

Zhejiang NHU Company Ltd.

2023 Semi-Annual Report



August 2023

Section I Important Notes, Contents, and Definitions

The Board of Directors and its members, Board of Supervisors and its members, and senior executives of the Company hereby guarantee that the information presented in this semi-annual report is authentic, accurate, complete and free of false records, misleading statements or material omissions, and they will bear individual and joint liabilities for such information.

胡柏藩 (Hu Baifan), the Company's legal representative, 石观群 (Shi Guanqun), the officer in charge of accounting, and 张莉瑾 (Zhang Lijin), the head of accounting department hereby declare that they guarantee the financial statements in this semi-annual report are authentic, accurate and complete.

All members of the Board of Directors have attended the meeting of the Board of Directors for deliberation of this semi-annual report.

The future plan and other forward-looking information disclosed in this semi-annual report shall not be regarded as a commitment to investors. We kindly remind investors of all possible risks in investments. The company provides a detailed description of the potential risks and countermeasures that may exist in the company's operations in X. Risks and countermeasures under Section III Management Discussion and Analysis section of this report. We kindly remind investors of all possible risks in investments.

The Company will not distribute cash dividend, distribute bonus shares, or distribute shares from capital reserve during the current reporting period.

This Semi-Annual Report is an English translation of the Chinese Semi-Annual Report. In case the English version does not conform to the Chinese version, the Chinese version prevails.

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Documents Available for Reference

- I. Financial statements signed and sealed by the Company's legal representative, officer in charge of accounting, and head of accounting department;
- II. Original copy of all the Company's documents and announcements published on the newspapers designated by CSRC within the reporting period
- III. Other documents for reference.

Definitions

Abbreviations	Refers to	Contents of definitions
The Company, NHU	Refers to	ZHEJIANG NHU CO., LTD.
CSRC	Refers to	China Securities Regulatory Commission
PPS	Refers to	Polyphenylene sulfide
PPA	Refers to	Poly phthalamide
HSE	Refers to	Health, Safety and Environment
RTO	Refers to	Regenerative Thermal Oxidizer
VOC	Refers to	Volatile organic compound
NH-acid	Refers to	Taurine
F5	Refers to	Vitamin B5
NBC	Refers to	Azabicycles
CLA	Refers to	Karon anhydride
LDAR	Refers to	Leak Detection and Repair

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	NHU	Stock code	002001
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	浙江新和成股份有限公司		
Company Abbreviation in Chinese	新和成		
Company name in foreign language (if any)	ZHEJIANG NHU CO., LTD.		
Company Abbreviation in foreign language (if any)	NHU		
Legal representative	Hu Baifan		

II. Contact information

Items	Board secretary	Securities affairs representative
Name	Shi Guanqun	曾淑颖 (Zeng Shuying)
Contact address	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang, P.R.China	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang, P.R.China
Tel.	+86 575 86017157	+86 575 86017157
Fax	+86 575 86125377	+86 575 86125377
E-mail address	sgq@cnhu.com	002001@cnhu.com

III. Other Information

1. Company's Contact Information

Whether the Company's registered address, office address, zip code, website and e-mail address has changed during the reporting period

Applicable Not applicable

The Company's registered address, office address, zip code, website and e-mail address have not changed during the reporting period, which can be found in the 2022 Annual Report.

2. Information Disclosure and Location

Whether information disclosure and location has changed during the reporting period

Applicable Not applicable

The name of the Company's selected information disclosure newspaper, the URL of the website designated by the CSRC where the semi-annual report is posted, and the place where the Company's semi-annual report is available have not changed during the reporting period, which can be found in the 2022 Annual Report.

3. Other relevant Information

Whether other relevant information has changed during the reporting period

Applicable Not applicable

IV. Key accounting data and financial indicators

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

√ Yes □ No

Reason for retroactive adjustment or restatement

Accounting policy changes and other reasons

Items	The Current Reporting Period	The Same Period of the Previous Year		Increase/ Decrease at the end of the current reporting period compared with the same period of the previous year
		Before adjustment	After adjustment[Note]	After adjustment
Operating revenue (yuan)	7,418,514,576.09	8,215,039,277.03	8,215,039,277.03	-9.70%
Net profit attributable to shareholders of listed company (yuan)	1,483,229,236.96	2,213,877,419.25	2,213,882,215.02	-33.00%
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (yuan)	1,375,218,885.82	2,094,055,949.62	2,094,060,745.39	-34.33%
Net cash flows from operating activities (yuan)	1,235,562,621.93	1,242,456,738.20	1,242,456,738.20	-0.55%
Basic EPS (yuan/share)	0.48	0.72	0.72	-33.33%
Diluted EPS (yuan/share)	0.48	0.72	0.72	-33.33%
Weighted average ROE	6.09%	9.55%	9.55%	Decreased by 3.46 percentage points
Items	Jun. 30, 2023	Dec. 31, 2022		Increase/Decrease at the end of the current reporting period compared with the end of the previous year
		Before adjustment	After adjustment[Note]	After adjustment
Total assets (yuan)	37,975,841,342.92	38,267,625,155.83	38,268,063,792.50	-0.76%
Net assets attributable to shareholders of listed company (yuan)	23,568,679,385.68	23,574,859,468.61	23,574,879,326.24	-0.03%

Reasons for changes in accounting policies and correction of accounting errors

[Note] On November 30, 2022, the Ministry of Finance ("MOF") issued and implemented ASBE Interpretation No. 16, "Accounting for Deferred Taxes on Assets and Liabilities Arising from Individual Transactions that are not Subject to the Initial Recognition Exemption," which became effective on January 1, 2023. If taxable temporary differences and deductible temporary differences arise from lease liabilities and right-of-use assets recognized as a result of a single transaction to which this provision applies, as well as projected liabilities related to abandonment obligations and related assets recognized at the beginning of the earliest period in which the financial statements of the first-time implementation of this provision are presented, the Company will recognize taxable temporary differences and deductible temporary differences in accordance with the provisions of this provision and Accounting Standard No. 18 - "Income Taxes". -Income Taxes, the Company adjusts the cumulative effect to opening retained earnings and other related financial statement items in the earliest period for which the financial statements are presented.

V. Differences in accounting data under Chinese accounting standards and overseas accounting standards

1. Difference in net profit and net assets in financial statements disclosed respectively under IFRS Standards and Chinese accounting standards

Applicable Not Applicable

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

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

Applicable Not Applicable

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

VI. Non-recurring profit or loss

Applicable Not Applicable

Unit: RMB Yuan

Items	Amount
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	13,545,778.16
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	101,321,678.10
Gains or losses on assets consigned to the third party for investment or management	8,894,052.73
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-11,268,469.70
Other non-operating revenue or expenditures	3,483,386.54
Less: Enterprise income tax affected	7,791,955.64
Non-controlling interest affected (after tax)	174,119.05
Total	108,010,351.14

Remarks on other profit or loss satisfying the definition of non-recurring profit or loss:

Applicable Not Applicable

The Company has no other profit or loss satisfying the definition of non-recurring profit or loss.

Remarks on defining non-recurring profit or loss listed in the “*Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss*” as recurring profit or loss.

Applicable Not Applicable

The Company has no situation of defining non-recurring profit or loss listed in the “*Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss*” as recurring profit or loss.

Section III Management Discussion and Analysis

I. The main business of the Company during the reporting period

The Company is a national high-tech company mainly engaged in the production and sales of nutrition, flavor and fragrance, new polymer materials, and APIs. It focuses on fine chemicals, adheres to the concept of innovation-led development and competition-driven growth, and continuously develops various functional chemicals based on the two core platforms of chemical and biology, providing value-added services and solutions to customers in more than 100 countries and regions around the world. It continuously improves the quality of human life with high-quality, healthy and green products, and creates sustainable value for stakeholders. With leading technology, scientific management and sincere service, the Company has become one of the four major world vitamin manufacturers, one of the top 100 national fine chemical companies, one of the top 10 companies in China's light of industry fragrance and a well-known special engineering plastics manufacturer.

1. Main products and applications

Nutrition: The current products mainly cover vitamins, amino acids and pigments, etc. Specific products include vitamin E, vitamin A, vitamin C, methionine, vitamin D3, biotin, coenzyme Q10, carotenoids, vitamin B5, vitamin B6, vitamin B12, etc. They are mainly used in feed additives and nutrition supplements of food, beverages, health food, etc. The Company actively implements the serialized and differentiated development of nutrition, and continuously improves the competitiveness of its products by optimizing the processing line and tackling key issues. In addition, through internal integration and external cooperation, it embraces the ideology of open cooperation. It actively deploys cutting-edge biotechnology, and builds the Company's "Bio+" platform.

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

New polymer materials: The Company focuses on the development of high molecular polymers and key intermediates, and appropriately develops downstream applications of materials according to the principles of integration and serialization. The entire industry chain of PPS from raw materials to high molecular polymers, then through modifying processing to special fibers has enabled the Company as the only company in China that can stably produce fiber grade, injection molding grade, extrusion grade and coating grade PPS. The main products include PPS and PPA. They are mainly used in electronic and electrical, automotive, environmental protection, etc.

APIs: The main products are concentrated in the series of vitamins and antibiotics. The main products include moxifloxacin hydrochloride, vitamin A, vitamin D3, caronic anhydride, azabicyclic, etc., which are mainly used as active pharmaceutical ingredients for processing and producing pharmaceutical preparations.

2. Main business models

(1) Procurement model

The Company has always been adhering to the procurement principle of “fairness, transparency and optimal cost”, and adopts a combination of long-term strategic cooperation and open competitive procurement, and makes best use of market trend analysis, to ensure the stable supply of the Company’s strategic materials. The Company pays attention to source procurement, and continuously promotes the removal of intermediate links in the supply chain to reduce procurement costs; the Company implements transparent procurement, and launches information systems such as procurement platform, supplier and bidding management system, and industrial supplies supermarket, etc. to make the procurement process more transparent, standardized and efficient, which promotes the healthy development of the supply chain and reduces costs and increases efficiency for the Company’s operations.

(2) Production model

The Company has always been adhering to the production strategy based on the principle of “production and sales coordination, efficient operation, excellent quality, and cost leadership”. The Company arranges production plans properly based on changes in market demand to achieve a balance between production and sales. In addition, the Company keeps innovating the production model, digging out internal potentials, and optimizing the production process, reducing energy consumption, in order to promote safe, green, standardized and efficient production, and continuously improve the competitiveness of its products.

(3) Sales model

The Company has always been adhering to the “customer-centric, market-oriented” sales strategy. It divides business lines by product application fields, and establishes a sales model that suits market needs according to market characteristics and industry practices. Most of the Company’s sales are achieved through direct sales. By doing so, it establishes long-term and stable strategic cooperative relationships with end customers to create greater value for them. Meanwhile, it also selects excellent agents or distributors for distribution. By doing so, it services customers indirectly based on market and customer features. At the same time, through measures such as holding customer service months, strengthening customer strategic cooperation, establishing customer evaluation models, and optimizing customer classification management, we will continue to expand market areas, increase new large-scale customers, and enhance brand influence.

3. Key performance drivers

The Company has built four modern industrial bases across the country. It adheres to the development strategy of integration, serialization and synergy, and insists on innovation-driven. Relying on the solid foundation of fine chemical industry, it focuses on “chemical+” and “biology+” to form NHU featured R&D models with industrial clusters, and technology and industry platforms interdependent. Not only can its products connect basic chemical raw materials in the upstream, but also extend to special intermediates, nutrition, flavor and fragrance, new polymer materials, and APIs in the downstream. It has formed a product network structure to resist risks and respond to market emergencies.

During the reporting period, the company's original products were refined and the construction of new projects, the R&D of new products were carried out in an orderly manner. In the nutrition sector, the Company’s second phase of methionine 250,000 ton/year project, of which 100,000-ton equipment was operating smoothly, with comprehensive competition continuously improved. And of which 150,000-ton equipment was constructed in June 2023 for test preparation. The company and China Petroleum & Chemical Corporation planned to jointly build a 180,000-ton/year liquid methionine (purified) project, the production plant was under construction. 30,000 tons/year NH-acid project was under test run by

schedule. 2,500 ton/year vitamin B5 project was in production and sales. In the Flavor and fragrance sector, the project with an annual output of 5,000 tons of menthol was in production and sales. In the new polymer materials sector, the commissioning of the phase III PPS project with an annual output of 7,000 tons was in production and sales; The adiponitrile project was in the pilot test stage, and the project approval process was advancing in an orderly manner. In the API sector, the company will upgrade product structures according to market demand, gradually developing into manufacturers of antipyretic and analgesic medicine, nutritional medicine, and characteristic API intermediates.

During the reporting period, with of market changes in major vitamin products, the company actively took countermeasures, innovated marketing strategies and management to improve product sales. The company overcame various adverse factors, promoted the sales of newly launched projects, gave full play to the advantages of sector linkage, and achieved steady growth in revenue of flavor and fragrance sector and new polymer materials sector.

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

II. Core competitiveness analysis

Since its establishment, the Company has focused on fine chemicals, and adhered to innovation-driven development. Through decades of development, it has gradually formed an industrial system with nutrition, flavor and fragrance, new polymer materials and APIs as its main business. The market share of its main products is among the top tier in the world market. The Company's core competitiveness lies in its cooperate culture, R&D, production management, process and equipment, talent and brand.

1. Corporate culture

Adhering to the enterprise objective of "creating wealth, employee success, and benefit the society", core values of "new, harmony, union", business philosophy of "create wealth, balanced and sustainable", and enterprise spirit of "realism, innovation, high-quality and efficiency", the Company innovates its operation, and continuously improves management, to ensure the steady development. Under the guidance of the "teacher culture", the Company pursues high-quality and sustainable development, creates spiritual wealth and material wealth, provides a platform and opportunity for employees to develop and realize life value, and contributes to social innovation development, green development and shared development. During the reporting period, the Company deepened cultural publicity and implementation, organized corporate culture lectures, strengthened the integration of corporate culture and management, carried out reflection activities on execution and talent training, and promoted the improvement of management capabilities.

2. R&D

Adhering to the R&D philosophy of "demand-orientated, internal integration and external cooperation", the Company invested greatly in R&D activities. The R&D investments accounted for more than 5% of the operating revenue for many years in a row. It has built the innovative R&D system spanning from basic research, engineering development, process optimization to product application development. With its focus on the development of common, critical and forward-looking technologies in the chemicals industry, the Company has developed and mastered a number of key technologies that have a strategic impact on economic development and has promoted the transformation and upgrading of the industry. The Company cooperates closely with famous research institutes and universities at home and abroad, such as Zhejiang University, Chinese Academy of Sciences, Jiangnan University, China Agricultural University, Zhejiang University of Technology, CysBio biotechnology company of Denmark, and organizes and utilizes global basic scientific research resources to jointly develop forward-looking studies and application field researches on chemicals. As the core of the Company's technology innovation, the Company's researchinstitute has biomedical laboratories, supercritical reaction laboratories, engineering equipment research centers and other laboratories, equipped with 600M NMR with cryoprobes and other world-leading scientific research instruments and equipment. Its achievements of domestic leading technologies such as supercritical reaction, high vacuum distillation, and continuous reaction have made it a nationally recognized enterprise technology center, national post-doctoral

scientific research workstation, and national model academician and expert workstation.

3. Production management

The Company has always been adhering to the production strategy based on the principle of “production and sales coordination, efficient operation, excellent quality, and cost leadership” and the HSE guideline of “safety first, green development, full participation, and continuous improvement”. The Company takes planning as the goal, cost management as the main line, and maximizing company benefits as the principle for the allocation of resources. Through oriented management and the cyclic operation of planning, organization, implementation and control of the operation process, the Company continuously strengthens the level of cost control. Meanwhile, it also improves the level of digitalization and intelligence. Through process reform, efficient management and intelligent operation, it promotes the continuous improvement of management efficiency. In addition, the Company is committed to the development of green chemicals, vigorously promotes clean production, recyclable economy and 7S on-site management, and adopts an environmental governance model that focuses on source control and final disposal. It is determined to take the road of sustainable development.

4. Process and equipment

The Company values highly the effective combination of process and equipment. It has a process and equipment research institute, and cooperates with famous engineering companies and scientific research institutes at home and abroad. Through the introduction, digestion, absorption and re-innovation of advanced technologies, the Company improves the overall level of its process and equipment. The Company is dedicated to the R&D of process and equipment towards larger scale, better airtightness, greater continuity, and higher level of automation, aiming to save energy and reduce emissions, to improve productivity and product quality, to increase the intrinsic safety of production process, to lower production costs, and to improve the level of automation. Currently, the Company has developed various efficient reaction and separation platforms including continuous reaction, high vacuum distillation, continuous extraction, continuous crystallization, efficient filtration, simulated moving bed separation, microchannel and micro-interface reaction with respect to specific processes, and remarkable results have been achieved in continuous transformation of reaction, vapor-liquid-solid heterogeneous reaction, and separation of air sensitive and heat sensitive materials through continuous improvement of large-size equipment.

5. Talent

The Company has always been adhering to the management concept of “standardization and efficiency” and the employment concept of “valuing both integrity and talent, and matching people with right positions”, and has created a pioneering, innovative, pragmatic and efficient talent team and a long-term, stable and excellent management team with a high sense of responsibility, which promotes the Company’s sustained, healthy and rapid development. The Company continues to strengthen the construction of the talent supply chain. It continuously improves the talent training system, strengthens the training of “management talents, skilled talents, international talents, core technical talents, and leadership talents”, systematically cultivates and reserves university graduates, introduces various professionals, and continues to promote the training and reserve of senior talents. It also promotes the rotation training in zigzag and cross-sequence pattern, in order to promote the integration of management and profession, and to build a team with a balanced talent structure. During the reporting period, the company was awarded the Xinchang "High quality development demonstration award, valuing talents and loving talents award".

6. Brand

The Company follows the “integrity first” guideline, and has always regarded serving customers and creating industry value with customers as the goal of the Company. Through technological innovation, the Company continuously provides customers with safe and high-quality products, as well as efficient and satisfactory services. After years of development and accumulation, the company has won many honors in the global fine chemical industry, such as one of the top ten feed additive brands in China and one of the la

rganic vitamin feed additive enterprises in China, and has been ranked among the top 500 petroleum and chemical enterprises (comprehensive category) and the top 100 enterprises in China's basic chemical raw material manufacturing industry. In addition, the company has won many awards such as "Top 30 Best Internal Control in Zhejiang Province", "Best Investor Relations Award" and "Best Board of Directors Award" of listed companies in mainstream media, which are widely favored by the market and investors. During the reporting period, the company was rated as one of the "Excellent Member Unit of China Brand Construction Promotion Association", and "Capital Brand High Value Enterprise in Zhejiang Province of 2022", "Top 100 Private Enterprises in Shaoxing City of 2023".

III. Main Business Analysis

Overview

Refer to "I. The Main Business of the Company during the Reporting Period"

Year-on-year changes in key financial data

Unit: RMB Yuan

Item	The Current Reporting Period	The Same Period of the Previous Year	YoY growth rate	Reasons for Changes
Operating revenue	7,418,514,576.09	8,215,039,277.03	-9.70%	This was mainly due to the impact of market fluctuations in the nutritional products segment on selling prices during the reporting period.
Operating Cost	4,989,533,832.95	4,945,122,803.39	0.90%	This was mainly due to the increase in sales of major products during the reporting period.
Sales Expenses	66,941,370.80	57,277,897.48	16.87%	This was mainly due to the increase in salaries and expenses of sales staff during the reporting period.
Administration Expenses	244,646,451.17	212,284,822.41	15.24%	This was mainly due to the increase in personnel remuneration during the reporting period.
Financial Expenses	-37,162,425.39	22,231,053.96	-267.16%	This was mainly due to exchange gains arising from exchange rate fluctuations during the reporting period.
R&D Expense	416,575,391.59	440,357,252.64	-5.40%	This was mainly due to the decrease in R&D related commissioning costs and other expenses during the reporting period.
Income Tax Expense	251,283,197.83	400,095,127.85	-37.19%	This was mainly due to the decrease in total profit as a result of the decrease in revenue during the reporting period.
Net Cash Flows from Operating Activities	1,235,562,621.93	1,242,456,738.20	-0.55%	This was mainly due to the decrease in purchases of raw materials during the reporting period.
Net Cash Flows from Investing Activities	-2,089,507,038.68	-1,073,929,985.26	-94.57%	This was mainly due to the increase in investment in projects under construction during the reporting period.
Net Cash Flows from Financing Activities	-865,319,516.45	574,156,254.26	-250.71%	This was mainly due to the repayment of borrowings during the

Item	The Current Reporting Period	The Same Period of the Previous Year	YoY growth rate	Reasons for Changes
				reporting period.
Net Increase in Cash and Cash Equivalents	-1,643,950,329.76	737,171,030.93	-323.01%	This was mainly due to the increase in investment and repayment of borrowings during the reporting period.

Significant changes in the composition of the Company's profit or sources of profit during the reporting period

Applicable Not applicable

No significant changes in the composition of the Company's profit or sources of profit during the reporting period.

Operating Income Structure

Unit: RMB Yuan

Items	The Current Reporting Period		The Same Period of the Previous Year		YoY growth rate
	Amount	% to total	Amount	% to total	
Total	7,418,514,576.09	100%	8,215,039,277.03	100%	-9.70%
By industry					
Pharmaceutical chemicals	6,771,211,341.41	91.27%	7,585,238,197.37	92.33%	-10.73%
Others	647,303,234.68	8.73%	629,801,079.66	7.67%	2.78%
By product					
Nutrition	4,830,212,886.75	65.10%	5,768,862,111.12	70.22%	-16.27%
Flavor and fragrance	1,631,864,728.45	22.00%	1,522,994,415.83	18.54%	7.15%
New polymer materials	578,308,624.04	7.80%	552,514,423.91	6.73%	4.67%
Others	378,128,336.85	5.10%	370,668,326.17	4.51%	2.01%
By region					
Domestic sales	3,557,426,385.63	47.95%	4,064,052,343.93	49.47%	-12.47%
Overseas sales	3,861,088,190.46	52.05%	4,150,986,933.10	50.53%	-6.98%
By sales model					
Direct sales	5,896,114,550.44	79.48%	6,536,368,733.62	79.57%	-9.80%
Agent sales	1,522,400,025.65	20.52%	1,678,670,543.41	20.43%	-9.31%

Industry, product, or regions accounting for more than 10% of the Company's operating revenue or profit

Applicable Not applicable

Unit: RMB Yuan

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
By industry						
Pharmaceutical chemicals	6,771,211,341.41	4,533,447,871.52	33.05%	-10.73%	2.20%	Decreased by 8.47 percentage points
By product						
Nutrition	4,830,212,886.75	3,435,180,782.01	28.88%	-16.27%	0.14%	Decreased by 11.65 percentage points
Flavor and fragrance	1,631,864,728.45	791,798,134.03	51.48%	7.15%	3.62%	Increased by 1.65 percentage

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
						points
By region						
Domestic sales	3,557,426,385.63	2,603,164,077.10	26.82%	-12.47%	-4.97%	Decreased by 5.78percentage points
Overseas sales	3,861,088,190.46	2,386,369,755.85	38.19%	-6.98%	8.18%	Decreased by 8.67 percentage points

When the statistical caliber of the Company's main business data is adjusted in the reporting period, the Company's main business data in the most recent period should be subject to the one after the statistical caliber adjusted at the end of the reporting period.

