

2023 ANNUAL REPORT

SHANDONG WEIFANG RAINBOW CHEMICAL CO., LTD

Stock abbreviation:

Rainbow Chemical

Stock code:

301035


Rainbow
all about growing



NO.1 CHINA AGROCHEMICAL EXPORTERS

Ranked 1st in 2022
Ranked 1st in 2021
Ranked 1st in 2020
Ranked 1st in 2019

NO.11 IN GLOBAL'S AGROCHEMICAL COMPANIES

Ranked 11th in 2022
Ranked 11th in 2021
Ranked 11th in 2020
Ranked 11th in 2019

Operation Analysis for 2023

The overall operation of the Company is in good form and order throughout the year. Each critical task has been implemented according to the medium-term strategic plan and annual work plan. Both the progress and quality of each critical task match expectations.

1

The operation team fully leverages the advantages of "simple structure and rapid response" to calmly embrace the rapid and dramatic changes in the market environment. Based on thorough understanding of the entire industrial chain from factory to farm, the operation team responds quickly with accurate decision-making, effectively minimizing the business risks, and highlighting the Company's unique competitive advantages.

3

The global market is developed in a better-than-expected speed and quality. Against the downward cycle of the industry, the Company has firmly and substantially increased the investment in further improving the global marketing network. With in-depth market penetration and business model optimization and upgrading, especially the better-than-expected progress in Model C, the Company enjoys a solid foundation and a good momentum for sustained, healthy and stable growth.

2

During the Company's globalized operation, it also needs to continuously improve its capabilities, mainly including the globalized operation capability based on an adapted management system and the capability to build an excellent end-to-end process system in line with Rainbow's business, and guarantee the implementation of processes.

4

Operation Outlook for 2024

Following the end of de-inventorying and the recovery of demand in various markets, as well as the orderly and smooth progress of each critical task in the medium-term strategic plan, especially with the newly launched Model C subsidiaries embarking on their healthy and rapid development journeys one by one over the past two years, the Company has a solid foundation and good momentum for sustained, healthy and stable growth.



Advanced manufacturing supported by R&D innovation

Further improving the global marketing network

<p>Team Building</p>	<p>In 2023, the Company continued to step up efforts in recruiting talents through various means such as campus recruitment and social recruitment, with the technical team expanding by 77 members, further enhancing the overall R&D capability. Meanwhile, with a wide expertise network build through years in the international market and an international vision, the Company has actively integrated top experts in segmented domains and further improved R&D processes. So far, the Company has preliminarily built an international technology team with top expertise and a science-based, rigorous, effective and systematic work flow which provides strong support o successful construction and stable operation of programs in the Company planning.</p>	<p>Team Building</p>	<p>The marketing and registration team has rapidly expanded through domestic campus recruitment, social recruitment and local recruitment in different countries. Especially after enhancing recruitment of local staff overseas, the set-up and management of international teams has become more systematic and mature. We have specially designed a two-year Rainbow Leadership Program for Chinese team members stationed overseas who need to transform their roles into business managers. With more young staff joining the team, the Company has further enriched and optimized the marketing and registration training scheme and serial training materials. It has successfully organized 4-month training course for new staff recruited at universities and colleges and an annual 1-week intelligence training camp for on-the-job staff, which achieved the goal of improving unity, sharing lessons learned at work and educating methodologies of success.</p>
<p>Project Planning</p>	<p>Under the guidance of its medium-term strategic plan, by leveraging its advantages in sharp market acumen and full transparent industrial chain, the Company has selected products in a systematic, rigorous and targeted way for medium-term product planning. In terms of manufacturing active ingredients, important active ingredients with expired patents or with soon-to-expire patents were in the process of being handled by different project teams in steady progress.</p>	<p>Market Expansion</p>	<p>The marketing team follows through on the Company's critical tasks. While deepening the business in the existing target markets, the team continues to expand into new markets and accelerate the improvement of the global marketing network.</p> <p>(1) Completed in-depth research on markets including the United States, Canada, Mali, Guinea, Moldova, and Mongolia;</p> <p>(2) Established wholly-owned or joint venture subsidiaries or offices in Australia, New Zealand, Turkey, Guyana, Ghana, Dominica, Tunisia, and Algeria;</p> <p>(3) Set up wholly-owned or joint venture local teams in Russia, Turkey, Ecuador, Cambodia, and Bangladesh, and launched local to-customers channel construction to boost the sales performance of the brand.</p>
<p>Progress of Implementation</p>	<p>In terms of manufacturing active ingredients, the Company has developed and optimized processing technologies of manufacturing important active ingredients based on goals of automation, continuity and sustainability to make the processing more refined and chemical-based. During the reporting period, 1 single-line multi-product project with a domestically pioneering process has been put into operation; 2 projects for full-chain continuity transformation of active ingredients finished the development, with one already under implementation while the other ready for implementation; 2 active ingredients finished the development in the second half of 2023, and have been ready for implementation in 2024, 1 active ingredient was expected to finish the development in the second half of 2024, and get ready for implementation in 2025; and the pilot tests of 2 active ingredients were expected to be completed in 2024.</p>	<p>Global Registration</p>	<p>As the construction of the global marketing network accelerates, the Company also pays more efforts and accelerates the global registration layout.</p> <p>(1) Expanded the global registration team rapidly, from 169 team members in 2022 to more than 190 at present.</p> <p>(2) Acquired new registrations in countries such as Poland, Turkey, Bosnia and Herzegovina, Azerbaijan, Tunisia, Armenia, Zimbabwe, Togo, Madagascar, Botswana, and Namibia.</p> <p>(3) Owned more than 6,000 pesticide registration certificates at home and abroad as of December 31, 2023.</p> <p>The Company is accelerating the construction of global marketing network comprehensively and orderly according to the mid-term strategic planning.</p>

2023全国农药行业销售TOP100		
名次	企业名称	2022年销售额 (亿元)
1	安道麦股份有限公司	337.69
2	江苏扬农化工股份有限公司	155.55
3	山东潍坊润农化工股份有限公司	144.60
4	中农立华生物科技股份有限公司	116.87
5	连云港立本作物科技有限公司	104.90
6	浙江新安化工集团股份有限公司	95.96

The Company's product entered the Top 3 of China's Top 100 Best-Selling Pesticides in 2023

2022年度中国农药出口额Top50		
名次	企业名称	Company Name
1	江苏扬农化工股份有限公司	Jiangsu Yangnong Chemical Eco. Ltd.
2	浙江新安化工集团股份有限公司	Zhejiang Xinan Chemical Industrial Group Co., Ltd.
3	山东潍坊润农化工股份有限公司	Shandong Runnong Fusheng Agro-Chemical Technology Co., Ltd.
4	中农立华生物科技股份有限公司	Lim Chemical Co., Ltd.
5	北京康农化工股份有限公司	Zhejiang Kone Chemical Industrial Group Co., Ltd.
6	湖北兴发化工集团股份有限公司	Hubei Xingfa Chemicals Group Co., Ltd.
7	南京诺泰制药有限公司	Nantaochem Co., Ltd.
8	山东润农化学有限公司	Shandong Runnongchem Co., Ltd.

