774.53**	**9,670,180.34**	**805,772,594.19**	927,304,887.45	6,854,994.64	920,449,892.81
Contract performance costs	**182,187.24**		**182,187.24**	85,251.30		85,251.30
Goods in transit	**893,725.68**		**893,725.68**	3,755,456.41		3,755,456.41
Semi-finished goods purchased from outside	**145,804.89**	**104,981.78**	**40,823.11**	319,711.73	104,981.78	214,729.95
Semi-finished goods	**220,956,591.91**	**16,453,362.74**	**204,503,229.17**	231,309,532.81	15,190,600.15	216,118,932.66
Consigned processing materials	**3,787,237.86**		**3,787,237.86**	3,041,902.74		3,041,902.74
Low value consumables	**39,398,137.44**	**62,367.30**	**39,335,770.14**	33,280,446.36	62,447.70	33,217,998.66
Total	**4,399,798,097.35**	**57,464,769.74**	**4,342,333,327.61**	3,934,760,172.12	59,538,617.41	3,875,221,554.71

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Inventories *(Continued)*

(2) *Provision for inventory impairment and Provision for impairment of contract performance cost*

Unit: RMB

Item	Opening balance	Increase in the current period: Provision	Increase in the current period: Others	Decrease in the current period: Reversal or write-off	Decrease in the current period: Others	Closing balance
Raw materials	37,325,593.14	15,536,942.56		21,688,658.12		31,173,877.58
Finished goods	6,854,994.64	3,979,800.70		1,164,615.00		9,670,180.34
Semi-finished goods purchased from outside	104,981.78					104,981.78
Self-made semi-finished goods	15,190,600.15	1,268,818.41		6,055.82		16,453,362.74
Low value consumables	62,447.70			80.40		62,367.30
Total	59,538,617.41	20,785,561.67		22,859,409.34		57,464,769.74

Basis of determination on net realisable value and reasons for reversal or write-off of provisions of inventory impairment in the current period：

Item	Specific basis for determining net realisable value	Reasons for reversal or write-off of provision for inventory impairment during the period
Raw materials	determined by deducting the costs of further processing, estimated selling expenses, and related taxes and surcharges from the estimated selling price of the finished products produced from the raw materials	Issued or sold during the period
Semi-finished goods	determined by deducting the costs of further processing, estimated selling expenses, and related taxes and surcharges from the estimated selling price of the finished products produced from the semi-finished goods	Issued or sold during the period
Finished goods	determined by deducting the estimated sales expenses and relevant taxes from the estimated selling price of the finished goods	Sold during the Period
Low value consumables	determined by deducting the estimated sales expenses and relevant taxes from the estimated selling price of the low-value consumables	Issued and consumed during the period

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Held-for-sale assets

Unit: RMB

Item	Closing gross balance	Impairment provisions	Closing carrying amount	Fair value	Estimated disposal cost	Expected disposal time
Fixed assets	6,478,741.85		6,478,741.85	8,365,721.65		2026
Intangible assets	69,395,685.90		69,395,685.90	80,645,300.00		2026
Total	75,874,427.75		75,874,427.75	89,011,021.65		

10. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term receivables due within one year	**24,423,727.41**	32,020,060.92
Bad debt provision	**-9,718,094.00**	-12,668,314.00
Total	**14,705,633.41**	19,351,746.92

(1) Debt investments due within one year

☐Applicable ☑Not applicable

(2) Other debt investments due within one year

☐Applicable ☑Not applicable

11. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax credit	**97,322,825.28**	91,653,735.47
Prepaid tax	**259,059.75**	2,387,199.05
Deferred expenses	**404,214.81**	92,512.34
Hong Kong share issuing cost		14,894,359.58
Total	**97,986,099.84**	109,027,806.44

Information Regarding Compensatory Assets

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. Other equity instrument investments

Unit: RMB

Name of project	Opening balance	Gains included in other comprehensive income in the current period	Loss included in other comprehensive income in the current period	Cumulative gains included in other comprehensive income at the end of the period	Cumulative losses recognised in other comprehensive income at the end of the period	Dividend income recognised in the current period	Closing balance	Reason for designating it as the item at fair value through other comprehensive income
Hangzhou Zhongke Rundesheng Technology Development Co., Ltd.	5,621,494.45						5,621,494.45	The aforesaid equity investments held by the Company are not for the purpose of short-term profit-making and constitute non-trading equity investments.
Shandong Dongming Rural Commercial Bank Co., Ltd.	1,500,000.00						1,500,000.00	The aforementioned equity investments held by the Company are not for the purpose of short-term profit-taking and are non-trading equity investments.
Wuxi Xin'an No.4 Investment Partnership (Limited Partnership)	28,074,567.21						28,074,567.21	The aforesaid equity investments held by the Company are not for the purpose of short-term profit and are non-trading equity investments.
Total	35,196,061.66						35,196,061.66	

13. Long-term receivables

(1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance			Discount rate range
	Gross balance	Bad debt provision	Carrying amount	Gross balance	Bad debt provision	Carrying amount	
Sales of goods on installment payment terms	27,765,982.85	9,718,094.00	18,047,888.85	36,195,182.85	12,668,314.00	23,526,868.85	4.75%
Unrealised financing income	-3,342,255.44		-3,342,255.44	-4,175,121.93		-4,175,121.93	4.75%
Long-term receivables due within one year	-24,423,727.41	-9,718,094.00	-14,705,633.41	-32,020,060.92	-12,668,314.00	-19,351,746.92	

(2) Disclosure by method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
	Amount	Percentage	Amount	Provision percentage	Carrying amount	Amount	Percentage	Amount	Provision percentage	Carrying amount
Provision for bad debts made on individual basis	27,765,982.85	100.00%	9,718,094.00	35.00%	18,047,888.85	36,195,182.85	100%	12,668,314.00	35.00%	23,526,868.85
Total	27,765,982.85	100.00%	9,718,094.00	35.00%	18,047,888.85	36,195,182.85	100%	12,668,314.00	35.00%	23,526,868.85

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Long-term receivables *(Continued)*

(2) Disclosure by method of provision for bad debts (Continued)

Provision for bad debts made on individual basis:

Unit: RMB

	Opening balance		Closing balance			
Name	Gross balance	Bad debt provision	**Gross balance**	**Bad debt provision**	**Provision percentage**	**Reason for provision**
Sales of goods on installment payment terms	36,195,182.85	12,668,314.00	27,765,982.85	9,718,094.00	35.00%	
Total	36,195,182.85	12,668,314.00	27,765,982.85	9,718,094.00		

14. Long-term equity investments

Unit: RMB

			Changes during this period									
Investee	**Opening balance (carrying amount)**	**Opening balance of impairment provision**	**Increase in investment**	**Decrease in investments**	**Investment gains and losses recognised under the equity method**	**Adjustments to other comprehensive income**	**Other equity changes**	**Cash dividends or profits declared**	**Provision for impairment**	**Others**	**Closing balance (carrying amount)**	**Closing balance of impairment provision**
I. Joint ventures												
Shanghai Yucheng Industrial Co., Ltd.	176,588,605.86				-8,380,320.73						168,208,285.13	
Subtotal	176,588,605.86				-8,380,320.73						168,208,285.13	
II. Associates												
Baotou Baochenglian Fine Chemical Co., Ltd	3,902,210.88				-495,620.74						3,406,590.14	
Tongliao Mengbao Biotechnology Co., Ltd	9,599,370.97				-688,839.84						8,910,531.13	
Zhejiang Guojiang New Materials Technology Co., Ltd	2,754,353.41				-259,646.97						2,494,706.44	
Ningbo Kunrui Hengtou Equity Investment Partnership (Limited Partnership)			101,000,001.00								101,000,001.00	
Subtotal	16,255,935.26		101,000,001.00		-1,444,107.55						115,811,828.71	
Total	192,844,541.12		101,000,001.00		-9,824,428.28						284,020,113.84	

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

☐Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Investment properties

(1). Investment properties measured using the cost model

☑Applicable ☐Not applicable

Unit: RMB

Item	Buildings and structures	Land use right	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	7,013,847.55			7,013,847.55
2. Increase in the current period				
(1) Additions through purchase				
(2) Transfers from inventory/ fixed assets/construction in progress				
(3) Increase through business combinations				
3. Decrease in the current period				
(1) Disposals				
(2) Other transfers-out				
4. Closing balance	7,013,847.55			7,013,847.55
II. Accumulated depreciation and amortisation				
1. Opening balance	4,788,152.34			4,788,152.34
2. Increase in the current period	175,781.55			175,781.55
(1) Provision or amortisation	175,781.55			175,781.55
3. Decrease in the current period				
(1) Disposals				
(2) Other transfers-out				
4. Closing balance	4,963,933.89			4,963,933.89
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposals				
(2) Other transfers-out				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	2,049,913.66			2,049,913.66
2. Opening carrying amount	2,225,695.21			2,225,695.21

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Investment properties *(Continued)*

(1). Investment properties measured using the cost model (Continued)

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

☐Applicable ☑Not applicable

The recoverable amount is determined based on the present value of the estimated future cash flows

☐Applicable ☑Not applicable

16. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	4,650,178,899.06	3,791,544,749.90
Total	4,650,178,899.06	3,791,544,749.90

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Fixed assets *(Continued)*

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Electronics equipment	Total
I. Original carrying amount:					
1. Opening balance	3,143,762,147.12	3,020,563,432.08	71,523,868.45	222,533,349.90	6,458,382,797.55
2. Increase in the current period	101,557,667.91	121,332,859.10	2,577,538.56	785,113,209.38	1,010,581,274.95
(1) Additions through purchase	11,193,834.56	35,980,243.53	2,729,856.63	783,565,382.13	833,469,316.85
(2) Transfers from Construction in progress	96,691,343.93	97,628,802.49		1,827,222.23	196,147,368.65
(3) Increase through business combinations					
(4) Exchange differences on translation of foreign financial statements	-6,327,510.58	-12,276,186.92	-152,318.07	-279,394.98	-19,035,410.55
(5) Others					
3. Decrease in the current period		6,081,027.76	4,800.00	2,031,299.87	8,117,127.63
(1) Disposal or scrapping		6,081,027.76	4,800.00	2,031,299.87	8,117,127.63
(2) Others					
4. Closing balance	3,245,319,815.03	3,135,815,263.42	74,096,607.01	1,005,615,259.41	7,460,846,944.87
II. Accumulated depreciation					
1. Opening balance	716,522,835.25	1,732,425,564.92	46,647,188.44	171,242,459.04	2,666,838,047.65
2. Increase in the current period	57,363,017.45	78,271,920.01	3,425,204.08	10,591,307.34	149,651,448.88
(1) Provision	60,673,836.83	88,942,341.68	3,471,590.51	10,807,526.31	163,895,295.33
(2) Increase through business combinations					
(3) Exchange differences on translation of foreign financial statements	-3,310,819.38	-10,670,421.67	-46,386.43	-216,218.97	-14,243,846.45
(4) Others					
3. Decrease in the current period		4,939,461.85	4,560.00	877,428.87	5,821,450.72
(1) Disposal or scrapping		4,939,461.85	4,560.00	877,428.87	5,821,450.72
(2) Others					
4. Closing balance	773,885,852.70	1,805,758,023.08	50,067,832.52	180,956,337.51	2,810,668,045.81

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Fixed assets *(Continued)*

(1) Fixed assets (Continued)

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Electronics equipment	Total
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	2,471,433,962.33	1,330,057,240.34	24,028,774.49	824,658,921.90	4,650,178,899.06
2. Opening carrying amount	2,427,239,311.87	1,288,137,867.16	24,876,680.01	51,290,890.86	3,791,544,749.90

17. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	2,239,000,521.70	2,166,777,322.10
Total	2,239,000,521.70	2,166,777,322.10

(1) Construction in progress

Unit: RMB

Item	Closing balance Gross balance	Closing balance Impairment provisions	Closing balance Carrying amount	Opening balance Gross balance	Opening balance Impairment provisions	Opening balance Carrying amount
1 million-ton-per-year polystyrene project	146,794,971.05		146,794,971.05	122,721,415.48		122,721,415.48
Integrated Digital Smart Packaging and Three-Dimensional Warehousing Project	181,021,639.51		181,021,639.51	163,747,325.82		163,747,325.82
200,000-ton-per-annum Methanol-to-Mixed Aromatics Project	408,435,191.81		408,435,191.81	408,329,441.77		408,329,441.77
Project for the Annual Production of 200,000 tons of Styrene with Co-production of 80,000 tons of Propylene Oxide	1,039,810,887.52		1,039,810,887.52	962,752,707.74		962,752,707.74

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Construction in progress *(Continued)*

(1) Construction in progress (Continued)

	Closing balance			Opening balance		
Item	Gross balance	Impairment provisions	Carrying amount	Gross balance	Impairment provisions	Carrying amount
50,000-ton-per-year Methylstyrene Project	165,894,385.65		165,894,385.65	165,418,153.94		165,418,153.94
New Intelligent Industrialization Project for Empty Capsules	25,778,650.13		25,778,650.13	52,542,293.76		52,542,293.76
New Intelligent Expansion Project for Empty Capsules	44,200,597.80		44,200,597.80	95,908,450.86		95,908,450.86
Reconstruction of Workshop 3 of No. 2 Branch	5,395,440.51		5,395,440.51			
Installation Project for Dehumidification and Substation Equipment	270,516.81		270,516.81			
collagen terminal production line upgrade project	2,251,486.64		2,251,486.64	2,251,486.64		2,251,486.64
Enterprise Technology Center engineering project	36,265,150.34		36,265,150.34	34,339,534.74		34,339,534.74
Equipment Upgrade and Renovation Project at the Changxing Production Base	2,162,936.01		2,162,936.01	9,702,135.19		9,702,135.19
R&D Complex Construction Project	59,119,687.96		59,119,687.96	82,092,905.99		82,092,905.99
Headquarters Industrial Park Upgrading and Renovation Project	34,077,486.76		34,077,486.76	32,619,339.48		32,619,339.48
VOCs exhaust gas treatment system	12,017,699.12		12,017,699.12	3,805,752.21		3,805,752.21
Central Devolatilization System for Pretreatment in the New Materials Workshop	37,429,547.80		37,429,547.80	1,402,114.17		1,402,114.17
Technical Upgrade Project for an Annual Production Capacity of 500 Tons of Catalyst, 110 Tons of Dienes and 240 Tons of Alkenes	14,445,273.17		14,445,273.17	11,697,671.91		11,697,671.91
Other projects	23,628,973.11		23,628,973.11	17,446,592.40		17,446,592.40
Total	2,239,000,521.70		2,239,000,521.70	2,166,777,322.10		2,166,777,322.10

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Construction in progress *(Continued)*

(2) Changes in significant construction in progress

Unit: RMB

Name of project	Budget	Opening balance	Increase in the current period	Transfer to fixed assets for the period	Other decrease during the period	Closing balance	Cumulative project investment as percentage of the budget	Construction progress	Cumulative amount of capitalised Interest	Including: capitalised interest for the period	Interest capitalisation rate for the period	Sources of funding
1 million-ton-per-year polystyrene project	1,360,000,000.00	122,721,415.48	24,073,555.57			**146,794,971.05**	67.84%	80.00%	56,105,910.68	2,927,907.11	1.02%	Others
Integrated Digital Smart Packaging and Three-Dimensional Warehousing Project	600,000,000.00	163,747,325.82	17,274,313.69			**181,021,639.51**	30.17%	42.00%				Others
Project for the Production of Mixed Aromatics from Methanol with an Annual Capacity of 200,000 Tons	500,000,000.00	408,329,441.77	105,750.04			**408,435,191.81**	81.72%	87%				Others
Project for the Annual Production of 200,000 Tons of Styrene with Co-production of 80,000 Tons of Propylene Oxide	1,250,000,000.00	962,752,707.74	77,058,179.78			**1,039,810,887.52**	83.18%	92%				Others
50,000-ton-per-year Methylstyrene Project	200,000,000.00	165,418,153.94	476,231.71			**165,894,385.65**	82.95%	88%				Others
New Intelligent Industrialisation Project for Empty Capsules	260,000,000.00	52,542,293.76		26,763,643.63		**25,778,650.13**	90.49%	98.00%	440,877.25			Proceeds from offering
New Intelligent Expansion Project for Empty Capsules	458,980,400.00	95,908,450.86	79,593,785.37	131,301,638.43		**44,200,597.80**	60.37%	65.00%	34,043,464.07	6,154,907.93	1.54%	Proceeds from offering, others
Enterprise Technology Center Project	150,000,000.00	34,339,534.74	1,925,615.60			**36,265,150.34**	68.18%	72.00%				Others
R&D Complex Construction Project	150,000,000.00	82,092,905.99	825,688.07	23,798,906.10		**59,119,687.96**	75.11%	78.00%				Others
Headquarters Industrial Park Upgrade and Renovation Project	240,000,000.00	32,619,339.48	1,458,147.28			**34,077,486.76**	43.35%	46.00%				Others
Total	5,168,980,400.00	2,120,471,569.58	202,791,267.11	181,864,188.16		**2,141,398,648.53**			90,590,252.00	9,082,815.04		