Applicable Not applicable

IV. Non-main business analysis

Applicable Not Applicable

Unit: RMB Yuan

Items	Amount	% to total profit before tax	Reason for balance	Whether has continuity
Investment income	43,899,900.63	2.51%	This was mainly attributable to gains from financial products and profits realized by associates during the reporting period.	No
Gains on changes in fair value	-11,268,469.70	-0.64%	Mainly as a result of changes in the fair value of forward settlements during the reporting period.	No
Credit impairment loss (Losses are shown with a "-" sign)	6,389,579.21	0.37%	This is mainly due to the loss arising from the provision for credit impairment of accounts receivables.	No
Impairment losses on assets (Losses are shown with a "-" sign)	-81,296,758.10	-4.65%	This is mainly due to losses arising from the provision for impairment of various assets.	No
Gains on asset disposal	13,545,778.16	0.78%	This was mainly attributable to the increase in revenue from the recovery of land by the government during the reporting period.	No
Non-operating revenue	3,576,842.57	0.20%	This is mainly due to income from claims.	No
Non-operating expenditures	1,619,001.38	0.09%	This was mainly due to losses on assets scrapped during the reporting period.	No
Other income	102,847,223.45	5.88%	This was mainly due to government grants received during the reporting period.	No

V. Assets and liabilities analysis

1. Significant changes in asset composition

Unit: RMB Yuan

Items	Jun. 30, 2023	Dec. 31, 2022	Percentage of	Remarks
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	% to total	Amount	% to total	% to total	change	on significant changes
Cash and bank balances	3,654,734,123.88	9.62%	5,343,851,967.72	13.96%	Decreased by 4.34 percentage points	
Accounts receivable	2,428,700,767.98	6.40%	2,476,269,041.23	6.47%	Decreased by 0.07 percentage points	
Inventories	4,578,585,468.62	12.06%	4,144,557,702.39	10.83%	Increased by 1.23 percentage points	
Long-term equity investments	703,117,491.00	1.85%	432,503,568.48	1.13%	Increased by 0.72 percentage points	
Fixed assets	17,819,362,500.06	46.92%	16,523,867,858.53	43.18%	Increased by 3.74 percentage points	
Construction in progress	4,927,272,645.25	12.97%	5,089,233,908.22	13.30%	Decreased by 0.33 percentage points	
Right-of-use assets	7,781,963.62	0.02%	2,830,136.37	0.01%	Increased by 0.01 percentage points	
Short-term borrowings	1,609,254,229.16	4.24%	1,846,373,441.01	4.82%	Decreased by 0.58 percentage points	
Contract liabilities	63,559,211.75	0.17%	60,660,929.75	0.16%	Increased by 0.01 percentage points	
Long-term borrowings	6,512,116,382.12	17.15%	5,273,637,508.87	13.78%	Increased by 3.37 percentage points	
Lease liabilities	7,865,412.13	0.02%	2,822,404.07	0.01%	Increased by 0.01 percentage points	

2. Major overseas assets

Applicable Not applicable

3. Assets and liabilities at fair value

Applicable Not Applicable

Unit: RMB Yuan

Items	Opening balance	Gains on changes in fair value	Accumulated changes in fair value included in equity	Provision for impairment made in the current period	Amount purchased during the reporting period	Amount sold during the reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (derivative financial assets excluded)	720,000,000.00				250,000,000.00	720,000,000.00		250,000,000.00
2. Derivative financial assets	314,576.43	-314,576.43						
Subtotal of financial assets	720,314,576.43	-314,576.43			250,000,000.00	720,000,000.00		250,000,000.00
Total	720,314,576.43	-314,576.43			250,000,000.00	720,000,000.00		250,000,000.00
Financial liabilities	0.00	12,909,447.29						12,909,447.29

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

Yes No

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

(1) Closing of cash and bank balances included deposits of 146,842,521.78 yuan pledged and not on demand for payments, which was with use restrictions.

(2) Closing balance of receivables financing included 84,532,028.12 yuan pledged for bank acceptance and not on demand for payments, which was with use restrictions.

(3) Closing balance of notes receivable included 155,053,622.64 yuan pledged for bank acceptance and not on demand for payment, which was with use restrictions.

(4) Closing carrying amount of fixed assets included 97,437,448.95 yuan mortgaged to the bank for borrowings, which was with use restrictions.

(5) Closing carrying amount of intangible assets included 18,579,010.61 yuan mortgaged to the bank for borrowings, which was with use restrictions.

VI. Investment status analysis**1. Overall information**

Applicable Not Applicable

Investments during the reporting period (yuan)	Investments of the preceding period (yuan)	Percentage of change
2,011,618,396.22	1,832,296,131.71	9.79%

2. Significant equity investments made during the reporting period

Applicable Not Applicable

3. Significant non-equity investments in progress during the reporting period

Applicable Not Applicable

4. Investments in financial assets**(1) investments in securities**

Applicable Not Applicable

There is no investment in securities during the reporting period.

(2) Investments in derivatives

Applicable Not Applicable

1) Derivative investments for hedging purposes during the reporting period

Applicable Not Applicable

Unit: RMB 0,000Yuan

Types of Derivatives Investments	Initial Investment Amount	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity	Amount purchased during the reporting period	Amount sold during the reporting period	End of period amount	Investment amount at the end of the period as a percentage of the company's net assets at the end of the reporting period
Forward contracts	35,506.29	-1,126.85	0	116,359.98	83,911.32	67,954.95	2.88%
Total	35,506.29	-1,126.85	0	116,359.98	83,911.32	67,954.95	2.88%
Description of the accounting policies and specific principles of accounting for hedging operations during the reporting period, and whether there have been any significant changes compared to the previous reporting period	The Company accounts for the hedging business conducted in accordance with the relevant provisions of <i>the Ministry of Finance's Accounting Standard for Business Enterprises (ASBE) No. 22 - Recognition and Measurement of Financial Instruments, ASBE No. 24 - Accounting for Hedges, ASBE No. 23 - Transfer of Financial Assets, ASBE No. 37 - Presentation of Financial Instruments and its guidelines</i> . There were no significant changes in accounting policies and specific principles of accounting from the previous reporting period.						
Description of actual profit or loss for the reporting period	In order to reduce the impact of exchange rate fluctuations on the Company's operating results, the Company carried out foreign exchange hedging business in accordance with a certain percentage of its export business, with business varieties mainly including forward exchange settlement and other foreign exchange derivative products, all of which were within the expected scale of sales business, and the actual gain on derivatives at the end of the reporting period was 1.93 million yuan.						
Description of the hedging effect	The Company carries out foreign exchange hedging business based on the principle of exchange rate risk neutrality. By carrying out foreign exchange hedging business, the Company reduces the impact of exchange rate fluctuation on the Company's operation and effectively controls the operation risk.						
Derivatives Investment Funding	Self-funded.						
Risk analysis and description of control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	In order to prevent exchange rate risk, the Company and its subsidiaries have carried out derivative business and the Company and its subsidiaries have strictly implemented the <i>Foreign Exchange Hedging Business Management Regulations</i> ."						
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	The fair value fluctuation loss on invested derivatives at the beginning of the reporting period was 66.32 million Yuan, and the fair value fluctuation loss on derivatives at the end of the reporting period was 11.27 million Yuan. Changes in fair value are determined at the end of each month based on quoted market prices from external financial institutions.						
Litigation involved (if applicable)	None						
Date of disclosure of board announcement for approval of derivative investments (if any)	April 21, 2023						
Derivatives Investment Approval Shareholders' Meeting Announcement Disclosure Date (if any)	Not Applicable						
Special opinion of independent directors on the company's derivatives investment and risk control	The Company has formulated the <i>Management Measures for Foreign Exchange Hedging Business</i> ," which sets out specific operational procedures for the conduct of foreign exchange hedging business by strengthening internal control, implementing risk prevention measures and improving the level of operation and management. The Company has analyzed the feasibility of its foreign exchange hedging business, and in general, it is practicable for it to carry out foreign exchange hedging, which can						

	effectively reduce the risk of exchange rate fluctuation and is conducive to stabilizing the profit level. The content and deliberation procedures of the matter are in compliance with relevant laws, regulations, standardized documents and the Articles of Association of the Company, and do not constitute any damage to the interests of the Company and other shareholders. We unanimously agree that the Company carries out foreign exchange hedging business this time.
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2) Investments in derivatives for speculative purposes during the reporting period

Applicable Not Applicable

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

5. Use of raised funds

Applicable Not Applicable

(1) Overall use of raised funds

Applicable Not Applicable

Unit: RMB 0,000Yuan

Year of fund-raising	Way of fund-raising	Total amount raised	Amount used in the current period	Accumulated amount of raised funds used	Total raised funds with changes in uses during the reporting period	Accumulated amount of raised funds with changes in uses during the reporting period	Proportion of raised funds with changes in uses to total raised funds	Total raised funds not yet used	Purposes of raised funds not yet used and the whereabouts	Raised funds being idle for over two years
Year 2017	Private placement of shares	486,707.55	104,143.81	481,963.60	0	0	0.00%	4,743.95	Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits	0
Total	--	486,707.55	104,143.81	481,963.60	0	0	0.00%	4,743.95	--	0

Remarks on overall use of raised funds

The Company's raised funds used in previous years amounted to 3,778.20 million yuan, the net amount of interest on cash in bank received in previous years less handling charges amounted to 88.12 million yuan, gains on financial products and structured deposits received in previous years amounted to 630.82 million yuan, and the net expenditure on financial products and structured deposits purchased in previous years amounted to 720.00 million yuan; the raised funds actually used in the first half of 2023 amounted to 1,041.44 million yuan, the net amount of interest on cash in bank received in the first half of 2023 less handling charges amounted to 12.77 million yuan, gains on financial products and structured deposits received in the first half of 2023 amounted to 9.43 million yuan, and the net recovery from financial products and structured deposits purchased in the first half of 2023 amounted to 470.00 million yuan; the accumulated amount of the raised funds used amounted to 4,819.64 million yuan, the accumulated net amount of interest on cash in bank received less handling charges amounted to 100.89 million yuan, the accumulated amount of gains on financial products and structured deposits received amounted to 640.25 million yuan, and net expenditure on financial products and structured deposits purchased amounted to 250.00 million yuan. As of June 30, 2023, the balance of the raised funds amounted to 788.58 million yuan (including bank financial products and structured deposits, the net amount of interest on cash in bank less handling charges and bank financial products income).

(2) Committed projects with raised funds

√ Applicable □ Not Applicable

Unit: RMB 0,000Yuan

Committed investment projects and over-raised funds whereabouts	Whether changed (including partial changed)	Total committed investment in raised funds	Total amount after adjustment (1)	Input during the reporting period	Accumulated input as of the period end (2)	Investment progress as of the period end (3)=(2)/(1)	Date of reaching designed usable conditions	Benefit realized in the reporting period	Whether the expected benefit is reached	Whether there was significant changes in feasibility of the project
Committed investment projects										
Methionine project with annual output of 0.25 million tons	No	486,707.55	486,707.55	104,143.81	481,963.60	99.03%	Partially reached the designed usable conditions	30,014.97	Yes	No
Subtotal	--	486,707.55	486,707.55	104,143.81	481,963.60	--	--	30,014.97	--	--
Over-raised funds whereabouts										
No		0	0	0	0	0.00%		0		
Total	--	486,707.55	486,707.55	104,143.81	481,963.60	--	--	30,014.97	--	--
Conditions of and reasons for not meeting the planned schedule or estimated revenue (by specific project)			Pursuant to the results deliberated and approved by the eighth meeting of the eighth session of Board of Directors and the seventh meeting of the eighth session of the Board of Supervisors dated October 27, 2021, the Company intended to adjust the date when the methionine project with annual output of 0.25 million tons reaches the designed usable conditions from the originally planned December 2021 to June 2023, with other contents remaining unchanged. Main reasons: Due to the impact of the macro economy, the construction progress of the project's infrastructure has been delayed, the procurement and delivery time of some equipment and materials has been extended, the installation and commissioning of equipment has been delayed, and the overall progress of the investment projects with raised funds has slowed down, which jointly resulted in the postponement of delivery of the projects. Currently, the 100,000-ton production line of the project has been completed and is in normal operation, and the 150,000-ton production line has been mostly completed.							
Remarks on significant changes in feasibility of projects			None.							
Amount, purposes and progress of use of over-raised funds			Not Applicable							
Changes in implementation locations of investment projects with raised funds			Not Applicable							
Adjustment on the implementation method of investment projects with raised funds			Not Applicable							
Preliminary investment and replacement of investment projects with raised funds			Applicable Preliminary investment amounted to 36.06 million yuan, and the replacement of raised funds is completed.							
Temporary replenishment of working capital with idle raised funds			Not Applicable							
Amount of and reasons for the balance of raised funds in the implementation of projects			Not Applicable							
Uses and whereabouts of unused raised funds			Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits							
Problems or other situations in the use and disclosure of raised funds			None.							

(3) Change of projects with raised funds

□ Applicable √ Not Applicable

There is no change of projects with raised funds during the reporting period.

VII. Sale of major assets and equities**1. Sale of major assets**

□ Applicable √ Not Applicable

There is no sale of major assets during the reporting period.

2. Significant sale of equities

Applicable Not Applicable

VIII. Major entities controlled or invested by the Company

Applicable Not Applicable

Major subsidiaries and investees with influence on net profit of the Company over 10% (inclusive)

Unit: RMB Yuan

Entities	Categories	Major businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
山东新和成维生素有限公司(Shandong NHU Vitamins Co., Ltd.*)	Subsidiary	Production and sales of feed additives	500 million yuan	3,335,588,346.89	2,791,077,435.54	1,089,356,966.73	478,445,768.23	413,858,745.54
山东新和成药业有限公司(Shandong NHU Pharmaceutical Co., Ltd.*)	Subsidiary	Production and sales of fragrances	590 million yuan	3,538,287,980.85	2,652,260,779.71	1,917,145,242.32	697,181,837.47	595,187,075.67
山东新和成氨基酸有限公司(Shandong NHU Amino-acids Co., Ltd.*)	Subsidiary	Production and sales of methionine	1,100 million yuan	9,305,318,564.14	8,295,853,645.28	1,758,421,533.32	514,388,570.12	452,688,771.27

Details of acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

IX. Structured entities controlled by the Company

Applicable Not Applicable

X. Risks and countermeasures**1. Macroeconomic risks**

The global economy is facing numerous uncertainties due to international trade frictions and possible intensification of geopolitical conflicts. In order to promote the Company's sound development, the Company will strengthen international cooperation, expand market development and establish a diversified innovation chain, supply chain and customer base to actively cope with the impact.

2. Industry and market competition risks

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

* The English names are for identification purpose only.

3. Risks of raw material price fluctuation

As cost of raw materials accounts for a relatively high proportion of the total cost, the price fluctuations caused by the supply-demand imbalance of raw material will have an impact on the Company's profit. In the future, the Company will reduce the adverse impact of raw material price fluctuations through market research and judgment, establishing strategic partnership with suppliers, and improving the utilization rate of raw materials.

4. Exchange rate and trade risks

The Company's sales revenue and profitability will be affected by trade barriers and exchange rate fluctuations caused by the trade friction between China and US and the international political and economic instability. In the future, the Company will take targeted measures to tackle changes in the international market, cement its position in the international market and explore new economic growth points, so as to achieve steady growth in business performance.

5. Risks of changes in environmental protection policies

With the increased social awareness of environmental protection, the promotion of the ecological civilization construction of the CPC Central Committee, and the strategic goal of "carbon emission peak and carbon neutrality", the requirements for energy conservation, emission reduction, safety and environmental protection in the chemical and pharmaceutical manufacturing industry in which the Company operates are stricter than before. The Company will operate with higher standards and explore more environmentally friendly ways of production to achieve sustainable development.

Section IV Corporate Governance

I. Annual general meeting and extraordinary general meetings held during the reporting period

1. General meeting of shareholders

Session	Type of meetings	Proportion of participating investors	Meeting date	Disclosure date	Resolutions
General meeting of shareholders of 2022	Annual general meeting of shareholders	53.46%	May 19, 2023	May 20, 2023	9 proposals including the <i>Annual Work Report of the Board of Directors of 2022</i> were deliberated and approved. Please refer to Announcement No. 2023-025 disclosed on http://www.cninfo.com.cn for details.
The first extraordinary meeting of shareholders of 2023	Extraordinary general meeting of shareholders	55.77%	June 26, 2023	June 27, 2023	2 proposals including <i>forth phase of employee stock ownership plan (draft) and its abstract</i> were deliberated and approved. Please refer to Announcement No. 2023-032 disclosed on http://www.cninfo.com.cn for details.

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

Applicable Not applicable

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

The Company's directors, supervisors and senior executives remains unchanged during the current reporting period, please refer to the 2022 Annual Report for details.

III. Profit distribution and conversion of capital reserve into share capital

Applicable Not applicable

The Company will not distribute cash dividend, distribute bonus shares, or distribute shares from capital reserve during the current reporting period.

IV. Implementation of equity incentive plans, employee stock ownership plans or other employee incentive programs

Applicable Not applicable

1. Equity incentive

Not applicable.

2. Implementation of employee stock ownership plans

√ Applicable □ Not applicable

All active employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total shares held	Changes	Proportion to total share capital of the Company	Sources of fund to implement the plan
The third phase of employee stock ownership plan: directors, supervisors, senior executives of the Company, and regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	681	12,157,826	N/A	0.39%	Legal remuneration of the employees, self-raised funds and other methods permitted by laws and administrative regulations
The fourth phase of employee stock ownership plan: directors, supervisors, senior executives of the Company, and regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	627	0	N/A	0.00%	Legal remuneration of the employees, self-raised funds and other methods permitted by laws and administrative regulations

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to total share capital of the Company
The third phase of employee stock ownership plan: Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Baijin, Shi Fangbin, Lyu Guofeng, Yu Hongwei, Yan Hongyue, Chen Zhaofeng, Zheng Gentu	Directors, supervisors and senior executives	1,601,317	1,601,317	0.05%
The fourth phase of employee stock ownership plan: Hu Baifan, Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Shi Fangbin, Lyu Guofeng, Yu Hongwei, Yan Hongyue, Chen Zhaofeng	Directors, supervisors and senior executives	0	0	0.00%

Changes in asset management agency during the reporting period

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Exercise of shareholders' rights during the reporting period

Pursuant to the *Third Phase of Employee Stock Ownership Plan (Draft)* and the *Forth Phase of Employee Stock Ownership Plan (Draft)*, such plan voluntarily waives the voting rights of holding shares in the general meeting of the Company, while shares acquired through the employee stock ownership plan carry no voting rights in the general meeting. During the reporting period, the employee stock ownership plan did not exercise the voting rights of holding shares in the general meeting, but still enjoyed the right to profit distribution.

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

Applicable Not applicable

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

Applicable Not applicable

(1) The management committee of the the third phase of employee stock ownership plan remains unchanged.

(2) The management committee of the the forth phase of employee stock ownership plan: pursuant to the first meeting of holders of the forth phase of employee stock ownership plan in manner of voting by correspondence dated June 20, 2023, the proposal on *Election of Members of the Management Committee for the Forth Phase of Employee Stock Ownership Plan* was deliberated and approved. Miss. Xi Chun, Mr. Yu Weiguo, Mr. Chen Mengqiao, Mr. Li Huafeng and Ms. Wang Xiaobi were elected as the member of the management committee, with the duration of such plan as the term of office.

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

Applicable Not applicable

Termination of employee stock ownership plan during the reporting period

Applicable Not applicable

Other remarks

(1) Pursuant to proposals related to employee stock ownership plan including the *Forth Phase of Employee Stock Ownership Plan (Draft) of Zhejiang NHU Co., Ltd. and its Abstract* were deliberated and approved by the sixteenth meeting of the eighth session of Board of Directors and the thirteenth meeting of the eighth session of the Board of Supervisors dated June 7, 2023 and the first extraordinary general meeting of 2023 dated June 26, 2023, the Company was agreed to implement the forth phase of employee stock ownership plan. As of June 30, 2023, the fourth phase of employee stock ownership plan has not yet purchased any company's stocks.

(2) The number of shares held by directors, supervisors and senior executives in the employee stock ownership plan is measured based on the proportion of shares of holders to the total shares of the employee stock ownership plan.

3. Other employee incentive programs

Applicable Not applicable

Section V Environmental and Social Responsibilities

I. Major environmental issues

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

Yes No

Environmental protection related policies and industry standards

Action Plan for Prevention and Control of Noise Pollution in the 14th Five-Year Plan Environmental Atmosphere [2023] No. 1

Announcement on Issuing Procedures for Identifying the Properties of Solid Wastes in Imported Goods Ministry of Ecology and Environment General Administration of Customs Announcement No. 2 of 2023

Pollution Control Standards for Storage of Hazardous Wastes GB 18597-2023

Announcement on the Revision List of the Graphic Symbol of Environmental Protection-Solid Waste Storage (Disposal) Yard (GB 15562.2-1995) Environmental Standards Announcement No. 5 of 2023

Notice on Doing a Good Job in Allocating National Carbon Emission Trading Allowances for the Years 2021 and 2022 State Environmental Regulation and Climate [2023] No. 1 Overall Implementation Program for the Construction of Major Hazardous Waste Projects (2023-2025) State Environmental Regulation and Climate [2023] No. 1

Measures for Ecological and Environmental Administrative Punishment Decree of the Ministry of Ecology and Environment No. 30 Technical Specification for Two-dimensional Code Labeling of Pollutant Discharge Outlets of Sewage Discharging Units Standard No. HJ 1297-2023

Notice on Further Strengthening the Work Related to the Standardized Environmental Management of Hazardous Wastes (Draft for Opinion) Huanban Binhan [2023] No. 174

Administrative licenses for environmental protection

Heilongjiang Xinhecheng Biotechnology Co., Ltd. has completed the renewal of the expiration of the sewage discharge permit, validity: May 18, 2023 - May 17, 2028

Industry emission standards and specifics of pollutant emissions involved in production and business activities

Name	Types of major and characteristic pollutants	Name of major pollutants and characteristic pollutants ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
The Company	Water pollutants	COD	Sewer connection	1	Plant area	50mg/L	500mg/L	8.63t	≤189.5t/a	No
The Company	Water pollutants	NH3-N	Sewer connection	1	Plant area	7.0mg/L	35mg/L	0.45t	≤13.28t/a	No
The Company	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	22mg/m ³	50mg/m ³	0.52t	≤8.612t/a	No
The Company	Atmospheric pollutants	NO _x	Filtered discharge	1	Plant area	23mg/m ³	50mg/m ³	0.29t	≤28t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	Water pollutants	COD	Sewer connection	1	Plant area	199.103mg/L	500mg/L	91.368t	≤440.9t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	Water pollutants	NH3-N	Sewer connection	1	Plant area	5.02mg/L	35mg/L	2.29t	≤30.863t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	Water pollutants	TN	Sewer connection	1	Plant area	24.245mg/L	70mg/L	11.159t	≤61.726t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area	5.974mg/m ³	100mg/m ³	1.015t	≤207.6t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	Atmospheric pollutants	NO _x	Filtered discharge	1	Plant area	3.333mg/m ³	200mg/m ³	0.56t	≤12.96t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Water pollutants	COD	Sewer connection	1	Plant area	199.103mg/L	500mg/L	79.09t	≤382.37t/a	No

¹ COD, NH3-N, SO₂, NO_x, TN, VOC, PM and TP stand for chemical oxygen demand, ammonia nitrogen, sulfur dioxide, nitrogen oxides, total nitrogen, volatile organic compound, particulate matter and total phosphorus, respectively.