The Company remained No. 1 in China's pesticide exports in 2022



The Company was recognized as a key local multinational company in Shandong Province



The Company's to-customers subsidiaries in Russia, Turkey, Ecuador, Cambodia and Bangladesh began operations



The Company's SAP system was launched globally



The R&D building of the Ningxia North Plant commenced operation officially



The automatic production line for glyphosate granules with the largest daily capacity in the world was put into production



The Company's 1st Rainbow Leadership Program was officially launched



The Company's 5th Marketing Elite Training Camp was a success

Complete industrial chain

- Keen insight into market trends to avoid the investment in R&D and manufacturing blindly.
- Harvest from the whole industrial chain including Technical synthesis, formulation, branding, Sales Channel(From Factory to Field).
- Based on a deep understanding of the whole process with "Light Structure, Fast response", calmly deal with major market fluctuation risks.

Unique business model

- Building an open "Quick Market Access Platform" globally.
- Combining the traditional export model with the overseas self-registration model.

A clear strategic plan that is firmly implemented

- All staff focus on strategic planning and annual work plans to ensure the achievement of goals.
- Persisting in doing the difficult but correct work; Moving towards the forefront of industrial value chain; Building a complete industrial chain.



Widely covered global marketing network

- Strong global registration capabilities and experienced international market development team.
- Having carried out businesses in more than 100 countries worldwide and continuing to accelerate the improvement of the global marketing network.

Advanced manufacturing supported by R&D

- Advanced Manufacturing on more important Active ingredients.
- Differentiated formulation development focus to solve important pain points from end user market.

Professional and dedicated international core team

- Publicity and implementation of vision, mission and core values to ensure cultural identity and consistency.
- Continuing to optimize positions, remuneration, performance, and training systems to build a talent echelon.

A CLEAR AND FIRMLY IMPLEMENTED STRATEGY PLAN



Persisting in doing the difficult but correct work
Moving towards the forefront of industrial value chain
Building a complete industrial chain

Focus →

Advanced manufacturing supported by R&D
Further improving the global marketing network

SHANDONG WEIFANG RAINBOW CHEMICAL CO., LTD

Operating Summary of 2023

Section I. Company Information and Key Financial Indicators

I. Company Information

Short form of the stock	润丰股份	Stock code	301035
Chinese name of the Company	SHANDONG WEIFANG RAINBOW CHEMICAL CO.,LTD		
Chinese abbreviation of the Company	润丰股份		
Name of the Company in English (if any)	SHANDONG WEIFANG RAINBOW CHEMICAL CO.,LTD		
Abbreviation of the Company in English (if any)	RAINBOW CHEMICAL		
Legal representative of the Company	Wicky Wang		
Registered address	No.03001 Lvjian Road, Binhai Economic Development Zone, Weifang City, Shandong Province		
Postal code of registered address	262737		
Previous changes of registered address of the Company	N/A		
Business address	30th Floor, Building 5, Zone 5, Hanyu Financial Center, High-tech Zone, Jinan City, Shandong Province		
Postal code of business address	250101		
Website	www.rainbowagro.com		
E-mail	rfzqb@rainbowagro.com		

II. Contact Person and Contact Information

	Secretary of the board	Securities affairs representative
Name	Xing Bingpeng	Hu Dongju
Contact address	30th Floor, Building 5, Zone 5, Hanyu Financial Center, High-tech Zone, Jinan City, Shandong Province	30th Floor, Building 5, Zone 5, Hanyu Financial Center, High-tech Zone, Jinan City, Shandong Province
Tel	0531-83199916	0531-83199916
Fax	0531-83191676	0531-83191676
E-mail	rfzqb@rainbowagro.com	rfzqb@rainbowagro.com

III. Information Disclosure and Place of Report

Website of the stock exchange for release of the Annual Report	Shenzhen Stock Exchange: http://www.szse.cn
Name and website of the media for release of the Annual Report	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Economic Information Daily, CNINFO (www.cninfo.com.cn)
Place where the Annual Report is available for inspection	30th Floor, Building 5, Zone 5, Hanyu Financial Center, High-tech Zone, Jinan City, Shandong Province

IV. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Shangkuai Certified Public Accountants (Special General Partnership)
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Business address of the accounting firm	25th Floor, No. 755 Weihai Road, Jing'an District, Shanghai
Name of certified accountants	Yu Renqiang, Yin Zuoyong

The sponsor institution engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

Name of the sponsor institution	Business address of the sponsor institution	Name of sponsor representative	Duration of continuous supervision
Northeast Securities Co., Ltd.	No. 6666 Shengtai Street, Changchun	Liu Junjie, Sun Bin	From July 28, 2021 to December 31, 2024

V. Key Accounting Data and Financial Indicators

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

Yes No

Reasons for retrospective adjustments or restatements

Changes in accounting policies

	2023	2022		Year-on-year change	2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating income (RMB)	11,484,792,643.38	14,460,175,154.41	14,460,175,154.41	-20.58%	9,797,107,551.38	9,797,107,551.38
Net profit attributable to shareholders of the Company (RMB)	771,120,761.85	1,413,238,278.11	1,413,285,697.62	-45.44%	799,718,982.72	799,718,982.72
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	762,265,074.25	1,417,676,562.72	1,417,723,982.23	-46.23%	798,010,406.55	798,010,406.55
Net cash flow from operating activities (RMB)	-1,350,375,311.36	1,370,655,408.25	1,370,655,408.25	-198.52%	791,071,609.73	791,071,609.73
Basic earnings per share (RMB/Share)	2.78	5.12	5.12	-45.70%	3.39	3.39
Diluted earnings per share (RMB/Share)	2.77	5.07	5.07	-45.36%	3.39	3.39
Weighted average return on net assets	12.30%	25.70%	25.70%	-13.40%	21.22%	21.22%
	End of 2023	End of 2022		Year-on-year change	End of 2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB)	14,897,954,098.13	11,598,874,181.42	11,600,953,298.90	28.42%	10,311,655,543.89	10,311,655,543.89
Net assets attributable to shareholders of the Company (RMB)	6,546,153,851.24	6,184,265,166.56	6,184,121,051.65	5.85%	4,908,724,302.71	4,908,724,302.71

Reasons for changes in accounting policies and correction of accounting errors

For details, please refer to "43. Changes in Significant Accounting Policies and Accounting Estimates" in "V. Significant Accounting Policies and Accounting Estimates" in "Section X. Financial Report".