(3) impairment tests on construction in progress

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Right-of-use assets

(1) Right-of-use assets

Unit: RMB

Item	Buildings and structures	Terminal facilities	Total
I. Original carrying amount			
1. Opening balance	60,798,619.89	15,087,051.90	75,885,671.79
2. Increase in the current period	15,020,140.95	-579,114.82	14,441,026.13
(1) Additions through leasing	15,272,597.69		15,272,597.69
(2) Exchange differences on translation of foreign financial statements	-252,456.74	-579,114.82	-831,571.56
3. Decrease in the current period	9,780,276.49		9,780,276.49
(1) Disposals	9,780,276.49		9,780,276.49
4. Closing balance	66,038,484.35	14,507,937.08	80,546,421.43
II. Accumulated depreciation			
1. Opening balance	34,052,167.04	7,327,996.62	41,380,163.66
2. Increase in the current period	10,336,792.82	2,205,790.60	12,542,583.42
(1) Recognition of Depreciation	10,434,970.28	2,487,074.93	12,922,045.21
(2) Exchange differences on translation of foreign financial statements	-98,177.46	-281,284.33	-379,461.79
3. Decrease in the current period	5,960,194.85		5,960,194.85
(1) Disposals	5,960,194.85		5,960,194.85
4. Closing balance	38,428,765.01	9,533,787.22	47,962,552.23
III. Provision for impairment			
1. Opening balance			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			
(1) Disposals			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	27,609,719.34	4,974,149.86	32,583,869.20
2. Opening carrying amount	26,746,452.85	7,759,055.28	34,505,508.13

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use right	Patent rights	Non-patented technology	Trademark Rights	Software	Total
I. Original carrying amount						
1. Opening balance	672,154,414.89	65,309,076.45	54,828,564.45	266,204,417.65	14,526,225.36	1,073,022,698.80
2. Increase in the current period	31,606,046.27				976,037.74	32,582,084.01
(1) Additions through purchase	32,836,400.00				976,037.74	33,812,437.74
(2) Internal research and development						
(3) Increase through business combinations						
(4) Exchange differences on translation of foreign financial statements	-1,230,353.73					-1,230,353.73
(5) Others						
3. Decrease in the current period						
(1) Disposals						
4. Closing balance	703,760,461.16	65,309,076.45	54,828,564.45	266,204,417.65	15,502,263.10	1,105,604,782.81
II. Accumulated amortisation						
1. Opening balance	89,989,655.69	29,449,936.43	42,020,439.47	22,124.40	6,516,012.33	167,998,168.32
2. Increase in the current period	9,085,160.90	3,203,484.63	986,204.28	3,144.82	1,159,373.41	14,437,368.04
(1) Recognition of amortisation	9,267,816.13	3,203,484.63	986,204.28	3,144.82	1,159,373.41	14,620,023.27
(2) Exchange differences on translation of foreign financial statements	-182,655.23					-182,655.23
3. Decrease in the current period						
(1) Disposals						
4. Closing balance	99,074,816.59	32,653,421.06	43,006,643.75	25,269.22	7,675,385.74	182,435,536.36
III. Provision for impairment						
1. Opening balance				60,417,800.00		60,417,800.00
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) Disposals						
4. Closing balance				60,417,800.00		60,417,800.00
IV. carrying amount						
1. Closing carrying amount	604,685,644.57	32,655,655.39	11,821,920.70	205,761,348.43	7,826,877.36	862,751,446.45
2. Opening carrying amount	582,164,759.20	35,859,140.02	12,808,124.98	205,764,493.25	8,010,213.03	844,606,730.48

At the end of the period, the intangible assets arising from the Company's internal research and development accounted for 2.53% of the balance of intangible assets.

(2) Impairment testing of intangible assets

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. Goodwill

(1) Original carrying amount of goodwill

Unit: RMB

Investee or event forming the goodwill	Opening balance	Increase in the current period Business Combinations	Decrease in the current period Disposal	Closing balance
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	340,132,922.76			340,132,922.76
Total	340,132,922.76			340,132,922.76

(2) Provision for impairment of goodwill

Unit: RMB

Investee or event forming the goodwill	Opening balance	Increase in the current period Provision	Decrease in the current period Disposal	Closing balance
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	8,158,111.38			8,158,111.38
Total	8,158,111.38			8,158,111.38

(3) Information about the asset group or portfolio of asset groups to which the goodwill belongs

The carrying amount of goodwill arising from the acquisition of Baotou Dongbao Bio-Tech Co., Ltd. is RMB340,132,900. The asset group consists of long-term operating assets related to the goodwill, including property, plant and equipment, construction in progress, intangible assets, development expenditures and other non-current assets. The carrying amount of the asset group, including goodwill, is RMB2,726,047,400. The asset group to which goodwill belongs produces products with an active market that can generate independent cash flows, qualifying it as a separate asset group.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Long-term deferred expenses

Unit: RMB

Items	Opening balance	Increase in the current period	Amortisation	Other decreases	Closing balance
Plant renovation	1,954,391.74	490,848.99	736,065.59		**1,709,175.14**
Costs of improvements to fixed assets	1,769,760.90	1,359,426.76	130,849.38		**2,998,338.28**
Others	268,481.00	3,712,792.07	436,518.67		**3,544,754.40**
Total	3,992,633.64	5,563,067.82	1,303,433.64		**8,252,267.82**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Deferred income tax assets/Deferred income tax liabilities

(1) Deferred income tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	152,516,367.87	26,953,172.52	148,052,650.56	26,066,875.62
Unrealised profits from internal transactions	6,541,411.32	1,061,139.96	7,356,555.67	1,103,483.35
Deductible losses	108,358,236.73	24,949,548.77	107,170,341.08	23,963,651.02
Deferred income	50,978,859.01	7,670,837.18	41,219,837.41	6,205,908.94
Lease liabilities	61,626,367.47	7,463,292.12	12,449,649.11	3,631,348.65
Bond interest payables	9,038,213.87	1,355,732.08	742,158.40	111,323.76
Depreciation and amortisation	7,927,784.96	1,189,493.58	7,950,930.24	1,192,965.37
Total	396,987,241.23	70,643,216.21	324,942,122.47	62,275,556.71

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Deferred income tax assets/Deferred income tax liabilities *(Continued)*

(2) Deferred income tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset appreciation from appraisal for business combinations involving entities not under common control	552,688,924.26	99,898,880.85	613,971,451.86	115,223,238.64
Impact of one-off pre-tax deduction of fixed assets	434,540,897.40	72,884,104.29	434,748,538.98	71,396,993.67
Right-of-use assets	63,279,789.42	8,008,869.92	15,212,242.08	4,222,974.69
Other equity instruments-Convertible bonds	40,188,627.73	6,028,294.16	32,359,549.81	4,853,932.47
Total	1,090,698,238.81	186,820,149.22	1,096,291,782.73	195,697,139.47

(3) Deferred income tax assets or liabilities presented on a net basis after offset

Unit: RMB

Item	Amount of deferred income tax assets and liabilities offset at the end of the period	Closing balance of deferred income tax assets or liabilities after the offset	Amount of offsetting of deferred income tax assets and liabilities at the beginning of the period	Opening balances of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	44,656,134.14	25,987,082.07	39,155,716.59	23,119,840.12
Deferred income tax liabilities	44,656,134.14	142,164,015.08	39,155,716.59	156,541,422.88

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Deferred income tax assets/Deferred income tax liabilities *(Continued)*

(4) Breakdown of unrecognised deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	**38,634,727.74**	86,357,468.26
Deductible losses	**534,270,968.00**	702,743,180.51
Total	**572,905,695.74**	789,100,648.77

(5) Deductible losses for which deferred income tax assets are not recognised will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2026	**9,586,970.61**	14,773,616.85	
2027	**24,204,080.10**	21,321,044.97	
2028	**19,234,172.04**	23,793,711.59	
2029	**68,793,081.15**	91,531,172.49	
2030	**116,112,413.45**	551,323,634.61	
2031 and beyond	**296,340,250.65**		
Total	**534,270,968.00**	702,743,180.51	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. Other non-current assets

Unit: RMB

Item	Closing balance Book balance	Closing balance Impairment provision	Closing balance Carrying amount	Opening balance Book balance	Opening balance Impairment provision	Opening balance Carrying amount
Prepayments for the purchase of fixed assets	251,344,068.10		251,344,068.10	74,054,428.95		74,054,428.95
Prepayments for the acquisition of intangible assets	34,721,795.94		34,721,795.94	10,747,490.19		10,747,490.19
Prepayments for construction works	33,567,772.09		33,567,772.09	17,748,434.69		17,748,434.69
Total	319,633,636.13		319,633,636.13	102,550,353.83		102,550,353.83

Information regarding indemnification assets

☐Applicable ☑Not applicable

24. Assets with restricted ownership or use rights

Unit: RMB

Item	At the end of the period Book balance	At the end of the period Carrying amount	At the end of the period Type of restriction	At the end of the period Description of restriction	At the beginning of the period Book balance	At the beginning of the period Carrying amount	At the beginning of the period Type of restriction	At the beginning of the period Description of restriction
Monetary funds	849,528,162.73	849,528,162.73	Pledged	Bank acceptance, bill deposit, etc.	1,089,662,167.52	1,089,662,167.52	Pledged	Bank acceptance, bill deposit, etc.
Bills receivables	15,427,676.14	15,427,676.14	Pledged	Financing pledge	250,000.00	250,000.00	Pledged	Financing pledge
Fixed assets	1,359,170,589.29	1,080,673,941.48	Secured	Financing pledge	1,023,245,838.69	822,092,124.47	Secured	Financing pledge
Intangible assets	226,118,286.09	196,940,291.63	Secured	Financing pledge	154,378,065.09	134,900,475.33	Secured	Financing pledge
Receivables financing	106,157,640.11	106,157,640.11	Pledged	Financing pledge	65,862,737.32	65,862,737.32	Pledged	Financing pledge
Construction in progress	59,119,687.96	59,119,687.96	Secured	Financing pledge	81,817,676.63	81,817,676.63	Secured	Financing pledge
Long-term equity investments	509,587,206.24	509,587,206.24	Pledged	Financing pledge	509,587,206.24	509,587,206.24	Pledged	Financing pledge
Total	3,125,109,248.56	2,817,434,606.29			2,924,803,691.49	2,704,172,387.51		

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings	64,058,075.76	
Guaranteed borrowings	954,000,000.00	534,000,000.00
Credit borrowings	799,000,000.00	969,669,768.64
Commercial bills based financing		106,317,490.01
Accrued interest	2,289,744.68	3,444,233.26
Total	1,819,347,820.44	1,613,431,491.91

26. Bills payables

Unit: RMB

Class	Closing balance	Opening balance
Commercial acceptance bills	481,172,050.00	401,362,242.50
Bank acceptance bills	3,506,852,026.14	3,490,862,838.65
Total	3,988,024,076.14	3,892,225,081.15

The total bills payable due but unpaid as at the end of the period amounted to RMB0.00.

27. Accounts payable

(1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Trade payables	353,170,632.08	412,898,181.76
Construction and equipment costs payable	211,378,026.37	181,417,882.02
Others	76,301,763.67	86,594,536.89
Total	640,850,422.12	680,910,600.67

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	15,000,000.00	
Other payables	49,701,777.23	61,776,780.24
Total	64,701,777.23	61,776,780.24

(1) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Dividends on ordinary shares	15,000,000.00	
Total	15,000,000.00	

(2) Other payables

1) Presentation of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Employee resettlement expenses	9,033,465.34	9,055,056.38
Deposits and margin	1,748,301.48	1,256,419.29
Others	38,920,010.41	51,465,304.57
Total	49,701,777.23	61,776,780.24

29. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Receipts in advance	52,321,783.62	74,039,106.73
Compensation for property and land	65,651,436.61	73,187,400.00
Total	117,973,220.23	147,226,506.73

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Employee remuneration payable

(1) Presentation of employee remuneration payable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term remuneration	64,588,533.12	326,812,462.11	334,827,293.96	56,573,701.27
II. Post-employment benefits – defined contribution plans	3,275,076.10	27,112,610.33	26,994,335.47	3,393,350.96
Total	67,863,609.22	353,925,072.44	361,821,629.43	59,967,052.23

(2) Presentation of short-term remuneration

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	54,920,500.71	287,108,516.23	295,362,018.01	46,666,998.93
2. Employee benefits		16,870,489.42	16,870,489.42	0.00
3. Social insurance	206,230.60	13,502,644.00	13,481,552.65	227,321.95
Including: Medical insurance	183,363.52	12,433,454.01	12,409,350.16	207,467.37
Work-related injury insurance	22,867.08	1,069,189.99	1,072,202.49	19,854.58
4. Housing provident fund	270,020.00	6,762,660.40	6,773,246.44	259,433.96
5. Union expenses and employee education costs	9,191,781.81	2,568,152.06	2,339,987.44	9,419,946.43
Total	64,588,533.12	326,812,462.11	334,827,293.96	56,573,701.27

(3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension insurance	3,263,984.48	26,098,450.67	25,981,366.88	3,381,068.27
2. Unemployment insurance premium	11,091.62	1,014,159.66	1,012,968.59	12,282.69
Total	3,275,076.10	27,112,610.33	26,994,335.47	3,393,350.96

Other descriptions

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

31. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	**123,869,366.63**	125,203,572.81
Corporate income tax	**33,573,370.12**	46,569,916.68
Individual income tax	**511,676.67**	1,158,418.78
Urban maintenance and construction tax	**2,195,801.06**	1,939,378.13
Property tax	**3,481,075.90**	4,635,028.53
Land use tax	**2,231,706.46**	3,126,689.26
Education surcharge, local education surcharge	**6,119,018.49**	5,965,373.32
Stamp duty	**6,064,155.45**	6,251,459.04
Water conservancy fund, etc.	**809,428.58**	924,404.20
Total	**178,855,599.36**	195,774,240.75

32. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	**1,130,154,926.05**	1,065,000,263.93
Long-term payables due within one year	**209,177,744.74**	133,522,272.91
Lease liabilities due within one year	**15,617,281.29**	20,134,718.65
Bond interest payable due within one year	**3,290,612.51**	1,513,018.32
Total	**1,358,240,564.59**	1,220,170,273.81

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

33. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output VAT to be transferred	10,680,115.92	7,439,444.93
Un-derecognized bills receivable	137,488,665.59	149,583,069.42
Total	148,168,781.51	157,022,514.35

34. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings	339,877,350.00	374,335,775.00
Secured borrowings	976,003,014.86	768,071,752.95
Guaranteed borrowings	508,703,013.51	489,058,689.04
Credit borrowings	2,715,711,617.68	1,963,962,216.94
Long-term borrowings due within one year	-1,130,154,926.05	-1,065,000,263.93
Total	3,410,140,070.00	2,530,428,170.00

35. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible bonds	360,740,273.67	354,286,677.45
Total	360,740,273.67	354,286,677.45

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

35. Bonds payable *(Continued)*

(2) Changes in bonds payable (excluding other financial instruments classified as financial liabilities, such as preferred shares and perpetual bonds)

Unit: RMB

Name of bond	Nominal value	Coupon rate	Issuance date	Term of bond	Issuance amount	Opening balance	Issued in the current period	Interest accrued at nominal value	Amortization of premium/ discount	Repaid in the current period	Converted in the current period	Closing balance	Whether or not in default
Dongbao Convertible Bonds	358,616,488.57	0.30% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 2.00% for the fifth year and 2.50% for the sixth year	31 July 2023	6 years	358,642,500.00	354,286,677.45		1,777,594.19	4,775,454.00		99,451.97	360,740,273.67	No
Total					358,642,500.00	354,286,677.45		1,777,594.19	4,775,454.00		99,451.97	360,740,273.67	

(3) Description of convertible corporate bonds

As approved by the Reply on Approving the Registration of the Issuance of Convertible Corporate Bonds to Non-specific Investors by Baotou Dongbao Bio-Tech Co., Ltd. issued by the China Securities Regulatory Commission (Zheng Jian Xu Ke [2023] No. 1517), the subsidiary Dongbao Bio-Tech issued 4,550,000.00 convertible corporate bonds to non-specific investors on 31 July 2023, with a nominal value of RMB100.00 each, raising total proceeds of RMB455,000,000.00. After deducting issuance expenses of RMB12,736,556.58, the net proceeds actually raised amounted to RMB442,263,443.42, of which the parent company, Qingdao Gon Technology Co., Ltd., subscribed for 963,575.00 bonds, with a subscription amount of RMB96,357,500.00, and the issuance amount after deducting the portion subscribed for by the parent company was RMB358,642,500.00. The bond has a term of 6 years, with a coupon rate of 0.30% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 2.00% for the fifth year, and 2.50% for the sixth year. Interest is paid annually; the conversion period for the issued convertible corporate bonds shall commence on the first trading day following the expiry of six months from the completion date of the issuance of the convertible corporate bonds and end on the maturity date of the convertible corporate bonds, during which holders of the convertible bonds may exercise their right to convert the convertible bonds into shares of the Company at the prevailing conversion price. Within five trading days after maturity of the convertible bonds under the issuance, the Company shall redeem all outstanding convertible bonds from investors at 113% of nominal value (including the interest for the last year).