Name	Types of major and characteristic pollutants	Name of major pollutants and characteristic pollutants ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Zhejiang NHU Pharmaceutical Co., Ltd.	Water pollutants	NH3-N	Sewer connection	1	Plant area	5.02mg/L	35mg/L	1.983t	≤26.766t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Water pollutants	TN	Sewer connection	1	Plant area	24.245mg/L	70mg/L	10.467t	≤53.532t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area	5.68mg/m ³	100mg/m ³	0.182t	≤121.833t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area	0.97mg/m ³	100mg/m ³	0.16t	≤1.069t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area	0.7mg/m ³	100mg/m ³	0.003t	≤0.01t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area	0.7mg/m ³	100mg/m ³	0.003t	≤0.288t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	3mg/m ³	200mg/m ³	0.1t	≤19.8t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	124.43mg/m ³	300mg/m ³	18.189t	≤28.08t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	12.778mg/m ³	150mg/m ³	2.06t	≤8.44t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	3mg/m ³	100mg/m ³	0.1t	≤9.295t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	2.67mg/m ³	100mg/m ³	0.405t	≤37.94t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	3mg/m ³	50mg/m ³	0.191t	≤10.905t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	3.961mg/m ³	20mg/m ³	0.093t	≤5.174t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	4.172mg/m ³	30mg/m ³	0.591t	≤8.42t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	0.065mg/m ³	20mg/m ³	0.393t	≤5.626t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	1.3mg/m ³	5 mg/m ³	0.0505t	≤17.73t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	2.4mg/m ³	20 mg/m ³	0.2745t	≤17.73t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area	6.8mg/m ³	20 mg/m ³	0.0239t	≤17.73t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	2.8mg/m ³	35mg/m ³	0.1151t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	2.8mg/m ³	50mg/m ³	0.3059t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area	18.3mg/m ³	50mg/m ³	0.0650t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	13.3mg/m ³	50 mg/m ³	0.4922t	≤83.28t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	18.0mg/m ³	100mg/m ³	1.8905t	≤83.28t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	1	Plant area	30.8mg/m ³	150 mg/m ³	0.1133t	≤83.28t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	2	Plant area	1.92mg/m ³	60 mg/m ³	0.3351t	≤69.72t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Water pollutants	COD	Sewer connection	1	Plant area	204.37mg/L	500 mg/L	38.405t	≤182.1t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Water pollutants	NH3-N	Sewer connection	1	Plant area	5.01mg/L	35 mg/L	0.941t	≤12.747t/a	No
Zhejiang NHU Special Materials Co., Ltd.	Water pollutants	TN	Sewer connection	1	Plant area	25.08mg/L	70 mg/L	4.714t	≤25.494t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	5	Plant area	1.82mg/m ³	10 mg/m ³	0.188t	≤5.761t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	4	Plant area	3.86mg/m ³	50 mg/m ³	0.375t	≤4.006t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	NOx	Filtered discharge	5	Plant area	40.2mg/m ³	100 mg/m ³	4.13t	≤75.513t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	3	Plant area	7.48mg/m ³	60 mg/m ³	1.15t	≤28.481t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	Water pollutants	COD	Sewer connection	1	Plant area	309mg/L	1000mg/L	40.4t	≤598.22t/a	No

Name	Types of major and characteristic pollutants	Name of major pollutants and characteristic pollutants ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
ShandongNHU Pharmaceutical Co., Ltd	Water pollutants	NH3-N	Sewer connection	1	Plant area	16.2mg/L	100mg/L	2.31t	≤59.82t/a	No
ShandongNHU Pharmaceutical Co., Ltd	Water pollutants	TN	Sewer connection	1	Plant area	27.5mg/L	120mg/L	3.75t	≤65.64t/a	No
ShandongNHU Amino-acids Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	4	Plant area	10.8mg/m ³	50 mg/m ³	3.313t	≤92.59t/a	No
ShandongNHU Amino-acids Co., Ltd.	Atmospheric pollutants	NO _x	Filtered discharge	4	Plant area	90.1mg/m ³	100 mg/m ³	52.191t	≤230.77t/a	No
ShandongNHU Amino-acids Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	5	Plant area	2.98mg/m ³	10 mg/m ³	1.368t	≤21.19t/a	No
ShandongNHU Amino-acids Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	4	Plant area	43.7mg/m ³	60 mg/m ³	19.414t	≤176.585t/a	No
ShandongNHU Amino-acids Co., Ltd.	Water pollutants	COD	Sewer connection	1	Plant area	507mg/L	1000 mg/L	109.7t	≤592.22t/a	No
ShandongNHU Amino-acids Co., Ltd.	Water pollutants	NH3-N	Sewer connection	1	Plant area	38.9mg/L	100 mg/L	4.71t	≤59.222t/a	No
ShandongNHU Amino-acids Co., Ltd.	Water pollutants	TN	Sewer connection	1	Plant area	72.3mg/L	120 mg/L	14.68t	≤70.38t/a	No
ShandongNHU Vitamins Co., Ltd.	Atmospheric pollutants	VOC	organized discharge	4	Plant area	0.9mg/m ³	60mg/m ³	5.71t	≤112.31t/a	No
ShandongNHU Vitamins Co., Ltd.	Atmospheric pollutants	SO ₂	organized discharge	3	Plant area	4mg/m ³	50 mg/m ³	0.67t	≤21.14t/a	No
ShandongNHU Vitamins Co., Ltd.	Atmospheric pollutants	NO _x	organized discharge	4	Plant area	55mg/m ³	100mg/m ³	16.012t	≤65.27t/a	No
ShandongNHU Vitamins Co., Ltd.	Atmospheric pollutants	PM	organized discharge	5	Plant area	3mg/m ³	10 mg/m ³	0.83t	≤4.8t/a	No
ShandongNHU Vitamins Co., Ltd.	water contamination	COD	Sewer connection	1	Plant area	241mg/L	2000 mg/L	21t	≤1189.64t/a	No
ShandongNHU Vitamins Co., Ltd.	water contamination	NH3-N	Sewer connection	1	Plant area	8.46 mg/L	100 mg/L	0.536t	≤59.49t/a	No
ShandongNHU Technology Co., Ltd	Atmospheric pollutants	VOC	organized discharge	2	Plant area	12mg/m ³	60 mg/m ³	0.6t	≤4.109t/a	No
ShandongNHU Technology Co., Ltd	Atmospheric pollutants	NO _x	organized discharge	2	Plant area	30mg/m ³	100 mg/m ³	0.668t	≤20.33t/a	No
ShandongNHU Technology Co., Ltd	Atmospheric pollutants	PM	organized discharge	2	Plant area	1.3mg/m ³	10 mg/m ³	0.1t	≤3.384t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area (RTO)	13.87mg/m ³	30mg/m ³	3.04t	≤19.5684t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	NO _x	Filtered discharge	1	Plant area (RTO)	46.33mg/m ³	200mg/m ³	10.89t	≤19.5684t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area (RTO)	108.28mg/m ³	200mg/m ³	24.72t	≤129.0211t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	VOC	Filtered discharge	1	Plant area (RTO)	1.32mg/m ³	150mg/m ³	0.23t	≤96.12t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	PM	Filtered discharge	1	Plant area (Heat transfer oil furnace)	6.76mg/m ³	20mg/m ³	0.03t	≤19.5684t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	NO _x	Filtered discharge	1	Plant area (Heat transfer oil furnace)	69.5mg/m ³	200mg/m ³	0.35t	≤131.604t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	Atmospheric pollutants	SO ₂	Filtered discharge	1	Plant area (Heat transfer oil furnace)	2.91mg/m ³	50mg/m ³	0.006t	≤129.0211t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	water contamination	COD	Sewer connection	1	Plant area (Wastewater outlet)	156.88mg/m ³	350 mg/L	519.1t	≤2310t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	water contamination	NH3-N	Sewer connection	1	Plant area (Wastewater outlet)	5.35mg/m ³	35 mg/m ³	15.71t	≤231t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	water contamination	total-P	Sewer connection	1	Plant area (Wastewater outlet)	1.28mg/m ³	6 mg/L	3.64t	/	No

Treatment of contaminants

The company has established the environmental protection concept of green development: 1. Introduce the concept of green chemistry to develop and produce more environmentally friendly products. 2. We should change from a support type to a responsibility type, and do a good job in source reduction, process control, and end treatment. 3. Pursue reduction, resources and harmlessness, build an ecological factory, and realize the harmonious development of human and nature.

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

Exhaust gas treatment: The company adopts self-developed nitrogen sealing system to effectively reduce the exhaust gas emission; according to different exhaust gas composition and nature, different pre-treatment technologies are adopted; meanwhile, the company introduces foreign advanced exhaust gas treatment devices to strengthen the capacity of exhaust gas treatment. Exhaust gas leakage detection and repair (LDAR) is carried out regularly every year.

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

Noise prevention and control: the selection of low-noise equipment, while no fixed equipment using foundation damping noise reduction measures for air compressors, blowers and various pumps in addition to taking the foundation damping, but also in the noise source around the addition of noise enclosures for sound insulation.

Emergency management: installing exhaust gas online monitor around the plant boundary, real-time monitoring of the environment of the plant boundary; introducing VOC online monitor, real-time monitoring of the emission of exhaust gas data, test data uploaded to the monitoring platform; wastewater one enterprise, one pipe online monitoring of wastewater emission indexes, real-time monitoring, normal uploading to the Environmental Protection Bureau; the introduction of domestic first-class pressure leakage plugging technology, pipelines, valves, flanges, tanks, the emergence of abnormal leakage is reduced to the minimum amount, thereby reducing the impact of the large number of leaks caused by the environment.

Environmental emergency response plan

The company has developed regulatory documents for emergency response to sudden environmental events, clarifying emergency response responsibilities, standardizing emergency response procedures, establishing an emergency response plan system, regularly organizing training, drills, and reviews of relevant emergency plans, ensuring the effectiveness of emergency plans, and enhancing the emergency response capabilities of our company and its subsidiaries.

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

The Company's environmental protection management and investment in the first half of 2023 amounted to RMB 236.51 million yuan, and paid RMB 990,000 yuan in environmental protection tax.

Environmental self-monitoring program

The company has a good management capacity for pollutant discharge monitoring and is able to inform the environmental protection administrative authorities and the public of the monitoring information in a timely manner. The company has formulated relevant self-testing program, and the monitoring program covers all indicators of the company's organized exhaust gas, unorganized exhaust gas and groundwater. Meanwhile, it commissions a third-party testing company to carry out regular monitoring. The company implements environmental information disclosure in strict accordance with national, provincial, municipal and county requirements on environmental information disclosure of enterprises. The subsidiaries have carried out enterprise environmental information disclosure on platforms such as provincial and municipal environmental information management systems for key sewage disposal units and sewage discharge licenses.

Administrative penalties for environmental problems during the reporting period

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

Other environmental information that should be disclosed

None.

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

Applicable Not Applicable

In the research and development of new products, carbon emission of 10,000 yuan output value is taken as an important indicator of the process route and environmental feasibility assessment of new products, and the research and development of new products applies green development technology, improves the utilization rate of atoms, and reduces carbon emission generated from raw material consumption from the source.

Other information related to environmental protection

None.

II. Social responsibilities

The company integrates the concept of green and low-carbon development into the entire production process, attaches great importance to collaborative development and intensive utilization of resources. In the product layout stage, it adheres to the development principle of "integration, serialization, and collaboration", continuously extends the industrial chain, reduces production costs, which is conducive to achieving sustainable clean production, leading the industry's green and low-carbon transformation.

The company continues to improve its carbon emission control system, making efforts in energy reduction, comprehensive utilization of materials, and strengthening basic energy management. The company continuously put research and development efforts on energy-saving and consumption reduction topics; Starting from optimizing process control and improving conversion efficiency, explore sustainable innovation in processes and equipment, and further consolidate the foundation of "green development".

The company utilizes digital technology to empower green manufacturing. Each production base introduces advanced production management and energy management systems to detect energy consumption and three waste emissions data in time, and provides early warning for abnormal situations. LDAR is comprehensively carried out, and dedicated exhaust gas detectors and flow meters are introduced to achieve refined management of production and operation, injecting new momentum into continuously improving the ecological environment and promoting high-quality development.

During the reporting period, the company fulfilled its corporate purpose, took on corporate responsibility, organized a series of activities such as caring blood donation and volunteer services, donated to village enterprise construction and charitable fund projects, held public open days, and actively established a communication platform between enterprises and various sectors of society. The company assists in organizing the National Green Chemistry Academic Conference, providing a multi-dimensional, valuable, and sustainable "think tank" for the development of green economy in the chemical industry. The company has been awarded the title of "Excellent Unit" by the National Political Research Association. Heilongjiang NHU Biotechnology Co., Ltd. has been awarded the national "Green Factory", marking the company's green production has reached a new level and achieved new breakthroughs.

Section VI Significant Events

I. Commitment performance fulfilled during the reporting period and not fulfilled as of the end of the reporting period by parties related to commitments including the actual controller of the Company, shareholders, related parties, acquirers and the Company

√ Applicable □ Not Applicable

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
Commitments to shares reform	None	None	None		None	None
Commitments made in reports on acquisition and changes in equity	None	None	None		None	None
Commitments made in asset restructuring	None	None	None		None	None
Commitments made in IPO or refinancing	NHU Holding Group Co., Ltd. and 张平一 (Zhang Pingyi), 石程 (Shi Cheng), 袁益中 (Yuan Yizhong), Hu Baishan, Shi Guanqun, Wang Xuewen, 崔欣荣 (Cui Xinrong), 王旭林 (Wang Xulin)	Commitments on horizontal competition, related party transactions and occupation of funds	The signing of <i>Commitment on No Engagement in Horizontal Competition</i> and commitments on no engagement in business activities result in horizontal competition with operations of the Company after listing.	June 25, 2004	Long-term	Strictly performed
	Hu Baifan; Hu Baishan; Shi Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The Company's directors, senior executives committed to perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and shareholders, and make the following commitments in accordance with the relevant provisions of the CSRC for the full performance of measures on filling immediate returns: 1. not to transfer benefits to other entities	January 12, 2017	Long-term	Strictly performed

			or individuals without compensation or on unfair terms, and not to use other means to harm benefits of the Company; 2. to impose restrictions on duty consumption of member of the Board of Directors and senior executives; 3. not to use assets of the Company to engage in investment or consumption activities not related to duty performance; 4. to link remuneration system formulated by the Board of Directors or remuneration committee to the implementation of measures on filling immediate returns; 5. to link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to interfere in the Company's business and management activities in excess of authority; not to encroach on benefits of the Company; to perform measures on filling immediate returns in a practical way.	January 12, 2017	Long-term	Strictly performed
Commitments to equity incentive	None	None	None		None	None
Other commitments to minority shareholders of the Company	None	None	None		None	None
Other commitments	None	None	None		None	None
Whether commitments are performed on time					Yes	
If commitment performance is not fulfilled on time, please explain detailed reasons for it and the next work plans.					Not applicable	

II. Non-operating occupation of funds over listed companies by controlling shareholders and other related parties

Applicable Not Applicable

There is no non-operating occupation of funds over listed companies by controlling shareholders and other related parties during the reporting period.

III. Illegal external guarantees

Applicable Not Applicable

There is no illegal external guarantee during the reporting period.

IV. Engagement and dismissal of accounting firms

Whether the semi-annual report has been audited or not

Yes No

The semi-annual report has not been audited.

V. Statements by the Board of Directors, the Board of Supervisors on the “Modified Auditor’s Report” issued by the accounting firm during the reporting period

Applicable Not Applicable

VI. Explanations by the Board of Directors on the “Modified Auditor’s Report” issued by the accounting firm last year

Applicable Not Applicable

VII. Matters related to bankruptcy and restructuring

Applicable Not Applicable

There are no matters related to bankruptcy and restructuring during the reporting period.

VIII. Lawsuits

Significant lawsuits and arbitration

Applicable Not Applicable

There is no significant lawsuit and arbitration during the reporting period.

Other lawsuits

Applicable Not Applicable

IX. Penalties and rectification

Applicable Not Applicable

X. Integrity of the Company, its controlling shareholders and the actual controller

Applicable Not Applicable

XI. Significant related party transactions**1. Related party transactions relevant to daily operations**

Applicable Not Applicable

There is no related party transaction relevant to daily operations during the reporting period.

2. Related party transactions in purchase or sale of assets or equities

Applicable Not Applicable

There is no related party transaction in purchase or sale of assets or equities during the reporting period.

3. Related party transactions in joint external investments

Applicable Not Applicable

There is no related party transaction in joint external investments during the reporting period.

4. Related party creditor's rights and debts

Applicable Not Applicable

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

5. Transactions with related financial companies

Applicable Not Applicable

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

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

Applicable Not Applicable

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

7. Other significant related party transactions

Applicable Not Applicable

There is no other significant related party transaction during the reporting period.

XII. Significant contracts and performance**1. Matters of trusteeship, contracting and leases****(1) Trusteeship**

Applicable Not Applicable

There is no trusteeship during the reporting period.

(2) Contracting

Applicable Not Applicable

There is no contracting during the reporting period.

(3) Leases

Applicable Not Applicable

There is no lease during the reporting period.

2. Significant guarantees

Applicable Not Applicable

Unit: RMB 0,000 yuan

External guarantees by the Company and its subsidiaries to third parties (guarantees to subsidiaries are excluded)										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
None										
Total amount of external guarantees approved during the reporting period (A1)					Total actual amount of external guarantees incurred during the reporting period (A2)					
Total amount of external guarantees approved balance at the end of the reporting period (A3)					Total actual amount of external guarantees balance at the end of the reporting period (A4)					
The Company's guarantees to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Heilongjiang NHU Biotechnology Co., Ltd.	12/28/2018	200,000	6/24/2019	200,000	Joint and several liability guarantee			6/24/2019-12/31/2023	No	No
Shandong NHU VITAMIN CO., LTD	12/28/2018	90,000	11/29/2019	50,000	Joint and several liability guarantee			11/29/2019-04/26/2023	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/22/2020	120,000	9/7/2020	57,806.40	Joint and several liability guarantee			9/7/2020-9/7/2023	No	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	5/22/2020	50,000	3/24/2021	50,000	Joint and several liability guarantee			3/24/2021-12/25/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	7/14/2022	7,877.13	Joint and several liability guarantee			7/14/2022-5/15/2023	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	6/17/2022	7,877.13	Joint and several liability guarantee			6/17/2022-6/18/2023	Yes	No
Heilongjiang NHU Biotechnology Co., Ltd.	4/22/2021	40,000	8/26/2021	37,000	Joint and several liability guarantee			8/26/2021-12/21/2025	No	No
Zhejiang NHU IMPORT & EXPORT COMPANY LTD.	5/11/2022	15,000	5/31/2022	5,000	Joint and several liability guarantee			5/31/2022-10/23/2023	No	No
Zhejiang NHU IMPORT & EXPORT COMPANY LTD.	5/20/2023	10,000	6/16/2023	10,000	Joint and several liability guarantee			6/16/2023-6/15/2024	No	No
Xinhang NHU VITAMINS CO., LTD.	4/22/2021	40,000	12/16/2021	29,000	Joint and several liability guarantee			12/16/2021-12/25/2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	9/2/2022	105.96	Joint and several liability guarantee			9/02/2022-5/01/2023	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	11/3/2022	8.53	Joint and several liability			11/3/2022-6/01/2023	Yes	No

Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Amount actually guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	12/15/2022	25.06	Joint and several liability guarantee			12/15/2022-8/1/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	3/15/2023	14.73	Joint and several liability guarantee			3/15/2023-11/1/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	5/12/2023	46.76	Joint and several liability guarantee			5/12/2023-12/1/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	6/12/2023	16.19	Joint and several liability guarantee			6/12/2023-3/1/2024	No	No
Zhejiang NHU Pharmaceutical Co., Ltd.	5/11/2022	60,000	6/24/2022	55,000	Joint and several liability guarantee			6/24/2022-6/23/2027	No	No
Xinchang NHU Vitamins Co., Ltd.	5/11/2022	20,000	10/14/2022	18,000	Joint and several liability guarantee			10/14/2022-10/14/2027	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/20/2023	100,000	6/12/2023	7,948.38	Joint and several liability guarantee			6/12/2023-6/12/2024	No	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	5/20/2023	58,600	3/30/2023	58,600	Joint and several liability guarantee			6/6/2023-3/29/2028	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		215,000		Total amount actually guaranteed for subsidiaries during the reporting period (B2)		76,626.06				
Total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		666,892.95		Total amount actually guaranteed for subsidiaries at the end of the reporting period (B4)		528,457.52				
Guarantees by subsidiaries to subsidiaries										
None										
Total amount of guarantees approved for subsidiaries during the reporting period (C1)					Total amount actually guaranteed for subsidiaries during the reporting period (C2)					
Total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)					Total amount actually guaranteed for subsidiaries at the end of the reporting period (C4)					
Total amount guaranteed by the Company (namely sum of the above three items)										
Total amount of guarantees approved during the reporting period (A1+B1+C1)				215,000		Total amount actually guaranteed during the reporting period (A2+B2+C2)			76,626.06	
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)				666,892.95		Total amount actually guaranteed at the end of the reporting period (A4+B4+C4)			528,457.52	
Proportion of the amount actually guaranteed (A4+B4+C4) to net assets of the Company								22.42%		
Including:										
Balance of guarantees for shareholders, the actual controller and its related parties (D)								407,600		
Balance of debt guarantee directly or indirectly for guaranteed parties with debt to asset ratio exceeding 70% (E)								407,600		
The amount of the total amount guaranteed exceeding 50% of net assets (F)								None		
Total amount guaranteed of three items above (D+E+F)								None		

Specification of the use of composite guarantees

None

3. Entrusted financing√ Applicable Not Applicable

Unit: RMB 0,000 yuan

Types	Source of entrusted funds	Entrusted amount	Unexpired balance	Overdue and not recovered amount	Impairment amount accrued for financial products overdue and not recovered
Bank financial products	Raised funds	80,000.00	25,000.00	0.00	0.00
Total		80,000.00	25,000.00	0.00	0.00

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

 Applicable Not Applicable

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

 Applicable Not Applicable**4. Other significant contracts** Applicable Not Applicable

There is no other significant contract during the reporting period.

XIII. Other significant events√ Applicable Not Applicable**I Progress of the Third Employee Stock Ownership Plan**

The third employee stock ownership plan of the Company was deliberated and adopted by the second extraordinary shareholders' meeting of 2020 held on November 11, 2020, the current employee stock ownership plan is managed by the Company itself, and the Company's shares are acquired and held by stock purchase through secondary market, the duration shall not exceed 24 months. On February 26, 2021, the number of shares held by the third employee stock ownership plan of the Company was 12,157,826*, accounting for RMB 303,710,918.74 Yuan and 0.39% of the company's total share capital. The company held the 14th meeting of the eighth board of directors on October 31, 2022, reviewed and approved the "Proposal on the Extension of the Duration of the Third Employee Stock Ownership Plan", and agreed that the duration of the company's employee stock ownership plan will be extended. The former duration November 11, 2020 to November 10, 2022 will be adjusted to November 11, 2020 to November 10, 2023, and other contents will not be changed. For more details, please refer to Announcement on the extension of the duration of the third employee stock ownership plan (2022-045) published on the company's designated information disclosure media and cninfo (<http://www.cninfo.com.cn>). As of the end of the reporting period, the balance of shares held by the Third Employee Stock Ownership Plan was 12,157,826 shares, accounting for 0.39% of the company's total share capital.

* On May 25, 2022, after the implementation of the company's 2021 annual equity distribution, the number of shares held by the company's third-phase employee stock ownership plan increased to 12,157,826 shares, accounting for 0.39% of the company's existing total share capital.

II Progress of the Forth Employee Stock Ownership Plan

The forth employee stock ownership plan of the Company was deliberated and adopted by the first extraordinary shareholders' meeting of 2023 held on June 26, 2023, the current employee stock ownership plan is managed by the Company itself, and the Company's shares are acquired and held by stock purchase through secondary market, the duration shall not exceed 24 months. As of the end of the reporting period, the balance of shares held by the Forth Employee Stock Ownership Plan was 0 shares, the current employee stock ownership plan has not yet started purchasing the company's stocks.

III Foreign Investment and Establishment of a Joint Venture Company

At the Ninth Meeting of the Eighth Session of the Board of Directors of the Company held on December 24, 2021, the Company considered and passed the "Proposal on Foreign Investment and Signing of a Letter of Intent on Joint Venture Cooperation", agreeing that the Company would sign the "Letter of Intent on Joint Venture Cooperation" with China Petroleum & Chemical Corporation Zhenhai Refining Branch, and that the two parties would cooperate in investing in a set of methionine production facilities, with an estimated total investment of approximately RMB3 billion for the project, which would be constructed in Ningbo City, Ningbo Zhenhai District, Ningbo. The parties will establish a joint venture company as the implementation body of the project, which will be responsible for the production and sales of methionine products. The proposed registered capital of the joint venture company is RMB778.36 million, which will be contributed in cash, and the shareholding ratio between the two parties is tentatively set at 50%:50%. The joint venture company shall have a board of directors consisting of four directors, with each party having the right to appoint two directors, and the management of the joint venture company shall be composed of both parties.

On 9 March 2023, the joint venture company, Ningbo Zhenhai Refining Xinhecheng Biotechnology Co., Ltd. completed the industrial and commercial registration procedures and obtained the Business License issued by the Market Supervision Administration of Zhenhai District, Ningbo City; as at 30 June 2023, the Company had contributed RMB233,508,000.00 to the joint venture company.

IV Progress of Investment Project with Raised Funds

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

From January 1 to June 30, 2023, the actual use of the raised funds was RMB 1,041.44 mn, and the accumulated investment of the raised funds project was RMB 4,819.64 mn. By June 30, 2023, the balance of raised funds was RMB 788.58 mn (including bank financial products and structured deposits, the net amount of interest on cash in bank less handling charges and bank financial products income).