The lower of the Company's net profit before and after deduction of non-recurring gains and losses for the last three fiscal years is negative, and the audit report for the latest year shows that there is uncertainty about the Company's ability to continue operating

Yes No

The lower of the Company's net profit before and after deduction of non-recurring gains and losses is negative

Yes No

VI. Key Quarterly Financial Indicators

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	2,233,266,009.68	2,810,236,694.34	3,475,391,281.15	2,965,898,658.21
Net profit attributable to shareholders of the Company	182,814,094.72	241,576,708.06	297,230,701.58	49,499,257.49
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	182,952,103.05	236,546,183.86	296,836,814.30	45,929,973.04
Net cash flow from operating activities	-438,843,869.41	28,507,187.20	164,258,343.26	-1,104,296,972.41

Whether there is any material difference between the above financial indices or their total and the relevant financial indices disclosed by the Company in the quarterly report and semi-annual report

Yes No

VII. Items and Amounts of Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount of 2023	Amount of 2022	Amount of 2021	Notes
Gains and losses on disposal of non-current assets (including write-offs of asset impairment provisions)	-8,325,617.35	-24,471,080.42	-25,602,738.28	
Government subsidies included in the current gains and losses (excluding the government subsidies closely related to regular businesses of the Company, in line with national policies, received by a standard quota or quantity, and consecutively affecting the Company's gains and losses)	10,539,793.70	12,079,027.93	15,234,035.09	
Gains and losses arising from changes in the fair value of financial assets and liabilities held by non-financial companies, and gains and losses from the disposal of financial assets and liabilities, other than the effective hedging business related	1,294,116.14	3,467,771.89		

to the normal operation of the Company				
Rollback of impairment provisions for receivables that are separately tested for impairment	3,117,367.81		308,619.60	
Other non-operating revenue and expenditure other than those mentioned above	2,853,757.55	3,910,755.03	12,074,283.42	
Other gains and losses items that meet the definition of non-recurring gains and losses	579,787.41			
Less: affected amount of income tax	1,223,609.55	-675,243.78	339,152.38	
Affected amount of minority shareholders' equity (after tax)	-20,091.89	100,002.82	-33,528.72	
Total	8,855,687.60	-4,438,284.61	1,708,576.17	--

Other gains and losses items that meet the definition of non-recurring gains and loss:

Applicable Not applicable

Other gains and losses items that meet the definition of non-recurring gains and losses in this reporting period are personal tax commission refunds.

Reasons for the non-recurring profit and loss items listed in Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Non-recurring Gains and Losses recognized as recurring gains and losses items

Applicable Not applicable

There is no circumstance where the non-recurring profit and loss items listed in Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Non-recurring Gains and Losses are recognized as recurring gains and losses items.

Section II. Discussion and Analysis of Management of the Company

I. The situation of the industry during the reporting period

The Company shall comply with the disclosure requirements of "related business of the chemical industry" in the *Guidelines of SZSE for Self-Discipline Regulation of Listed Companies No.3 – Industrial Information Disclosure*

The Company is categorized into the industry of chemical pesticide manufacturing (C2631) in chemical raw materials and chemical manufacturing (C26). Pesticides are also commonly known as crop protection products in the industry, which refer to products with a broader scope, including non-chemical pesticides (such as bio-pesticides, and bio-stimulants). Pesticides are known as preparations for the prevention and control of crop diseases and insect pests. Pesticide products actually used are pesticide preparations made from pesticide active compound and pesticide auxiliaries. The active compound takes effect, and it is also called active ingredients or active constitute. In addition, depending on the targets, the pesticides can also be categorized into herbicide, insecticide, fungicide, plant growth regulator, etc.

(I) The development and trend of crop protection industry:

1. Structural growth opportunities still exist in the global crop protection market with rigid demands

From the global perspective, the crop protection industry is an existing market that has rigid demands and is steadily growing in market shares. The demand for crop protection is closely related to the demands of humans for food and other crops. In recent years, with the increase in the population of the world, and the continuous occurrence of pests and diseases, the scale of global crop protection market is constantly expanding. According to the S&P Global Commodity Insights crop science team, the global crop protection market size grew from USD 35.575 billion to USD 87.7 billion from 2006 to 2022, at a CAGR of around 5.80%. It is not an industry featuring rapid growth in terms of the total growth rate, and it is also an industry that lacks change or strong growth dynamic due to the limitation of the non-linear improvement of new compound development costs, but it still has three clear structural growth opportunities: First, the continuous

expansion of the market shares of non-patented crop protection products. Second, with the continuous expansion of non-patented crop protection market share, excellent multinational generic companies grow rapidly (such as UPL in India). Third, with the promotion of different transgenic seeds and the resistance of different varieties, the prohibition policy from the government has brought about the change of usage amount of different varieties (such as glufosinate-ammonium, diquat, prothioconazole and chlorantraniliprole gained rapid growth in the global market in the past few years).

2. Non-patented crop protection market shares and excellent multinational non-patented crop protection companies grow fast

With the continuous expansion of the non-patented crop protection market shares, excellent multinational non-patented crop protection companies have grown rapidly. The most eye-catching case in the industry in past few years is how Indian company UPL rapidly strengthened itself and expanded its market share internationally by purchasing Arysta and other companies with strong channel brands and constantly investing in the self-production of important non-patented active ingredients. Excellent multinational non-patented crop protection companies with high growth rate must have the following five features:

- (1) Fast response and decision-making mechanism (quick response to the rapid changes in the supply-end, cost-end and market-end globally is needed);
- (2) Simple structure and low-cost rate (fierce homogeneous competition in non-patented crop protection markets will make gross profit margin of the market channels constantly decline);
- (3) Diversified and complete product portfolio for providing an integrated crop solution (not relying too much on a single product);
- (4) The broad global market coverage and channel, and the construction of the brand (not relying too much on a single market, and having a good brand channel);
- (5) Be able to exert the impact on a number of important active ingredients (advanced manufacturing of important active components to form the complete industrial chain from the factory to the farm, thus stabilizing the supply and cost advantage, and supporting further expansion of the global market).