As the conversion rights in the above convertible bonds constitute derivatives under which the Company exchanges a fixed number of its own equity instruments for a fixed amount of cash or other financial assets, the Group accounts for them as equity. The fair value of the liability component of the bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond. The residual amount was assigned as the fair value of the equity component and included in shareholders' equity.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

36. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year	**15,617,281.29**	20,134,718.65
1–2 years	**4,817,000.36**	7,310,248.23
2–3 years	**4,268,196.89**	2,055,151.19
More than 3 years	**6,430,323.36**	2,503,004.81
Lease liabilities due within one year	**-15,617,281.29**	-20,134,718.65
Total	**15,515,520.61**	11,868,404.23

37. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	**1,051,008,395.34**	927,730,862.02
Total	**1,051,008,395.34**	927,730,862.02

(1) Breakdown of long-term payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Special funds for the biochemical gelatin project (Note 1)	**10,000,000.00**	10,000,000.00
Secured claims (Note 2)	**796,945,062.02**	797,000,862.02
Common debts (Note 3)	**120,730,000.00**	120,730,000.00
Finance lease borrowings (Note 4)	**123,333,333.32**	
Total	**1,051,008,395.34**	927,730,862.02

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

37. Long-term payables *(Continued)*

(1) Breakdown of long-term payables by nature *(Continued)*

Other descriptions:

Note 1: In accordance with the provisions of the Notice of the Department of Finance of the Inner Mongolia Autonomous Region on Issuing the 2005 Budget (Allocation) Quotas for Infrastructure Expenditures from Special Treasury Bond Funds for National High-Tech Industrialization Projects (Nei Cai Jian Yi [2005] No. 125) issued by the Department of Finance of the Inner Mongolia Autonomous Region in March 2005, the Notice on Issuing the 2005 Infrastructure Expenditure Plan for Special Treasury Bond Funds for National High-Tech Industrialization Projects (Bao C ai Jing Yi [2005] No. 11) issued by the Baotou Municipal Finance Bureau in April 2005, and the Notice of the Baotou Municipal Development and Reform Commission on Forwarding and Issuing the Autonomous Region's 2005 Budgetary Capital Construction Investment Plan (Bao Fa Gai Tou Zi [2005] No. 300) issued by the Baotou Municipal Development and Reform Commission in June 2005, Dongbao Bio-Tech, a non-wholly-owned subsidiary of the Company, received special funds of RMB10,000,000.00 for the biochemical gelatin project in 2005, which were used for the development of Dongbao Bio-Tech's high-tech industrialization demonstration project for the efficient production of high-grade gelatin using biological enzyme hydrolysis technology.

Pursuant to the provisions of the Minutes of the Special Meeting on Matters Related to the Listing of Baotou Dongbao Bio-Tech Co., Ltd. ([2011] No. 23) of the People's Government of Inner Mongolia Autonomous Region in March 2011, Dongbao Bio-Tech is required to repay RMB10,000,000.00 of the aforementioned special funds for the biochemical gelatin project.

Note 2: On 30 October 2024, the People's Court of Dongming County, Shandong Province made a final ruling on the combination and reorganization of CITIC Guoan Chemical Co., Ltd. and ten other companies: "the portion of the amount entitled to priority repayment of secured creditors within the range of RMB400,000 (inclusive) shall be fully settled in cash within one month from the date on which the reorganization plan is approved by the court by way of ruling and the registration of changes in investors' equity is completed; the portion of the amount entitled to priority repayment exceeding RMB400,000 shall be settled by way of retained debt, with a retained debt term of 8 years commencing from the date on which the court rules to approve the reorganization plan, with each 12 months constituting one cycle year; in principle, the obligor of the retained debt shall remain unchanged; no principal of the retained debt shall be repaid for the first 4 years, and from the 5th year onwards, the principal shall be repaid in equal annual instalments; interest shall be paid annually on the portion of retained debt, with interest accruing from the day following the date on which the court rules to approve the reorganization plan, and the interest rate shall be determined at 30% below the five-year loan prime rate (LPR) published by the National Interbank Funding Center on the interest payment date, with the outstanding retained debt principal as the basis for calculation." As of 30 June 2026, the principal amount of the aforesaid secured claims was RMB796,945,062.02.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

37. Long-term payables *(Continued)*

(1) Breakdown of long-term payables by nature *(Continued)*

Note 3: On 26 October 2022, the administrator of CITIC Guoan Chemical Co., Ltd. issued the Announcement on Soliciting Investors for the Combination and Reorganization Case of CITIC Guoan Chemical Co., Ltd. and Ten Other Companies, and the People's Court of Dongming County, Heze City, Shandong Province ruled to accept the reorganization of Guoan Chemical and ten other companies, and designated Shandong Zhongcheng Qingtai (Jinan) Law Firm as the administrator of CITIC Guoan Chemical Co., Ltd. (hereinafter referred to as the "Administrator"). To advance the substantive combination and reorganization of Guoan Chemical and ten other companies, the Administrator is publicly recruiting reorganization investors in accordance with the Enterprise Bankruptcy Law of the People's Republic of China and relevant laws and regulations. Common debt investors shall have the right to be given priority in being designated as reorganization investors Guoan Chemical and ten other companies, under the same conditions. As of 30 June 2026, total common debt amounted to RMB245,705,000, of which RMB124,975,000 was due within one year.

Note 4: Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd. entered into a finance lease agreement with Industrial Bank Financial Leasing Co., Ltd., pursuant to which the leased assets are Gon Polymer.1's self-owned production equipment (including polystyrene storage tanks, production lines, etc.), with an aggregate purchase price of RMB200 million and a lease term of 36 months. Gon Polymer.1 received RMB120 million in January 2026 and RMB80 million in April 2026, and has already repaid RMB10 million in April. As of 30 June 2026, the balance of long-term payables was RMB190 million, of which RMB66,666,666.68 was due within one year.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

38. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Formation causes
Government grants	70,258,209.41	18,344,079.00	6,290,057.39	**82,312,231.02**	Related to assets
Total	70,258,209.41	18,344,079.00	6,290,057.39	**82,312,231.02**	

39. Share capital

Unit: RMB

	Opening balance	Changes in the current period (+/-)					Closing balance
		New shares issued	Bonus shares	Conversion of common reserve fund into share capital	Others	Subtotal	
Total number of shares	271,250,000.00	30,000,000.00		141,600,000.00		171,600,000.00	**442,850,000.00**

40. Other equity instruments

(1) Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

At the end of the period, the subsidiary Dongbao Bio-Tech had issued convertible corporate bonds, which are classified as other equity instruments based on the principle of distinguishing between financial liabilities and equity instruments. Other equity instruments arising from the convertible corporate bonds issued by the subsidiary Dongbao Bio-Tech are classified as other equity instruments attributable to minority shareholders. For basic information, see "VII. 35 Bonds payable."

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Other equity instruments *(Continued)*

(2) Preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Changes (increase or decrease) in other equity instruments in the current period, the reasons for such changes, and the basis for relevant accounting treatment:

On 31 July 2023, the subsidiary Dongbao Bio-Tech publicly issued 4,550,000.00 convertible corporate bonds with a nominal value of RMB100.00 each, for a total of RMB455,000,000.00. Of this total, the parent company, Qingdao Gon Technology Co., Ltd., subscribed for 963,575.00 bonds, with a subscription amount of RMB96,357,500.00; the issuance amount after deducting the portion subscribed for by the parent company was RMB358,642,500.00. The amount after deducting the fair value of the financial liability component on the issuance date and the issuance expenses is recognized as the fair value of the equity instrument, as detailed in VII. 35 of this section of this report, based on which and taking into account the impact of deferred tax liabilities, the net decrease in the amount of other equity instruments for the current period was RMB5,571.72, with 1,340 bonds converted, and the convertible corporate bonds issued by the Company's subsidiary, Dongbao Bio-Tech, are classified as other equity instruments attributable to minority shareholders.

41. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	738,522,735.10	862,706,938.49	141,600,000.00	**1,459,629,673.59**
Other capital reserves	23,570,754.05		0.00	**23,570,754.05**
Total	762,093,489.15	862,706,938.49	141,600,000.00	**1,483,200,427.64**

Other descriptions, including changes in the current period and the reasons for the changes:

Capital reserve increased by RMB862,706,938.49 in the current period, representing the net proceeds from the Company's public offering of H Shares in February 2026, calculated after deducting share capital and related issuance expenses and included in capital reserve (share premium). Capital reserve decreased by RMB141,600,000.00 in the current period. In accordance with the profit distribution and capital reserve capitalization plans approved by the Company's 2025 annual general meeting, the capital reserve was reduced accordingly.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

42. Treasury share

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Treasury share	130,291,303.33			130,291,303.33
Total	130,291,303.33			130,291,303.33

43. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period: Before-tax amount in the current period	Less: Amount included in other comprehensive income in the prior period and transferred to profit or loss in the current period	Less: Amount included in other comprehensive income in the prior period and transferred to retained earnings in the current period	Less: Income tax expenses	Post-tax amount attributable to the parent company	Post-tax amount attributable to minority shareholders	Closing balance
(II) Other comprehensive income that will be reclassified to profit or loss	-15,748,978.34	-18,021,558.63				-18,018,728.68	-2,829.95	-33,767,707.02
Including: Other comprehensive income that can be transferred to profit or loss under equity method								0.00
Changes in fair value of other debt investments								0.00
Amount of financial assets reclassified into other comprehensive income								0.00
Credit impairment provisions for other debt investments								0.00
Cash flow hedging reserve								0.00
Exchange differences on translation of foreign financial statements	-15,748,978.34	-18,021,558.63				-18,018,728.68	-2,829.95	-33,767,707.02
Total other comprehensive income	-15,748,978.34	-18,021,558.63				-18,018,728.68	-2,829.95	-33,767,707.02

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

44. Special reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety Production Expenditure	26,618,635.68	11,682,758.65	3,831,322.58	34,470,071.75
Total	26,618,635.68	11,682,758.65	3,831,322.58	34,470,071.75

The Company is required to comply with the disclosure requirements of the "Chemical Industry Related Business" as set out in the Self-regulatory Guidelines No. 3 for Listed Companies on the Shenzhen Stock Exchange – Disclosure of Industry Information

45. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	135,625,000.00			135,625,000.00
Total	135,625,000.00			135,625,000.00

46. Undistributed profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of the prior period before adjustment	4,682,278,811.52	3,916,690,875.29
Undistributed profits at the beginning of the current period after adjustment	4,682,278,811.52	3,916,690,875.29
Add: Net profit in the current period attributable to owners of the parent company	654,809,431.14	345,861,695.19
Less: Ordinary shares dividends payable	147,500,000.00	74,200,000.00
Others		1,459,881.69
Undistributed profits at the end of the period	5,189,588,242.66	4,186,892,688.79

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

46. Undistributed profits *(Continued)*

Upon approval by shareholders at its 2025 annual general meeting, the Company distributed a cash dividend of RMB5.00 (tax inclusive) for every 10 shares to all shareholders, based on the total share capital as at the shareholding record date for implementation of the equity distribution, after deducting the shares repurchased and held in the Company's repurchase special securities account. The dividend on A shares totaling RMB132,500,000.00 was distributed on 18 June 2026, while the dividend on H shares totaling RMB15,000,000.00 was distributed on 16 July 2026.

The board of directors has resolved not to declare an interim dividend for the six months ended 30 June 2026.

Details of the adjustment of undistributed profits at the beginning of the period:

1). The effect of the retrospective adjustments arising from the Accounting Standards for Business Enterprises and the related new requirements on the undistributed profits at the beginning of the period amounted to RMB0.00.

2). The effect of changes in accounting policies on the undistributed profits at the beginning of the period amounted to RMB0.00.

3). The effect of corrections of significant accounting errors on the undistributed profits at the beginning of the period amounted to RMB0.00.

4). The effect of the change of the scope of combination under common control on the undistributed profits at the beginning of the period amounted to RMB0.00.

5). The effect of other adjustments on the undistributed profits at the beginning of the period amounted to RMB0.00.

47. Operating revenue and operating costs

Unit: RMB

	Amount for the current period		Amount for the prior period	
Item	**Revenue**	**Cost**	Revenue	Cost
Primary business	**10,828,905,591.33**	**9,329,481,393.51**	8,971,079,076.41	8,005,374,118.33
Other businesses	**685,533,828.13**	**656,078,191.12**	782,592,839.13	761,162,753.82
Total	**11,514,439,419.46**	**9,985,559,584.63**	9,753,671,915.54	8,766,536,872.15

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

47. Operating revenue and operating costs *(Continued)*

Breakdown of operating revenue and operating costs:

Unit: RMB

	Segment 1		Segment 2				Total	
Classification of contract	**Operating revenue**	**Operating costs**	**Operating revenue**	**Operating costs**	**Operating revenue**	**Operating costs**	**Operating revenue**	**Operating costs**
Business type								
Including:								
Organic polymer modified materials	5,483,036,150.04	4,714,212,975.06					5,483,036,150.04	4,714,212,975.06
Organic polymer composite materials	2,046,163,092.71	1,750,366,574.92					2,046,163,092.71	1,750,366,574.92
Green petrochemical materials and new materials	2,886,495,425.40	2,535,929,376.30					2,886,495,425.40	2,535,929,376.30
Gelatin, collagen and their derivatives	206,043,602.83	169,747,078.39					206,043,602.83	169,747,078.39
Biopharmaceuticals (empty capsules)	207,167,320.35	159,225,388.83					207,167,320.35	159,225,388.83
Other businesses	685,533,828.13	656,078,191.13					685,533,828.13	656,078,191.13
Classified by operating regions								
Including:								
Domestic	11,267,512,346.55	9,765,412,438.44					11,267,512,346.55	9,765,412,438.44
Overseas	246,927,072.91	220,147,146.19					246,927,072.91	220,147,146.19
Total	11,514,439,419.46	9,985,559,584.63					11,514,439,419.46	9,985,559,584.63

Information on performance obligations:

Item	**Time for fulfilling performance obligations**	**Important payment term**	**Nature of goods transferred as committed by the Company**	**Whether the person is the primary person in charge**	**Amount assumed by the Company that are expected to be refunded to the customer**	**Type of quality assurance provided by the Company and related obligations**
Domestic sales of products		Payment for goods within the credit limit	Goods	Yes	None	Product quality assurance
Overseas sales of products		Payment for goods within 30 to 150 days after the bill of lading is issued	Goods	Yes	None	Product quality assurance

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

47. Operating revenue and operating costs *(Continued)*

Other descriptions

Domestic sales of products: The performance obligation is fulfilled when the products are shipped and accepted by the customer.