XIV. Significant events of subsidiaries of the Company

Applicable Not Applicable

Section VII Movements in Shares and Information about Shareholders

I. Movements in shares

1. Details

Unit: Share

Items	Before		Movements (+/-)					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	Quantity	% to total
I. Restricted shares	36,374,202	1.18%						36,374,202	1.18%
1. Held by other domestic parties	36,374,202	1.18%						36,374,202	1.18%
Including: Held by domestic natural persons	36,374,202	1.18%						36,374,202	1.18%
II. Unrestricted shares	3,054,533,154	98.82%						3,054,533,154	98.82%
1. RMB ordinary shares	3,054,533,154	98.82%						3,054,533,154	98.82%
III. Total	3,090,907,356	100.00%						3,090,907,356	100.00%

Reason for movements

 Applicable Not Applicable

Approval on movements in shares

 Applicable Not Applicable

Transfer of shares

 Applicable Not Applicable

Progress of the Share Repurchase Plan

 Applicable Not Applicable

Implementation progress of shareholding reduction for shares repurchased through centralized bidding

 Applicable Not applicable

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

 Applicable Not applicable

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

Applicable Not applicable

2. Movement in restricted shares

Applicable Not applicable

II. Issuance and listing of securities

Applicable Not Applicable

III. Number of shareholders of the Company and their shareholding conditions

Unit: Share

Total shareholders of ordinary shares at the end of the reporting period		119,419		Total shareholders of preferred shares with voting rights restored at the end of the reporting period		0			
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions									
Shareholders	Nature of shareholders	Holding proportion	Quantity of ordinary shares at the end of the reporting period	Movements during the reporting period	Quantity of restricted shares	Quantity of unrestricted shares	Shares pledged, marked or frozen		
							Condition	Quantity	
NHU Holding Group Co., Ltd.	Domestic non-state-owned legal person	49.22%	1,521,362,525	0	0	1,521,362,525			
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.17%	67,107,711	-29,081	0	67,107,711			
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	Others	1.75%	54,072,200	0	0	54,072,200			
National Social Security Fund No.503Portfolio	Others	1.20%	37,000,000	-2,000,060	0	37,000,000			
China Construction Bank Corporation -E Fund Shanghai and Shenzhen 300 Medical and Health Trading Open-end Index Fund	Others	0.85%	26,374,133	10,254,000	0	26,374,133			
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Yingzhi Fund	Others	0.53%	16,248,559	0	0	16,248,559			
Hu Baishan	Domestic natural person	0.47%	14,595,929	0	10,946,947	3,648,982			
Chongyang Group Co., Ltd.	Domestic non-state-owned legal person	0.45%	13,962,191	0	0	13,962,191			
Hu Baifan	Domestic natural person	0.45%	13,922,998	0	10,442,248	3,480,750			
Sanhua Holdings Group Co., Ltd.	Domestic non-state-owned legal person	0.45%	13,772,970	0	0	13,772,970			
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares			Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund became one of the top 10 shareholders with largest holding proportions due to its participation in private placement of shares in 2017.						
Remarks on relationships or concerted action between the top 10 shareholders with largest holding proportions			Among the above shareholders, Hu Baifan is the chairman of the board, general manager and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is the director of NHU Holding Group Co.,						

	Ltd., and Hu Baifan and Hu Baishan are brothers. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .		
Remarks on proxy voting and waiver of voting right of the above shareholders	None		
Special remarks on top 10 shareholders with special repurchase accounts	The Company's special securities account for repurchase is attributable to the top 10 shareholders, who however did not participate in the presentation of such balances.		
Top 10 shareholders with unrestricted shares			
Shareholders	Quantity of unrestricted shares at the end of the reporting period	Category of shares	
		Category	Quantity
NHU Holding Group Co., Ltd.	1,521,362,525	RMB ordinary shares	1,521,362,525
Hong Kong Securities Clearing Company Limited	67,107,711	RMB ordinary shares	67,107,711
Shanghai Chongyang Strategic Investment Co., Ltd. – Chongyang Strategic Huizhi Fund	54,072,200	RMB ordinary shares	54,072,200
National Social Security Fund No.503 Portfolio	37,000,000	RMB ordinary shares	37,000,000
China Construction Bank Corporation -E Fund Shanghai and Shenzhen 300 Medical and Health Trading Open-end Index Fund	26,374,133	RMB ordinary shares	26,374,133
Shanghai Chongyang Strategic Investment Co., Ltd. – Chongyang Strategic Yingzhi Fund	16,248,559	RMB ordinary shares	16,248,559
Chongyang Group Co., Ltd.	13,962,191	RMB ordinary shares	13,962,191
Sanhua Holdings Group Co., Ltd.	13,772,970	RMB ordinary shares	13,772,970
The Company – Employee stock ownership plan phase III	12,157,826	RMB ordinary shares	12,157,826
National Social Security Fund No.112 Portfolio	11,658,657	RMB ordinary shares	11,658,657
Remarks on relationships or concerted action between the top 10 shareholders with unrestricted shares, and between the top 10 shareholders with unrestricted shares and top 10 shareholders with largest holding proportions.	Among the above shareholders, Hu Baifan is the chairman of the board, general manager and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is the director of NHU Holding Group Co., Ltd., and Hu Baifan and Hu Baishan are brothers. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .		
Remarks on top 10 shareholders of ordinary shares participating in securities margin trading	Shanghai Chongyang Strategic Investment Co., Ltd. – Chongyang Strategic Huizhi Fund holds 54,072,127 shares through client account of collateral securities for margin trading of Guotai Junan Securities Co., Ltd.; Shanghai Chongyang Strategic Investment Co., Ltd. – Chongyang Strategic Yingzhi Fund holds 16,248,461 shares through client account of collateral securities for margin trading of Citic Securities Co., Ltd.; Chongyang Group Co., Ltd. holds 13,961,946 shares through client account of collateral securities for margin trading of China Merchants Securities Co., Ltd..		

Note: The Company's special securities account for repurchase is attributable to the top 10 shareholders with unrestricted shares, who however did not participate in the presentation of such balances.

Did the top 10 shareholders of ordinary shares and the top 10 shareholders of unrestricted ordinary shares perform agreed repurchase transaction during the reporting period?

Yes No

The top 10 shareholders of ordinary shares and the top 10 shareholders of unrestricted ordinary shares did not perform agreed repurchase transaction during the reporting period.

IV. Movement in shares of directors, supervisors and senior executives

Applicable Not applicable

The shares of the company's directors, supervisors and senior executives remains unchanged during the current reporting period, please refer to the 2022 Annual Report for details.

V. Changes of holding shareholders or controlling shareholders

Changes of holding shareholders during the reporting period

Applicable Not applicable

The Company has no changes of holding shareholders during the reporting period.

Changes of actual controller within the reporting period

Applicable Not applicable

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

Section VIII Preferred Shares

Applicable Not applicable

The Company has no preferred shares during the reporting period.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Reports

Has the semi-annual report been audited

Yes No

The Company's semi-annual report has not been audited.

II. Financial Statements

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

1. Consolidated balance sheet

Prepared by Zhejiang NHU Co., Ltd.

June 30, 2023

Unit: RMB Yuan

Items	June 30, 2023	January 1, 2023
Current assets:		
Cash and bank balances	3,654,734,123.88	5,343,851,967.72
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	250,000,000.00	720,314,576.43
Derivative financial assets		
Notes receivable	214,389,084.86	372,641,835.79
Accounts receivable	2,428,700,767.98	2,476,269,041.23
Receivables financing	506,430,216.64	379,217,582.25
Advances paid	120,026,047.84	222,336,776.26
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	224,942,479.71	269,567,592.73
Including: Interest receivable		
Dividend receivable		20,735,987.73
Financial assets under reverse repo		
Inventories	4,578,585,468.62	4,144,557,702.39
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	46,357,304.14	182,442,976.79
Total current assets	12,024,165,493.67	14,111,200,051.59
Non-current assets:		
Loans and advances		

Items	June 30, 2023	January 1, 2023
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	703,117,491.00	432,503,568.48
Other equity instrument investments	22,998,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	17,819,362,500.06	16,523,867,858.53
Construction in progress	4,927,272,645.25	5,089,233,908.22
Productive biological assets		
Oil & gas assets		
Right-of-use assets	7,781,963.62	2,830,136.37
Intangible assets	2,163,238,985.57	1,738,506,246.32
Development expenditures		
Goodwill	3,622,704.97	3,622,704.97
Long-term prepayments	14,202,219.63	13,179,878.45
Deferred tax assets	58,100,373.59	50,250,809.38
Other non-current assets	231,978,818.01	279,870,482.64
Total non-current assets	25,951,675,849.25	24,156,863,740.91
Total assets	37,975,841,342.92	38,268,063,792.50
Current liabilities:		
Short-term borrowings	1,609,254,229.16	1,846,373,441.01
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities	12,909,447.29	
Derivative financial liabilities		
Notes payable	456,643,824.63	627,438,689.79
Accounts payable	1,803,368,804.84	2,175,458,436.49
Advances received		
Contract liabilities	63,559,211.75	60,660,929.75
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	249,028,076.00	386,391,911.86
Taxes and rates payable	225,884,100.98	208,198,951.94
Other payables	59,568,912.95	67,351,740.34
Including: Interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		

Items	June 30, 2023	January 1, 2023
Liabilities held for sale		
Non-current liabilities due within one year	1,919,195,692.86	2,591,687,706.22
Other current liabilities	6,877,330.18	4,978,299.99
Total current liabilities	6,406,289,630.64	7,968,540,107.39
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	6,512,116,382.12	5,273,637,508.87
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	7,865,412.13	2,822,404.07
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	1,109,884,644.23	1,083,159,222.41
Deferred tax liabilities	263,498,923.13	277,735,456.67
Other non-current liabilities		
Total non-current liabilities	7,893,365,361.61	6,637,354,592.02
Total liabilities	14,299,654,992.25	14,605,894,699.41
Equity:		
Share capital	3,090,907,356.00	3,090,907,356.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,613,097,510.81	3,613,097,510.81
Less: Treasury shares	500,059,711.25	500,059,711.25
Other comprehensive income	106,229,698.18	76,577,564.17
Special reserve	43,826,423.02	26,196,894.55
Surplus reserve	1,444,413,940.89	1,444,413,940.89
General risk reserve		
Undistributed profit	15,770,264,168.03	15,823,745,771.07
Total equity attributable to the parent company	23,568,679,385.68	23,574,879,326.24
Non-controlling interest	107,506,964.99	87,289,766.85
Total equity	23,676,186,350.67	23,662,169,093.09
Total liabilities & equity	37,975,841,342.92	38,268,063,792.50

Legal representative: Hu Baifan

Officer in charge of accounting: Shi Guanqun

Head of accounting department: Zhang Lijin

2. Parent company balance sheet

Unit: RMB Yuan

Items	June 30, 2023	January 1, 2023
Current assets:		
Cash and bank balances	1,879,002,770.67	4,202,458,431.01
Held-for-trading financial assets		200,000,000.00
Derivative financial assets		
Notes receivable	211,520,726.11	333,989,841.29
Accounts receivable	602,227,072.04	500,589,449.94
Receivables financing		
Advances paid	6,665,421.84	3,906,244.57
Other receivables	3,823,227,738.70	2,496,112,121.85
Including: Interest receivable		
Dividend receivable		20,735,987.73
Inventories	414,707,404.84	383,861,555.41
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	4,221,982.33	3,980,654.70
Total current assets	6,941,573,116.53	8,124,898,298.77
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	10,590,743,358.41	9,386,046,175.45
Other equity instrument investments	72,998,147.55	72,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	615,179,622.70	625,625,323.34
Construction in progress	6,947,851.98	2,701,423.73
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,711,325.88	2,791,860.28
Intangible assets	143,819,303.01	144,448,440.79
Development expenditures		
Goodwill		
Long-term prepayments	1,805,015.91	2,614,317.07
Deferred tax assets	37,331,940.26	26,576,591.36
Other non-current assets	27,230,752.00	21,018,962.32
Total non-current assets	11,498,767,317.70	10,284,821,241.89
Total assets	18,440,340,434.23	18,409,719,540.66
Current liabilities:		
Short-term borrowings	601,427,055.54	501,525,361.11

Items	June 30, 2023	January 1, 2023
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	225,609,468.45	226,011,556.24
Accounts payable	89,480,977.40	107,476,196.13
Advances received		
Contract liabilities	4,115,887.55	4,296,388.78
Employee benefits payable	43,553,731.57	75,342,683.87
Taxes and rates payable	2,084,719.30	7,632,017.61
Other payables	21,747,335.43	28,936,115.08
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	684,759,005.38	1,208,306,034.83
Other current liabilities	535,065.41	558,530.54
Total current liabilities	1,673,313,246.03	2,160,084,884.19
Non-current liabilities:		
Long-term borrowings	4,006,414,333.32	3,336,304,155.58
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,890,103.02	2,822,404.07
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	11,428,646.54	11,887,665.38
Deferred tax liabilities	21,871,583.64	19,499,233.40
Other non-current liabilities		
Total non-current liabilities	4,042,604,666.52	3,370,513,458.43
Total liabilities	5,715,917,912.55	5,530,598,342.62
Equity:		
Share capital	3,090,907,356.00	3,090,907,356.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,353,427,829.42	3,353,427,829.42
Less: Treasury shares	500,059,711.25	500,059,711.25
Other comprehensive income	506,954.43	506,954.43
Special reserve		
Surplus reserve	1,444,413,940.89	1,444,413,940.89
Undistributed profit	5,335,226,152.19	5,489,924,828.55
Total equity	12,724,422,521.68	12,879,121,198.04
Total liabilities & equity	18,440,340,434.23	18,409,719,540.66

3. Consolidated income statement

Unit: RMB Yuan

Items	2023 Semi-Annual	2022 Semi-Annual
I. Total operating revenue	7,418,514,576.09	8,215,039,277.03
Including: Operating revenue	7,418,514,576.09	8,215,039,277.03
Interest income		
Premiums earned		
Revenue from handling charges and commission		
II. Total operating cost	5,746,931,719.68	5,728,884,500.93
Including: Operating cost	4,989,533,832.95	4,945,122,803.39
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	66,397,098.56	51,610,671.05
Selling expenses	66,941,370.80	57,277,897.48
Administrative expenses	244,646,451.17	212,284,822.41
R&D expenses	416,575,391.59	440,357,252.64
Financial expenses	-37,162,425.39	22,231,053.96
Including: Interest expenses	163,988,612.81	152,357,156.76
Interest income	78,203,398.06	76,211,850.51
Add: Other income	102,847,223.45	86,626,226.90
Investment income (or less: losses)	43,899,900.63	51,479,744.19
Including: Investment income from associates and joint ventures	34,855,314.27	25,402,893.70
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	-11,268,469.70	11,836,700.04
Credit impairment loss	6,389,579.21	-10,613,626.22
Assets impairment loss	-81,296,758.10	-7,890,179.58

Items	2023 Semi-Annual	2022 Semi-Annual
Gains on asset disposal (or less: losses)	13,545,778.16	6,674,850.81
III. Operating profit (or less: losses)	1,745,700,110.06	2,624,268,492.24
Add: Non-operating revenue	3,576,842.57	2,024,074.84
Less: Non-operating expenditures	1,619,001.38	2,330,316.96
IV. Profit before tax (or less: total loss)	1,747,657,951.25	2,623,962,250.12
Less: Income tax	251,283,197.83	400,095,127.85
V. Net profit (or less: net loss)	1,496,374,753.42	2,223,867,122.27
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	1,496,374,753.42	2,223,867,122.27
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	1,483,229,236.96	2,213,882,215.02
2. Net profit attributable to non-controlling shareholders	13,145,516.46	9,984,907.25
VI. Other comprehensive income after tax	36,723,815.69	32,372,570.30
Items attributable to the owners of the parent company	29,652,134.01	32,251,478.10
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	29,652,134.01	32,251,478.10
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	29,652,134.01	32,251,478.10
7. Others		

Items	2023 Semi-Annual	2022 Semi-Annual
Items attributable to non-controlling shareholders	7,071,681.68	121,092.20
VII. Total comprehensive income	1,533,098,569.11	2,256,239,692.57
Items attributable to the owners of the parent company	1,512,881,370.97	2,246,133,693.12
Items attributable to non-controlling shareholders	20,217,198.14	10,105,999.45
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	0.48	0.72
(II) Diluted EPS (yuan per share)	0.48	0.72

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

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

4. Parent company income statement

Unit: RMB Yuan

Items	2023 Semi-Annual	2022 Semi-Annual
I. Operating revenue	1,467,649,891.79	1,881,789,420.59
Less: Operating cost	1,286,663,766.90	1,484,626,689.83
Taxes and surcharges	5,272,107.65	9,419,467.60
Selling expenses	14,547,584.98	13,475,826.45
Administrative expenses	71,695,788.38	70,457,378.58
R&D expenses	105,896,011.00	117,265,377.61
Financial expenses	26,721,645.73	19,040,825.17
Including: Interest expenses	82,410,752.78	86,733,082.30
Interest income	55,944,010.36	67,574,365.85
Add: Other income	20,950,696.09	22,525,397.54
Investment income (or less: losses)	1,460,083,688.60	90,072,788.02
Including: Investment income from associates and joint ventures	17,189,195.23	19,977,116.53
Gains from derecognition of financial assets at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		
Credit impairment loss	-76,822,623.15	16,015,667.16
Assets impairment loss	-1,816,889.00	-6,715,175.00
Gains on asset disposal (or less: losses)	12,144,624.20	-79,510.57

Items	2023 Semi-Annual	2022 Semi-Annual
II. Operating profit (or less: losses)	1,371,392,483.89	289,323,022.50
Add: Non-operating revenue	1,629,246.59	56,720.00
Less: Non-operating expenditures	70,000.00	972,209.42
III. Profit before tax (or less: total loss)	1,372,951,730.48	288,407,533.08
Less: Income tax	-9,060,433.16	30,379,713.92
IV. Net profit (or less: net loss)	1,382,012,163.64	258,027,819.16
(I) Net profit from continuing operations (or less: net loss)	1,382,012,163.64	258,027,819.16
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	1,382,012,163.64	258,027,819.16
VII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

5. Consolidated cash flow statement

Unit: RMB Yuan

Items	2023 Semi-Annual	2022 Semi-Annual
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	7,691,504,205.43	7,785,627,208.41

Items	2023 Semi-Annual	2022 Semi-Annual
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	623,052,104.04	696,115,463.88
Other cash receipts related to operating activities	211,777,249.15	181,679,924.51
Subtotal of cash inflows from operating activities	8,526,333,558.62	8,663,422,596.80
Cash payments for goods purchased and services received	5,567,275,176.60	5,623,412,196.31
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	1,092,533,915.84	1,032,523,887.01
Cash payments for taxes and rates	447,327,818.25	618,388,114.66
Other cash payments related to operating activities	183,634,026.00	146,641,660.62
Subtotal of cash outflows from operating activities	7,290,770,936.69	7,420,965,858.60
Net cash flows from operating activities	1,235,562,621.93	1,242,456,738.20
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	30,163,695.90	37,221,964.90
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	140,680.08	4,153,451.64
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	740,938,810.13	1,827,718,300.54

Items	2023 Semi-Annual	2022 Semi-Annual
Subtotal of cash inflows from investing activities	771,243,186.11	1,869,093,717.08
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	2,373,242,224.79	1,801,063,585.84
Cash payments for investments	237,508,000.00	
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		5,485,385.14
Other cash payments related to investing activities	250,000,000.00	1,136,474,731.36
Subtotal of cash outflows from investing activities	2,860,750,224.79	2,943,023,702.34
Net cash flows from investing activities	-2,089,507,038.68	-1,073,929,985.26
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	3,618,534,438.57	3,790,379,237.43
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	3,618,534,438.57	3,790,379,237.43
Cash payments for the repayment of borrowings	2,772,078,719.75	1,249,162,336.86
Cash payments for distribution of dividends or profits and for interest expenses	1,710,367,614.94	1,963,178,314.75
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		
Other cash payments related to financing activities	1,407,620.33	3,882,331.56
Subtotal of cash outflows from financing activities	4,483,853,955.02	3,216,222,983.17
Net cash flows from financing activities	-865,319,516.45	574,156,254.26
IV. Effect of foreign exchange rate changes on cash & cash equivalents	75,313,603.44	-5,511,976.27
V. Net increase in cash and cash equivalents	-1,643,950,329.76	737,171,030.93
Add: Opening balance of cash and cash equivalents	5,151,841,931.86	5,714,537,538.23
VI. Closing balance of cash and cash equivalents	3,507,891,602.10	6,451,708,569.16

6. Parent company cash flow statement

Unit: RMB Yuan

Items	2023 Semi-Annual	2022 Semi-Annual
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	1,621,333,193.57	2,052,435,852.98
Receipts of tax refund	52,307,259.26	45,449,735.20
Other cash receipts related to operating activities	82,446,555.85	87,918,046.65
Subtotal of cash inflows from operating activities	1,756,087,008.68	2,185,803,634.83

Items	2023 Semi-Annual	2022 Semi-Annual
Cash payments for goods purchased and services received	1,423,009,942.09	1,208,399,552.39
Cash paid to and on behalf of employees	199,303,567.32	195,470,414.48
Cash payments for taxes and rates	10,958,178.21	93,367,767.02
Other cash payments related to operating activities	62,126,529.37	55,099,073.01
Subtotal of cash outflows from operating activities	1,695,398,216.99	1,552,336,806.90
Net cash flows from operating activities	60,688,791.69	633,466,827.93
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	1,438,665,904.66	52,285,594.53
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	2,152,600,000.00	3,520,172,480.03
Subtotal of cash inflows from investing activities	3,591,265,904.66	3,572,458,074.56
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	12,931,959.73	2,828,025.55
Cash payments for investments	1,187,508,000.00	50,000,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	3,352,754,775.00	3,014,522,667.74
Subtotal of cash outflows from investing activities	4,553,194,734.73	3,067,350,693.29
Net cash flows from investing activities	-961,928,830.07	505,107,381.27
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	1,850,000,000.00	2,040,000,000.00
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	1,850,000,000.00	2,040,000,000.00
Cash payments for the repayment of borrowings	1,603,000,000.00	689,759,400.00
Cash payments for distribution of dividends or profits and for interest expenses	1,619,589,051.11	1,878,276,172.00
Other cash payments related to financing activities	1,126,850.43	1,266,518.81
Subtotal of cash outflows from financing activities	3,223,715,901.54	2,569,302,090.81
Net cash flows from financing activities	-1,373,715,901.54	-529,302,090.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents	969,709.78	806,094.12

Items	2023 Semi-Annual	2022 Semi-Annual
V. Net increase in cash and cash equivalents	-2,273,986,230.14	610,078,212.51
Add: Opening balance of cash and cash equivalents	4,054,348,356.27	4,191,863,033.83
VI. Closing balance of cash and cash equivalents	1,780,362,126.13	4,801,941,246.34

7. Consolidated statement of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	2023 Semi-Annual														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	3,090,907,356.00				3,613,097,510.81	500,059,711.25	76,577,564.17	26,196,894.55	1,444,413,940.89		15,823,725,913.44		23,574,859,468.61	87,289,766.85	23,662,149,235.46
Add: Cumulative changes of accounting policies											19,857.63		19,857.63		19,857.63
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	3,090,907,356.00				3,613,097,510.81	500,059,711.25	76,577,564.17	26,196,894.55	1,444,413,940.89		15,823,745,771.07		23,574,879,326.24	87,289,766.85	23,662,169,093.09
III. Current period increase (or less: decrease)							29,652,134.01	17,629,528.47			-53,481,603.04		-6,199,940.56	20,217,198.14	14,017,257.58
(I) Total comprehensive income							29,652,134.01				1,483,229,236.96		1,512,881,370.97	20,217,198.14	1,533,098,569.11
(II) Capital contributed or withdrawn by owners															
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others															
(III) Profit distribution											-1,536,710,840.00		-1,536,710,840.00		-1,536,710,840.00
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-1,536,710,840.00		-1,536,710,840.00		-1,536,710,840.00
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															

Items	2023 Semi-Annual														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
6. Others															
(V) Special reserve								17,629,528.47					17,629,528.47	17,629,528.47	
1. Appropriation of current period								26,153,211.92					26,153,211.92	26,153,211.92	
2. Application of current period								-8,523,683.45					-8,523,683.45	-8,523,683.45	
(VI) Others															
IV. Balance at the end of current period	3,090,907,356.00				3,613,097,510.81	500,059,711.25	106,229,698.18	43,826,423.02	1,444,413,940.89		15,770,264,168.03		23,568,679,385.68	107,506,964.99	23,676,186,350.67

Preceding period comparative

Unit: RMB Yuan

Items	Year 2022														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,152,465,528.17		21,831,838,010.85	63,730,851.41	21,895,568,862.26
Add: Cumulative changes of accounting policies											4,795.77		4,795.77		4,795.77
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,152,470,323.94		21,831,842,806.62	63,730,851.41	21,895,573,658.03
III. Current period increase (or less: decrease)	512,512,596.00				-507,468,870.48	179,698,926.77	32,251,478.10	4,449,092.88			420,083,330.45		282,128,700.18	10,105,999.45	292,234,699.63
(I) Total comprehensive income							32,251,478.10				2,213,877,419.25		2,246,128,897.35	10,105,999.45	2,256,234,896.80
(II) Capital contributed or withdrawn by owners						179,698,926.77							-179,698,926.77		-179,698,926.77
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others						179,698,926.77							-179,698,926.77		-179,698,926.77
(III) Profit distribution											-1,793,794,088.80		-1,793,794,088.80		-1,793,794,088.80
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															

Items	Year 2022															
	Equity attributable to parent company														Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
	Preferred shares	Perpetual bonds	Others													
3. Appropriation of profit to owners											-1,793,794,088.80		-1,793,794,088.80		-1,793,794,088.80	
4. Others																
(IV) Internal carry-over within equity	512,512,596.00				-512,512,596.00											
1. Transfer of capital reserve to capital	512,512,596.00				-512,512,596.00											
2. Transfer of surplus reserve to capital																
3. Surplus reserve to cover losses																
4. Changes in defined benefit plan carried over to retained earnings																
5. Other comprehensive income carried over to retained earnings																
6. Others																
(V) Special reserve								4,449,092.88					4,449,092.88		4,449,092.88	
1. Appropriation of current period								13,360,150.22					13,360,150.22		13,360,150.22	
2. Application of current period								-8,911,057.34					-8,911,057.34		-8,911,057.34	
(VI) Others					5,043,725.52								5,043,725.52		5,043,725.52	
IV. Balance at the end of current period	3,090,907,356.00				3,613,594,210.48	500,059,711.25	30,637,305.79	17,141,311.39	1,289,197,380.00		14,572,553,654.39		22,113,971,506.80	73,836,850.86	22,187,808,357.66	

8. Parent company statements of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	3,090,907,356.00				3,353,427,829.42	500,059,711.25	506,954.43		1,444,413,940.89	5,489,904,970.92		12,879,101,340.41
Add: Cumulative changes of accounting policies										19,857.63		19,857.63
Error correction of prior period												
Others												
II. Balance at the beginning of current year	3,090,907,356.00				3,353,427,829.42	500,059,711.25	506,954.43		1,444,413,940.89	5,489,924,828.55		12,879,121,198.04
III. Current period increase (or less: decrease)										-154,698,676.36		-154,698,676.36

Items	Year 2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
(I) Total comprehensive income										1,382,012,163.64		1,382,012,163.64
(II) Capital contributed or withdrawn by owners												
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others												
(III) Profit distribution										-1,536,710,840.00		-1,536,710,840.00
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										-1,536,710,840.00		-1,536,710,840.00
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	3,090,907,356.00				3,353,427,829.42	500,059,711.25	506,954.43		1,444,413,940.89	5,335,226,152.19		12,724,422,521.68

Preceding period comparative

Unit: RMB Yuan

Items	Year 2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,750,011.71		13,295,881,721.23
Add: Cumulative changes of accounting policies										4,795.77		4,795.77
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,754,807.48		13,295,886,517.00
III. Current period increase (or less : decrease)	512,512,596.00				-507,468,870.48	179,698,926.77				-1,535,766,219.19		-1,710,421,420.44
(I) Total comprehensive income										258,027,869.61		258,027,869.61
(II) Capital contributed or withdrawn by owners						179,698,926.77						-179,698,926.77
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others						179,698,926.77						-179,698,926.77
(III) Profit distribution										-1,793,794,088.80		-1,793,794,088.80
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										-1,793,794,088.80		-1,793,794,088.80
3. Others												
(IV) Internal carry-over within equity	512,512,596.00				-512,512,596.00							
1. Transfer of capital reserve to capital	512,512,596.00				-512,512,596.00							
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					5,043,725.52							5,043,725.52
IV. Balance at the end of current period	3,090,907,356.00				3,353,924,529.09	500,059,711.25	506,954.43		1,289,197,380.00	4,350,988,588.29		11,585,465,096.56

III. Company profile

Zhejiang NHU Co., Ltd. (the “Company”) was jointly established by 新昌县合成化工厂 (Xinchang County Synthetic Chemical Plant*, renamed as NHU Holding Group Co., Ltd. on November 17, 2009) and 9 natural persons including Zhang Pingyi, Yuan Yizhong, Shi Cheng, Hu Baishan, Shi Guanqun, Wang Xuewen, 石三夫 (Shi Sanfu), Cui Xinrong, and Wang Xulin under the document of approval numbered Zhe Zheng Wei [1999] 9 issued by the former Securities Commission of the People’s Government of Zhejiang Province. Headquartered in Shaoxing City, Zhejiang Province, the Company was registered at Zhejiang Administration for Industry and Commerce on April 5, 1999. Currently, the Company holds a business license with unified social credit code of 91330000712560575G, with registered capital of 3,090,907,356.00 yuan, total share of 3,090,907,356 shares (each with par value of one yuan), of which, 36,374,202 shares are restricted outstanding shares, and 3,054,533,154 shares are unrestricted outstanding shares. The Company’s shares were listed on Shenzhen Stock Exchange on June 25, 2004.