3. The global usage amount of different varieties changes rapidly

With the promotion of different transgenic seeds, the prohibition/ restriction policies of government, and the resistance of different varieties, the usage amount is changing rapidly among different varieties.

- (1) With the promotion of transgenic seeds, the growth rate of global use of glufosinate-ammonium and 2,4D was significantly higher than that of other varieties in the past three years.
- (2) The prohibition or restriction policies of the government have a great impact on the use of different varieties: For example, the prohibition of paraquat in China, Brazil, Vietnam, Thailand and other markets has prompted significant increase of its alternatives varieties such as glufosinate-ammonium and diquat; To give another example, the prohibition of chlorpyrifos in Argentina, Vietnam, the EU, Myanmar, the United States and other markets directly has led to a significant decline in the global use of chlorpyrifos, and promoted the rapid growth of other alternative varieties; Another example is the prohibition of chlorothalonil in the EU directly has led to the serious excess of chlorothalonil production.
- (3) The resistance changes of different varieties require the mixed use of several alternatives for the same target diseases, insects and weeds: For example, countries such as Vietnam and Pakistan in South Asia have habitually used a single insecticide frequently and intensively, resulting in the rapid rise of its insecticide resistance and the frequent changes of different varieties; For another example, the fungicide resistance of Brazil to prevent soybean Asian rust changes rapidly, and it needs to be used alternately or mixed among different varieties. The rapid change in such different varieties enables manufacturers who are relying too much on a single active ingredient to face significant opportunities or major crises.

4. The development of crop protection products market in different regions of the world is imbalanced, the growth rate is different, and emerging markets are growing rapidly.

In the past five years, the growth rate of the crop protection products market in different regions of the world has been different, and the growth rate in emerging markets is faster, which is represented as follows:

- (1) The Latin American region continues to grow rapidly: Latin America has become an increasingly important source of agricultural production and supply in the world. In the past five years, Latin America has sustained rapid growth, especially in Brazil.

- (2) The growth rate in the Northern American market slows down: The market size of the United States and Canada is relatively stable, and with the increase in the market share of non-patented crop protection products, competition has intensified;
- (3) Steady and slow growth of the Asia-Pacific market: India, Indonesia, Bangladesh, Vietnam and other markets in the region are growing relatively fast;
- (4) The growth rate in Africa is accelerating: With the development of economy, countries in Africa increase investment in agriculture, and the market scale of crop protection products grows rapidly;
- (5) The size of the EU market is stable and slightly decreased: The EU's policy of prohibiting and restricting more and more active ingredients, and the high product registration and maintenance costs to meet regulatory requirements have made this market less attractive due to the high risk of registration investment and high amortization cost of intangible assets, despite its high gross profit margin. The market size in this region is stable and continues to decline slightly, but the market for bio-pesticide and bio-stimulant will become a growth point.

5. The management regulations and policies of crop protection products in different countries worldwide are frequently adjusted and increasingly strict

To enter the market of any country, crop protection products need to obtain a product registration certificate in that country in accordance with relevant laws and regulations of that country. Obtaining a product registration in country A does not mean that it can be sold in country B. That is, even the same product also needs to be sold in accordance with relevant laws and regulations of each country, to obtain the product registration certificate in the target country. The management regulations and policies for crop protection products in various countries around the world are frequently adjusted and increasingly strict, mainly in the following aspects:

- (1) Changes in registration policies or approval fees have increased the registration costs of individual products in various countries: For example, the adjustment of the registration policy of the imported API product of India in 2017, has made the registration fee of a single imported technical drug directly rise from USD 20,000 to around USD 400,000 to USD 800,000 now.
- (2) Registration policies are being adjusted towards high data standardization and complication, making registration more difficult: Even countries with very loose requirements are increasingly changing from accepting public data to requiring GLP experiments reports. The types of reports required are more and more complex, which increases the types of data required for the registration of a single product, improves the standard, and increases the preparation time of data, and some of the data is extremely difficult to prepare professionally.
- (3) The efficiency of government approval and certification is declining: In countries such as Argentina, Bangladesh, Sri Lanka, Malaysia, and Algeria, government departments have even introduced policies limiting the annual number of product registration applications for each applicant, resulting in slow process with prolonged cycles for new product certification in most countries.
- (4) The registration process in important crop protection product markets generally takes a long time: The process takes long in the world's important crop protection product markets such as Brazil, Argentina, Mexico, Russia, India, China, the EU and etc. In Brazil, it generally takes 5-8 years; in Russia, India, and the EU, it generally takes 4-6 years; in Argentina, Mexico, and China, it generally takes 3-5 years; in the United States, it generally takes 2-3 years.

The above-mentioned changes in industry management regulations and policies are very beneficial to those companies that have a registration team that registers KNOW-HOW in various markets around the world, have efficient decision-making and organizational coordination mechanisms, and have a large number of registrations in various markets around the world.

(II) 2023 global crop protection market environment

- 1. Prices of bulk agricultural products remain at a reasonable median value all-time. Farmers are willing to use pesticides, and the planting areas of agricultural products remain unabated, which means that the rigid consumption demand for pesticides by end consumers - growers continues to be stable. According to China Customs statistics for January-December 2023, the export quantity under Customs Code 3808 rose by 10.53% year-on-year in 2023, indicating that the global market for agrochemical products remains rigid, with market demand returning to normal.
- 2. Prices of the active ingredients of most crop protection products decreased during the reporting period. The Sino-Agri Price Index for APIs was reported at 80.19 points on December 31, 2023, down 37.5% year-on-year; of the hundreds of products tracked, 92% showed a decline, while 8% remained flat, with none of them going up. Prices of large-tonnage active ingredients such as glyphosate (-48%), glufosinate-ammonium (-58.00%), alachlor (-56%), 2,4-D (-45%), chlorantraniliprole (-45%), prothioconazole (-64%), and pyrimethanil (-39%) dropped

significantly, hitting or breaking the historical lowest level.

3. With new production capacities of pesticide active compound in China and India since the fourth quarter of 2022, coupled with the high stockpiling inventory in various market channels due to the poor global supply and logistics over the past two years, competition in the market has intensified, with the overall trend of oversupply. Therefore, active ingredients manufacturing will inevitably undergo the de-production capacity and capacity optimization in the future. Manufacturers without competitive technical costs or compliance advantages will gradually exit the market, and the concentration of the active ingredients manufacturing industry will be further increased, enabling advantaged leading companies in active ingredients and those with brand advantages in globalized marketing channels to further expand their market share.