Overseas sales of products: The performance obligation is fulfilled when the products are shipped from the port.

48. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Urban maintenance and construction tax	5,320,777.71	2,839,798.76
Education surcharge	2,466,763.36	1,255,056.31
Property tax	7,970,490.39	9,012,668.69
Land use tax	4,827,503.17	4,798,354.51
Vehicle and vessel use tax	41,820.70	38,511.04
Stamp duty	10,906,601.36	9,784,707.14
Local education surcharge	1,644,508.97	836,704.14
Water conservancy fund, etc.	138,334.44	253,713.29
Total	33,316,800.10	28,819,513.88

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

49. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee remuneration	60,849,782.73	55,404,137.38
Depreciation and amortization	35,160,242.26	32,445,913.34
Office expenses	32,234,228.33	16,237,070.68
Intermediary agency fees	7,071,755.75	6,010,015.34
Entertainment expenses	5,847,202.10	3,416,202.31
Employment guarantee fund for the handicapped	3,573.20	42,029.60
Others	4,595,988.73	4,179,757.55
Total	145,762,773.10	117,735,126.20

50. Sales expenses

Unit: RMB

Items	Amount for the current period	Amount for the prior period
Employee remuneration	37,090,538.93	36,307,762.47
Entertainment expenses	10,708,985.91	12,448,123.72
Leasing fees	8,644,548.41	9,420,370.34
Depreciation and amortization	4,720,098.73	3,852,230.63
Travel and office expenses	11,553,514.04	3,368,619.24
Marketing expenses	3,906,276.25	2,933,741.98
Others	3,100,017.48	5,236,938.96
Total	79,723,979.75	73,567,787.34

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

51. R&D expenses

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Employee remuneration	49,798,711.39	40,131,336.97
Direct input costs	306,399,655.60	229,050,713.49
Depreciation and amortisation	24,244,850.56	19,363,889.69
Other related expenses	12,136,475.29	7,048,143.29
Total	392,579,692.84	295,594,083.44

52. Finance expenses

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Interest expenses on borrowings	84,980,522.07	85,052,641.40
Discount interest expenses	6,818,459.41	6,472,294.61
Interest income	-16,177,706.94	-13,624,950.44
Foreign exchange losses	31,923,031.00	-18,715.82
Other expenses	7,975,532.42	5,242,990.87
Total	115,519,837.96	83,124,260.62

53. Other income

Unit: RMB

Sources of other income	Amount for the current period	Amount for the previous period
Government grants	5,030,233.44	7,334,457.15
Transfer from deferred income	6,290,057.39	3,217,251.11
Additional VAT deduction	25,109,374.27	41,086,706.44
Total	36,429,665.10	51,638,414.70

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

54. Gains from changes in fair value

Unit: RMB

Source of gains from changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	465,524.00	271,356.12
Of which: Gains from changes in fair value arising from derivative financial instruments	465,524.00	
Total	465,524.00	271,356.12

55. Investment income

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Investment income from long-term equity investments accounted for using the equity method	-9,451,044.67	-10,993,773.05
Investment income arising from disposal of long-term equity investments		-377,448.49
Dividend income received during the holding period from investments in other equity instruments	514,517.97	
Gains on debt restructuring	366,000.00	
Gains on derecognition of financial assets	-5,301,649.08	-3,891,942.38
Investment income from derivative financial products	425,062.13	
Total	-13,447,113.65	-15,263,163.92

56. Credit impairment losses

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Bad debt losses on notes receivable	-763,703.82	586,455.53
Bad debt losses on accounts receivable	-6,189,091.87	2,699,706.58
Bad debt losses on other receivables	-271,753.17	2,541,880.72
Bad debt losses on long-term receivables	2,950,220.00	
Total	-4,274,328.86	5,828,042.83

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

57. Asset impairment losses

Unit: RMB

Items	**Amount for the current period**	Amount for the previous period
I. Inventory write-downs and impairment losses on contract performance costs	**-20,785,561.67**	-26,139,726.32
IX. Impairment losses on intangible assets		-19,840,300.00
X. Impairment losses on goodwill		-1,655,533.28
Total	**-20,785,561.67**	-47,635,559.60

58. Gains on disposal of assets

Unit: RMB

Sources of gains from disposal of assets	**Amount for the current period**	Amount for the previous period
Gains on disposal of non-current assets	**13,656,276.36**	2,407,392.41
Including: Gains on disposal of non-current assets classified as held for sale	**18,555,615.22**	
Including: Gains on disposal of fixed assets	**18,555,615.22**	
Gains on disposal of intangible assets		
Gains on disposal of non-current assets not classified as held for sale	**-4,899,338.86**	2,407,392.41
Including: Gains on disposal of fixed assets	**-4,899,338.86**	2,407,392.41
Income from disposal of intangible assets		
Others	**216,566.76**	
Total	**13,872,843.12**	2,407,392.41

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

59. Non-operating income

Unit: RMB

Items	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss for the current period
Government grants		10,008,300.00	
Payables no longer required to be settled	277,000.00	231,162.68	277,000.00
Gains arising from retirement or scrapping of non-current assets	2,177,150.36	11,499.55	2,177,150.36
Compensation income from customer default	25,397.05	96,909.60	25,397.05
Income from insurance claims		394,185.00	
Goodwill from business combinations not under common control		77,034.95	
Others	182,726.01	212,107.70	182,726.01
Total	2,662,273.42	11,031,199.48	2,662,273.42

60. Non-operating expenses

Unit: RMB

Items	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss for the current period
Donations to external parties	602,000.00	4,000.00	602,000.00
Losses on retirement or scrapping of non-current assets	488,640.60	138,061.90	488,640.60
Others	532,879.51	1,118,035.43	532,879.51
Total	1,623,520.11	1,260,097.33	1,623,520.11

61. Income tax expense

(1) Income tax expense table

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Current income tax expense	68,633,459.00	40,127,440.23
Deferred income tax expense	-17,078,916.43	8,243,224.58
Total	51,554,542.57	48,370,664.81

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

61. Income tax expense *(Continued)*

(2) Reconciliation between accounting profit and income tax expense

Unit: RMB

Items	Amount for the current period
Total profit	775,276,532.43
Income tax expense calculated at the statutory/applicable tax rate	116,291,479.87
Effect of different tax rates applicable to subsidiaries	661,323.38
Effect of non-taxable income	1,191,376.87
Effect of non-deductible costs, expenses and losses	1,431,216.24
Effect of utilisation of deductible losses of deferred tax assets unrecognised in the previous period	-36,541,958.33
Effect of deductible temporary differences or deductible losses of deferred tax assets unrecognised in the current period	9,924,225.42
Effect of income tax reductions and exemptions	-1,412,428.52
Effect of additional deduction for R&D expenses	-40,000,765.22
Others	10,072.86
Income tax expense	51,554,542.57

62. Other comprehensive income

For details, please refer to the related content set out in “VII. 43 Other comprehensive income” of this section.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

63. Earnings per share

(1) Basic earnings per share

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

Items	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the parent company	**654,809,431.14**	345,861,695.19
Weighted average number of outstanding ordinary shares of the Company	**428,259,668.51**	392,200,000.00
Basic earnings per share	**1.53**	0.88
Including: Basic earnings per share from continuing operations	**1.53**	0.88
Basic earnings per share from discontinued operations		

(2) Diluted earnings per share

Diluted earnings per share are calculated by the consolidated net profit attributable to ordinary shareholders of the Parent Company (diluted) divided by the weighted average number of outstanding ordinary shares of the Company (diluted):

Items	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the Parent Company (diluted)	**654,809,431.14**	345,861,695.19
Weighted average number of outstanding ordinary shares of the Company (diluted)	**428,259,668.51**	392,200,000.00
Diluted earnings per share	**1.53**	0.88
Including: Diluted earnings per share from continuing operations	**1.53**	0.88
Diluted earnings per share from discontinued operations		

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

64. Items of cash flow statement

(1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Government grants	21,135,925.04	17,587,769.90
Interest income	13,391,997.23	13,878,546.66
Security deposits, deposits, restricted funds	2,880,013.84	3,610,753.74
Inter-company current accounts	27,081,762.34	1,157,565.87
Others	3,669,539.54	3,246,549.13
Total	68,159,237.99	39,481,185.30

Cash paid relating to other operating activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Expenses	108,519,692.26	89,493,428.72
Bank charges, etc.	8,468,586.86	6,846,132.51
Cash donations	600,000.00	4,000.00
Security deposits, deposits, restricted funds	6,145,185.50	3,457,252.40
Inter-company current accounts	7,551,721.21	6,871,277.91
Others	8,746,916.43	1,869,746.21
Total	140,032,102.26	108,541,837.75

(2) Cash relating to investing activities

Cash received relating to other investing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Cash receipts from redemption of structured deposits	2,048,000,000.00	1,949,000,000.00
Interest on structured deposits	4,133,061.13	3,566,969.09
Total	2,052,133,061.13	1,952,566,969.09

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

64. Items of cash flow statement *(Continued)*

(2) *Cash relating to investing activities (Continued)*

Cash received relating to significant investing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Cash receipts from redemption of structured deposits	2,048,000,000.00	1,949,000,000.00
Total	2,048,000,000.00	1,949,000,000.00

Cash paid relating to other investing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Cash paid for the purchase of structured deposits	2,048,000,000.00	1,949,000,000.00
Investment deposits	5,000,000.00	
Total	2,053,000,000.00	1,949,000,000.00

Cash paid relating to significant investing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Cash paid for the purchase of structured deposits	2,048,000,000.00	1,949,000,000.00
Total	2,048,000,000.00	1,949,000,000.00

(3) *Cash relating to financing activities*

Cash received relating to other financing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Discounting of bills		1,295,859.23
Government interest subsidies		113,104.02
Total		1,408,963.25

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

64. Items of cash flow statement *(Continued)*

(3) Cash relating to financing activities *(Continued)*

Cash paid relating to other financing activities

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Share repurchase		56,114,846.36
Cash paid for lease liabilities	14,498,127.17	11,905,313.09
Inter-company current accounts	17,893,972.96	20,000,000.00
Listing expenses	9,719,927.82	6,245,638.90
Total	42,112,027.95	94,265,798.35

Changes in liabilities arising from financing activities

☑Applicable ☐Not applicable

Unit: RMB

Items	Opening balance	Increase during the current period		Decrease during the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Dividends payable			154,496,597.18	139,496,597.18		15,000,000.00
Non-current liabilities due within one year	1,220,170,273.81	0.00	956,305,999.78	815,264,608.16	2,971,100.84	1,358,240,564.59
Bonds payable	354,286,677.45		9,305,131.36	1,508,532.26	1,343,002.88	360,740,273.67
Lease liabilities	11,868,404.23		39,039,883.63	3,938,788.90	31,453,978.35	15,515,520.61
Short-term borrowings	1,613,431,491.91	1,667,627,363.04	12,248,099.48	1,465,932,991.20	8,026,142.79	1,819,347,820.44
Long-term borrowings	2,530,428,170.00	1,920,200,000.00	91,346,059.98	73,415,446.02	1,058,418,713.96	3,410,140,070.00
Total	5,730,185,017.40	3,587,827,363.04	1,262,741,771.41	2,499,556,963.72	1,102,212,938.82	6,978,984,249.31

(4) Significant activities and financial impacts that do not involve cash receipts and payments in the current period but affect the financial position of the Company or may affect the cash flows of the Company in the future

Items	Amount for the current period
Transfer of bills by endorsement	701,186,427.38
Including: Payment for goods	607,346,922.44
Payment for the purchase of fixed assets and other long-term assets	93,839,504.94
Total	701,186,427.38

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

65. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	723,721,989.86	346,941,191.79
Add: Provision for impairment of assets	25,059,890.53	41,807,516.77
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	164,071,076.87	146,485,663.58
Depreciation of right-of-use assets	12,922,045.21	11,834,171.39
Amortisation of intangible assets	14,620,023.27	13,862,459.91
Amortisation of long-term deferred expenses	1,303,433.64	1,887,262.04
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	-13,872,843.12	-2,407,392.41
Losses on retirement or scrapping of fixed assets (gains are indicated by "-")	-1,688,509.76	126,562.35
Losses from changes in fair value (gains are indicated by "-")	-465,524.00	-271,356.12
Finance expenses (gains are indicated by "-")	123,722,012.48	77,918,701.39
Investment losses (gains are indicated by "-")	13,447,113.65	15,263,163.92
Decrease in deferred income tax assets (increase is indicated by "-")	-2,867,241.95	-710,249.32
Increase in deferred income tax liabilities (decrease is indicated by "-")	-14,377,407.80	10,043,691.24
Decrease in inventories (increase is indicated by "-")	-465,037,925.23	-349,965,601.75
Decrease in operating receivables (increase is indicated by "-")	-37,124,144.81	194,867,248.86

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

65. Supplementary information to the cash flow statement *(Continued)*

(1) Supplementary information to the cash flow statements *(Continued)*

Supplementary information	Amount for the current period	Amount for the previous period
Increase in operating payables (decrease is indicated by "-")	**-216,509,065.55**	-166,464,789.94
Others	**-6,290,057.39**	-3,217,251.11
Net cash flows from operating activities	**320,634,865.90**	338,000,992.59
2. Major investment and financing activities not involving cash receipts and payments:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change in cash and cash equivalents:		
Closing balance of cash	**3,168,149,852.38**	2,330,675,499.52
Less: Opening balance of cash	**2,202,804,608.62**	2,014,763,535.30
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	**965,345,243.76**	315,911,964.22

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

65. Supplementary information to the cash flow statement *(Continued)*

(2) Components of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I. Cash	**3,168,149,852.38**	2,202,804,608.62
Including: Cash on hand	**3,771.21**	12,602.68
Bank deposits readily available for payment	**3,168,058,661.95**	2,202,712,574.86
Other monetary funds readily available for payment	**87,419.22**	79,431.08
III. Balance of cash and cash equivalents at the end of the period	**3,168,149,852.38**	2,202,804,608.62

(3) Restricted funds that still classified as cash and cash equivalents

Unit: RMB

Items	Amount for the current period	Amount for the previous period	Reason for still being cash and cash equivalents
Proceeds account	**1,015,413,450.82**	275,073,906.40	Restricted in use but readily available for withdrawal
Special account for share repurchase funds		4,337,515.38	Restricted in use but readily available for withdrawal
Total	**1,015,413,450.82**	279,411,421.78	

(4) Monetary funds that are not cash and cash equivalents

Unit: RMB

Items	Amount for the current period	Amount for the previous period	Reasons for not being cash and cash equivalents
Security deposits	**849,528,162.73**	1,047,124,362.52	Restricted monetary funds
Frozen funds		3,999,306.66	Restricted monetary funds
Total	**849,528,162.73**	1,051,123,669.18	

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

66. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	Closing balance in RMB
Monetary funds			
Including: USD	27,617,840.20	6.8109	188,102,347.82
EUR	20,970.16	7.7671	162,877.33
HKD	6,592,927.09	0.86855	5,726,286.82
THB	60,605,929.77	0.20424	12,378,155.10
Accounts receivable			
Including: USD	7,631,087.14	6.8109	51,974,571.40
EUR			
HKD			
THB			
Long-term borrowings			
Including: USD			
EUR			
HKD			
Accounts payable			
Including: USD	1,669,829.72	6.8109	11,373,043.24
EUR	32,469.60	7.7671	252,194.63
HKD	3,279,588.73	0.86855	2,848,486.79
THB	12,840.00	0.20424	2,622.44
Other receivables			
Including: USD			
EUR			
HKD	2,084,931.27	0.86855	1,810,867.05
THB	19,696.50	0.20424	4,022.81
Other payables			
Including: USD			
EUR			
HKD	7,286.80	0.86855	6,328.95
THB	4,915.99	0.20424	1,004.04