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

The financial statements were approved and authorized for issue by the Seventeenth Meeting of the Eighth session of the Board of Directors dated August 28, 2023.

The Company has brought 28 subsidiaries including Xinchang NHU Vitamins Co., Ltd., Zhejiang NHU Import & Export Co., Ltd., 浙江维尔新动物营养保健品有限公司 (Zhejiang Vityesun Animal Nutrition and Health Co., Ltd.*), etc. into the consolidation scope. Please refer to item VIII and IX of this section for details.

IV. Preparation basis of the financial statements

1. Preparation basis

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

2. The ability to continue as a going concern

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

V. Significant accounting policies and estimates

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

1. Statement of compliance

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

2. Accounting period

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

* The English names are for identification purpose only.

3. Operating cycle

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

4. Functional currency

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

6. Compilation method of consolidated financial statements

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

7. Recognition criteria of cash and cash equivalents

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

8. Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

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

9. Financial instruments

1. Classification of financial assets and financial liabilities

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

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

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

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

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

3) Equity instrument investments at fair value through other comprehensive income

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

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

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability.

If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the

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

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

4. Fair value determination method of financial assets and liabilities

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

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among

which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in “CASBE 14 – Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective basis

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with export tax refund receivable	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with VAT refund receivable		
Other receivables – Portfolio grouped with land bond receivable		
Other receivables – Portfolio grouped with deposits receivable from customs and tax authorities		
Other receivables – Portfolio grouped with ages	Ages	

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.

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

Ages	Expected credit loss rate (%)
Within 1 year (inclusive, the same hereinafter)	5
1-2 years	20
2-3 years	80
Over 3 years	100

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

10. Inventories

1. Classification of inventories

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

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based

on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized with one-off method.

11. Long-term equity investments

1. Judgment of joint control and significant influence

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

2. Determination of investment cost

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

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

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

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

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

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is

reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

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

3. Subsequent measurement and recognition method of profit or loss

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

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

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company’s loss of control, joint control, or significant influence, the remained equity is accounted for according to “CASBE 22 – Financial Instruments: Recognition and Measurement”.

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as “bundled transaction” resulting in the Company’s loss of control

Before the Company’s loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company’s loss of control.

2) Disposal of a subsidiary in stages qualified as “bundled transaction” resulting in the Company’s loss of control

In case of “bundled transaction”, stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

12. Fixed assets

(1) Recognition principles

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

(2) Depreciation method

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

13. Construction in progress

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

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

14. Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

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

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

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

3. Capitalization rate and capitalized amount of borrowing costs

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

15. Intangible assets

(1) Measurement method, useful lives and impairment test

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

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

Items	Amortization period (years)
Land use right	50, 70
Software	10
Patent right	10
Non-patented technology	15

(2) Accounting policies on internal R&D expenditures

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

16. Impairment of part of long-term assets

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

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

17. Long-term prepayments

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

18. Employee benefits

(1) Short-term employee benefits

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

(2) Post-employment benefits

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

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

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

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

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

(4) Other long-term employee benefits

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

19. Revenue

Accounting policies on revenue recognition and measurement

1. Revenue recognition principles

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

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

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards

of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2. Revenue measurement principle

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

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

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

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

3. Revenue recognition method

(1) Revenue from sales of products

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

(2) Revenue from real estate sales

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

20. Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized

as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

21. Contract assets, contract liabilities

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

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

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

22. Deferred tax assets/Deferred tax liabilities

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

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

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

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

23. Leases

(1) Operating lease

1. The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

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

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

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liability; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method/unit-of-production method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liability

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

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

2. The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

Operating lease

Lease receipts are recognized as lease income with straight-line method/unit-of-production method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Accounting for finance leases

None

24. Work safety fund

The Company accrues work safety fund in accordance with the “Circular on Management Measures on the Accrual and Use of Work Safety Fund” numbered Cai Qi [2022] 136 by Ministry of Finance and State Administration of Work Safety. Standard work safety fund is included in the cost or current profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

25. Segment reporting

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

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

26. Accounting treatment related to share repurchase

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

27. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

√ Applicable □ Not Applicable

Contents and reasons	Approval process	Remarks
Ministry of Finance, <i>Interpretation of Enterprise</i>	N/A	Please refer to Announcement No.2023-

Contents and reasons	Approval process	Remarks
<i>Accounting Standards No. 16</i> ("Caijing [2022] No. 31) "Accounting for Deferred Income Taxes Associated with Assets and Liabilities Arising from a Single Transaction to Which the Initial Recognition Exemption Does Not Apply"		021 disclosed on www.cninfo.com.cn on April 21, 2023 for details.

The impact of the implementation of the standards on the relevant items of the company's balance sheet in 2022, profit statement and cash flow statement in the same period of last year is retroactively adjusted as follows:

Unit: RMB Yuan

Items	Before adjustment (Jan 1,2023/ Preceding period comparative)	Effect due to revised lease standard	After adjustment (Jan 1,2023/ Preceding period comparative)
Consolidated balance sheet			
Deferred tax assets	49,812,172.71	438,636.67	50,250,809.38
Deferred tax liabilities	277,316,677.63	418,779.04	277,735,456.67
Undistributed profit	15,823,725,913.44	19,857.63	15,823,745,771.07
Consolidated income statement			
Income tax	400,099,923.62	-4,795.77	400,095,127.85
Net profit	2,223,862,326.50	4,795.77	2,223,867,122.27

VI. Taxes

1. Main taxes and tax rates

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

Taxes	Tax bases	Tax rates
surcharge		
Solidarity surcharge [Note]	Income tax payable	5.50%
Trade tax [Note]	Taxable income	13.30%

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

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Shangyu NHU Bio-Chem Co., Ltd.	15%
Shandong NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Vitamins Co., Ltd.	15%
Shandong NHU Amino-acids Co., Ltd.	15%
Zhejiang NHU Special Materials Co., Ltd.	15%
Heilongjiang NHU Biotechnology Co., Ltd.	15%
Zhejiang NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Jinghua Technology Co., Ltd.	15%
NHU (Hong Kong) Trading Co., Ltd.	16.5%
NHU EUROPE GmbH	15%
NHU PERFORMANCE MATERIALS GMBH	15%
Bardoterminal GmbH	15%
NHU Singapore PTE. LTD.	17%
Zhejiang NHU Nylon Material Co., Ltd.	20%
NHU/CHR.OLESEN LATIN AMERICA A/S	22%
NHU CHR. OLESEN MEXICO S.A.P.I. DE C.V.	25.5%
NHU/CHR. OLESEN BRASIL LTDA	34%
Taxpayers other than the above-mentioned	25%

2. Tax preferential policies

According to the Hi-Tech Enterprise Certificate (GR202033003531) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (STA), the Company is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. In 2023, corporate income tax will be temporarily calculated and paid at a tax rate of 15%.

According to the Hi-Tech Enterprise Certificate (GR202233002530) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Shangyu NHU Bio-Chem Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2022 to 2024. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Hi-Tech Enterprise Certificate (GR202037001084) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. In 2023, corporate income tax will be temporarily calculated and paid at a tax rate of 15%.

According to the Hi-Tech Enterprise Certificate (GR202037000197) issued by Department of Science and Technology of Shandong

Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Vitamins Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. In 2023, corporate income tax will be temporarily calculated and paid at a tax rate of 15%.

According to the Hi-Tech Enterprise Certificate (GR202137000086) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Amino Acid Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Hi-Tech Enterprise Certificate (GR202133008939) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Zhejiang NHU Special Materials Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Hi-Tech Enterprise Certificate (GR202123000560) issued by Heilongjiang Provincial Department of Science and Technology, Heilongjiang Provincial Department of Finance and Heilongjiang Provincial Tax Service, STA, the subsidiary Heilongjiang NHU Biotechnology Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Hi-Tech Enterprise Certificate (GR202233004365) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Zhejiang NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2022 to 2024. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Hi-Tech Enterprise Certificate (GR202237005690) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Jinghua Technology Co., Ltd is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2022 to 2024. It is subject to the rate of 15% for enterprise income tax in 2023.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies on Income Tax for Small and Micro Enterprises and Individual Entrepreneurs issued by the Ministry of Finance and the State Administration of Taxation (Announcement of the Ministry of Finance and the State Administration of Taxation No. 6 of 2023), from January 1, 2023 to December 31, 2024, the portion of the annual taxable income of a small and micro enterprise that does not exceed 1 million yuan will be reduced by 25% of the annual taxable income, and will pay corporate income tax at a rate of 20%. The tax rate of 20% will be applied to the enterprise income tax. Subsidiary Zhejiang NHU Nylon Material Co., Ltd. is subject to enterprise income tax at the corresponding preferential tax rate..

3、Other

None

VII. Notes to items of consolidated financial statements

1. Cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Cash on hand	21,036.01	16,584.59
Cash in bank	3,507,862,165.02	5,151,816,943.29

Items	Closing balance	Opening balance
Other cash and bank balances	146,850,922.85	192,018,439.84
Total	3,654,734,123.88	5,343,851,967.72
Including: Deposited overseas	84,689,947.39	62,426,363.92

Other remarks

(1) Other cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deposit for bank acceptance	110,959,093.51	147,608,293.24
Deposit for letters of credit	33,486,505.20	42,310,180.59
Deposit for engineering labor costs	852,349.44	851,288.54
Deposit for construction safety	867,529.53	863,937.05
Deposit for water fees	660,544.10	359,836.44
Deposit for ETC	16,500.00	16,500.00
Alipay balance	8401.07	8,401.07
Deposited investment fund		2.91
Subtotal	146,850,922.85	192,018,439.84

2. Held-for-trading financial assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	250,000,000.00	720,314,576.43
Including: Financial products with guaranteed principal and floating income	250,000,000.00	720,000,000.00
Derivative financial assets		314,576.43
Total	250,000,000.00	720,314,576.43

3. Notes receivable

(1) Details on categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	207,107,417.99	321,261,741.29
Commercial Acceptance	7,281,666.87	51,380,094.50
Total	214,389,084.86	372,641,835.79

Unit: RMB Yuan

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion	
Notes receivable with provision for bad debts made on a collective basis	214,772,330.49	100.00%	383,245.63	0.18%	214,389,084.86
Bank acceptance	207,107,417.99	96.43%			207,107,417.99
Commercial Acceptance	7,664,912.50	3.57%	383,245.63	5.00%	7,281,666.87
Total	214,772,330.49	100.00%	383,245.63	0.18%	214,389,084.86

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Notes receivable with provision for bad debts made on a collective basis	375,346,051.29	100.00%	2,704,215.50	0.72%	372,641,835.79
Bank acceptance	321,261,741.29	85.59%			321,261,741.29
Commercial Acceptance	54,084,310.00	14.41%	2,704,215.50	5.00%	51,380,094.50
Total	375,346,051.29	100.00%	2,704,215.50	0.72%	372,641,835.79

provision for bad debts made on a collective basis: 383,245.63

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Commercial Acceptance	7,664,912.50	383,245.63	5.00%
Total	7,664,912.50	383,245.63	

A description of the basis for determining the portfolio:

If the bad debt provision for notes receivable is based on the general model of expected credit losses, please disclose information about the bad debt provision by referring to the disclosure for other receivables:

Applicable Not applicable**(2) Provisions made, collected or reversed in the current period**

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Provision made on a collective basis	2,704,215.50	-2,320,969.87				383,245.63
Total	2,704,215.50	-2,320,969.87				383,245.63

which the amount of bad debt provision recovered or reversed during the period is significant:

Applicable Not applicable**(3) Pledged notes at the balance sheet date**

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	155,053,622.64
Total	155,053,622.64

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

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	40,752,118.29	
Total	40,752,118.29	

4. Accounts receivable**(1) Details on categories**

Unit: RMB Yuan

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Accounts receivable with provision for bad debts made on a collective basis	2,572,631,687.58	100.00%	143,930,919.60	5.59%	2,428,700,767.98
Total	2,572,631,687.58	100.00%	143,930,919.60	5.59%	2,428,700,767.98

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Accounts receivable with provision for bad debts made on a collective basis	2,615,042,281.60	100.00%	138,773,240.37	5.31%	2,476,269,041.23
Total	2,615,042,281.60	100.00%	138,773,240.37	5.31%	2,476,269,041.23

provision for bad debts made on a collective basis: 143,930,919.60

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Commercial Acceptance	2,572,631,687.58	143,930,919.60	5.59%
Total	2,572,631,687.58	143,930,919.60	

A description of the basis for determining the portfolio:

If the bad debt provision for notes receivable is based on the general model of expected credit losses, please disclose information about the bad debt provision by referring to the disclosure for other receivables:

Applicable Not applicable

Ages analysis:

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	2,482,677,830.83
1-2 years	87,681,785.95
2-3 years	57,000.00
Over 3 years	2,215,070.80
3-4 years	
4-5 years	489,750.00
Over 5 years	1,725,320.80
Total	2,572,631,687.58

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Provision made on a collective basis	138,773,240.37	5,397,679.23		240,000.00		143,930,919.60
Total	138,773,240.37	5,397,679.23		240,000.00		143,930,919.60

(3) Accounts receivable actually written off in the current period

Unit: RMB Yuan

Items	Write-off amount
Payment for goods	240,000.00

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

Unit: RMB Yuan

Debtors	Closing balance	Proportion to the total balance of receivables (%)	Closing balance of provision for bad debts
Client A	316,559,132.16	12.30%	15,827,956.61
Client B	184,341,286.74	7.17%	9,217,064.34
Client C	87,285,592.08	3.39%	4,364,279.60
Client D	36,987,720.20	1.44%	1,849,386.01
Client E	35,320,657.51	1.37%	1,766,032.88
Total	660,494,388.69	25.67%	

5. Receivables financing

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	506,430,216.64	379,217,582.25
Total	506,430,216.64	379,217,582.25

Changes in receivables financing during the period and changes in fair value

Applicable Not applicable

If the provision for impairment of receivables financing is based on the general model of expected credit losses, disclose information about the provision for impairment by referring to the disclosure for other receivables:

Applicable Not applicable**(1) Pledged notes at the balance sheet date**

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	84,532,028.12
Subtotal	84,532,028.12

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

Unit: RMB Yuan

Items	Closing balance derecognized
Bank acceptance	579,996,213.46
Subtotal	579,996,213.46

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

6. Advances paid

(1) Age analysis

Unit: RMB Yuan

Ages	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	113,021,820.29	94.16%	215,300,317.59	96.84%
1-2 years	6,640,398.88	5.54%	7,013,257.67	3.14%
2-3 years	340,628.67	0.28%	16,001.00	0.01%
Over 3 years	23,200.00	0.02%	7,200.00	0.01%
Total	120,026,047.84	--	222,336,776.26	--

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	17,186,516.30	14.32%
Supplier B	10,380,247.17	8.65%
Supplier C	8,431,174.24	7.02%
Supplier D	8,429,722.01	7.02%
Supplier E	5,745,000.00	4.79%
Subtotal	50,172,659.72	41.80%

7. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable		20,735,987.73
Other receivables	224,942,479.71	248,831,605.00
Total	224,942,479.71	269,567,592.73

(1) Dividend receivable

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.		20,735,987.73
Total		20,735,987.73

(2) Other receivables

1) Categorized by nature

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
Security deposits	116,100,494.45	120,123,425.59

Nature of receivables	Closing book balance	Opening book balance
Export tax refund	72,167,345.62	62,763,834.97
Unborrowed funds		21,098,506.24
Receivables of returned equipment	95,312.91	1,041,600.00
Refundable VAT	21,109,926.49	41,890,037.74
Employee petty cash	12,558,327.06	8,050,322.00
Temporary advance payment receivable	4,228,609.89	3,839,206.82
Others	8,117,227.78	3,035,775.60
Total	234,377,244.20	261,842,708.96

2) Provision for bad debts

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	1,760,180.53	1,062,902.90	10,188,020.53	13,011,103.96
Opening balance in the current period				
--Transferred to phase II	-252,531.71	252,531.71		
--Transferred to phase III		-182,677.07	182,677.07	
Provision made in the current period	-430,122.97	-122,630.70	-3,023,585.80	-3,576,339.47
Closing balance	1,077,525.85	1,010,126.84	7,347,111.80	9,434,764.49

Significant changes in book balance of other receivables with changes in provision for bad debts:

□ Applicable √ Not applicable

Ages analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	118,060,890.14
1-2 years	9,886,365.19
2-3 years	913,385.36
Over 3 years	105,516,603.51
3-4 years	5,406,045.90
4-5 years	300,000.00
Over 5 years	99,810,557.61
Total	234,377,244.20

3) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Weifang Municipal Bureau of Land and Resource, Binhai District Branch	Security deposits	97,900,000.00	Over 3 years	41.77%	
State Taxation	Export tax refund	72,167,345.61	Within 1 year	30.79%	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Administration (Export tax refund receivable)					
State Revenue Service (VAT refundable)	AT refundable	21,109,926.50	Within 1 year	9.01%	
Weifang Binhai Economic and Technological Development Zone Finance Treasury Centralized Payment Center	Security deposits	4,835,731.00	1-2 years	2.06%	
Suihua Labor Security Supervision Detachment	Security deposits	2,950,490.53	3-4 years	1.26%	2,950,490.53
Total	--	198,963,493.64	--	84.89%	2,950,490.53

8. Inventories

Does the company need to comply with disclosure requirements in the real estate industry

NO

(1) Details on categories

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount
Raw materials	404,321,979.01	1,371,035.91	402,950,943.10	512,088,438.92	1,371,035.91	510,717,403.01
Work in process	1,244,177,291.69		1,244,177,291.69	1,259,897,028.55		1,259,897,028.55
Goods on hand	2,693,983,880.45	151,230,060.62	2,542,753,819.83	2,122,998,309.26	151,579,577.92	1,971,418,731.34
Goods dispatched	59,383,998.25		59,383,998.25	96,141,207.37		96,141,207.37
Development cost	97,530,835.60		97,530,835.60	97,530,835.60		97,530,835.60
Developed products	122,087,269.95		122,087,269.95	121,902,734.56		121,902,734.56
Materials on consignment for further processing	6,468,031.91		6,468,031.91	8,335,609.99		8,335,609.99
Packages	15,187,420.88		15,187,420.88	16,061,832.47		16,061,832.47
Low-value consumables	88,045,857.41		88,045,857.41	62,552,319.50		62,552,319.50
Total	4,731,186,565.15	152,601,096.53	4,578,585,468.62	4,297,508,316.22	152,950,613.83	4,144,557,702.39

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

Unit: RMB Yuan

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Recovery/ Reversal	Others	
Raw materials	1,371,035.91					1,371,035.91

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Recovery/ Reversal	Others	
Goods on hand	151,579,577.92	81,296,758.10		81,646,275.40		151,230,060.62
Total	152,950,613.83	81,296,758.10		81,646,275.40		152,601,096.53

Determination basis of net realizable value and reasons for the reversal or write-off of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down
Raw materials	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges.	Inventories with provision for inventory write-down made at the beginning of period were used or sold in the current period.
Goods on hand	Estimated selling price of relevant finished goods less estimated selling expenses, and relevant taxes and surcharges.	Inventories with provision for inventory write-down made at the beginning of period were sold in the current period.