(III) Outlook for the global crop protection products market in 2024

1. Prices of most active ingredients of crop protection products will continue to stabilize at the bottom. Prices of most active ingredients have been at or even below the historical lowest level, to such an extent that no further decline is possible. However, due to the expansion and release of pesticide production capacity in China and India over the past three years, most active ingredients will still face excess supply over demand, meaning that their price will continue to stabilize at the bottom.

2. Products with historical low prices may experience major price fluctuations in the short term at any time along with incidental events, so accurate decision-making and quick response in inventory management and market strategy are particularly important.

3. Market demand continues to pick up. Along with the recovery of rigid demand in large markets such as Brazil, Argentina and the United States in the second half of the year, the demand will be significantly stronger than in the first half of the year, with continued rebound in rigid market demand.

4. The adjustment of the competitive pattern of global head enterprises will be accelerated. First, the market share of generic crop protection products continues to expand. Second, along with the continued expansion of the market share of generic crop protection products, multinational big-names of generic protection products will experience accelerated growth.

II. Analysis of Core Competitiveness

1. Originating from China and serving the world - Unique business model to achieve "From Made in China to Globalization of Chinese Brands".

In the early years after the Company's establishment, relying on the experience accumulated by the founding team in the crop protection product industry, it participated in the global pesticide industry chain as basic manufacturers and suppliers for different active ingredients. It achieved rapid growth and initial accumulation with the help of the rapid development of the global crop protection products market and the wave of industrial transfer to emerging countries such as China.

With the changes in the global economic environment, the global crop protection industry is also undergoing changes. Especially after the outbreak of the financial crisis in 2008, affected by the decline in overall market demand, the overcapacity problem of domestic manufacturing industry was more and more prominent due to years of continuous low-level repeated production. Many products were oversupplied and generated vicious price competition, which adversely affected the profitability of enterprises in the industry. In response to the challenges brought about by changes in domestic and foreign economic and market environments, the Company responded quickly. Since the second half of 2008, it began to explore and plan for the optimization and upgrading of its sales model and development route. The Company has gradually formed a global marketing network with "Team + Platform + Innovation" as the basic elements, combining the traditional export mode of crop protection products with the independent overseas registration mode, and featuring a "Quick Market Access Platform".

The core of the "Quick Market Access Platform" is to obtain the registration of a rich and complete product portfolio in each target country and to adhere to the concept of open platform. The rich and complete product portfolio registration can provide growers with integrated crop solutions, and the concept of open platform enables the Company to build its own local team based on the target country platform, to carry out the B-C business model of its own brand. In addition, the Company adopts flexible way to open the platform to other excellent partners to carry out B-B operation. Based on this open platform, the Company can rapidly expand market share through multiple channels including the Company's self-built team and cooperation with industry partners.

In each target country, the Company adheres to the combination of the traditional export model of crop protection products and the overseas

self-registration model. The Company can flexibly adjust and switch between different market roles such as suppliers, brand owners and service providers according to changes in market scenarios and product differences. Two models promote and complement each other. The traditional export model provides a solid customer base and market awareness for business expansion under the overseas self-registration model. The abundant overseas self-registration not only greatly improves the Company's brand awareness, but also can better meet customer needs with more various products and improve the intimacy with customers, which is more conducive to the development of the Company's traditional export business.

At present, the Company's traditional export business model still accounts for a considerable proportion of revenue. In the future, with the continuous increase of the Company's overseas self-registration quantities and the continuous improvement of the construction of the global marketing network characterized by "fast market entry platform", the proportion of revenue of the overseas self-registration model and the proportion of B-C revenue of self-owned brands will be further increased. In addition, the Company's profitability and capabilities to maintain sustainable and stable growth and operation will be significantly improved, so as to achieve stable, sustainable and rapid growth.

According to the mid-term strategic plan, the Company is speeding up and increasing the investment in overseas self-registration to enrich the product portfolio in each target country, and starting the construction of a "fast market entry platform" in more target countries. In the meanwhile, the Company also adheres to the characteristics of "simple structure and rapid response" to accelerate the development of its own brand B-C business in each target country. With its own strength and China's strong supply chain, the Company is striving to achieve "From Made in China to Globalization of Chinese Brands".

2. Clear strategic plan that is firmly implemented

In 2019, based on the BLM model, with the participation of all core team members, the Company reached a consensus and determined the mid-term strategic plan for 2020-2024 after in-depth and sufficient discussions. The mid-term strategic plan was formulated based on the guidelines of "Persisting in doing the difficult but correct work, moving towards the forefront of industrial value chain, and building a complete industrial chain".

After the mid-term strategic plan is completed, the Company organizes an annual review and update in the middle of each year to ensure that the critical tasks formulated around the plan keep pace with the times. Based on the mid-term strategic plan, the Company formulates the annual business plan, annual department work plan and personal PBC. After goal-splitting level by level, it forms a strategic plan implementation map, summarizes, reviews and assesses the implementation every quarter, and proposes the next improvement plan to ensure that all staff focus on strategic planning and annual work plans, and work together to achieve the goals.

3. A professional and dedicated international core team

The Company has nurtured a stable operation team. For more than 20 years, the operation team led by founding shareholders, Wicky Wang, Sun Guoqing, Qiu Hongbing, Yuan Liangguo and Liu Yuanqiang, has focused on the sector of crop protection products. They have a profound expertise and rich hands-on experiences with insights into segmented markets and development trends globally.

The Company's vision is "To be a Global Leading Crop Protection Company" and its mission is "All about Growing". The core values of the Company are "Customer Oriented; Rapid Response; Constant Effort; Open and Inclusive; Together We Work; Together We Win". With the guidance of the vision, mission and core values, and by practicing them, the Company builds cultural identities and unity of team members. Through continuously improving positions, salaries and benefits, performances and training systems, the Company builds an international team to facilitate global business expansion.

To fully implement the core value of "Together We Win", the Company has launched a restricted share incentive plan for excellent core members of the operational team other than the founding shareholders in 2021. This will be an integral part of the Company's efforts in continuously improving the combined system of positions, salaries and benefits, performances and training, with an aim to build a united international team who will give collective efforts towards shared goals.

4. Widely covered global marketing network

The Company's business covers the world, with five manufacturing bases in Wei Fang, Qingdao (Shandong Province, China), Pingluo (Ningxia Province, China), Argentina and Spain. The Company has set up over 100 subsidiaries overseas with its businesses in over 100 countries. With strong global registration competence, the Company is expanding its global marketing network at high speed.