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

66. Monetary items denominated in foreign currencies *(Continued)*

(2) Nature of the lack of exchangeability of currencies and its financial effects, the spot exchange rate used and its estimation process, and risks to the Company arising from the lack of exchangeability of currencies

☐Applicable ☑Not applicable

(3) Information on overseas operating entities, including, for significant overseas operating entities, disclosure of their principal places of operation, functional currencies and the basis for their selection, as well as reasons for changes in functional currencies

☑Applicable ☐Not applicable

Subsidiary	Principal place of operation	Functional currency	Basis for selection of functional currency
Gon Group (Hong Kong) Limited	Hong Kong, China	HKD	Statutory currency of the place of operation
Gon International (Hong Kong) Investment Limited	Hong Kong, China	HKD	Statutory currency of the place of operation
Gon Technology (Hong Kong) Development Limited	Hong Kong, China	HKD	Statutory currency of the place of operation
Hong Kong Petrochemical Company Limited	Hong Kong, China	HKD	Statutory currency of the place of operation
Gon Polymers GmbH	Frankfurt, Germany	EUR	Statutory currency of the place of operation
Gon Technology (Thailand) Co., Ltd.	Bangkok, Thailand	THB	Statutory currency of the place of operation

(4) Lack of exchangeability between the functional currency of a foreign operation and the presentation currency of the entity

☐Applicable ☑Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

67. Leasing

(1) The Company as the lessee

☑Applicable ☐Not applicable

Variable lease payments not included in the measurement of the lease liability
☐Applicable ☑Not applicable

Lease expenses for short-term leases or leases of low-value assets subject to simplified treatment
☑Applicable ☐Not applicable

Items	Amount for the current period	Amount for the previous period
Interest expenses on lease liabilities	671,021.38	530,163.64
Short-term lease expenses recognised in profit or loss using the simplified treatment	526,495.44	717,912.27
Total cash outflows relating to leases	14,897,049.47	12,514,645.92

(2) The Company as the lessor

Operating leases under which the Company acts as a lessor
☑Applicable ☐Not applicable

Unit: RMB

Items	Rental income	Including: Income related to variable lease payments not included in lease receipts
Warehouses	190,476.18	
Total	190,476.18	

Finance leases under which the Company acts as a lessor
☐ Applicable ☑Not applicable

Undiscounted lease receipts for each of the next five years
☐ Applicable ☑Not applicable

VIII. R&D EXPENDITURE

Unit: RMB

Items	Amount for the current period	Amount for the previous period
Direct input costs	306,399,655.60	229,050,713.49
Employee remuneration	49,798,711.39	40,131,336.97
Depreciation and amortisation	23,075,663.76	17,750,327.26
Other related expenses	12,136,475.29	7,048,143.29
Total	391,410,506.04	293,980,521.01
Including: Expensed R&D expenditure	391,410,506.04	293,980,521.01
Capitalised R&D expenditure	0.00	0.00

IX. CHANGE IN THE SCOPE OF CONSOLIDATION

1. Changes in the scope of consolidation due to other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and relevant information:

None

2. Others

None

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of operation	Place of registration	Nature of business	Shareholding percentage Direct	Shareholding percentage Indirect	Method of acquisition
Qingdao Gon Composites Co., Ltd.	200,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Qingdao Gon Special Vehicles Development Co., Ltd.	20,000,000.00	Qingdao	Qingdao	Manufacturing		100.00%	Establishment
Qingdao Gon Sports Turf Co., Ltd.	30,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Guangdong Gon Plastics Development Co., Ltd.	30,000,000.00	Dongguan	Dongguan	Manufacturing	100.00%		Establishment
Gon Future (Guangdong) Plastics Sales Co., Ltd.	30,000,000.00	Dongguan	Dongguan	Wholesale		70.00%	Establishment
Qingdao Gon Plastic Trade Co., Ltd.	50,000,000.00	Qingdao	Qingdao	Wholesale	100.00%		Establishment
Gon Qingchuang (Shanghai) New Material Co., Ltd.	10,000,000.00	Shanghai	Shanghai	Wholesale		80.00%	Establishment
Qingdao Gon Yasu New Material Technology Co., Ltd.	50,000,000.00	Qingdao	Qingdao	Wholesale		60.00%	Establishment
Zhejiang Gon Materials Co., Ltd.	100,000,000.00	Ningbo	Ningbo	Wholesale		60.00%	Establishment
Qingdao Gocci Opto-electronics Technology Co., Ltd.	40,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Qingdao Gon Culture and Sports Industry Co., Ltd.	20,000,000.00	Qingdao	Qingdao	Business services	80.00%		Establishment
Shandong Gon Health Technology Co., Ltd.	10,000,000.00	Jinan	Jinan	Manufacturing		80.00%	Establishment
Qingdao Gon Meltblown Industry Co., Ltd.	100,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Gon Plastics (Zhejiang) Co., Ltd.	20,000,000.00	Huzhou	Huzhou	Manufacturing	100.00%		Establishment
Gon Plastics (Henan) Co., Ltd.	20,000,000.00	Zhengzhou	Zhengzhou	Manufacturing	100.00%		Establishment
Gon Plastics (Qingdao) Co., Ltd.	50,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Qingdao Haishan Development Co., Ltd.	33,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Business combination not under common control
Baotou Dongbao Bio-Tech Co., Ltd.	593,602,983.00	Baotou	Baotou	Manufacturing	21.18%		Business combination not under common control
Inner Mongolia Dongbao Datian Biotechnology Co., Ltd.	90,000,000.00	Baotou	Baotou	Manufacturing		21.18%	Business combination not under common control
Dongbao Yuansu (Qingdao) Biotechnology Co., Ltd.	10,000,000.00	Qingdao	Qingdao	Application services		21.18%	Establishment
Qingdao Yiqing Biotechnology Co., Ltd.	24,100,000.00	Qingdao	Qingdao	Manufacturing		21.18%	Business combination not under common control
Shandong Aoying Supply Chain Co., Ltd.	60,000,000.00	Heze	Heze	Wholesale	51.00%		Business combination not under common control
Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd.	600,000,000.00	Zhoushan	Zhoushan	Manufacturing	70.00%		Business combination not under common control
Zhejiang Gon Composites Co., Ltd.	100,000,000.00	Huzhou	Huzhou	Manufacturing	82.00%		Establishment
Zhejiang Gon Chemical Co., Ltd.	100,000,000.00	Zhoushan	Zhoushan	Manufacturing	100.00%		Establishment
Gon Group (Hong Kong) Limited	20,000,000.00	Hong Kong, the PRC	Hong Kong, the PRC	Business services	100.00%		Establishment
Gon International (Hong Kong) Investment Limited	6,000,000.00	Hong Kong, the PRC	Hong Kong, the PRC	Business services		100.00%	Establishment
Gon Technology (Hong Kong) Development Limited	6,000,000.00	Hong Kong, the PRC	Hong Kong, the PRC	Business services		100.00%	Establishment
Hong Kong Petrochemical Company Limited	121,682,747.08	Hong Kong, the PRC	Hong Kong, the PRC	Manufacturing		99.999963%	Business combination not under common control

X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Composition of the Group *(Continued)*

Name of subsidiary	Registered capital	Principal place of operation	Place of registration	Nature of business	Shareholding percentage Direct	Shareholding percentage Indirect	Method of acquisition
Gon Technology (Thailand) Co., Ltd.	100,000,000.00	Thailand	Thailand	Manufacturing		100.00%	Establishment
Gon Future (Shanghai) Chemical Co., Ltd.	20,000,000.00	Shanghai	Shanghai	Application services	100.00%		Establishment
Qingdao Gon Future Health Technology Development Co., Ltd.	50,000,000.00	Qingdao	Qingdao	Manufacturing	80.00%		Establishment
Gon Future (Liaoning) Health Technology Development Co., Ltd.	10,000,000.00	Yingkou	Yingkou	Manufacturing		56.00%	Establishment
Shandong Gon Chemical Co., Ltd.	200,000,000.00	Qingdao	Qingdao	Manufacturing	100.00%		Establishment
Jiangsu Guoheng New Materials Technology Co., Ltd.	160,000,000.00	Yizheng	Yizheng	Manufacturing		100.00%	Establishment through capital increase
Rizhao Gon Chemical Co., Ltd.	150,000,000.00	Rizhao	Rizhao	Manufacturing		90.00%	Establishment
Gon Polymers GmbH	25,000.00	Germany	Germany	Manufacturing		70.00%	Business combination not under common control
Gon Chemical (Dongming) Co., Ltd.	666,660,000.00	Heze	Heze	Processing		67.00%	Business combination not under common control
Jiangsu CITIC Guoan New Materials Co., Ltd.	254,327,085.20	Yixing	Yixing	Manufacturing		67.00%	Business combination not under common control
Shanghai Yuwo Chemical Co., Ltd.	200,000,000.00	Shanghai	Shanghai	Wholesale		67.00%	Business combination not under common control
Shanghai Huiyun Supply Chain Co., Ltd.	100,000,000.00	Shanghai	Shanghai	Warehousing		67.00%	Business combination not under common control
Shanghai Zhaobang Petrochemical Company Limited	100,000,000.00	Shanghai	Shanghai	Wholesale		67.00%	Business combination not under common control
Dongming Gon Ruihua New Materials Co., Ltd.	100,000,000.00	Heze	Heze	Manufacturing		67.00%	Business combination not under common control
Shandong Zhaobang Fine Chemicals Co., Ltd.	77,000,000.00	Heze	Heze	Manufacturing		67.00%	Business combination not under common control
Dongming Huabei Petrochemical Sales Co., Ltd.	30,000,000.00	Heze	Heze	Wholesale		67.00%	Business combination not under common control
Shanghai Yuwo Energy Technology Research & Development Co., Ltd.	1,000,000.00	Shanghai	Shanghai	Application services		67.00%	Business combination not under common control
Shanghai Qingfang Huiyuan Trading Co., Ltd.	500,000.00	Shanghai	Shanghai	Real estate		67.00%	Business combination not under common control
Dongming Aoke Fine Chemicals Co., Ltd.	10,000,000.00	Heze	Heze	Manufacturing		67.00%	Business combination not under common control
Huai'an Xinsheng New Material Technology Co., Ltd.	30,000,000.00	Huai'an, Jiangsu	Huai'an, Jiangsu	Manufacturing		72.00%	Business combination not under common control
Gon Future (Shenzhen) Technology Co., Ltd.	20,000,000.00	Shenzhen	Shenzhen	Manufacturing	70.00%		Establishment
Ganchu Future (Shenzhen) Technology Co., Ltd.	20,000,000.00	Shenzhen	Shenzhen	Manufacturing		49.00%	Establishment
Gon (Yixing) New Material Development Co., Ltd.	100,000,000.00	Yixing	Yixing	Application services	100.00%		Establishment

X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(1) Composition of the Group *(Continued)*

Note 1: The registered capital of Gon Group (Hong Kong) Limited is USD20,000,000.

Note 2: The registered capital of Gon International (Hong Kong) Investment Limited is USD6,000,000.

Note 3: The registered capital of Gon Technology (Hong Kong) Development Limited is USD6,000,000.

Note 4: The registered capital of Hong Kong Petrochemical Company Limited is HKD121,682,747.08.

Note 5: The registered capital of Gon Polymers GmbH is EUR25,000.

Note 6: The registered capital of Gon Technology (Thailand) Co., Ltd. is THB100,000,000.

Other notes:

Note 1: The 70.00% equity interest in Gon Future (Guangdong) Plastics Sales Co., Ltd. is held by Guangdong Gon Plastics Development Co., Ltd., a subsidiary 100.00% owned by the Company;

Note 2: The 100.00% equity interest in Inner Mongolia Dongbao Datian Biotechnology Co., Ltd. is held by Baotou Dongbao Bio-Tech Co., Ltd., a subsidiary in which the Company holds a 21.18% equity interest;

Note 3: The 100.00% equity interest in Dongbao Yuansu (Qingdao) Biotechnology Co., Ltd. is held by Baotou Dongbao Bio-Tech Co., Ltd., a subsidiary in which the Company holds a 21.18% equity interest;

Note 4: The 100.00% equity interest in Qingdao Yiqing Biotechnology Co., Ltd. is held by Baotou Dongbao Bio-Tech Co., Ltd., a subsidiary in which the Company holds a 21.18% equity interest;

Note 5: The 99.999963% equity interest in Hong Kong Petrochemical Company Limited is held by Gon Group (Hong Kong) Limited, in which the Company holds a 100.00% equity interest;

Note 6: The 67.00% equity interest in Gon Chemical (Dongming) Co., Ltd. is held by Shandong Gon Chemical Co., Ltd., a subsidiary 100.00% owned by the Company;

Note 7: The 100.00% equity interest in Jiangsu CITIC Guoan New Materials Co., Ltd., Shanghai Yuwo Chemical Co., Ltd., Shanghai Huiyun Supply Chain Co., Ltd., Shanghai Zhaobang Petrochemical Co., Ltd., Dongming Gon Ruihua New Materials Co., Ltd., Shandong Zhaobang Fine Chemicals Co., Ltd., Dongming Huabei Petrochemical Sales Co., Ltd., Shanghai Yuwo Energy Technology Research & Development Co., Ltd., Shanghai Qingfang Huiyuan Trading Co. Ltd., and Dongming Aoke Fine Chemicals Co., Ltd. are held by Gon Chemical (Dongming) Co., Ltd., a lower-tier subsidiary in which Shandong Gon Chemical Co., Ltd. (a subsidiary 100.00% owned by the Company) holds a 67.00% equity interest;

Note 8: The 72.00% equity interest in Huai'an Xinsheng New Material Technology Co., Ltd. is held by Shandong Gon Chemical Co., Ltd., a subsidiary 100.00% owned by the Company;

Note 9: The 70.00% equity interest in Ganchu Future (Shenzhen) Technology Co., Ltd. is held by Gon Future (Shenzhen) Technology Co., Ltd., a subsidiary in which the Company holds a 70.00% equity interest.

X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in subsidiaries *(Continued)*

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Minority shareholders' shareholding percentage	Profit or loss attributable to minority shareholders in the current period	Dividends to minority shareholders declared in the current period	Closing balance of minority shareholders' interests
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	78.82%	8,907,044.82	5,488,064.92	1,555,213,386.21
Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd.	30.00%	45,283,091.75	0.00	6,629,178.57

(3) Key financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	1,110,523,891.68	1,620,579,327.90	2,731,103,219.58	195,449,929.37	562,533,033.66	757,982,963.03	1,079,964,983.89	1,631,250,890.67	2,711,215,874.56	185,191,646.66	557,310,398.56	742,502,045.22
Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd.	890,824,083.50	1,125,272,609.84	2,016,096,693.34	825,423,405.39	754,835,008.81	1,580,258,414.20	516,850,783.29	1,106,719,519.08	1,623,570,302.37	673,781,126.51	668,367,464.39	1,342,148,590.90

Unit: RMB

Name of subsidiary	Amount for the current period				Amount for the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	238,069,204.29	11,300,488.22	11,300,488.22	29,085,101.72	206,844,739.29	9,816,216.25	9,816,216.25	4,661,204.02
Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd.	1,805,905,900.32	150,943,639.15	150,943,639.15	-202,556,274.30	673,456,497.53	-11,325,310.93	-11,325,310.93	-84,961,466.31

X. INTERESTS IN OTHER ENTITIES *(Continued)*

2. Interests in Joint Ventures or Associates

(1) Summary financial information of non-material joint ventures and associates

Unit: RMB

	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Joint ventures:		
Aggregate carrying amount of investments	**168,208,285.13**	176,588,605.86
Total amount of the following items calculated based on shareholding percentage		
– Net profit	**-8,380,320.73**	-9,229,379.70
– Total comprehensive income	**-8,380,320.73**	-9,229,379.70
Associates:		
Aggregate carrying amount of investments	**115,811,828.71**	16,255,935.26
Total amount of the following items calculated based on shareholding percentage		
– Net profit	**-1,444,107.55**	-1,261,458.52
– Total comprehensive income	**-1,444,107.55**	-1,261,458.52

XI. GOVERNMENT GRANTS

1. Government grants recognised based on receivables at the end of the reporting period

☐ Applicable ☑ Not applicable

The reasons for not receiving the grant amounts at the expected dates

☐ Applicable ☑ Not applicable

XI. GOVERNMENT GRANTS *(Continued)*

2. Liabilities relating to government grants

☑ Applicable ☐ Not applicable

Unit: RMB

Account	Opening balance	Additional grants for the current period	Amount included in non-operating income for the current period	Amount transferred to other gains in the current period	Other movements in the current period	Closing balance	Related to asset/gains
Deferred income	70,258,209.41	18,344,079.00		6,290,057.39		**82,312,231.02**	Related to assets
Total	70,258,209.41	18,344,079.00		6,290,057.39		**82,312,231.02**	

3. Government grants included in profit or loss for the current period

☑ Applicable ☐ Not applicable

Unit: RMB

Account	**Amount for the current period**	Amount for the previous period
Other gains	**11,320,290.83**	10,551,708.26
Non-operating income		10,008,300.00

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Various risks arising from financial instruments

In its daily activities, the Group is exposed to risks arising from various financial instruments, mainly including market risks (such as exchange rate risk, interest rate risk), credit risk, and liquidity risk. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these exposures to ensure that the above risks are kept within limits.