(3) Inventories – Development cost

Unit: RMB Yuan

Items	Estimated total investment	Opening balance	Closing balance
Boao NHU Resort	550 million	42,570,355.38	42,570,355.38
Weifang NHU Town Phase II	398.53 million	54,960,480.22	54,960,480.22
Subtotal		97,530,835.60	97,530,835.60

(4) Inventories – Developed products

Unit: RMB Yuan

Items	Date of completion	Opening balance	Increase	Decrease	Closing balance
Boao NHU Resort Center	Dec. 2014	121,902,734.56	737,327.12	552,791.73	122,087,269.95
Subtotal		121,902,734.56	737,327.12	552,791.73	122,087,269.95

9. Other current assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Prepaid VAT or input VAT to be credited	20,686,257.91	123,811,281.53
Prepaid enterprise income tax	19,249,934.46	54,251,454.46
Prepaid insurance premiums	5,502,799.65	4,330,488.27
Prepaid housing rents	891,922.42	23,362.83
Prepaid urban maintenance and construction tax	13,194.85	13,194.85
Prepaid education surcharge	7,916.74	7,916.74
Prepaid local education surcharge	5,278.11	5,278.11
Total	46,357,304.14	182,442,976.79

10. Long-term equity investments

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income/losses recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	239,967,333.33			20,358,467.14							260,325,800.47
Shandong Bin'an Vocational Training School Co., Ltd. [Note]	5,842,851.42			-785,163.90							5,057,687.52
Zhejiang Saiya Chemical Materials Co., Ltd.	125,450,987.77			16,212,276.85					-960,219.61		140,703,045.01
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	24,457,448.36			3,423,314.91					-2,120,785.74		25,759,977.53
CysBio ApS	36,784,947.60			-1,184,308.82	1,331,625.87						36,932,264.65
Anhui Yingna Weixun Technology Co., Ltd.		4,000,000.00									4,000,000.00
Ningbo Zhenhai Refining and Chemical Xinhecheng Biotechnology Co., Ltd.		233,508,000.00		-3,169,284.18							230,338,715.82
Subtotal	432,503,568.48	237,508,000.00		34,855,302.00	1,331,625.87				-3,081,005.35		703,117,491.00
Total	432,503,568.48	237,508,000.00		34,855,302.00	1,331,625.87				-3,081,005.35		703,117,491.00

11. Other equity instrument investments

Unit: RMB Yuan

Items	Closing balance	Opening balance
Zhejiang Second Pharma Co., Ltd.	7,790,147.55	7,790,147.55
Shanghai NewMargin Yongjin Equity Enterprise (LP)	15,208,000.00	15,208,000.00
Total	22,998,147.55	22,998,147.55

12. Fixed assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	17,819,362,500.06	16,523,867,858.53
Total	17,819,362,500.06	16,523,867,858.53

(1) Details

Unit: RMB Yuan

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Cost:					
1. Opening balance	7,126,286,829.35	217,277,952.88	15,524,771,612.37	27,261,458.12	22,895,597,852.72
2. Increase	237,812,172.57	27,583,195.13	2,181,485,766.14	2,992,677.90	2,449,873,811.74
(1) Acquisition	98,370,675.72	7,642,898.98	404,802,224.29	2,986,353.56	513,802,152.55
(2) Transferred in from construction in progress	139,441,496.85	19,940,296.15	1,776,683,541.85	6,324.34	1,936,071,659.19
3. Decrease	24,302.75	1,115,100.03	373,539,569.72	3,770,245.45	378,449,217.95
(1) Disposal/Scrapping	24,302.75	1,115,100.03	373,539,569.72	3,770,245.45	378,449,217.95
4. Closing balance	7,364,074,699.17	243,746,047.98	17,332,717,808.79	26,483,890.57	24,967,022,446.51
II. Accumulated depreciation					
1. Opening balance	861,276,258.73	123,348,225.80	5,340,663,239.78	17,564,262.94	6,342,851,987.25

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
2. Increase	101,963,792.73	15,617,968.92	684,348,352.06	2,040,364.15	803,970,477.86
(1) Accrual	101,963,792.73	15,617,968.92	684,348,352.06	2,040,364.15	803,970,477.86
3. Decrease		1,801,604.05	22,555,055.47	3,665,804.54	28,022,464.06
(1) Disposal/ Scrapping		1,801,604.05	22,555,055.47	3,665,804.54	28,022,464.06
4. Closing balance	963,240,051.46	137,164,590.67	6,002,456,536.37	15,938,822.55	7,118,800,001.05
III. Provision for impairment					
1. Opening balance	20,980,481.81	7,425.45	7,873,804.67	16,295.01	28,878,006.94
2. Increase					
(1) Accrual					
3. Decrease			1,766.53	16,295.01	18,061.54
(1) Disposal/ Scrapping			1,766.53	16,295.01	18,061.54
4. Closing balance	20,980,481.81	7,425.45	7,872,038.14		28,859,945.40
IV. Carrying amount					
1. Closing balance	6,379,854,165.90	106,574,031.86	11,322,389,234.28	10,545,068.02	17,819,362,500.06
2. Opening balance	6,244,030,088.81	93,922,301.63	10,176,234,567.92	9,680,900.17	16,523,867,858.53

(2) Fixed assets temporarily idle

Unit: RMB Yuan

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	90,962,662.12	36,264,898.95	32,689,772.80	22,007,990.37	
General equipment	204,504.71	140,250.58	3,546.30	60,707.83	
Special equipment	369,743,848.13	295,253,821.79	10,863,291.68	63,626,734.66	
Subtotal	460,911,014.96	331,658,971.32	43,556,610.78	85,695,432.86	

(3) Fixed assets leased out under operating leases

Unit: RMB Yuan

Items	Closing carrying amount
Buildings and structures	26,767,138.93
Subtotal	26,767,138.93

(4) Fixed assets with certificate of titles being unsettled

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	534,675,849.87	Relevant procedures have not yet been completed.
Subtotal	534,675,849.87	

13. Construction in progress

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	4,927,272,645.25	5,089,233,908.22
Total	4,927,272,645.25	5,089,233,908.22

(1) Details

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Methionine project with annual output of 0.25 million tons	3,219,069,329.67		3,219,069,329.67	2,389,822,701.74		2,389,822,701.74
616 Joint Production Project				426,984,891.23		426,984,891.23
Shandong Industrial Park 603 Project	58,473,733.80		58,473,733.80	67,408,245.22		67,408,245.22
Shandong Industrial Park HA Project	424,267,448.48		424,267,448.48	94,672,989.28		94,672,989.28
Shangyu Industrial Park PPS Project				559,554,821.51		559,554,821.51
Daming Life and Health Industry Project	113,110,548.03		113,110,548.03	26,065,403.64		26,065,403.64
NH acid project	411,013,534.11		411,013,534.11	514,155,642.52		514,155,642.52
Cogeneration Expansion Project	172,840,859.23		172,840,859.23	113,869,534.14		113,869,534.14
F5 project				91,979,706.11		91,979,706.11
NBC and CLA projects of Zhejiang Pharmaceutical				120,581,503.32		120,581,503.32
Other piecemeal projects	528,497,191.93		528,497,191.93	684,138,469.51		684,138,469.51
Total	4,927,272,645.25		4,927,272,645.25	5,089,233,908.22		5,089,233,908.22

(2) Changes in significant projects

Unit: RMB Yuan

Projects	Budgets RMB 0000 Yuan	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Including: Amount of borrowing cost capitalization in current period	Annual capitalization rate	Fund source
Methionine project with annual output of 0.25 million tons	536,984.22	2,389,822,701.74	829,246,627.93			3,219,069,329.67	97.12%	99.00%				Raised funds
616 Joint Production Project	77,213.69	426,984,891.23	3,455,987.89	430,440,879.12			98.38%	100.00%				Raised funds
Shandong Industrial Park 603 Project	8,983.60	67,408,245.22			8,934,511.42	58,473,733.80	75.03%	95.00%				Others
Shandong Industrial Park HA Project	97,991.14	94,672,989.28	330,483,701.66	889,242.46		424,267,448.48	43.71%	60.00%	811,777.78	811,777.78	2.60%	Others
Shangyu Industrial Park PPS Project	70,900.00	559,554,821.51	60,878,207.54	620,433,029.05			87.08%	100.00%				Others
Daming Life and Health Industry Project	69,314.56	26,065,403.64	87,045,144.39			113,110,548.03	77.34%	80.00%	5,560,699.99	1,256,944.44	3.79%	Others
NH acid project	73,899.28	514,155,642.52	37,804,682.32	140,946,790.73		411,013,534.11	74.56%	85.00%				Others
Cogeneration Expansion Project	33,890.43	113,869,534.14	58,971,325.09			172,840,859.23	51.00%	90.00%				Others
F5 project	13,563.50	91,979,706.11	46,677,427.57	138,657,133.68			102.23%	100.00%				Others
NBC and CLA projects of Zhejiang Pharmaceutical	13,555.00	120,581,503.32	38,141,206.81	158,722,710.13			117.10%	100.00%				Others
Total	996,295.42	4,405,095,438.71	1,492,704,311.20	1,490,089,785.17	8,934,511.42	4,398,775,453.32	--	--	6,372,477.77	2,068,722.22		--

14. Right-of-use assets

Unit: RMB Yuan

Items	Buildings and structures	Total
I. Cost		
1. Opening balance	3,573,327.02	3,573,327.02
2. Increase	5,312,700.96	5,312,700.96
(1) Leased in	5,312,700.96	5,312,700.96
3. Decrease		
4. Closing balance	8,886,027.98	8,886,027.98
II. Accumulated depreciation		
1. Opening balance	743,190.65	743,190.65
2. Increase	360,873.71	360,873.71
(1) Accrual	360,873.71	360,873.71
3. Decrease		
(1) Disposal		
4. Closing balance	1,104,064.36	1,104,064.36
III. Carrying amount		
1. Closing balance	7,781,963.62	7,781,963.62
2. Opening balance	2,830,136.37	2,830,136.37

15. Intangible assets**(1) Details**

Unit: RMB Yuan

Items	Land use right	Patent right	Non-patented technology	Software	Total
I. Cost					
1. Opening balance	1,854,376,892.96	31,662,062.75	38,788,324.30	62,516,135.99	1,987,343,416.00
2. Increase	423,872,121.50	3,853,885.79	19,032,964.34	1,749,989.09	448,508,960.72
(1) Acquisition	423,872,121.50	3,853,885.79	19,032,964.34	1,749,989.09	448,508,960.72
(2) Internal R&D					
3. Closing balance	2,278,249,014.46	35,515,948.54	57,821,288.64	64,266,125.08	2,435,852,376.72
II. Accumulated amortization					
1. Opening balance	223,213,559.07	5,344,520.66	1,628,315.26	18,650,774.69	248,837,169.68
2. Increase	20,057,624.00	2,969,177.07	368,326.76	2,975,925.67	26,371,053.50
(1) Accrual	20,057,624.00	2,969,177.07	368,326.76	2,975,925.67	26,371,053.50
3. Decrease	2,594,832.03		0.00	0.00	2,594,832.03
(1) Disposal	2,594,832.03		0.00	0.00	2,594,832.03
4. Closing balance	240,676,351.04	8,313,697.73	1,996,642.02	21,626,700.36	272,613,391.15
III. Carrying amount					
1. Closing balance	2,037,572,663.42	27,202,250.81	55,824,646.62	42,639,424.72	2,163,238,985.57
2. Opening balance	1,631,163,333.89	26,317,542.09	37,160,009.04	43,865,361.30	1,738,506,246.32

(2) Land use right with certificate of titles being unsettled

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Land use right	31,583,200.00	Relevant procedures have not yet been completed.
Subtotal	31,583,200.00	

16. Goodwill**(1) Cost**

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Business combination	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,134,185.59					2,134,185.59
NHU/CHR.OLES EN LATIN AMERICA A/S	3,622,704.97					3,622,704.97
Total	5,756,890.56					5,756,890.56

(2) Provision for impairment

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Accrual	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,134,185.59					2,134,185.59
Total	2,134,185.59					2,134,185.59

17. Long-term prepayments

Unit: RMB Yuan

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Decoration fees	8,149,891.98		1,703,262.70		6,446,629.28
Site leveling fees	16,221.60		8,110.80		8,110.80
Catalysts	5,013,764.87	4,856,634.96	2,122,920.28		7,747,479.55
Total	13,179,878.45	4,856,634.96	3,834,293.78		14,202,219.63

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

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	56,657,315.88	9,051,392.83	67,822,769.65	11,068,181.53
Unrealized profit from internal transactions	111,305,657.67	17,111,574.21	50,194,235.37	7,529,135.31

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deferred income	198,964,860.87	29,844,729.13	185,235,337.49	27,785,300.63
Difference in depreciation of fixed assets	10,956,796.59	1,643,519.49	22,863,701.57	3,429,555.24
Lease liabilities	2,994,386.17	449,157.93	2,924,244.47	438,636.67
Total	380,879,017.18	58,100,373.59	329,040,288.55	50,250,809.38

(2) Deferred tax liabilities before offset

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference due to one-off pre-tax deduction of fixed assets	1,439,749,541.81	232,926,127.42	1,468,559,836.57	232,654,485.84
Profit before tax of NHU (Hong Kong) Trading Co., Ltd.	201,107,312.20	30,166,096.83	297,747,945.27	44,662,191.79
Right-of-use assets	2,711,325.88	406,698.88	2,791,860.27	418,779.04
Total	1,643,568,179.89	263,498,923.13	1,769,099,642.11	277,735,456.67

(3) Deferred tax assets or liabilities after offset

Unit: RMB Yuan

Items	Closing balance of deferred tax assets offset by deferred tax liabilities	Closing balance of deferred tax assets/ liabilities after offset	Opening balance of deferred tax assets offset by deferred tax liabilities	Opening balance of deferred tax assets/ liabilities after offset
Deferred tax assets		58,100,373.59		50,250,809.38
Deferred tax liabilities		263,498,923.13		277,735,456.67

(4) Details of unrecognized deferred tax assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary difference	449,494,781.50	511,910,785.90
Deductible losses	1,730,583,954.80	2,002,071,871.11
Total	2,180,078,736.30	2,513,982,657.01

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

Unit: RMB Yuan

Maturity years	Closing balance	Opening balance	Remarks
Year 2027		8,512,140.12	
Year 2028	7,395,372.22	35,469,296.06	
Year 2029	38,901,398.74	79,322,307.29	
Year 2030	79,426,136.78	255,397,416.94	
Year 2031	254,533,024.55	287,143,749.91	
Year 2032	281,165,481.82	1,336,226,960.79	
Year 2033	1,069,162,540.69		
Total	1,730,583,954.80	2,002,071,871.11	--

19. Other non-current assets

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Pollution emission trading fees	16,399,343.44		16,399,343.44	16,250,239.11		16,250,239.11
Payments for coal quota	62,296,000.00		62,296,000.00	63,496,000.00		63,496,000.00
Prepayments for long-term assets	153,283,474.57		153,283,474.57	200,124,243.53		200,124,243.53
Total	231,978,818.01		231,978,818.01	279,870,482.64		279,870,482.64

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

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowings	11,404,061.84	22,643,974.95
Credit borrowings	1,597,850,167.32	1,673,729,466.06
Credit and guaranteed borrowings		150,000,000.00
Total	1,609,254,229.16	1,846,373,441.01

21. Held-for-trading financial liabilities

Unit: RMB Yuan

Categories	Closing balance	Opening balance
Financial liabilities designated at fair value through profit or loss	12,909,447.29	
Total	12,909,447.29	

22. Notes payable

Unit: RMB Yuan

Categories	Closing balance	Opening balance
Bank acceptance	456,643,824.63	627,438,689.79
Total	456,643,824.63	627,438,689.79

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

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor costs	856,281,933.83	735,579,156.33
Payments for engineering and equipment	947,086,871.01	1,439,879,280.16
Total	1,803,368,804.84	2,175,458,436.49

24. Contract liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Payments for goods received in advance	63,559,211.75	60,660,929.75
Total	63,559,211.75	60,660,929.75

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

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	386,391,911.86	1,009,716,693.28	1,147,080,529.14	249,028,076.00
II. Post-employment benefits – defined contribution plan		56,940,894.94	56,940,894.94	
Total	386,391,911.86	1,066,657,588.22	1,204,021,424.08	249,028,076.00

(2) Details of short-term employee benefits

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	352,176,336.45	867,947,427.24	1,000,786,485.82	219,337,277.87
2. Employee welfare fund		59,636,166.90	59,636,166.90	
3. Social insurance premium		30,258,035.99	30,258,035.99	
Including: Medicare premium		26,687,732.53	26,687,732.53	
Occupational injuries premium		2,983,466.98	2,983,466.98	
Maternity premium		586,836.48	586,836.48	
4. Housing provident fund		46,183,287.53	46,183,287.53	
5. Trade union fund and employee education fund	34,215,575.41	5,691,775.62	10,216,552.90	29,690,798.13
Total	386,391,911.86	1,009,716,693.28	1,147,080,529.14	249,028,076.00

(3) Details of defined contribution plan

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium		54,906,640.57	54,906,640.57	
2. Unemployment insurance premium		2,034,254.37	2,034,254.37	
Total		56,940,894.94	56,940,894.94	

26. Taxes and rates payable

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	10,491,330.77	14,398,822.86
Enterprise income tax	172,254,286.01	141,076,919.30
Individual income tax withheld for tax authorities	12,179,983.93	6,871,930.23
Urban maintenance and construction tax	2,858,413.99	3,127,594.55

Items	Closing balance	Opening balance
Land appreciation tax	15,477,549.51	15,427,321.94
Housing property tax	4,530,579.03	16,764,793.31
Land use tax	6,118,100.19	7,963,404.79
Education surcharge (local education surcharge)	1,973,857.55	2,568,164.96
Total	225,884,100.98	208,198,951.94

27. Other payables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	59,568,912.95	67,351,740.34
Total	59,568,912.95	67,351,740.34

1) Categorized by nature

Unit: RMB Yuan

Items	Closing balance	Opening balance
Security deposits	19,362,450.86	26,917,823.16
Temporary receipts payable	10,630,190.09	15,463,590.29
Earnest money for housing purchase (Boao NHU Resort Center)	100,000.00	100,000.00
Call loans		13,760,448.64
Others	29,476,272.00	11,109,878.25
Total	59,568,912.95	67,351,740.34

28. Non-current liabilities due within one year

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,919,091,409.71	2,591,558,912.13
Lease liabilities due within one year	104,283.15	128,794.09
Total	1,919,195,692.86	2,591,687,706.22

29. Other current liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Output VAT to be recognized	6,877,330.18	4,978,299.99
Total	6,877,330.18	4,978,299.99

30. Long-term borrowings

(1) Categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgaged borrowings	29,736,351.83	31,590,890.00

Items	Closing balance	Opening balance
Guaranteed borrowings	853,870,166.65	934,059,850.02
Credit borrowings	5,628,509,863.64	4,307,986,768.85
Total	6,512,116,382.12	5,273,637,508.87

31. Lease liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Unpaid lease payments	9,426,413.21	4,080,857.16
Less: Unrealized financing expenses	1,561,001.08	1,258,453.09
Total	7,865,412.13	2,822,404.07

32. Deferred income

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	1,083,159,222.41	90,417,310.00	63,691,888.18	1,109,884,644.23	The Company received government grants related to assets, which were amortized based on the depreciation progress of corresponding assets.
Total	1,083,159,222.41	90,417,310.00	63,691,888.18	1,109,884,644.23	--

Details of government grants

Unit: RMB Yuan

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Special funds for Biological Fermentation Industrial Park Project	378,242,820.00			24,668,010.00			353,574,810.00	Related to assets
Special funds for enterprise development (Shandong Vitamins)	65,290,051.35			4,836,300.10			60,453,751.25	Related to assets
Special funds for joint production project of Xinhao Thermal Power	27,997,916.77			1,887,499.98			26,110,416.79	Related to assets
Technical renovation for green deep processing of 2019	33,403,500.00			1,713,000.00			31,690,500.00	Related to assets
Special funds for enterprise development (Amino Acid)	62,659,340.76			572,802.18			62,086,538.58	Related to assets
Subsidies for land leveling of Shandong	27,590,534.40			359,094.72			27,231,439.68	Related to assets
Enterprise development funds of Shandong	18,409,410.76			218,907.06			18,190,503.70	Related to assets
PPS construction project with annual output of 10,000 tons	9,586,499.84			913,000.02			8,673,499.82	Related to assets
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	5,700,000.00			1,425,000.00			4,275,000.00	Related to assets
Enterprise development funds of Advanced Manufacturing Industrial Park	8,293,534.31			99,125.88			8,194,408.43	Related to assets
Effective industrial input expansion of 2016	5,107,200.00			478,800.00			4,628,400.00	Related to assets
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	2,497,500.02			713,571.42			1,783,928.60	Related to assets

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Fiscal subsidies for low-rent housing	5,857,702.92			120,428.58			5,737,274.34	Related to assets
Subsidies from land transfer fees of Shandong dormitory	4,622,789.52			125,115.78			4,497,673.74	Related to assets
Subsidies for inputs in biochemical infrastructure of Shangyu	4,263,191.96			158,885.94			4,104,306.02	Related to assets
Construction project of public testing service platform	2,000,000.08			499,999.98			1,500,000.10	Related to assets
Subsidies for infrastructure supporting fees	6,680,625.00			398,812.50			6,281,812.50	Related to assets
Compensation for resource conservation and environmental protection projects of 2017	2,880,000.00			240,000.00			2,640,000.00	Related to assets
Subsidies for new materials, land and infrastructure construction	1,621,440.00			405,360.00			1,216,080.00	Related to assets
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	1,600,842.78			269,614.26			1,331,228.52	Related to assets
Subsidies for RTO Project	866,666.94			199,999.98			666,666.96	Related to assets
Special subsidies for development of marine economy of 2017	1,199,999.98			100,000.06			1,099,999.92	Related to assets
Special subsidies for high-quality development of manufacturing industry	1,499,372.60			152,478.60			1,346,894.00	Related to assets
Enterprise development fund (Shandong Fine Chemical)	50,048,537.62			2,611,228.06			47,437,309.56	Related to assets
Special funds for Taishan industry leading talents	7,400,000.00	4,000,000.00		133,333.34			11,266,666.66	Related to assets
Food security control and emergency facilities project	22,363,000.00			1,254,000.00			21,109,000.00	Related to assets
Policy incentives for industrial production projects of 2020	21,419,388.07			1,396,916.64			20,022,471.43	Related to assets
Special funds for Heilongjiang Biological Fermentation Industrial Park Project	111,810,000.00						111,810,000.00	Related to assets
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone	21,049,216.77			1,603,099.98			19,446,116.79	Related to assets
Subsidies for upgrading coal-fired boilers of 2017	185,714.24			18,571.44			167,142.80	Related to assets
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County	394,821.43			35,357.16			359,464.27	Related to assets
Special funds for technical renovation	30,693,643.47			689,427.70			30,004,215.77	Related to assets
Incentives for investment promotion	23,012,614.08			304,037.69			22,708,576.39	Related to assets
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021	4,468,841.70			348,221.40			4,120,620.30	Related to assets
Support advanced manufacturing and modern service industry special 2021 central budget investment plan	36,025,000.02			2,807,142.84			33,217,857.18	Related to assets
Economic and Information Bureau of technical transformation project subsidies	7,541,559.54			541,869.04			6,999,690.50	Related to assets
2021 Enterprise Digitalization Key Project Incentive Funds	15,000,000.00			500,000.00			14,500,000.00	Related to assets
2022 Special funds to support advanced manufacturing and service industries	3,831,190.27			127,706.36			3,703,483.91	Related to assets
2021 Digital (intelligent) demonstration workshop project incentive money	1,803,921.60			117,647.04			1,686,274.56	Related to assets
2020 industrial enterprise energy-saving technology transformation project incentive policy funds	915,966.40			50,420.16			865,546.24	Related to assets
Chemical industry transformation and upgrading 2.0 intelligent transformation project incentives and service subsidies	40,320,000.00			1,344,000.00			38,976,000.00	Related to assets

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Second Digital Economy Financial Assistance Awards		1,000,000.00		59,523.80			940,476.20	Related to assets
Collaborative Innovation Center Grant		30,626,900.00		7,911,949.18			22,714,950.82	Related to assets
NHU amino acid Project grants		38,640,510.00					38,640,510.00	Related to assets
Shandong Province Core Technology Tackling Special Project (Major Technical Equipment Direction)		11,360,000.00					11,360,000.00	Related to assets
2023 Provincial Science and Technology Development Special Funding Grant		1,800,000.00		42,857.14			1,757,142.86	Related to assets
Heilongjiang Bio 23-year Vitamin C Expansion to 42,000 Tons Technical Reform Project Government Subsidy		2,989,900.00		74,747.49			2,915,152.51	Related to assets
Other piecemeal subsidies	7,004,867.21			1,164,024.68			5,840,842.53	Related to assets
Total	1,083,159,222.41	90,417,310.00		63,691,888.18			1,109,884,644.23	

Note: Please refer to item VII 60 of this section for details on government grants included in profit or loss.

33. Share capital

Unit: RMB Yuan

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	3,090,907,356.00						3,090,907,356.00

34. Capital reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	3,334,992,617.92			3,334,992,617.92
Other capital reserve	278,104,892.89			278,104,892.89
Total	3,613,097,510.81			3,613,097,510.81

35. Treasury shares

Unit: RMB Yuan

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

36. Other comprehensive income (OCI)

Unit: RMB Yuan

Items	Opening balance	Current period cumulative					Closing balance	
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company		Attributable to non-controlling shareholders
Items not to be reclassified subsequently to profit or loss	76,577,564.17	36,723,815.69				29,652,134.01	7,071,681.68	106,229,698.18
Including: Other comprehensive income	506,954.43							506,954.43

Items	Opening balance	Current period cumulative					Attributable to non-controlling shareholders	Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company		
to be transferred to profit or loss under equity method								
Translation reserves	76,070,609.74	36,723,815.69				29,652,134.01	7,071,681.68	105,722,743.75
Total	76,577,564.17	36,723,815.69				29,652,134.01	7,071,681.68	106,229,698.18

37. Special reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	26,196,894.55	26,153,211.92	8,523,683.45	43,826,423.02
Total	26,196,894.55	26,153,211.92	8,523,683.45	43,826,423.02

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

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

38. Surplus reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,444,413,940.89			1,444,413,940.89
Total	1,444,413,940.89			1,444,413,940.89

39. Undistributed profit

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Unallocated earnings at the end of the previous period before adjustment	15,823,725,913.44	14,152,465,528.17
Adjustments to total unappropriated earnings at the beginning of the period (increase +, decrease -)	19,857.63	4,795.77
Adjustment to unappropriated earnings at the beginning of the period	15,823,745,771.07	14,152,470,323.94
Add: Net profit attributable to owners of the parent company	1,483,229,236.96	2,213,877,419.25
Minus: Dividend payable on ordinary shares	1,536,710,840.00	1,793,794,088.80
Closing balance	15,770,264,168.03	14,572,553,654.39

Details of undistributed profits at the beginning of adjustment period:

1) Due to the retroactive adjustment of the accounting standards for business enterprises and relevant new regulations, the undistributed profit at the beginning of the period was RMB 19,857.63. Please refer to item V 18 of this section for details on Deferred tax assets and deferred tax liabilities.

2) Pursuant to the 2022 profit distribution plan deliberated and approved by the general meeting of 2022, based on the total shares of 3,073,421,680 shares excluding the repurchased shares of 17,485,676 shares from 3,090,907,356 shares, a cash dividend of RMB5.00 per 10 shares (tax included) will be paid to all shareholders, totaling a cash dividend of RMB1,536,710,840.00 yuan.

40. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	7,320,741,964.94	4,925,581,429.30	8,115,267,916.02	4,789,134,207.58
Other operations	97,772,611.15	63,952,403.65	99,771,361.01	155,988,595.81
Total	7,418,514,576.09	4,989,533,832.95	8,215,039,277.03	4,945,122,803.39

Details of revenue:

Unit: RMB Yuan

Categories of contracts	Total
By product	
Including: Nutrition	4,830,212,886.75
Flavor and fragrance	1,631,864,728.45
New materials	578,308,624.04
Others	378,128,336.85
Subtotal	7,418,514,576.09
By operating region	
Including: Domestic	3,557,426,385.63
Overseas	3,861,088,190.46
Subtotal	7,418,514,576.09
By revenue recognition time	
Including: Goods (transferred at a point in time)	7,418,514,576.09
Subtotal	7,418,514,576.09
By sales channel	
Including: Direct sales	5,896,114,550.44
Agent sales	1,522,400,025.65
Subtotal	7,418,514,576.09

Information related to performance obligations:

None.