According to the Company's medium-term strategic plan (updated in 2023), in terms of the construction of "Fast Market Access Platform",

the Company will complete the preliminary stage of the project in all major markets except the United States, Canada and Japan by 2024. In addition, the Company will complete the project in all major markets between 2025 and 2029 to complete the construction of the "Fast Market Access Platform". The Company will implement the plan for running self-branded B2C operations in at least 25 new target countries by the end of 2024.

5. Advanced manufacturing supported by R&D innovation

The Company started to shift the focus of R&D and innovation to advanced manufacturing of single products with active ingredients in 2019. After years of accumulation, five core capabilities have been shaped in advanced manufacturing supported by R&D and innovation:

(1) Product selection capability based on thorough understanding of the whole industry chain

Under our unique business model, we have gained thorough understanding of the whole industry chain from factory to farm, and built up the capability of screening active ingredients in line with our characteristics and target market demands in terms of active ingredients, with a rich R&D pipeline to ensure the sustainability of advanced manufacturing. In terms of preparations, we have formed the capability of selecting and planning differentiated preparations oriented to the pain points of the end market, to improve the product portfolio.

(2) Resource integration capability based on industry influence and the "Open and Inclusive, Together We Win" culture

To practice the core values of "Open and Inclusive, Together We Win", we make full use of the contacts accumulated in the international market, and actively integrate top experts and R&D teams in each specialized field from all over the world, for strong alliance. Currently, we have built up a technical team with world-class capabilities, and cooperated closely with numerous research institutes, colleges and universities, as well as enterprises.

(3) Process development capability based on mechanistic studies and engineering conversion capability based on process analysis

Focusing on advanced manufacturing supported by R&D and innovation, we have strengthened the research on reaction mechanisms and laws, to upgrade our process development and engineering conversion capabilities, forming a potent team for process development and engineering conversion. Regarding active ingredients, we have set up multiple dangerous process technology platforms, to support the commercialization of multiple active ingredients. As for preparations development, a platform technology for the rapid development of preparations and continuous production has taken shape, with more than 1,300 production formulations, over 900 of which have realized engineering conversion.

(4) Flexibility to adopt different implementation standards and methods based on product and market characteristics

We classify the active ingredients reasonably from the dimensions of scale, patent, and mechanism of action, and employ different implementation standards accordingly. We ensure the advanced manufacturing of important active ingredients with large-scale effects, the rapid implementation of those with unique mechanisms of action and small-scale effects, and the prioritized deployment of those with large market potential and early patent expiration dates. Different implementation standards match with self-production, customization or combination of the two to enable rapid industrialization.

(5) Continuous improvement capability based on core technology advantages and lean manufacturing

By fully utilizing the core technology advantages and lean manufacturing experience accumulated over the years, we conduct in-depth research on the mechanism and law of reaction regarding active ingredients, to strengthen process analysis, and continue to explore the potential to reduce API costs. In terms of preparations, we continue to upgrade formulas to improve drug efficacy and reduce acreage costs, thus enhancing the enduring competitiveness of our products.

6. Simple structure and rapid response based on the complete industrial chain and thorough understanding of the whole process, originating from China and serving the world

The Company has built a complete industrial chain involving research and development of active ingredients, manufacturing, branding towards the global market, trading channels, sales and services from the factory to the farm. The Company also has a thorough understanding of the whole industrial chain and can make values in each section. By leveraging its own productivity, strong supply chain in China and a global marketing network, the Company responds to changes on the supply side, cost side and global market rapidly, which features as "simple structure, and fast response". It originates from China and serves the world.

The global marketing network enables the Company to gain insights in the market dynamics and advert risks of blind investment in R&D and manufacturing side.

The global vision, international professional teams and core values of "Open and Inclusive, Together We Win" also help the Company successfully integrate the upstream and downstream of the global industrial chain as well as to grow rapidly in the capital market.

III. Analysis on main businesses

1. Overview

Rainbow's present medium-term strategic plan (2020-2024) was drawn under the guiding principle of "Persisting in doing the difficult but correct things, moving towards the forefront of industrial value chain, and building a complete industrial chain". Based on this medium-term strategic plan, the Company will continue to focus on further improving its global marketing network and enhancing advanced manufacturing supported by R&D and innovation. Following is the summary of progresses made in these two aspects in 2023.

(I) Improving the global marketing network

1. Team building: The marketing and registration team has rapidly expanded through recruitment campaigns at domestic universities and colleges, social recruitment and local recruitment in different countries. Especially after enhancing recruitment of local staff overseas, the set-up and management of international teams has become more systematic and mature. We have specially designed a two-year Rainbow Leadership Program for Chinese team members stationed overseas who need to transform their roles into business managers. With more young staff joining the team, the Company has further enriched and optimized the marketing and registration training scheme and serial training materials. It has successfully organized 4-month training course for new staff recruited at universities and colleges and an annual 1-week intelligence training camp for on-the-job staff, which achieved the goal of improving unity, sharing lessons learned at work and educating methodologies of success.

2. Market expansion: The marketing team follows through on the Company's critical tasks. While deepening the business in the existing target markets, the team continues to expand into new markets and accelerate the improvement of the global marketing network.

- (1) Completed in-depth research on markets including the United States, Canada, Mali, Guinea, Moldova, and Mongolia;
- (2) Established wholly-owned or joint venture subsidiaries or offices in Australia, New Zealand, Turkey, Guyana, Ghana, Dominica, Tunisia, and Algeria;
- (3) Set up wholly-owned or joint venture local teams in Russia, Turkey, Ecuador, Cambodia, and Bangladesh, and launched local to-customers channel construction to boost the sales performance of the brand.

3. Global registration: As the construction of the global marketing network accelerates, the Company also pays more efforts and accelerates the global registration layout.

- (1) Expanded the global registration team rapidly, from 169 team members in 2022 to more than 190 at present.
- (2) Acquired new registrations in countries such as Poland, Turkey, Bosnia and Herzegovina, Azerbaijan, Tunisia, Armenia, Zimbabwe, Togo, Madagascar, Botswana, and Namibia.
- (3) Owned more than 6,000 pesticide registration certificates at home and abroad as of December 31, 2023.

The Company is accelerating the construction of global marketing network comprehensively and orderly according to the mid-term strategic planning.