Objectives and policies of risk management

The risk management objectives of the Group are to obtain an appropriate balance between risks and returns, to minimise negative effects on operating results, and to maximize the interests of shareholders and other equity investors. Based on these objectives, the basic strategies are to identify and analyse all risks faced by the Group, build appropriate risk tolerance thresholds and conduct risk management, while monitoring all risks timely and effectively to ensure they are kept within a defined scope.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(1) Market risk

1) Exchange rate risk

The Group's exposure to exchange rate risks is mainly related to USD, EUR and HKD. Except for the Company's purchases and sales of goods in USD, EUR and HKD and the sales of goods by the Company's subsidiaries in USD, the Group's other major business activities are denominated and settled in RMB. As at 30 June 2026, the assets and liabilities of the Group are denominated in RMB, except for the USD balance, EUR balance and HKD balance of assets and liabilities as stated in the table below. The exchange rate risk arising from these foreign currency balances of assets and liabilities may have an impact on the operating performance of the Group.

Item	30 June 2026	31 December 2025
Monetary funds – USD	27,617,840.20	11,463,181.92
Monetary funds – EUR	20,970.16	22,274.50
Monetary funds – HKD	6,592,927.09	6,218,986.02
Monetary funds – THB	60,605,929.77	2,999,004.07
Accounts receivable – USD	7,631,087.14	9,097,737.21
Accounts receivable – HKD		0.88
Accounts payable – USD	1,669,829.72	1,951,643.93
Accounts payable – EUR	32,469.60	32,469.60
Accounts payable – HKD	3,279,588.73	2,353,448.31
Accounts payable – THB	12,840.00	
Other receivables – HKD	2,084,931.27	1,709,291.88
Other receivables – THB	19,696.50	
Other payables – HKD	7,286.80	
Other payables – THB	4,915.99	

The Group closely monitors the impact of exchange rate movements on the Group.

The Group attached great importance to the research on exchange rate risk management policies and strategies, and arranges favorable settlement clauses in contracts. At the same time, in the export sales business, if risks such as RMB appreciation, which are beyond the Company's control, occur, the Company will reduce the risks arising therefrom by adjusting its sales policies.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(1) Market risk (Continued)

2) Interest rate risk

The Group's interest rate risk mainly arises from bank borrowings and interest-bearing liabilities from bank borrowings. Financial liabilities at floating interest rates expose the Group to cash flow interest rate risk, and financial liabilities at fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative ratio of its fixed rate and floating rate contracts based on prevailing market conditions. As at 30 June 2026, the Group's interest-bearing liabilities mainly represent floating rate bank borrowing contracts denominated in RMB with the aggregate value of RMB3,825,078,570.00 (31 December 2025: RMB2,940,659,285.00) and fixed rate bank borrowing contracts denominated in RMB with the aggregate value of RMB2,528,963,775.76 (31 December 2025: RMB2,155,397,568.64).

The Group's exposure to changes in the fair value of financial instruments due to changes in interest rates relates primarily to fixed-rate bank borrowings. For fixed rate borrowings, the Group's objective is to maintain its floating interest rate.

The risk of changes in cash flows of financial instrument of the Group caused by changes in interest rate is mainly related to bank borrowings with floating interest rate. It is the policy of the Group to keep these borrowings with floating interest rate, in order to eliminate the risk in fair value related to changes in interest rate.

3) Price risk

Price risk represents the risk of fluctuations in market prices other than exchange rate risk and interest rate risk arising primarily from changes in commodity prices, stock market indices, equity instrument prices and other risk variables.

(2) Credit risk

The Group manages credit risk by portfolio classification. Credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, long-term receivables, etc.

To mitigate credit risk, the Group has established a dedicated department to determine credit limits and perform credit approvals, and implemented other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Furthermore, the Group reviews the recoverability of each individual receivable at each balance sheet date to ensure adequate provisions for bad debts are made for amounts deemed uncollectible. Consequently, the Group's management believes that the credit risk borne by the Group has been significantly reduced.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(2) Credit risk (Continued)

The Group's liquid funds are deposited in banks with high credit ratings, thus minimizing the credit risk associated with liquid funds.

The Group adopts necessary policies to ensure that all sales customers have good credit histories. Except for the top five customers by amount of accounts receivable and contract assets, the Group has no other material credit concentration risks. Among the Group's accounts receivable, the top five combined amount to RMB620,612,903.69, accounting for 19.14% of the Company's total accounts receivable and contract assets.

1) Criteria for judging significant increases in credit risk

On each balance sheet date, the Group judges whether the credit risk of the financial instrument has increased significantly since the initial recognition by comparing the default probability of this financial instrument determined during the initial recognition in the expected duration with its default probability determined on the balance sheet date in the expected duration. However, if the Group determines that the financial instrument has only a low credit risk on the balance sheet date, the Group could assume that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Group's main criteria for determining a significant increase in credit risk is significant changes in one or more of the following indicators: significant adverse changes in the debtor's operating environment, internal and external credit ratings, actual or expected results of operations, etc.

2) Definition of credit-impaired financial assets

When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. The Group's primary criteria for determining that a credit impairment has occurred are the satisfaction of one or more of the following conditions: the debtor is experiencing significant financial difficulty, is undergoing other debt restructuring or is likely to enter bankruptcy, but in some cases, the Group will also treat credit impairment as having occurred if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancement held. The credit impairment of financial assets may be caused by the combination of multiple events, not necessarily by individually identifiable events.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(2) Credit risk (Continued)

2) Definition of credit-impaired financial assets *(Continued)*

Evidence that a financial asset is credit-impaired includes the following observable information: significant financial difficulty of the issuer or the borrower; the debtor has violated the terms of the contract, such as default or overdue payment of interest or principal; due to economic or contractual considerations relating to the financial difficulties of the debtor, the Group makes concessions to the debtor which will never be made under any other circumstances; the debtor will probably go bankrupt or enter into other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

3) Credit risk exposure

On 30 June 2026, maximum credit exposure that could cause the Group's financial loss is mainly because another party of the contract cannot fulfill his obligation, so loss of financial assets of the Group occurs, and the Group has not provided any other guarantee that may expose the Group to credit risk.

(3) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations at maturity. The Group's policy of liquidity risk management is to ensure sufficient liquidity to meet the financial obligations as they fall due without incurring unacceptable losses or causing damage to its reputation. The Group regularly analyzes the structure and maturity of liabilities to ensure that sufficient funds are available. The management of the Group monitors the use of bank borrowings and ensures compliance with the agreements. It also negotiates with financial institutions on financing to maintain a certain credit limit and reduce liquidity risk.

The Group relies on bank financing as one of its primary sources of funds. As at 30 June 2026, the Group's unutilised available banking facilities amounted to RMB6,588,578,358.26 (31 December 2025: RMB7,049,295,196.34), of which the maximum banking borrowing limit amounted to RMB3,576,466,354.24 (31 December 2025: RMB3,795,923,146.36); the maximum amount of bank acceptance bills is: RMB3,012,112,004.02 (31 December 2025: RMB3,253,372,049.98).

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(3) Liquidity risk (Continued)

The financial assets and financial liabilities held by the Group are analysed according to the maturity period of the undiscounted remaining contractual obligations as follows:

Amount as of 30 June 2026:

Unit: RMB

Item	Within one year	One to two years	Two to five years	Over five years	Total
Financial assets					
Monetary funds	4,017,678,015.11				4,017,678,015.11
Bills receivables	876,498,820.58				876,498,820.58
Accounts receivable	3,241,432,905.35				3,241,432,905.35
Other receivables	70,074,015.78				70,074,015.78
Non-current assets due within one year	14,705,633.41				14,705,633.41
Receivables financing	486,742,441.81				486,742,441.81
Financial liabilities					
Short-term borrowings	1,819,347,820.44				1,819,347,820.44
Bills payables	3,988,024,076.14				3,988,024,076.14
Accounts payable	640,850,422.12				640,850,422.12
Other payables	64,701,777.23				64,701,777.23
Salaries payable	59,967,052.23				59,967,052.23
Non-current liabilities due within one year	1,358,240,564.59				1,358,240,564.59
Long-term borrowings		2,166,340,070.00	1,111,055,716.00	132,744,284.00	3,410,140,070.00
Bonds payable			360,740,273.67		360,740,273.67
Long-term payables		97,396,666.68	943,611,728.66	10,000,000.00	1,051,008,395.34

Note: For details on long-term payables, see Note 7, Item 37 of these notes. The special-purpose funds of RMB10,000,000.00 for the biochemical gelatin project have no specified repayment term.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(3) Liquidity risk (Continued)

Sensitivity analysis

The Group applies sensitivity analysis techniques to analyze the potential impact of reasonable and possible changes in risk variables on profit or loss for the current period or shareholders' interests. As any risk variable rarely changes in isolation, and correlation among variables will have a significant effect on the ultimate impact amount of the change in a certain risk variable. Accordingly, the following content is conducted on the assumption that the change in each variable is independent.

Foreign exchange risk sensitivity analysis

The assumption of foreign exchange risk sensitivity analysis: all hedges of net investment in foreign operations and cash flow hedges are highly effective.

Based on the above assumption, with other variables unchanged, the after-tax impact of possible reasonable changes in exchange rates on profit or loss and interest for the current period are as follows:

Unit: RMB

Item	Change in exchange rate	January to June 2026 Impact on net profit	January to June 2026 Impact on shareholders' interests	January to June 2025 Impact on net profit	January to June 2025 Impact on shareholders' interests
All foreign currencies	5% appreciation against RMB	**10,273,321.59**	**10,273,321.59**	1,740,797.21	1,740,797.21
All foreign currencies	5% depreciation against RMB	**-10,273,321.59**	**-10,273,321.59**	-1,740,797.21	-1,740,797.21

Interest rate risk sensitivity analysis

Interest rate risk sensitivity analysis is based on the following assumption:

Changes in market interest rates affect the interest income or expenses of financial instruments with variable interest rates;

For financial instruments with fixed interest rates at fair value, the changes in market interest rates only affect their interest income or expenses;

Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rates as at the balance sheet date.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various risks arising from financial instruments *(Continued)*

Objectives and policies of risk management *(Continued)*

(3) Liquidity risk (Continued)

Interest rate risk sensitivity analysis *(Continued)*

Based on the above assumptions, with other variables unchanged, the cash flow interest rate risk faced by the Company relates primarily to its bank borrowings bearing interest at a floating rate, the after-tax impact of possible reasonable changes in interest rates on profit or loss and interests for the current period are as follows:

Unit: RMB

Item	Change in interest rate	January to June 2026 Impact on net profit	January to June 2026 Impact on shareholders' interests	January to June 2025 Impact on net profit	January to June 2025 Impact on shareholders' interests
Floating interest rate borrowings	Increase by 1%	-334,491.76	-334,491.76	-249,044.37	-249,044.37
Floating interest rate borrowings	Decrease by 1%	334,491.76	334,491.76	249,044.37	249,044.37

2. Hedging

(1) The Company conducts hedging business for risk management purposes

☑Applicable ☐ Not applicable

Item	Corresponding risk management strategy and objective	Qualitative and quantitative information on the hedged risk	Economic relationship between the hedged item and the related hedging instrument	Expected effectiveness in achieving the risk management objective	Effect of the corresponding hedging business on risk exposure
Exchange rate risk	To hedge risks in the foreign exchange market and prevent significant exchange rate fluctuations from adversely affecting the Company's operations	Foreign exchange market risks associated with foreign currency fund receipt and payment	Enter into foreign exchange forward, swap, and option contracts to mitigate risks in the foreign exchange market	Lock in exchange rates for certain foreign currency funds, purchase or sell options, and avoid the adverse impact of significant exchange rate fluctuations.	By conducting hedging business, the Company can make full use of the hedging function of the derivatives market, and reduce the impact of significant exchange rate fluctuations on the Company's regular operations

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

2. Hedging *(Continued)*

(2) The Company undertakes hedging business for risk management purposes that is expected to achieve the risk management objectives, but hedge accounting is not applied

☑Applicable ☐ Not applicable

Item	Reason for not applying hedge accounting	Effect on financial statements
Foreign exchange forward	The Company has not formally designated hedging instrument and hedged item	Recognize financial assets held for trading and financial liabilities held for trading, with gains or losses recognized directly in gains or losses from changes in fair value and investment income

3. Financial assets

(1) Classification by method of transfer

☑Applicable ☐ Not applicable

Unit: RMB

Method of transfer	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition status	Basis for determining derecognition status
Note endorsement/Note discounting	Notes receivable	137,488,665.59	Not derecognized	Substantially all of its risks and rewards have been retained, including its related default risk
Note endorsement/Note discounting	Receivables financing	472,283,651.07	Derecognized	Substantially all of its risks and rewards have been transferred
Total		609,772,316.66		

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

3. Financial assets *(Continued)*

(2) Financial assets derecognized due to transfer

☑Applicable ☐ Not applicable

Unit: RMB

Item	Method of transfer of financial assets	Amount of financial assets derecognized	Gain or loss related to derecognition
Receivables financing	Note endorsement/ Note discounting	472,283,651.07	-775,416.54
Total		472,283,651.07	-775,416.54

XIII. DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	–	–	–	–
(II) Receivables financing			486,742,441.81	486,742,441.81
(III) Investment in other equity instruments			35,196,061.66	35,196,061.66
Total assets measured at fair value on a recurring basis			521,938,503.47	521,938,503.47
II. Non-recurring fair value measurements	–	–	–	–

2. Basis for determining market prices for items measured at Level 1 fair value on a recurring and non-recurring basis

Level 1 refers to quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date. Such quoted prices are used as the basis for determining fair value.

XIII. DISCLOSURE OF FAIR VALUE *(Continued)*

3. Valuation techniques used and qualitative and quantitative information about significant inputs for items measured at Level 3 fair value on a recurring and non-recurring basis

For the Group's items measured at Level 3 fair value on a recurring basis, the reconciliation information between the opening carrying amount and the closing carrying amount mainly consists of valuation changes, disposal and settlement. There are no circumstances where changes in unobservable inputs that could lead to significant changes in fair value.

Sensitivity analysis of unobservable inputs for items measured at Level 3 fair value on a recurring basis:

The Group determines the fair value of investment in unlisted equity instrument using the price-to-book ratio, price-to-earnings ratio and other indicators of comparable listed companies as well as the recent financing price method. The Group applies a liquidity discount when using the comparable company method for valuation. Fair value is negatively correlated with the liquidity discount. As at 30 June 2026, the Group had no unlisted equity investment that was valued using the comparable company method, and investments in unlisted equity instruments were valued at the end of the period using the most recent financing price method.