Information related to transaction price allocated to the remaining performance obligations:

At the end of this report period, revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 5,371.60 million yuan, of which, 5,371.60 million yuan is expected to be recognized as revenue in 2023.

41. Taxes and surcharges

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	16,139,986.76	12,713,819.69
Education surcharge (local education surcharge)	12,568,962.34	10,775,889.86
Housing property tax	16,543,479.78	15,431,428.20
Land use tax	13,595,984.53	5,892,341.09
Vehicle and vessel use tax	31,354.61	23,132.71
Stamp duty	6,523,091.10	5,558,733.12
Environmental protection tax	994,239.44	853,455.25
Land appreciation tax		361,871.13
Total	66,397,098.56	51,610,671.05

42. Selling expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	30,266,930.02	27,765,835.78
Sales commission and customs declaration charges	16,644,358.83	12,731,579.13
Office expenses, business traveling expenses	9,598,115.80	7,801,633.19
Advertising and promotion expenses, business entertainment expenses	5,805,395.37	4,600,887.46
Others	4,626,570.78	4,377,961.92
Total	66,941,370.80	57,277,897.48

43. Administrative expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	134,360,487.91	115,390,102.23
Depreciation, amortization of intangible assets	55,032,882.01	46,129,788.87
Office expenses, business traveling expenses	18,001,839.38	13,377,152.20
Business entertainment expenses	10,453,876.07	12,437,740.12
Consulting fees	9,344,412.68	9,456,199.96
Insurance premiums	7,863,383.20	7,564,296.84
Others	9,589,569.92	7,929,542.19
Total	244,646,451.17	212,284,822.41

44. R&D expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	199,709,646.94	204,036,669.50
Direct input	150,730,396.75	146,667,952.04
Depreciation, amortization of intangible assets	38,536,030.81	32,048,604.87

Items	Current period cumulative	Preceding period comparative
Outsourcing expenses	3,267,672.12	5,698,974.07
Office expenses, business traveling expenses	4,840,225.31	21,270,730.68
Others	19,491,419.66	30,634,321.48
Total	416,575,391.59	440,357,252.64

45. Financial expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest expenses	163,988,612.81	152,357,156.76
Less: Interest income	78,203,398.06	76,211,850.51
Losses on foreign exchange (or less: gains)	-132,095,878.10	-61,972,039.28
Others	9,148,237.96	8,057,786.99
Total	-37,162,425.39	22,231,053.96

46. Other income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Government grants related to assets [Note]	63,691,888.18	46,423,802.28
Government grants related to income [Note]	37,629,789.92	39,098,377.26
Refund of handling fees for withholding individual income tax	1,525,545.35	1,104,047.36
Total	102,847,223.45	86,626,226.90

Note: Please refer to item VII 60 of this section for details on government grants included in other income.

47. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	34,855,314.27	25,402,893.70
Investment income from disposal of financial instruments	-30,080.26	-2,764,801.12
Including: Financial assets classified as at fair value through profit or loss	996,763.92	7,739,778.29
Financial liabilities classified as at fair value through profit or loss	-1,026,844.18	-10,504,579.41
Investment income from bank financial products and structured deposits	8,894,052.73	28,841,651.61
Interest income from split loans	180,613.89	
Total	43,899,900.63	51,479,744.19

48. Gains on changes in fair value

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	1,735,988.41	29,128,440.56
Including: Gains on changes in fair value arising from financial assets classified as at fair	1,735,988.41	29,128,440.56

Items	Current period cumulative	Preceding period comparative
value through profit or loss		
Held-for-trading financial liabilities	-13,004,458.11	-17,291,740.52
Including: Gains on changes in fair value arising from financial liabilities classified as at fair value through profit or loss	-13,004,458.11	-17,291,740.52
Total	-11,268,469.70	11,836,700.04

49. Credit impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Bad debts	6,389,579.21	-10,613,626.22
Total	6,389,579.21	-10,613,626.22

50. Assets impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-81,296,758.10	-7,890,179.58
Total	-81,296,758.10	-7,890,179.58

51. Gains on asset disposal

Unit: RMB Yuan

Sources	Current period cumulative	Preceding period comparative
Gains on disposal of non-current assets	13,545,778.16	6,674,850.81
Total	13,545,778.16	6,674,850.81

52. Non-operating revenue

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Indemnity income	3,394,701.03	949,584.99	3,394,701.03
Others	182,141.54	1,074,489.85	182,141.54
Total	3,576,842.57	2,024,074.84	3,576,842.57

53. Non-operating expenditures

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	591,259.90	1,416,764.60	591,259.90
Others	1,027,741.48	913,552.36	1,027,741.48
Total	1,619,001.38	2,330,316.96	1,619,001.38

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

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	273,369,295.58	346,750,734.36
Deferred income tax expenses	-22,086,097.75	53,344,393.49
Total	251,283,197.83	400,095,127.85

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB Yuan

Items	Current period cumulative
Profit before tax	1,747,657,951.25
Income tax expenses based on statutory/applicable tax rate	262,148,692.69
Effect of different tax rate applicable to subsidiaries	56,214,218.40
Effect of prior income tax reconciliation	-12,365,290.81
Effect of non-taxable income	-451,921,887.75
Effect of non-deductible costs, expenses and losses	1,445,115.51
Effect of extra deduction of R&D expenses	-63,686,107.78
Effect of utilization of deductible losses not previously recognized as deferred tax assets	459,448,457.57
Income tax expenses	251,283,197.83

55. Other comprehensive income

Please refer to item VII 36 of this section for details.

56. Notes to items of the cash flow statement**(1) Other cash receipts related to operating activities**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest income from cash in bank	77,998,992.00	75,485,329.15
Receipt of government grants	127,517,191.82	95,852,424.62
Recovery of temporary borrowings and security deposits	1,665,000.00	5,016,089.54
Other receipts and net current accounts	4,596,065.33	5,326,081.20
Total	211,777,249.15	181,679,924.51

(2) Other cash payments related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
R&D expenditures in the form of cash	28,971,437.79	2,053,649.86
Office expenses and business traveling expenses	24,331,184.10	13,788,936.02
Advertising and promotion expenses, business entertainment expenses	13,968,143.32	8,869,953.87
Sales commission and customs declaration	16,317,917.34	13,003,888.95

Items	Current period cumulative	Preceding period comparative
charges		
Insurance expenses	2,686,385.45	2,327,776.16
Other payments and net current accounts	97,358,958.00	106,597,455.76
Total	183,634,026.00	146,641,660.62

(3) Other cash receipts related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	720,000,000.00	1,800,000,000.00
Receipt of demobilized loans and interest	20,938,810.13	13,423,350.06
Net recovery of other and transactions		14,294,950.48
Total	740,938,810.13	1,827,718,300.54

(4) Other cash payments related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for purchase of financial products and structured deposits	250,000,000.00	920,000,000.00
Unbundled principal amount		36,775,804.59
Payments for land bond		179,698,926.77
Total	250,000,000.00	1,136,474,731.36

(5) Other cash payments related to financing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for bank financing handling charges	1,206,719.90	3,305,539.56
Payments of handling charges for issuing letters of guarantee for borrowings	200,900.43	576,792.00
Total	1,407,620.33	3,882,331.56

57. Supplement information to the cash flow statement**(1) Supplement information to the cash flow statement**

Unit: RMB Yuan

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,496,374,753.42	2,223,867,122.27
Add: Provision for assets impairment loss	74,907,178.89	18,503,805.80
Depreciation of fixed assets, oil and gas assets, productive biological assets	803,970,477.86	623,703,868.71
Depreciation of right-of-use assets	360,873.71	657,653.96
Amortization of intangible assets	26,371,053.50	19,125,769.24
Amortization of long-term prepayments	3,834,293.78	3,316,666.66
Losses on disposal of fixed assets, intangible assets and other long-term	-13,545,778.16	-6,674,850.81

Supplement information	Current period cumulative	Preceding period comparative
assets (Less: gains)		
Fixed assets retirement loss (Less: gains)		
Losses on changes in fair value (Less: gains)	11,268,469.70	-11,836,700.04
Financial expenses (Less: gains)	-36,396,626.05	163,843,989.92
Investment losses (Less: gains)	-43,899,900.63	-51,479,744.19
Decrease of deferred tax assets (Less: increase)	-7,849,564.21	-12,188,648.37
Increase of deferred tax liabilities (Less: decrease)	-14,236,533.54	65,533,041.86
Decrease of inventories (Less: increase)	-433,678,248.93	-1,358,969,145.31
Decrease of operating receivables (Less: increase)	351,542,987.52	125,300,272.14
Increase of operating payables (Less: decrease)	-983,460,814.93	-560,246,363.64
Others		
Net cash flows from operating activities	1,235,562,621.93	1,242,456,738.20
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	3,507,891,602.10	6,451,708,569.16
Less: Cash at the beginning of the period	5,151,841,931.86	5,714,537,538.23
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-1,643,950,329.76	737,171,030.93

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	3,507,891,602.10	5,151,841,931.86
Including: Cash on hand	21,036.01	16,584.59
Cash in bank on demand for payment	3,507,862,165.02	5,151,816,943.29
Other cash and bank balances on demand for payment	8,401.07	8,403.98
II. Cash and cash equivalents at the end of the period	3,507,891,602.10	5,151,841,931.86

Remarks:

Closing balance of cash and bank balances amounted to 3,654,734,123.88 yuan, including deposit for bank acceptance of 110,959,093.51 yuan, deposit for letters of credit of 33,486,505.20 yuan, deposit for engineering labor costs of 852,349.44 yuan, deposit for construction safety of 867,529.53 yuan, deposit for ETC of 16,500.00 yuan and deposit for water fees of 660,544.10 yuan, which was not cash and cash equivalents.

Closing balance of cash and bank balances amounted to 5,343,851,967.72 yuan, including deposit for bank acceptance of 147,608,293.24 yuan, deposit for letters of credit of 42,310,180.59 yuan, deposit for engineering labor costs of 851,288.54yuan, deposit for construction safety of 863,937.05 yuan, deposit for ETC of 16,500.00 yuan and deposit for water fees of 359,836.44 yuan, which was not cash and cash equivalents.

58. Assets with title or use right restrictions

Unit: RMB Yuan

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	146,842,521.78	Please refer to supplement information to the cash flow statement of this section for details.
Notes receivable	155,053,622.64	Please refer to notes to notes receivable of this section for details.
Fixed assets	97,437,448.95	Mortgaged for bank borrowings.
Intangible assets	18,579,010.61	Mortgaged for bank borrowings.
Receivables financing	84,532,028.12	Please refer to notes to receivables financing of this section for details.
Total	502,444,632.10	--

59. Monetary items in foreign currencies

(1) Details

Unit: RMB Yuan

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances	--	--	286,324,680.87
Including: USD	21,871,979.07	7.2258	158,042,546.36
EUR	15,249,133.92	7.8771	120,118,952.80
HKD	813,287.36	0.9220	749,850.95
JPY	80,552,975.00	0.0501	4,035,704.05
BRL	1,409,474.25	1.4922	2,103,217.48
PHP	1,880,313.16	0.4235	796,312.62
SGD	68,001.46	5.3442	363,413.40
PLN	64,752.53	1.7711	114,683.21
Accounts receivable	-	-	1,720,951,618.92
Including: USD	196,305,356.37	7.2258	1,418,463,244.16
EUR	29,742,103.99	7.8771	234,281,527.35
GBD	38,640.00	0.9220	35,626.08
BRL	45,685,043.11	1.4922	68,171,221.33
Other receivables	-	-	53,809,261.14
Including: EUR	1,772,947.54	7.8771	13,965,685.07
HKD	31,700.00	0.9220	29,227.40
BRL	7,751,932.61	1.4922	11,567,433.84
PHP	65,940,508.41	0.4235	27,925,805.31
SGD	60,085.61	5.3442	321,109.52
Short-term borrowings	-	-	134,477,770.95
Including: USD	411,070.24	7.2258	2,970,311.34

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
EUR	15,884,344.60	7.8771	125,122,570.85
DKK	6,034,296.15	1.0581	6,384,888.76
Accounts payable	-	-	85,049,402.03
Including: USD	2,545,781.14	7.2258	18,395,305.35
EUR	6,269,284.37	7.8771	49,383,779.93
BRL	11,476,912.19	1.4922	17,125,848.37
PHP	341,129.58	0.4235	144,468.38
Other payables	-	-	8,796,122.02
Including: USD	914,096.30	7.2258	6,605,077.04
EUR	265,517.36	7.8771	2,091,506.80
HKD	57,878.84	0.9220	53,364.29
SGD	8,640.00	5.3442	46,173.89
Long-term borrowings	-	-	29,736,351.83
Including: EUR	3,775,038.00	7.8771	29,736,351.83
Non-current liabilities due within one year	-	-	7,575,107.74
Including: EUR	961,662.00	7.8771	7,575,107.74

(2) Remarks on overseas operations. For significant overseas operating entities, their main operating places, functional currencies and adoption basis shall be disclosed. Reasons for any changes in functional currency shall also be disclosed.

√ Applicable □ Not applicable

NHU EUROPE GmbH is a holding subsidiary of the subsidiary NHU (Hong Kong) Trading Co., Ltd. with the holding proportion of 51%; NHU Performance Materials GmbH is a wholly-owned subsidiary of the subsidiary NHU (Hong Kong) Trading Co., Ltd.; Bardoterminal GmbH is a wholly-owned subsidiary of NHU EUROPE GmbH. The above three entities are all located in Luneburg, Germany, with EUR as functional currency.

NHU/Chr.Olesen Latin America A/S, with a shareholding ratio of 51%, located in gentovt, Denmark, and the functional currency is euro; NHU/CHR. Olesen Brasil LTDA. Is nhu / Chr Olesen Latin America a / s, a wholly-owned subsidiary, is located in Sao Paulo, Brazil, and its functional currency is Brazilian real; CHR. Olesen Mexico SAPI de CV is nhu / Chr Olesen Latin America a / S is a holding subsidiary of Olesen Latin America a/s, with a shareholding ratio of 87%. It is located in cretaro, Mexico, and its functional currency is Mexican peso.

NHU Singapore PTE. LTD. is a wholly-owned subsidiary of the Company. It is located in Singapore, with SGD as functional currency.

60. Government grants

(1) Government grants related to assets

Unit: RMB Yuan

Items	Closing balance	Related to assets/income	Grants included into other income
Special funds for Biological Fermentation Industrial Park Project	353,574,810.00	Related to assets	24,668,010.00
Special funds for enterprise development (Shandong Vitamins)	60,453,751.25	Related to assets	4,836,300.10
Special funds for joint production project of Xinhao Thermal Power	26,110,416.79	Related to assets	1,887,499.98
Technical renovation for green deep processing of 2019	31,690,500.00	Related to assets	1,713,000.00

Items	Closing balance	Related to assets/income	Grants included into other income
Special funds for enterprise development (Amino Acid)	62,086,538.58	Related to assets	572,802.18
Subsidies for land leveling of Shandong	27,231,439.68	Related to assets	359,094.72
Enterprise development funds of Shandong	18,190,503.70	Related to assets	218,907.06
PPS construction project with annual output of 10,000 tons	8,673,499.82	Related to assets	913,000.02
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	4,275,000.00	Related to assets	1,425,000.00
Enterprise development funds of Advanced Manufacturing Industrial Park	8,194,408.43	Related to assets	99,125.88
Effective industrial input expansion of 2016	4,628,400.00	Related to assets	478,800.00
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	1,783,928.60	Related to assets	713,571.42
Fiscal subsidies for low-rent housing	5,737,274.34	Related to assets	120,428.58
Subsidies from land transfer fees of Shandong dormitory	4,497,673.74	Related to assets	125,115.78
Subsidies for inputs in biochemical infrastructure of Shangyu	4,104,306.02	Related to assets	158,885.94
Construction project of public testing service platform	1,500,000.10	Related to assets	499,999.98
Subsidies for infrastructure supporting fees	6,281,812.50	Related to assets	398,812.50
Compensation for resource conservation and environmental protection projects of 2017	2,640,000.00	Related to assets	240,000.00
Subsidies for new materials, land and infrastructure construction	1,216,080.00	Related to assets	405,360.00
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	1,331,228.52	Related to assets	269,614.26
Subsidies for RTO Project	666,666.96	Related to assets	199,999.98
Special subsidies for development of marine economy of 2017	1,099,999.92	Related to assets	100,000.06
Special subsidies for high-quality development of manufacturing industry	1,346,894.00	Related to assets	152,478.60
Enterprise development fund (Shandong Fine Chemical)	47,437,309.56	Related to assets	2,611,228.06
Special funds for Taishan industry leading talents project	11,266,666.66	Related to assets	133,333.34
Food security control and emergency facilities project – investment plan within budget of the central government of 2020	21,109,000.00	Related to assets	1,254,000.00
Policy incentives for industrial production projects of 2020	20,022,471.43	Related to assets	1,396,916.64
Special funds for Heilongjiang Biological Fermentation Industrial Park Project	111,810,000.00	Related to assets	
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone	19,446,116.79	Related to assets	1,603,099.98
Subsidies for upgrading coal-fired boilers of 2017	167,142.80	Related to assets	18,571.44

Items	Closing balance	Related to assets/income	Grants included into other income
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County	359,464.27	Related to assets	35,357.16
Special funds for technical renovation	30,004,215.77	Related to assets	689,427.70
Incentives for investment promotion	22,708,576.39	Related to assets	304,037.69
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021	4,120,620.30	Related to assets	348,221.40
Special investment plan within budget of the central government for supporting advanced manufacturing industry and modern service of 2021	33,217,857.18	Related to assets	2,807,142.84
Economic and Information Bureau of technical transformation project subsidies	6,999,690.50	Related to assets	541,869.04
2021 Enterprise Digitalization Key Project Incentive Funds	14,500,000.00	Related to assets	500,000.00
2022 Special funds to support advanced manufacturing and service industries	3,703,483.91	Related to assets	127,706.36
2021 Digital (intelligent) demonstration workshop project incentive money	1,686,274.56	Related to assets	117,647.04
2020 industrial enterprise energy-saving technology transformation project incentive policy funds	865,546.24	Related to assets	50,420.16
Chemical industry transformation and upgrading 2.0 intelligent transformation project incentives and service subsidies	38,976,000.00	Related to assets	1,344,000.00
Second Digital Economy Financial Assistance Awards	940,476.20	Related to assets	59,523.80
Collaborative Innovation Center Grant	22,714,950.82	Related to assets	7,911,949.18
NHU amino acid Project grants	38,640,510.00	Related to assets	
Shandong Province Core Technology Tackling Special Project (Major Technical Equipment Direction)	11,360,000.00	Related to assets	
2023 Provincial Science and Technology Development Special Funding Grant	1,757,142.86	Related to assets	42,857.14
Heilongjiang Bio 23-year Vitamin C Expansion to 42,000 Tons Technical Reform Project Government Subsidy	2,915,152.51	Related to assets	74,747.49
Other piecemeal subsidies - investment plan within budget of the central government of 2023	5,840,842.53	Related to assets	1,164,024.68
Subtotal	1,109,884,644.23		63,691,888.18

(2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Unit: RMB Yuan

Items	Amount	Presented under	Remarks
Government subsidies	18,869,301.48	Other income	Related to income
Other subsidies	9,404,072.44	Other income	Related to income
Special subsidies	9,356,416.00	Other income	Related to income

Items	Amount	Presented under	Remarks
Subtotal	37,629,789.92		

(3) In the current period, government grants included into profit or loss totaled 101,321,678.10 yuan.

VIII. Changes in the consolidation scope

None

IX. Interest in other entities

1. Interest in subsidiaries

(1) Composition of the group

1) Significant subsidiaries

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shangyu NHU Bio-Chem Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	100.00%		Establishment
Shandong NHU Pharmaceutical Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Manufacturing	100.00%		Establishment
NHU (Hong Kong) Trading Co., Ltd.	Hong Kong, China	Hong Kong, China	Commerce	100.00%		Establishment
Zhejiang NHU Special Materials Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	100.00%		Establishment
Shandong NHU Amino-acids Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Manufacturing	100.00%		Establishment
NHU EUROPE GmbH	Luneburg, Germany	Luneburg, Germany	Trade		51% [Note 1]	Establishment
Shandong NHU Holdings Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Service	100.00%		Establishment
Shandong NHU Vitamins Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Manufacturing		100.00% [Note 2]	Establishment
Heilongjiang NHU Biotechnology Co., Ltd.	Suihua, Heilongjiang	Suihua, Heilongjiang	Manufacturing	100.00%		Establishment

Remarks on inconsistency between holding proportion and voting rights proportion in subsidiaries:

Note 1: The Company holds shares through NHU (Hong Kong) Trading Co., Ltd.

Note 2: The Company holds shares through Shandong NHU Holdings Co., Ltd.

(2) Significant not wholly-owned subsidiaries

Unit: RMB Yuan

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
NHU EUROPE GmbH	49.00%	8,666,085.23		93,309,805.67

(3) Main financial information of significant not wholly-owned subsidiaries

Unit: RMB Yuan

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
NHU EUROPE GmbH	768,261,922.73	109,151,554.14	877,413,476.87	657,248,950.21	29,736,351.83	686,985,302.04

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
NHU EUROPE GmbH	704,132,280.59	96,076,867.88	800,209,148.47	606,659,014.52	31,590,890.00	638,249,904.52

Unit: RMB Yuan

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
NHU EUROPE GmbH	856,013,524.97	17,685,888.23	28,468,930.88	45,632,953.79	810,123,339.42	17,831,246.48	13,823,928.20	-2,752,415.97

2. Interest in joint venture or associates

(1) Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in joint ventures or associates
				Direct	Indirect	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	29.9307%		Equity method
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	40.00%		Equity method
Zhejiang Saiya Chemical Materials Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	49.00%		Equity method

(2) Main financial information of significant joint ventures

Unit: RMB Yuan

Items	Closing balance/Current period cumulative			Opening balance/Preceding period comparative		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.
Current assets	396,646,413.66	111,900,748.44	204,326,091.93	460,887,337.74	109,398,305.48	144,410,128.60
Non-current assets	688,393,234.17	14,859,373.63	129,082,880.51	676,165,054.18	19,755,796.05	138,230,668.22
Total assets	1,085,039,647.83	126,760,122.07	333,408,972.44	1,137,052,391.92	129,154,101.53	282,640,796.82
Current liabilities	168,151,910.46	57,072,921.64	41,303,737.81	290,955,340.38	62,895,473.39	24,117,241.66
Non-current liabilities	47,125,878.37		1,941,915.00	44,353,913.81		2,114,370.00
Total liabilities	215,277,788.83	57,072,921.64	43,245,652.81	335,309,254.19	62,895,473.39	26,231,611.66
Equity attributable to shareholders of parent company	869,761,859.00	69,687,200.43	290,163,319.63	801,743,137.73	66,258,628.14	256,409,185.16
Proportionate share in net assets	260,325,800.47	27,874,880.17	142,180,026.62	239,967,333.33	26,503,451.26	125,640,500.73
Adjustments						
- Goodwill			762,611.33			762,611.33
- Unrealized profit		2,120,785.74	740,043.41		2,046,002.90	952,124.29

Items	Closing balance/Current period cumulative			Opening balance/Preceding period comparative		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.
in internal trading						
-other						
Carrying amount of investments in associates	260,325,800.47	25,759,977.53	140,703,045.01	239,967,333.33	24,457,448.36	125,450,987.77
Operating revenue	274,315,575.00	118,776,550.60	195,077,130.44	283,967,325.65	92,415,365.12	201,503,983.57
Net profit	95,546,122.92	10,291,286.16	33,133,116.13	70,472,241.95	7,058,005.64	13,640,166.75
Total comprehensive income	95,546,122.92	10,291,286.16	33,133,116.13	70,472,241.95	7,058,005.64	13,640,166.75

(3) Aggregated financial information of insignificant joint ventures and associates

Unit: RMB Yuan

Items	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures:	--	--
Total carrying amount of investments	276,328,667.99	42,627,799.02
Proportionate shares in the following items	--	--
-- Net profit	-2,918,914.57	-911,994.44
-- Other comprehensive income		
-- Total comprehensive income	-2,918,914.57	-911,994.44

X. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to item VII 4 and 7 of this section for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of June 30, 2023, the Company has certain concentration of credit risk, and 25.67% (December 31, 2022: 29.31%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Unit: RMB Yuan

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	10,040,462,020.99	10,613,649,462.49	3,800,376,575.50	5,943,854,166.30	869,418,720.69
Notes payable	456,643,824.63	456,643,824.63	456,643,824.63		
Accounts payable	1,803,368,804.84	1,803,368,804.84	1,803,368,804.84		
Other payables	59,568,912.95	59,568,912.95	59,568,912.95		
Lease liabilities	7,969,695.28	9,291,079.41	2,842,604.78	3,119,558.99	3,328,915.64
Subtotal	12,368,013,258.69	12,942,522,084.32	6,122,800,722.70	5,946,973,725.29	872,747,636.33

(Continued)

Unit: RMB Yuan

Items	December 31, 2022				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	9,711,569,862.01	10,221,836,453.80	4,703,403,806.64	5,017,998,789.29	500,433,857.87
Notes payable	627,438,689.79	627,438,689.79	627,438,689.79		
Accounts payable	2,175,458,436.49	2,175,458,436.49	2,175,458,436.49		
Other payables	67,351,740.34	67,351,740.34	67,351,740.34		
Lease liabilities	2,951,198.16	4,345,952.05	265,094.89	714,285.72	3,366,571.44
Subtotal	12,584,769,926.79	13,096,431,272.47	7,573,917,768.15	5,018,713,075.01	503,800,429.31

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of June 30, 2023, balance of borrowings with interest accrued at floating interest rate totaled 10,040.46 million yuan (December 31, 2022: 9,711.57 million yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit before tax and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to item VII 59 of the notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

XI. Fair value disclosure

1. Details of fair value of assets and liabilities at fair value at the balance sheet date

Unit: RMB Yuan

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
1. Held-for-trading financial assets and other non-current financial assets			250,000,000.00	250,000,000.00
Financial assets classified as at fair value through profit or loss			250,000,000.00	250,000,000.00
Financial products with guaranteed principal and floating income			250,000,000.00	250,000,000.00
2. Receivables financing			506,430,216.64	506,430,216.64
3. Other equity instrument investments			22,998,147.55	22,998,147.55
Total assets at recurring fair value measurement			779,428,364.19	779,428,364.19
1. Held-for-trading financial liabilities and other non-current financial liabilities		12,909,447.29		12,909,447.29
Total liabilities at recurring fair value measurement		12,909,447.29		12,909,447.29

2. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair measurement

Fair value was determined at forward exchange rate published by Bank of China Limited at the balance sheet date.

3. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. Fair value of short-term financial products with guaranteed principal and floating income and structured deposits was determined based on their par value.

2. Fair value of bank acceptance was determined based on its par value.

3. As there is no significant change in the operating environment, operating condition and financial position of the invested entities Zhejiang Second Pharma Co., Ltd. and Shanghai NewMargin Yongjin Equity Enterprise (LP), the Company took investment cost as the reasonable estimation of fair value.

XII. Related parties and related party transactions

1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
NHU Holding Group Co., Ltd.	Xinchang, Zhejiang	Manufacturing	120.00 million	49.22%	49.22%

Remarks on the parent company

The Company's ultimate controlling party is the natural person Hu Baifan.

2. Subsidiaries of the Company

Please refer to item IX 1 of the notes to the financial statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to item IX 2 of the notes to the financial statements for details on the Company's significant joint ventures and associates.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances resulting from related-party transactions with the Company in prior periods, are described below:

Related parties	Relationships with the Company
Beijing Winsunny Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Asen Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Xinchang County Hechun Greening Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Front Pharmaceutical PLC.	Controlled by NHU Holding Group Co., Ltd.
Weifang Hecheng Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Boao Hollyard Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Jingshi Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Yuexiu Education Development Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Jinghe Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Yuexiu University of Foreign Languages	Controlled by NHU Holding Group Co., Ltd.
Heilongjiang Haotian Corn Development Co., Ltd.	Minority Shareholders of Subsidiaries

As Client B holds 25% equity of NHU Europe GmbH, the holding subsidiary of the Company's subsidiary NHU (Hong Kong) Trading Co., Ltd., the Company discloses transactions between Client B and NHU Europe GmbH as well as balances in related party transactions for the sake of prudence.

4. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative		
Zhejiang Deli Equipment Co., Ltd.	Purchase of goods	83,333,232.99	176,700,000.00	No	55,826,474.37		
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Purchase of steam	60,694,568.26			60,245,778.74		
	Waste disposal service fees	147,459.89			984,963.43		
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchase of goods	138,488,066.99	240,000,000.00	No	153,465,976.22		
Heilongjiang Haotian Corn Development Co., Ltd.	Purchase of goods	108,479.87			520,003.54		
Shandong Bin'an Vocational Training School Co., Ltd.	Receiving of services	2,674.53			23,177.36		
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchase of goods	774,003.49	4,109,100.00	No	743,954.80		
Xinchang County Hechun Greening Co., Ltd.	Purchase of goods				12,472.77		
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Catering and accommodation services	234,525.72			61,979.00		
Shaoxing Jinghe Hotel Management Co., Ltd.	Catering and accommodation services	831,053.37			326,991.94		
Qionghai Heyue Property Services Co., Ltd.	Property management	219,042.13			470,190.62		
Shaoxing Heyue Property Services Co., Ltd.	Property management	203,704.00			11,733.62		
Shaoxing Yuexiu Education Development Co., Ltd.	Receiving of services	496.00					
Zhejiang Yuexiu University of Foreign Languages	Receiving of services	4,388.00					
Subtotal		285,041,695.24			420,809,100.00		272,693,696.41

Sale of goods and rendering of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Zhejiang Deli Equipment Co., Ltd.	Scrapped materials	92,969.09	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Waste and scrap materials	53,097.35	17,256.64
Zhejiang Asen Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, test fees	6,735.85	310,840.71
Shandong Bin'an Vocational Training School Co., Ltd.	Management Service Fee	23,372.54	
	Waste and scrap materials		21,584.50
Heilongjiang Haotian Corn Development Co., Ltd.	Steam charges		82,192.66
Front Pharmaceutical PLC.	Pharmaceutical intermediates, testing fees	575,409.92	
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Scrapped materials	71,867,299.71	81,288,692.23
	Labor costs, etc.	413,070.59	
	Utilities fees	802,824.33	816,229.00
Beijing Winsunny Pharmaceutical Co., Ltd.	Pharmaceutical intermediates	47,169.81	17,699.12
Total		73,881,949.19	82,554,494.86

(2) Related party leases

The Company as the lessor:

Unit: RMB Yuan

Lessees	Types of assets leased	Lease income recognized in the current period	Lease income recognized in preceding period
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use right and buildings	347,147.50	356,400.00
Qionghai Boao Hollyard Hotel Management Co., Ltd.	Land use right and buildings	240,000.00	258,177.14
Zhejiang Jingshi Real Estate Co., Ltd.	Land use right and buildings	266,666.67	
Zhejiang Deli Equipment Co., Ltd.	Land use right and buildings		20,183.49
Weifang Hecheng Real Estate Co., Ltd.	Land use right and buildings	5,142.86	13,714.29
NHU Holding Group Co., Ltd.	Land use right and buildings	16,513.76	

The Company as the lessee:

Unit: RMB Yuan

Lessors	Types of assets leased	Lease expenses recognized in the current period	Lease expenses recognized in preceding period
NHU Holding Group Co., Ltd.	Land use right and buildings	847,107.96	847,107.96

(3) Related party guarantees

The company and its subsidiaries as guaranteed parties

Unit: RMB Yuan

Guarantors	Guarantee balance	Commencement date	Maturity date	Whether the guarantee is mature
NHU Holding Group Co., Ltd.	72,000,000.00	January 23, 2019	December 21, 2023	No
	470,000,000.00	December 03, 2020	September 21, 2025	No
	300,000,000.00	September 19, 2022	September 18, 2025	No
	200,000,000.00	November 17, 2022	November 14, 2025	No
Subtotal	1,042,000,000.00			

(4) Key management's emoluments

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	5,533,632.28	5,698,512.85

(5) Other related party transactions

(1) Owners of Boao Resort Center Apartment entrusted serviced apartments to Qionghai Boao Hollyard Hotel Management Co., Ltd. for operation and management.

(2) In the current period, NHU EUROPE GmbH sold products amounting to 70,789,632.31 yuan to Client B the end of the period, balance of accounts receivable amounted to 14,533,367.11 yuan.

5. Balance due to or from related parties**(1) Balance due from related parties**

Unit: RMB Yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhejiang Asen Pharmaceutical Co.,			23,625.00	1,181.25

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Ltd.				
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	35,321,127.19	1,766,032.88	42,585,814.11	2,129,290.71
	Zhejiang Deli Equipment Co., Ltd.	74,255.06	3,712.75		
	Zhejiang Deli Equipment Co., Ltd.	26,410.98	1,320.55		
Subtotal		35,421,793.23	1,771,066.18	42,609,439.11	2,130,471.96
Advance paid	Heilongjiang Haotian Corn Development Co., Ltd	434,824.36		479,844.89	
Subtotal		434,824.36		479,844.89	
Other receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	4,000.00	20,000.00	4,000.00
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	1,253,616.96	62,680.85		
Subtotal		1,273,616.96	66,680.85	20,000.00	4,000.00
Other non-current assets	Zhejiang Deli Equipment Co., Ltd.	45,521,653.98		33,210,788.17	
Subtotal		45,521,653.98		33,210,788.17	

(2) Balance due to related parties

Unit: RMB Yuan

Items	Related parties	Closing book balance	Opening book balance
Accounts payable	Zhejiang Deli Equipment Co., Ltd.	14,877,785.50	13,581,584.31
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	9,978,557.75	13,688,789.40
	Zhejiang Saiya Chemical Materials Co., Ltd.	77,621,235.15	1,905,191.13
	Zhejiang Second Pharma Co., Ltd.	6,408.00	6,408.00
Subtotal		102,483,986.40	29,181,972.84
Contract liabilities	Zhejiang Deli Equipment Co., Ltd.	14,700.89	13,009.64
Subtotal		14,700.89	13,009.64
Other payables	Zhejiang Deli Equipment Co., Ltd.	3,500.00	3,500.00
	Xinchang County Hechun Greening Co., Ltd.		13,102.77
	Zhejiang Jingshi Real Estate Co., Ltd.		166,075.68
	Shaoxing Jinghe Hotel Management Co., Ltd.	9,127.85	
Subtotal		12,627.85	182,678.45
Other current liabilities	Zhejiang Deli Equipment Co., Ltd.		1,691.25
Subtotal			1,691.25

XIII. Commitments and contingencies

1. Significant commitments

Significant commitments as at the balance sheet date

(I) Significant commitments

1. Forward exchange settlement contracts

According to the ISDA 2002 MASTER AGREEMENT entered into between the Company and Bank of China (Hong Kong) Limited, the ISDA 2002 MASTER AGREEMENT entered into with DBS Bank (China) Limited, the GLOBAL CAPITAL MARKETS TRANSACTION and the related transaction application form entered into with HSBC Bank (China) Limited Hangzhou Branch, the NAFMII Master Agreement and Supplementary Agreement (No. Y161136) entered into with the Bank of China Limited, Zhejiang Branch, NAFMII Master Agreement and Supplemental Agreement (No. Y161136), the details of the Company's undelivered forward settlement contracts as of June 30, 2023 are as follows:

Currency	Amount	Exchang Rate	Settlement Date
USD	10,000,000.00	7.1440	2023/7/13
	10,000,000.00	7.1400	2023/7/20
	5,000,000.00	7.1698	2023/7/13
	10,000,000.00	7.1615	2023/7/27
	10,000,000.00	7.1700	2023/8/15
Subtotal	45,000,000.00		
EUR	3,000,000.00	7.5341	2023/7/25
	3,000,000.00	7.5266	2023/8/24
	2,000,000.00	7.5558	2023/7/25
	2,000,000.00	7.5482	2023/8/24
	3,000,000.00	7.8861	2023/7/31
	3,000,000.00	7.6113	2023/7/25
	3,000,000.00	7.6041	2023/8/24
	3,000,000.00	7.5870	2023/7/25
	3,000,000.00	7.5800	2023/8/24
	2,000,000.00	7.5685	2023/7/25
	2,000,000.00	7.5620	2023/8/24
	5,000,000.00	7.5805	2023/7/25
	5,000,000.00	7.5730	2023/8/24
	5,000,000.00	7.5655	2023/9/26
	3,000,000.00	7.8313	2023/9/26
Subtotal	47,000,000.00		

2. Letters of guarantee issued but undue

As of June 30, 2023, the undue letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Type of L/G	Amount	Conditions for issuing
Bank of China Limited	The Company	Performance guarantee	USD20,380.00	Occupying credit line

Issuing banks	Applicants	Type of L/G	Amount	Conditions for issuing
Xinchang Sub-branch		Performance guarantee	USD64,706.00	Occupying credit line
		Performance guarantee	USD22,409.00	Occupying credit line
		Performance guarantee	USD34,680.00	Occupying credit line
China Merchants Bank Co., Ltd. Weifang Sub-branch	Shandong NHU Vitamin Co., Ltd.	Customs Duty Guarantee Bond	CNY2,120,000.00	Occupying credit line
Bank of China Limited Weifang Binhai Sub-branch	Shandong NHU Pharmaceutical Co., Ltd.	Project Payment Guarantee	CNY588,000.00	Occupying credit line
		Project Payment Guarantee	CNY283,780.00	Occupying credit line

3. Letters of credit issued but undue

As of June 30, 2023, the undue letters of credit issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Balance of L/C	Conditions
Bank of China Limited Xinchang Sub-branch	The Company	USD1,848,747.00	Occupying credit line
		USD11,436.80	Occupying credit line
Bank of China Limited Xinchang Sub-branch	Zhejiang NHU Import & Export Company Ltd.	EUR2,597,000.00	Deposit of EUR 2,597,000.00
Shangyu New District Sub-branch of Construction Bank Co.	Shangyu NHU Biochemical Co., Ltd	USD142,500.00	Deposit of EUR 142,500.00
Bank of China Limited Weifang Binhai Sub-branch	Shandong Nhu Amino Acid Co., Ltd.	EUR107,225.00	Deposit of 12,000,000.00 yuan
China Merchants Bank Co., Ltd. Hangzhou Branch	The Company	CNY 72,000,000.00	Occupying credit line
		CNY 50,000,000.00	Occupying credit line
		CNY 100,000,000.00	Occupying credit line
		CNY 235,000,000.00	Occupying credit line
		CNY 150,000,000.00	Occupying credit line
China Merchants Bank Co., Ltd. Weifang Branch	Shandong NHU Pharmaceutical Co., Ltd.	CNY21,536,585.76	Occupying credit line
		CNY24,431,946.60	Occupying credit line

4. The “notes pool” business

Pursuant to the “Notes Pool Cooperation Agreement” entered into among the Company, its subsidiaries Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Special Materials Co., Ltd., Shaoxing Yuchen New Materials Co., Ltd., Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Vitamins Co., Ltd., Shandong NHU Amino-acids Co., Ltd., Heilongjiang NHU Biotechnology Co., Ltd., Shandong NHU Fine Chemical Science and Technology Co., Ltd., Heilongjiang Xinhao Thermal Power Co., Ltd., Xinchang NHU Vitamins Co., Ltd., Zhejiang Vityesun Animal Nutrition and Health Co., Ltd., Zhejiang NHU Import & Export Company Ltd., and China Zheshang Bank Co., Ltd., the Company pledged assets pool or notes pool for guarantee, and opened a notes deposit account to pay deposits at a certain percentage, with no specific agreement on the amount of deposits. As of June 30, 2023, balance of pledged bank acceptance amounted to 239,585,650.76 yuan, deposits of notes pool in China Zheshang Bank Co., Ltd. amounted to 110,859,093.35 yuan.

5. Besides the aforementioned events and assets with title or use right restrictions as stated in this section, the Company has no other significant commitments to be disclosed as of the balance sheet date.

2、contingency

(1) There are no material contingencies that the company is required to disclose, which should also be stated

The Company has no material contingencies that require disclosure.

XIV. Events after the balance sheet date

1. Profit distribution

As of the date of approval for issuing the financial statements, the Company has no other significant events after the balance sheet date to be disclosed.

2. Description of other events after the balance sheet date

As of the date of approval for issuing the financial statements, the Company has no other significant events after the balance sheet date to be disclosed.

XV. Other significant events

1. Segment information

(1) Identification basis and accounting policies for reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on business segments. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

(2) Financial information of reportable segments

Unit: RMB Yuan

Items	Pharmaceutical chemicals	Others	Inter-segment offsetting	Total
Operating revenue	6,827,101,806.65	580,426,399.06	86,786,240.77	7,320,741,964.94
Operating cost	4,600,622,791.73	411,744,878.34	86,786,240.77	4,925,581,429.30
Total assets	36,071,193,496.27	2,753,884,437.14	849,236,590.49	37,975,841,342.92
Total liabilities	13,797,335,987.50	1,351,555,595.24	849,236,590.49	14,299,654,992.25

XVI. Notes to main items of parent company financial statements

1. Accounts receivable

(1) Details on categories

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion		Amount	% to total	Amount	Provision proportion	
Receivables with provision made on a collective basis	633,923,233.73	100.00%	31,696,161.69	5.00%	602,227,072.04	526,936,263.09	100.00%	26,346,813.15	5.00%	500,589,449.94
Total	633,923,233.73	100.00%	31,696,161.69	5.00%	602,227,072.04	526,936,263.09	100.00%	26,346,813.15	5.00%	500,589,449.94

provision for bad debts made on a collective basis:

Unit: RMB Yuan

Categories	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Commercial Acceptance	633,923,233.73	31,696,161.69	5.00%

A description of the basis for determining the portfolio:

If the bad debt provision for notes receivable is based on the general model of expected credit losses, please disclose information about the bad debt provision by referring to the disclosure for other receivables:

Applicable Not applicable

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	633,923,233.73
Total	633,923,233.73

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	26,346,813.15	5,349,348.54				31,696,161.69
Total	26,346,813.15	5,349,348.54				31,696,161.69

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of accounts receivable	Provision for bad debts
Client 1	319,039,010.16	50.33%	15,951,950.51
Client 2	59,148,876.90	9.33%	2,957,443.85
Client 3	32,800,000.00	5.17%	1,640,000.00
Client 4	27,485,943.84	4.34%	1,374,297.19
Client 5	24,734,066.71	3.90%	1,236,703.34
Total	463,207,897.61	73.07%	--

2. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable		20,735,987.73
Other receivables	3,823,227,738.70	2,475,376,134.12
Total	3,823,227,738.70	2,496,112,121.85

(1) Dividend receivable

1) Details on categories

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.		20,735,987.73
Total		20,735,987.73

(2) Other receivables

1) Categorized by nature

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
loan splitting	3,904,102,993.42	2,477,800,000.00
Deposit Guarantee	98,678,496.50	100,017,996.50
Export Tax Refund	7,249,071.14	8,678,171.26
Employee reserve fund	8,853,450.45	5,953,662.00
Accounts receivable in suspense	30,442.29	461,787.32
Other	2,227,395.62	8,467,732.53
Total	4,021,141,849.42	2,601,379,349.61

2) Provision for bad debts

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	124,623,172.45	230,800.00	1,149,243.04	126,003,215.49
Opening balance in the current period	—	—	—	—
--Transferred to phase II	-175,989.20	175,989.20		
--Transferred to phase III		-19,000.00	19,000.00	
Provision made in the current period	71,091,966.24	316,167.59	502,761.40	71,910,895.23
Closing balance	195,539,149.49	703,956.79	1,671,004.44	197,914,110.72

Significant changes in book balance of other receivables with changes in provision for bad debts:

 Applicable Not applicable

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	3,918,032,061.02
1-2 years	3,519,783.96
2-3 years	95,000.00
Over 3 years	99,495,004.44
3-4 years	716,162.81
4-5 years	100,000.00
Over 5 years	98,678,841.63
Total	4,021,141,849.42

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Portfolio grouped by ages	126,003,215.49	71,910,895.23				197,914,110.72
Total	126,003,215.49	71,910,895.23				197,914,110.72

4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables	Provision for bad debts
Heilongjiang NHU Biotechnology Co., Ltd.	Call loans	2,088,739,518.04	Within 1 year	51.94%	104,436,975.90
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Call loans	753,305,543.80	Within 1 year	18.73%	37,665,277.19
Heilongjiang Xinhao Thermal Power Co., Ltd	Call loans	312,772,192.57	Within 1 year	7.78%	15,638,609.63
Zhejiang NHU Special Materials Co., Ltd.	Call loans	245,326,773.01	Within 1 year	6.10%	12,266,338.65
Shandong NHU Pharmaceutical Co., Ltd.	Call loans	222,707,491.68	Within 1 year	5.54%	11,135,374.58
Total	--	3,622,851,519.10	--	90.09%	181,142,575.95

3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	10,096,078,842.12		10,096,078,842.12	9,146,078,842.12		9,146,078,842.12
Investments in associates and joint ventures	494,664,516.29		494,664,516.29	239,967,333.33		239,967,333.33
Total	10,590,743,358.41		10,590,743,358.41	9,386,046,175.45		9,386,046,175.45

(1) Investments in subsidiaries

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Xinchang NHU Vitamins Co., Ltd.	149,407,990.15					149,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00					13,500,000.00	
Qionghai Boao Lidu Real Estate Co., Ltd.	54,020,492.00					54,020,492.00	
Zhejiang Vityesun Animal Nutrition and Health Co., Ltd.	5,000,000.00					5,000,000.00	
Shangyu NHU Bio-Chem Co., Ltd.	414,100,091.44					414,100,091.44	
NHU (Hong Kong) Trading Co., Ltd.	16,406,160.00					16,406,160.00	
Zhejiang NHU Pharmaceutical Co., Ltd.	480,000,000.00					480,000,000.00	

Investees	Opening carrying amount	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Zhejiang NHU Special Materials Co., Ltd.	554,844,108.53					554,844,108.53	
Shandong NHU Amino-acids Co., Ltd.	4,900,000,000.00	900,000,000.00				5,800,000,000.00	
Shandong NHU Holdings Co., Ltd.	200,000,000.00					200,000,000.00	
Heilongjiang NHU Biotechnology Co., Ltd.	1,300,000,000.00					1,300,000,000.00	
Shandong NHU Pharmaceutical Co., Ltd.	586,000,000.00					586,000,000.00	
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	460,000,000.00	50,000,000.00				510,000,000.00	
NHU Singapore PTE. LTD.	12,800,000.00					12,800,000.00	
Total	9,146,078,842.12	950,000,000.00				10,096,078,842.12	

(2) Investments in associates and joint ventures

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others			
I. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	239,967,333.33			20,358,467.14							260,325,800.47	
Anhui Yingna Weixun Technology Co., Ltd.		233,508,000.00		-3,169,284.18							230,338,715.82	
Ningbo Zhenhai Refining and Chemical Xinhecheng Biotechnology Co., Ltd.		4,000,000.00									4,000,000.00	
Subtotal	239,967,333.33	237,508,000.00		17,189,182.96							494,664,516.29	
Total	239,967,333.33	237,508,000.00		17,189,182.96							494,664,516.29	

4. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	1,438,268,120.92	1,261,740,406.31	1,850,628,697.19	1,460,074,892.61

Other operations	29,381,770.87	24,923,360.59	31,160,723.40	24,551,797.22
Total	1,467,649,891.79	1,286,663,766.90	1,881,789,420.59	1,484,626,689.83

Details of revenue

Unit: RMB Yuan

Categories of contracts	Total
By product	
Including: Nutrition	1,384,907,822.00
Others	82,742,069.79
Subtotal	1,467,649,891.79
By operating region	
Including: Domestic	864,862,923.22
Overseas	602,786,968.57
Subtotal	1,467,649,891.79
By revenue recognition time	
Including: Transferred at a point in time	1,467,649,891.79
Subtotal	1,467,649,891.79
By sales channel	
Direct Sales	1,305,456,608.74
Resellers	162,193,283.05
Subtotal	1,467,649,891.79

Information related to performance obligations:

None.

Information related to transaction price allocated to the remaining performance obligations:

As of June 30, 2023, revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 1,035.97 million yuan, of which, 1,035.97 million yuan is expected to be recognized as revenue in 2023.

5. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	17,189,195.23	19,977,116.53
Investment income from long-term equity investments under cost method	1,390,000,000.00	
Interest income from call loans	50,158,644.31	54,876,777.72
Investment income from bank financial products and structured deposits	2,735,849.06	15,218,893.77
Total	1,460,083,688.60	90,072,788.02

XVII. Supplementary information

1. Schedule of non-recurring profit or loss

√ Applicable □ Not applicable

Unit: RMB Yuan

Items	Amount
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Gains on disposal of non-current assets	13,545,778.16
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	101,321,678.10
Gains on assets consigned to the third party for investment or management	8,894,052.73
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-11,268,469.70
Non-operating income and expenses other than those mentioned above	3,483,386.54
Less: Enterprise income tax affected	7,791,955.64
Non-controlling interest affected	174,119.05
Total	108,010,351.14

Remarks on other profit or loss satisfying the definition of non-recurring profit or loss:

Applicable Not applicable

The Company has no other profit or loss satisfying the definition of non-recurring profit or loss.

Remarks on defining non-recurring profit or loss listed in the “*Interpretation Pronouncement on Information Disclosure Criteria for Public Companies No. 1 – Non-Recurring Profit or Loss*” as recurring profit or loss

Applicable Not applicable

2. ROE and EPS

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	6.09%	0.48	0.48
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	5.65%	0.44	0.44

3. Differences in accounting data under Chinese accounting standards and overseas accounting standards

(1) Difference in net profit and net assets in financial statements disclosed respectively under IFRS Standards and Chinese accounting standards

Applicable Not applicable

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

Applicable Not applicable

(3) Explanation of the reasons for differences in accounting data under domestic and foreign accounting standards, and, in the case of reconciliation of differences in data that have been audited by an offshore auditing organization, the name of the offshore organization.

Applicable Not applicable