(II) Advanced manufacturing supported by R&D innovation

1. Team building: In 2023, the Company continued to step up efforts in recruiting talents through various means such as campus recruitment and social recruitment, with the technical team expanding by 77 members, further enhancing the overall R&D capability. Meanwhile, with a wide expertise network build through years in the international market and an international vision, the Company has actively integrated top experts in segmented domains and further improved R&D processes. So far, the Company has preliminarily built an international technology team with top expertise and a science-based, rigorous, effective and systematic work flow which provides strong support o successful construction and stable operation of programs in the Company planning.

2. Project planning: Under the guidance of its medium-term strategic plan, by leveraging its advantages in sharp market acumen and full transparent industrial chain, the Company has selected products in a systematic, rigorous and targeted way for medium-term product planning. In terms of manufacturing active ingredients, important active ingredients with expired patents or with soon-to-expire patents were in the process of being handled by different project teams in steady progress.

3. Progress of implementation: In terms of manufacturing active ingredients, the Company has developed and optimized processing

technologies of manufacturing important active ingredients based on goals of automation, continuity and sustainability to make the processing more refined and chemical-based. During the reporting period, 1 single-line multi-product project with a domestically pioneering process has been put into operation; 2 projects for full-chain continuity transformation of active ingredients finished the development, with one already under implementation while the other ready for implementation; 2 active ingredients finished the development in the second half of 2023, and have been ready for implementation in 2024; 1 active ingredient was expected to finish the development in the second half of 2024, and get ready for implementation in 2025; and the pilot tests of 2 active ingredients were expected to be completed in 2024.

The successful execution and stable operation of each project in the medium-term strategic planning will gradually improve the whole industrial chain of Rainbow and provide strong support to the expansion of the global market.

(III) Operation analysis for 2023

Each task has been implemented and completed according to the medium-term strategic plan and annual work plan, but looking forward, there are still obvious gap in the Company capacity.

1. The overall operation of the Company is in good form and order throughout the year. Each critical task has been implemented according to the medium-term strategic plan and annual work plan. Both the progress and quality of each critical task match expectations.
2. The global market is developed in a better-than-expected speed and quality. Against the downward cycle of the industry, the Company has firmly and substantially increased the investment in further improving the global marketing network. With in-depth market penetration and business model optimization and upgrading, especially the better-than-expected progress in Model C, the Company enjoys a solid foundation and a good momentum for sustained, healthy and stable growth.
3. The operation team fully leverages the advantages of "simple structure and rapid response" to calmly embrace the rapid and dramatic changes in the market environment. Based on thorough understanding of the entire industrial chain from factory to farm, the operation team responds quickly with accurate decision-making, effectively minimizing the business risks, and highlighting the Company's unique competitive advantages.
4. During the Company's globalized operation, it also needs to continuously improve its capabilities, mainly including the globalized operation capability based on an adapted management system and the capability to build an excellent end-to-end process system in line with Rainbow's business, and guarantee the implementation of processes.

(IV) Operation outlook for 2024

Following the end of de-inventorying and the recovery of demand in various markets, as well as the orderly and smooth progress of each critical task in the medium-term strategic plan, especially with the newly launched Model C subsidiaries embarking on their healthy and rapid development journeys one by one over the past two years, the Company has a solid foundation and good momentum for sustained, healthy and stable growth.

2. Incomes and costs

(1) Composition of operating incomes

Overall operating incomes

Unit: RMB

	2023		2022		Year-on-year increase or decrease
	Amount	Proportion in operating incomes	Amount	Proportion in operating incomes	
Total operating incomes	11,484,792,643.38	100%	14,460,175,154.41	100%	-20.58%
Industry					
Chemical Industry	11,484,792,643.38	100.00%	14,460,175,154.41	100.00%	-20.58%
By products					
Major product-Herbicide	8,422,644,480.51	73.34%	12,283,317,574.94	84.95%	-31.43%
Major product-Insecticide	1,543,789,001.29	13.44%	1,003,238,894.16	6.94%	53.88%
Major product-Fungicide	1,374,579,539.96	11.97%	797,108,900.12	5.51%	72.45%
Major product-	97,381,873.13	0.85%	239,960,446.90	1.66%	-59.42%

Other					
Other	46,397,748.49	0.40%	136,549,338.29	0.94%	-66.02%
By regions					
Foreign	11,140,007,933.22	97.00%	14,161,700,842.29	97.94%	-21.34%
Domestic	344,784,710.16	3.00%	298,474,312.12	2.06%	15.52%
Distribution mode					
Model A + Model B	7,600,491,696.45	66.18%	10,597,400,188.69	73.29%	-28.28%
Model C	3,884,300,946.93	33.82%	3,862,774,965.72	26.71%	0.56%

(2) Industries, products, regions, and sales patterns that account for 10% or more of the Company's operating incomes or operating profits

Applicable Not applicable

The Company shall comply with the disclosure requirements of "related business of the chemical industry" in the *Guidelines of SZSE for Self-Discipline Regulation of Listed Companies No.3 – Industrial Information Disclosure*

Unit: RMB

	Operating income	Operating cost	Gross profit margin	Year-on-year change of operating income	Year-on-year change of operating cost	Year-on-year change of gross profit margin
Industry						
Chemical Industry	11,484,792,643.38	9,051,614,099.72	21.19%	-20.58%	-21.52%	0.95%
By products						
Major product-Herbicide	8,422,644,480.51	6,867,127,536.95	18.47%	-31.43%	-30.34%	-1.27%
Major product-Insecticide	1,543,789,001.29	1,036,124,660.60	32.88%	53.88%	34.92%	9.43%
Major product-Fungicide	1,374,579,539.96	1,069,485,641.15	22.20%	72.45%	73.00%	-0.25%
By regions						
Foreign	11,140,007,933.22	8,743,099,682.06	21.52%	-21.34%	-22.40%	1.08%
Distribution mode						
Model A + Model B	7,600,491,696.45	6,290,055,546.85	17.24%	-28.28%	-28.35%	0.08%
Model C	3,884,300,946.93	2,761,558,552.87	28.90%	0.56%	0.24%	0.23%

Main business data adjusted by the caliber at the end of the reporting period in the most recent year if the statistical caliber of the Company's main business data has been adjusted during the reporting period

Applicable Not applicable

Unit: RMB

Product name	Production volume	Sales volume	Income realized	Sales price trend during the reporting period	Reason for change
Major product-Herbicide	240,258 tons	247,710 tons	8,422,644,480.51	The sales price of herbicide products in the second half of the year dropped by 10.41% compared to the first half of the year.	The market price of herbicides continues to decline.