The Group determines the fair value of receivables financing using the discounted cash flow method, discounting the estimated recoverable amount to the balance sheet date at the effective interest rate, or discounting its contractual maturity value to the balance sheet date at the effective interest rate adjusted for credit risk. The Group's receivables financing has a maturity of no more than one year, and the impact of fund time value on its fair value is not significant. Accordingly, the closing fair value of receivables financing is approximately considered to be equal to its par value less the provision for bad debts recognized based on expected credit risk. That is, the fair value is substantially equal to the amortized cost, and the impact of changes in fair value on its closing measurement is not material.

4. Reconciliation of opening and closing carrying amounts and sensitivity analysis of unobservable inputs for items measured at Level 3 fair value on a recurring basis

(1) For notes receivable held, their fair value is determined using the nominal amount as their remaining maturity is short.

(2) The Company uses the initial recognition amount as a reasonable estimate of fair value as the operating environment, business conditions and financial position of the investee have not changed substantially.

XIII. DISCLOSURE OF FAIR VALUE *(Continued)*

5. Transfers between levels during the current period for items measured at fair value on a recurring basis, reasons for the transfers, and the policy for determining when transfers are deemed to have occurred

There were no transfers between levels during the current period.

6. Changes in valuation techniques during the current period and reasons for the changes

There were no changes in valuation techniques used during the current period.

7. Fair value of financial assets and financial liabilities not measured at fair value

The Group's financial assets and financial liabilities not measured at fair value include: monetary funds, notes receivable, accounts receivable, other receivables, other current assets, long-term receivables, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities, long-term payables, other current liabilities, etc. The Group's management is of the view that the carrying amounts of the aforementioned financial assets and financial liabilities do not differ significantly from fair values.

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

1. Information about the Company's parent company

Information about the Company's parent company

The controlling shareholder of the Company is Wang Aiguo, a natural person.

The ultimate controlling parties of the Company are Wang Aiguo and his spouse, Xu Bo.

2. Information about the Company's subsidiaries

For information about the Company's subsidiaries, please refer to Note "X. 1. (1) Composition of the Group".

3. Information about the Company's joint ventures and associates

For information about the Company's significant joint ventures or associates, please refer to Note "X. 2. Interests in joint ventures or associates".

Other joint ventures or associates that have related-party transactions with the Company during the current period, or had balances arising from related-party transactions with the Company in prior periods, are as follows:

Name of joint ventures and associates	Relationship with the Company
Baotou Baochenglian Fine Chemical Co., Ltd. (包頭市寶成聯精細化工有限責任公司)	Associate
Tongliao Mengbao Biotechnology Co., Ltd. (通遼市蒙寶生物科技有限公司)	Associate
Zhejiang Guojiang New Materials Technology Co., Ltd. (浙江國疆新材料科技有限公司)	Associate

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

4. Information about other related parties

Name of other related party	Relationship between other related parties and the Company
Qingdao Gon Holding Development Co., Ltd. (青島國恩控股發展有限公司)	An enterprise controlled by the actual controller (Note 1)
Qingdao Yucheng International Carbon Fibers Technology Development Co., Ltd. (青島俣成國際碳纖維科技發展有限公司)	A controlled subsidiary of Qingdao Gon Holding Development Co., Ltd. (Note 2)
GON Europe Holding GmbH	A wholly-owned subsidiary of Qingdao Yucheng International Carbon Fibers Technology Development Co., Ltd. (Note 3)
Compositence GmbH	A controlled subsidiary of GON Europe Holding GmbH (Note 4)
Qingdao Gon Sishi Wufang Flexible Technology Co., Ltd. (青島國恩四時五紡柔性科技有限公司)	A controlled subsidiary of Qingdao Gon Holding Development Co., Ltd. (Note 5)
Qingdao Huaxin Wafer Semiconductor Technology Co., Ltd. (青島華芯晶元半導體科技有限公司)	An associated company of Qingdao Gon Holding Development Co., Ltd. (Note 6)
Qingdao Century Xinghao Investment Co., Ltd. (青島世紀星豪投資有限公司)	A shareholder holding 5% or above of the shares
Qingdao Century Huayue Property Co., Ltd. (青島世紀華悦置業有限公司)	A company controlled by Xu Bo
Qingdao Hanfang Pharmaceutical Co., Ltd. (青島漢方藥業有限公司)	Zhang Shide serves as director (Note 7)
Shanghai Yucheng Industrial Co., Ltd. (上海俣城實業有限公司)	Ai Xiaoyan serves as executive director
Rongcheng (Hong Kong) CPA Limited	Xiang Ting serves as managing director
Li Huiying	Employee representative director of the Company
Li Zonghao	Directors of the Company
Han Bo	Director and deputy general manager of the Company
Huang Zhaoge	Independent director of the Company
Xiang Ting	Independent director of the Company
Sun Jianqiang	Independent director of the Company
Wang Long	Deputy general manager of the Company
Chen Guanglong	Deputy general manager of the Company

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

4. Information about other related parties *(Continued)*

Name of other related party	Relationship between other related parties and the Company
Ji Xianshang	Deputy general manager of the Company
Li Jianfeng	Deputy general manager of the Company
Ren Yunfei	Deputy general manager of the Company
Wang Shuai	Deputy general manager of the Company
Yu Chuibai	Deputy general manager and head of finance of the Company
Yu Yu	Deputy general manager and secretary of the Board of the Company
Sun Hongxi	Deputy general manager of the Company
Ai Xiaoyan	Deputy general manager of the Company
Yang Zhaochi	Deputy general manager of the Company
Zhang Shide	Former director of the Company
Wang Yaping	Former independent director of the Company
Liu Shuyan	Former independent director of the Company
Yu Baoguo	Former supervisor of the Company
Zheng Min	Former supervisor of the Company
Wang Shengli	Former deputy general manager of the Company

Other description

Note 1: Qingdao Gon Holding Development Co., Ltd. was established on 22 November 2016, with a registered capital of RMB200 million. Wang Aiguo subscribed to a capital contribution of RMB200 million, representing 100.00% of the equity interest.

Note 2: Qingdao Yucheng International Carbon Fibers Technology Development Co., Ltd. was established on 5 April 2017, with a registered capital of RMB200 million. Qingdao Gon Holding Development Co., Ltd. subscribed to a capital contribution of RMB196 million, holding a 98.00% equity interest; Xu Bo subscribed to a capital contribution of RMB4 million, holding a 2.00% equity interest.

Note 3: GON Europe Holding GmbH was established on 2 May 2017, with a registered capital of EUR2 million, and is a wholly-owned subsidiary of Qingdao Yucheng International Carbon Fibers Technology Development Co., Ltd.

Note 4: Compositence GmbH was established on 10 December 2008, with a registered capital of EUR608,714.00. In August 2017, GON Europe Holding GmbH acquired a 90.79% equity interest in Compositence GmbH, making Compositence GmbH controlled subsidiary of GON Europe Holding GmbH.

Note 5: Qingdao Gon Sishi Wufang Flexible Technology Co., Ltd. was established on 4 February 2021, with a registered capital of RMB10 million. Qingdao Gon Holding Development Co., Ltd. subscribed to a capital contribution of RMB8 million, representing 80% of the equity interest.

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

4. Information about other related parties *(Continued)*

Other description *(Continued)*

Note 6: Qingdao Huaxin Wafer Semiconductor Technology Co., Ltd. was established on 4 February 2021, with a registered capital of RMB50 million. Qingdao Gon Holding Development Co., Ltd. subscribed to a capital contribution of RMB20 million, representing 40% of the equity interest.

Note 7: Qingdao Hanfang Pharmaceutical Co., Ltd. was established on 26 November 2007, with a registered capital of RMB10 million. Zhang Shide, a former director of the Company, was a shareholder and director of Qingdao Hanfang Pharmaceutical Co., Ltd., with a capital contribution of RMB2 million and a shareholding of 20.00%.

5. Related-party transactions

(1) Related-party transactions on purchase and sales of goods, and provision and receipt of services

Table of purchases of goods/receipt of services

Unit: RMB

Related party	Content of related-party transaction	Current-period amount	Approved transaction limit	Whether the transaction limit was exceeded	Prior-period amount
Tongliao Mengbao Biotechnology Co., Ltd.	Bone granules	6,247,630.28	20,000,000.00	No	4,879,798.17

Sales of goods/provision of services

Unit: RMB

Related party	Content of related-party transaction	Current-period amount	Prior-period amount

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

5. Related-party transactions *(Continued)*

(2) *Related-party leases*

The Company as lessor:

Unit: RMB

Name of lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the previous period
Qingdao Hanfang Pharmaceutical Co., Ltd.	Office premises	**158,730.15**	190,476.18

Descriptions on related-party leases

Note: Qingdao Hanfang Pharmaceutical Co., Ltd. leases office premises from Yiqing Bio (益青生物) at an annual rent of RMB400,000.00, with the lease expiring on 31 December 2026. Mr. Zhang Shide, a former director of the Company, also served as a director of Qingdao Hanfang Pharmaceutical Co., Ltd. and resigned from his position as a director of the Company in 23 May 2025. Qingdao Hanfang Pharmaceutical Co., Ltd. will cease to be a related party of the Company 12 months after the date of Mr. Zhang Shide's resignation.

(3) *Guarantee with related parties*

☐ Applicable ☑ Not applicable

(4) *Compensation of key management personnel*

Unit: RMB

Item	Current-period amount	Prior-period amount
Total compensation	**3,893,051.67**	4,397,548.35

(5) *Other related-party transactions*

Unit: RMB

Related party	Content of related-party transaction	Current-period amount	Prior-period amount
Qingdao Hanfang Pharmaceutical Co., Ltd.	Utility bill	**9,094.94**	14,433.51

XIV. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

6. Receivables from and payables to related parties

(1) Receivables

Unit: RMB

Item	Related party	Closing balance Gross balance	Closing balance Bad debt provision	Opening balance Gross balance	Opening balance Bad debt provision
Accounts receivable	Qingdao Hanfang Pharmaceutical Co., Ltd.	158,730.15	793.65		

XV. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Significant commitments at the balance sheet date

The Group has no significant commitments that require disclosure.

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

As at the balance sheet date, the Group has no significant contingencies that require disclosure.

(2) Disclosure where no significant contingencies require disclosure

The Company has no significant contingencies that require disclosure.

XVI. EVENTS AFTER THE BALANCE SHEET DATE

1. Other events after the balance sheet date

(1) On 31 July 2026, the Company completed the cancellation procedures for 6,250,000 repurchased A-shares with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Upon completion of the cancellation, the Company's total share capital decreased from 442,850,000 shares to 436,600,000 shares.

(2) As of the date of approval of this report, the cumulative number of shares held by Mr. Wang Aiguo that have been pledged amounted to 34,054,800 shares, representing 7.80% of the Company's total share capital.

Save as disclosed above, the Group has no other significant events after the balance sheet date.

XVII. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Basis of determining reporting segments and the accounting policies

An operating segment is a component of the Group that simultaneously meets the following conditions: it engages in business activities from which it may earn revenues and incur expenses; the Company's management regularly reviews its operating results to make decisions about resource allocation and assess its performance; and the Company is able to obtain relevant financial information regarding its financial position, operating results and cash flows. All operating segments of the Group apply uniform accounting policies.

(2) Financial information of reporting segments

Unit: RMB

Item	New chemical materials	Biomedicine and healthcare	Inter-segment elimination	Total
Revenue from principal business	10,415,694,668.15	413,210,923.18		10,828,905,591.33
Cost of principal business	9,000,508,926.29	328,972,467.22		9,329,481,393.51
Total assets	20,084,721,024.94	3,592,198,992.71	-1,084,158,695.77	22,592,761,321.88
Total liabilities	12,510,390,381.37	1,032,654,051.79	-105,034,613.59	13,438,009,819.57

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) By aging

Unit: RMB

Age	**Gross closing balance**	Gross opening balance
Within 1 year (inclusive)	**3,466,200,520.58**	1,770,268,317.03
1-2 years	**46,676,369.52**	27,488,773.17
2-3 years	**2,035,288.95**	6,400,078.91
Over 3 years	**707,649,035.61**	702,295,543.50
3-4 years	**678,598,843.90**	673,236,723.98
4-5 years	**6,688,366.49**	6,685,317.69
Over 5 years	**22,361,825.22**	22,373,501.83
Total	**4,222,561,214.66**	2,506,452,712.61

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

1. Accounts receivable *(Continued)*

(2) Disclosure by method of provision for bad debts

Unit: RMB

	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
Category	Amount	Proportion	Amount	Provision ratio	Carrying amount	Amount	Proportion	Amount	Provision ratio	Carrying amount
Accounts receivable with bad debt provision madeon a collective basis	4,222,561,214.66	100.00%	35,297,530.93	0.84%	4,187,263,683.73	2,506,452,712.61	100.00%	26,469,380.77	1.06%	2,479,983,331.84
Including:										
Aging-based portfolio	1,750,861,502.37	41.46%	35,297,530.93	2.02%	1,715,563,971.44	1,463,610,629.73	58.39%	26,469,380.77	1.81%	1,437,141,248.96
Related party portfolio within the consolidation scope	2,471,699,712.29	58.54%			2,471,699,712.29	1,042,842,082.88	41.61%			1,042,842,082.88
Total	4,222,561,214.66	100.00%	35,297,530.93		4,187,263,683.73	2,506,452,712.61	100.00%	26,469,380.77		2,479,983,331.84

Bad debt provision madeon a collective basis:

Unit: RMB

	Closing balance		
Name	Gross balance	Bad debt provision	Provision ratio
Within 1 year (inclusive, same below)	1,711,668,323.98	9,414,175.78	0.55%
1-2 years	20,081,338.01	7,193,603.62	35.82%
2-3 years	999,500.00	577,411.15	57.77%
More than 3 years	18,112,340.38	18,112,340.38	100.00%
3-4 years	1,279,074.82	1,279,074.82	100.00%
4-5 years	4,271.43	4,271.43	100.00%
Over 5 years	16,828,994.13	16,828,994.13	100.00%
Total	1,750,861,502.37	35,297,530.93	

If the bad debt provision for accounts receivable is measured using the general expected credit loss model:

☐ Applicable ☑ Not applicable

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

1. Accounts receivable *(Continued)*

(3) Provision for bad debts made, recovered or reversed in the current period

Bad debt provision made during the current period:

Unit: RMB

		Amount of change in the current period				
Category	Opening balance	Provision	Recovery or reversal	Write-off	Others	Closing balance
Bad debt provision madeon a collective basis	26,469,380.77	8,833,012.15		4,861.99		35,297,530.93
Total	26,469,380.77	8,833,012.15		4,861.99		35,297,530.93

(4) Top five accounts receivable and contract assets by debtor at period end

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
Top five accounts receivable at period end, aggregated	2,832,322,393.51		2,832,322,393.51	67.08%	2,804,993.97
Total	2,832,322,393.51		2,832,322,393.51	67.08%	2,804,993.97

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable	19,111,622.10	15,358,007.01
Other receivables	816,820,847.96	797,817,371.43
Total	835,932,470.06	813,175,378.44

(1) Interest receivables

1) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
Fund lending to entities within the Group	18,227,245.04	14,951,457.56
Interest receivable on convertible bonds	884,377.06	406,549.45
Total	19,111,622.10	15,358,007.01

(2) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Gross closing balance	Gross opening balance
Social insurance and housing fund advances	544,288.94	430,194.97
Current accounts	815,331,139.93	796,331,139.93
Deposits, security deposits and petty cash	1,990,230.39	2,172,104.00
Total	817,865,659.26	798,933,438.90

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

2. Other receivables *(Continued)*

(2) Other receivables (Continued)

2) Disclosed by aging

Unit: RMB

Aging	Gross closing balance	Gross opening balance
Within 1 year (inclusive)	**417,111,715.33**	632,083,844.97
1-2 years	**391,412,567.12**	157,351,854.00
2-3 years	**152,136.88**	100,000.00
Over 3 years	**9,189,239.93**	9,397,739.93
3-4 years		220,600.00
4-5 years	**20,600.00**	500.00
Over 5 years	**9,168,639.93**	9,176,639.93
Total	**817,865,659.26**	798,933,438.90

3) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Gross balance		Bad debt provision			Gross balance		Bad debt provision		
	Amount	Proportion	Amount	Provision ratio	Carrying amount	Amount	Proportion	Amount	Provision ratio	Carrying amount
Bad debt provision madeon a collective basis	817,865,659.26	100.00%	1,044,811.30	0.13%	816,820,847.96	798,933,438.90	100.00%	1,116,067.47	0.14%	797,817,371.43
Including:										
Aging-based portfolio	2,906,025.83	0.36%	1,044,811.30	35.95%	1,861,214.53	2,973,805.47	0.37%	1,116,067.47	37.53%	1,857,738.00
Related party portfolio within the consolidation scope	814,959,633.43	99.64%			814,959,633.43	795,959,633.43	99.63%			795,959,633.43
Total	817,865,659.26	100.00%	1,044,811.30		816,820,847.96	798,933,438.90	100.00%	1,116,067.47		797,817,371.43

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

2. Other receivables *(Continued)*

(2) Other receivables (Continued)

3) Disclosure by the method of provision for bad debts (Continued)

Provision for bad debts made on a collective basis:

Unit: RMB

	Closing balance		
Name	Gross balance	Bad debt provision	Provision ratio
Within 1 year (inclusive)	1,111,715.33	10,994.58	0.99%
1-2 years	912,567.12	228,141.78	25.00%
2-3 years	152,136.88	76,068.44	50.00%
Over 3 years	729,606.50	729,606.50	100.00%
Including: 3-4 years	0.00	0.00	100.00%
4-5 years	20,600.00	20,600.00	100.00%
Over 5 years	709,006.50	709,006.50	100.00%
Total	2,906,025.83	1,044,811.30	

Provision for bad debts under the general model of expected credit losses:

Unit: RMB

Bad debt provision	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as of 1 January 2026	39,997.47	137,963.50	938,106.50	1,116,067.47
Changes in the balance as of 1 January 2026 during the current period				
– Transferred to stage 2	-35,642.50	35,642.50		
Reversals during the current period	6,639.61	130,604.22		137,243.83
Reversal			208,500.00	208,500.00
Balance as of 30 June 2026	10,994.58	304,210.22	729,606.50	1,044,811.30

Changes in gross book amount with significant changes in loss allowance during the current period

☐ Applicable ☑ Not applicable

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

2. Other receivables *(Continued)*

(2) Other receivables (Continued)

4) Provision, recovery or reversal of bad debt provision during the current period

Provision for bad debts during the current period:

Unit: RMB

Category	Opening balance	Changes during the current period: Provision	Recovery or reversal	Write-off	Others	Closing balance
Bad debt provision for other receivables	1,116,067.47	137,243.83	208,500.00			**1,044,811.30**
Total	1,116,067.47	137,243.83	208,500.00			**1,044,811.30**

5) Top five other receivables aggregated by debtor at the end of the period

Unit: RMB

Name of entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of bad debt provision
Unit 1	Related party transactions	**655,000,000.00**	Within 1 year, 1-2 years	80.09%	
Unit 2	Related party transactions	**95,500,000.00**	Within 1 year, 1-2 years	11.68%	
Unit 3	Related party transactions	**50,000,000.00**	Within 1 year	6.11%	
Unit 4	Related party transactions	**8,459,633.43**	Over 5 years	1.03%	
Unit 5	Related party transactions	**6,000,000.00**	Within 1 year	0.73%	
Total		**814,959,633.43**		99.64%	

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

3. Long-term equity investments

Unit: RMB

Item	Closing balance Gross balance	Closing balance Impairment provision	Closing balance Carrying amount	Opening balance Gross balance	Opening balance Impairment provision	Opening balance Carrying amount
Investments in subsidiaries	2,983,655,690.23		2,983,655,690.23	2,922,102,250.23		2,922,102,250.23
Investment in associates and joint ventures	269,208,286.13		269,208,286.13	176,588,605.86		176,588,605.86
Total	3,252,863,976.36		3,252,863,976.36	3,098,690,856.09		3,098,690,856.09

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes during the current period Increase in investment	Changes during the current period Decrease in investments	Changes during the current period Impairment provision	Changes during the current period Others	Closing balance (Carrying amount)	Closing balance of impairment provision
Gon Yisu (Zhejiang) New Material Technology Co., Ltd. (國恩一塑(浙江)新材料科技有限公司)	406,553,012.24						406,553,012.24	
Shandong Gon Chemical Co., Ltd. (山東國恩化學有限公司)	200,000,000.00						200,000,000.00	
Shandong Aoying Supply Chain Co., Ltd. (山東澳盈供應鏈有限公司)	30,000,000.00						30,000,000.00	
Zhejiang Gon Chemical Co., Ltd. (浙江國恩化學有限公司)	57,000,000.00						57,000,000.00	
Guangdong Gon Plastic Industry Development Co., Ltd. (廣東國恩塑業發展有限公司)	16,500,000.00						16,500,000.00	
Gon Plastic Products (Qingdao) Co., Ltd. (國恩塑業(青島)有限公司)	50,000,000.00						50,000,000.00	
Gon Plastic Products (Zhejiang) Co., Ltd. (國恩塑業(浙江)有限公司)	20,000,000.00						20,000,000.00	
Gon Plastic Products (Henan) Co., Ltd. (國恩塑業(河南)有限公司)	20,000,000.00						20,000,000.00	
Qingdao Guoqi Optoelectronic Technology Co., Ltd. (青島國騏光電科技有限公司)	41,308,290.79						41,308,290.79	
Qingdao Gon Composites Co., Ltd. (青島國恩複合材料有限公司)	560,400,000.00						560,400,000.00	
Zhejiang Gon Composites Co., Ltd. (浙江國恩複材有限公司)	82,000,000.00						82,000,000.00	
Gon (Yixing) New Material Development Co., Ltd. (國恩(宜興)新材料發展有限公司)			35,000,000.00				35,000,000.00	
Qingdao Gon Meltblown Industry Co., Ltd. (青島國恩熔噴產業有限公司)	5,000,000.00						5,000,000.00	
Qingdao Gon Sports Turf Co., Ltd. (青島國恩體育草坪有限公司)	33,120,000.00						33,120,000.00	
Qingdao Gon Culture and Sports Industry Co., Ltd. (青島國恩文體產業有限公司)	12,000,000.00						12,000,000.00	
Qingdao Haishan Development Co., Ltd. (青島海珊發展有限公司)	97,899,700.00						97,899,700.00	

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(Continued)*

3. Long-term equity investments *(Continued)*

(1) Investments in subsidiaries *(Continued)*

Investee	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes during the current period				Closing balance (Carrying amount)	Closing balance of impairment provision
			Increase in investment	Decrease in investments	Impairment provision	Others		
Qingdao Gon Plastic Trade Co., Ltd. (青島國恩塑貿有限公司)	50,000,000.00						50,000,000.00	
Gon Future (Shanghai) Chemical Co., Ltd. (國恩未來(上海)化工有限公司)	6,000,000.00						6,000,000.00	
Qingdao Gon Future Health Technology Development Co., Ltd. (青島國恩未來健康科技發展有限公司)	6,500,000.00		500,000.00				7,000,000.00	
Gon Group (Hong Kong) Limited (國恩集團(香港)有限公司)	489,839,524.00		22,053,440.00				511,892,964.00	
Gon Future (Shenzhen) Technology Co., Ltd. (國恩未來(深圳)科技有限公司)	10,000,000.00		4,000,000.00				14,000,000.00	
Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司)	727,981,723.20						727,981,723.20	
Total	2,922,102,250.23		61,553,440.00				2,983,655,690.23	

(2) Investment in associates and joint ventures

Unit: RMB

Unit	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes during the current period								Closing balance (Carrying amount)	Closing balance of impairment provision
			Increase in investment	Decrease in investments	Investment gains and losses recognized under the equity method	Adjustments for other comprehensive income	Other changes in equity	Cash dividends or profits declared for distribution	Impairment provision	Others		
I. Joint ventures												
Shanghai Yucheng Industrial Co., Ltd. (上海俁城實業有限公司)	176,588,605.86				-8,380,320.73						168,208,285.13	
Subtotal	176,588,605.86				-8,380,320.73						168,208,285.13	
II. Associates												
Ningbo Kunrui Hengtou Equity Investment Partnership (Limited Partnership) (寧波坤瑞恒投股權投資合夥企業(有限合夥))			101,000,001.00								101,000,001.00	
Subtotal			101,000,001.00								101,000,001.00	
Total	176,588,605.86		101,000,001.00		-8,380,320.73						269,208,286.13	

Recoverable amount determined based on fair value less costs of disposal

☐ Applicable ☑ Not applicable

Recoverable amount determined based on present value of estimated future cash flows

☐ Applicable ☑ Not applicable

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

4. Operating revenue and operating costs

Unit: RMB

	Current-period amount		Prior-period amount	
Item	**Revenue**	**Cost**	Revenue	Cost
Main business	**5,711,819,210.89**	**4,931,752,911.53**	5,484,492,369.53	4,872,756,039.81
Other businesses	**1,351,932,824.68**	**1,324,376,707.03**	574,607,134.01	563,913,704.93
Total	**7,063,752,035.57**	**6,256,129,618.56**	6,059,099,503.54	5,436,669,744.74

Information related to performance obligations:

Item	Time for fulfilling performance obligations	Significant payment terms	Nature of goods transferred as promised by the company	Whether acting as principal	Amounts expected to be refunded to customers	Type of warranty and related obligations provided by the company
Domestic sales of products		Payment within credit limit	Goods	Yes	None	Product quality warranty
Export sales of products		Payment within 30–60 days after issuance of bill of lading	Goods	Yes	None	Product quality warranty

Other explanations:

Domestic sales of products: Performance obligations are satisfied when products are delivered and accepted by customers.

Export sales of products: Performance obligations are satisfied when goods are loaded on board and depart from the port.

XVIII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(Continued)

5. Investment income

Unit: RMB

Item	Current-period amount	Prior-period amount
Investment income from long-term equity investments accounted for using the cost method	**1,508,532.26**	3,142,775.55
Investment income from long-term equity investments accounted for using the equity method	**-8,380,320.73**	-9,229,379.70
Income from convertible corporate bonds during the holding period	**477,827.61**	238,913.80
Profit or loss on derecognition of financial assets	**-343,123.39**	-1,974,314.61
Investment income from derivative financial instruments	**425,062.13**	
Total	**-6,312,022.12**	-7,822,004.96

XIX. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the year

☑ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	15,561,352.88	
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the Company's ordinary course of business, comply with national policy provisions, are enjoyed at a fixed standard, and have a continuing effect on the Company's profit or loss)	11,320,290.83	
Profit or loss on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains/(losses) on disposal of such financial assets and financial liabilities (excluding effective hedging activities related to the Company's ordinary course of business)	890,586.13	
Profit or loss on entrusted investments or asset management	514,517.97	
Profit or loss on debt restructuring	366,000.00	
Other non-operating income and expenses other than the above items	-649,756.45	
Less: Income tax effects	6,027,196.48	
Effects of minority interests (after tax)	7,442,771.66	
Total	14,533,023.22	–

Details of other items of profit or loss that meet the definition of non-recurring profit or loss:

☐ Applicable ☑ Not applicable

The Company has no other items of profit or loss that meet the definition of non-recurring profit or loss.

Explanation of classifying the non-recurring profit or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public-Non-recurring profit or loss as recurring profit or loss items

☐ Applicable ☑ Not applicable

XIX. SUPPLEMENTARY INFORMATION *(Continued)*

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on equity	Earnings per share Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders	9.68%	1.53	1.53
Net profit attributable to ordinary shareholders after deducting non-recurring profit or loss	9.47%	1.50	1.50

3. Differences between accounting information expressed under domestic and overseas accounting standards

(1) Differences in net profit and net assets in the financial reports disclosed in accordance with the International Accounting Standards and the Chinese Accounting Standards

☐ Applicable ☑ Not applicable

(2) Differences in net profit and net assets in the financial reports disclosed in accordance with the overseas accounting standards and the Chinese Accounting Standards

☐ Applicable ☑ Not applicable

(3) Explanation of differences in accounting information disclosed in accordance with domestic and overseas accounting standards; where data audited by an overseas audit firm has been reconciled, the name of such overseas firm shall be indicated

☐ Applicable ☑Not applicable

DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meaning set out below.

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are subscribed for or paid up in Renminbi and is/are listed for trading on the Shenzhen Stock Exchange
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Board Committees"	the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee
"China" or "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, excluding Taiwan, the Macau Special Administrative Region and Hong Kong
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company" or "our Company"	Qingdao Gon Technology Co., Ltd. (青島國恩科技股份有限公司), a limited liability company incorporated in the PRC on 22 December 2000, and converted into a joint stock company with limited liability on 3 August 2011, its A shares are listed on the Shenzhen Stock Exchange (stock code: 002768.SZ), and its H shares are listed on the Stock Exchange (stock code: 2768.HK)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Dongbao Bio-Tech"	Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司), a company established in the PRC with limited liability on 12 March 1997, the A Shares of which are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300239.SZ), and a non-wholly owned subsidiary of our Company

"Global Offering"	has the same meaning as defined in the Prospectus
"Gocci Opto-electronics"	Qingdao Gocci Opto-electronics Technology Co., Ltd. (青島國騏光電科技有限公司), a company established in the PRC with limited liability on 25 April 2018, and a wholly-owned subsidiary of the Company
"Gon Chemical (Dongming)"	Gon Chemical (Dongming) Co., Ltd.* (國恩化學(東明)有限公司), a company established in the PRC with limited liability on 15 September 2010, and an indirect non-wholly owned subsidiary of our Company
"Gon Composites"	Qingdao Gon Composites Co., Ltd. (青島國恩複合材料有限公司), a company established in the PRC with limited liability on 20 January 2017, and a wholly-owned subsidiary of the Company
"Gon Jiuchi"	Gon Jiuchi Technology (Shanghai) Co., Ltd. (國恩九尺科技(上海)有限公司), a company established in the PRC with limited liability on 17 July 2026, and a non-wholly owned subsidiary of our Company
"Gon Polymer.1"	Gon Polymer.1 (Zhejiang) New Material Technology Co., Ltd. (國恩一塑(浙江)新材料科技有限公司), a company established in the PRC with limited liability on 10 July 2020, and a non-wholly owned subsidiary of our Company
"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed and trading on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Petrochemical"	Hong Kong Petrochemical Company Limited (香港石油化學有限公司) (formerly known as FRANIA LIMITED), a company established in Hong Kong with limited liability on 26 August 1988, and an indirect non-wholly owned subsidiary of our Company
"Jiangsu Guoheng"	Jiangsu Guoheng New Materials Technology Co., Ltd. (江蘇國恒新材料科技有限公司), a company established in the PRC with limited liability on 5 July 2022, and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	20 August 2026

DEFINITIONS

"Gon Future (Liaoning)"	Gon Future (Liaoning) Health Technology Development Co., Ltd., a company established in the PRC with limited liability on 30 April 2024, and an indirect non-wholly owned subsidiary of our Company
"Gon Future (Shenzhen)"	Gon Future (Shenzhen) Technology Co., Ltd., a company established in the PRC with limited liability on 14 July 2025, and a non-wholly owned subsidiary of our Company
"Gon Sports Turf"	Qingdao Gon Sports Turf Co., Ltd., a limited liability company established in the PRC on 22 January 2017, and a wholly-owned subsidiary of our Company
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	4 February 2026, the date on which dealings in the H Shares on the Stock Exchange first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus of the Company dated 27 January 2026
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	January to June 2026
"Rizhao Gon Chemical"	Rizhao Gon Chemical Co., Ltd. (日照國恩化學有限公司), a company established in the PRC with limited liability on 5 July 2022, and an indirect non-wholly owned subsidiary of our Company
"Same period last year"/ "previous period"	January to June 2025
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company, comprising all A Shares and H Shares in issue
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	Strategy Committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"SZSE"	the Shenzhen Stock Exchange
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"Yiqing Bio-Tech"	Qingdao Yiqing Biotechnology Co., Ltd (青島益青生物科技股份有限公司), a company established in the PRC with limited liability on 24 January 1998, and an indirect non-wholly owned subsidiary of our Company

* The English translation and/or transliteration of the names of PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations included in this prospectus is included for identification purposes only. In the event of any inconsistency between the English translation and/or transliteration and the Chinese versions, the Chinese versions shall prevail.