(3) Composition of operating costs

Sector

Unit: RMB

Sector	Item	2023		2022		Year-on-year increase or decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	

Chemical Industry	Material costs	8,296,988,882.41	91.66%	10,764,496,939.90	93.33%	-22.92%
Chemical Industry	Direct labor costs	240,895,618.81	2.66%	255,530,538.91	2.22%	-5.73%
Chemical Industry	Manufacturing costs	387,029,302.50	4.28%	407,795,505.67	3.54%	-5.09%
Chemical Industry	Transportation costs	126,700,296.00	1.40%	105,640,103.27	0.92%	19.94%
Chemical Industry	Total	9,051,614,099.72	100.00%	11,533,463,087.75	100.00%	-21.52%

(4) Main sales customers and major suppliers

The Company's main sales of customers

Total sales amount of the top 5 customers(RMB)	1,348,206,768.30
Proportion of total sales amount of top 5 customers in total annual sales	11.74%
Proportion of related party sales of top 5 customer sales in total annual sales	0.00%

The top 5 customer information of the Company

Serial number	Customer name	Sales amount (RMB)	Proportion in total sales amount of the year
1	First	468,983,441.21	4.08%
2	Second	242,250,783.26	2.11%
3	Third	235,429,065.60	2.05%
4	Fourth	203,097,106.00	1.77%
5	Fifth	198,446,372.23	1.73%
Total	--	1,348,206,768.30	11.74%

Other notes on major customers

Applicable Not applicable

Main suppliers of company

Total purchase amount of top 5 suppliers (RMB)	1,671,274,276.07
Proportion of total purchase amount of top 5 suppliers in total annual purchase	19.50%
Proportion of related party purchase from top 5 suppliers in total annual purchase	0.00%

Information of top 5 suppliers

Serial number	Supplier name	Purchase amount (RMB)	Proportion in total purchase amount of the year
1	First	380,335,705.44	4.44%
2	Second	347,234,936.96	4.05%
3	Third	339,536,771.30	3.96%
4	Fourth	332,292,110.14	3.88%
5	Fifth	271,874,752.23	3.17%
Total	--	1,671,274,276.07	19.50%

3. Expenses

Unit: RMB

	2023	2022	Year-on-year increase or decrease	Notes on significant changes
Sales expenses	432,967,568.95	292,303,865.92	48.12%	Mainly due to the increase in overseas staff remunerations, registration fees, travel expenses, consulting fees and promotional items fees during the reporting period
Management expenses	515,227,243.83	369,515,096.10	39.43%	Mainly due to the

				increase in overseas staff remunerations, office expenses, consulting assessment expenses, depreciation and amortization during the reporting period
Financial expenses	-37,006,582.21	-345,422,688.78	89.29%	Mainly due to the significant decrease in exchange gains during the reporting period
R&D expenditures	298,481,326.30	335,089,330.53	-10.92%	

4. Cash flow

Unit: RMB

Item	2023	2022	Year-on-year increase or decrease
Subtotal of cash inflow in business activities	10,640,249,509.56	14,574,948,887.65	-27.00%
Subtotal of cash outflow in business activities	11,990,624,820.92	13,204,293,479.40	-9.19%
Net cash flow from operating activities	-1,350,375,311.36	1,370,655,408.25	-198.52%
Subtotal of cash inflow in investment activities	80,942,265.18	254,109,998.76	-68.15%
Subtotal of cash outflow in investment activities	973,642,232.48	1,121,419,806.70	-13.18%
Net cash flow in investment activities	-892,699,967.30	-867,309,807.94	-2.93%
Subtotal of cash inflow in financing activities	2,993,358,639.12	870,925,420.51	243.70%
Subtotal of cash outflow in financing activities	1,574,640,461.90	1,336,259,609.93	17.84%
Net cash flow from financing activities	1,418,718,177.22	-465,334,189.42	404.88%
Net increase in cash and cash equivalents	-890,508,390.70	43,760,530.28	-2,134.96%

Explanation of the main reasons of significant changes in statistics compared with the same period last year

Applicable Not applicable

- (1) The decrease in net cash flow from operating activities as compared with the previous year was mainly due to the increase in purchases and payments during the reporting period in order to increase the inventories of various products, as well as the increase in employee remunerations.
- (2) The decrease in cash inflow from operating activities as compared with the previous year was mainly due to the decrease in sales income during the reporting period, which resulted in a corresponding decrease in collected payments.
- (3) The decrease in cash inflow from investing activities as compared with the previous year was mainly due to the decrease in cash received from the recovery of investments during the reporting period.
- (4) The increase in cash inflow from financing activities as compared with the previous year was mainly due to the substantial increase in short-term bank borrowings during the reporting period.

IV. Non-major Businesses

Applicable Not applicable

Unit: RMB

	Amount	Proportion of total profits	Causes	Whether it is sustainable
Investment returns	-293,585,468.43	-31.22%	Mainly due to investment losses resulting from disposal	No

			of derivative financial assets	
Profits and losses of changes in fair values	118,175,428.04	12.57%	Mainly due to changes in fair value of derivative financial assets	No
Asset Impairment	-11,664,630.86	-1.24%	Mainly due to the accrued provision for inventory depreciation during the reporting period	No
Non-operating income	12,413,819.18	1.32%	Mainly due to incomes from scrapping non-current assets	No
Non-operating expenses	17,481,532.95	1.86%	Mainly due to losses from scrapping non-current assets	No
Credit impairment	-68,872,941.51	-7.32%	Mainly due to the accounts receivable credit impairment loss	No

V. Analysis on Assets and Debts

1. Significant changes in asset composition

Unit: RMB

	End of 2023		Beginning of 2023		Increase/Decrease in proportion	Notes on significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	3,271,577,916.5 ₁	21.96%	3,793,952,509.1 ₇	32.70%	-10.74%	Mainly due to the decrease in collected payments during the reporting period
Accounts receivable	4,707,041,417.8 ₂	31.60%	3,201,703,461.5 ₃	27.60%	4.00%	
Inventory	3,336,332,619.5 ₈	22.39%	1,657,230,533.1 ₂	14.29%	8.10%	Mainly due to the increase in local inventories of some overseas subsidiaries during the reporting period
Investment real estate	8,512,192.20	0.06%	9,136,334.57	0.08%	-0.02%	
Long-term equity investment	1,445,021.57	0.01%	1,669,386.12	0.01%	0.00%	
Fixed assets	2,008,437,417.2 ₈	13.48%	1,691,830,176.4 ₇	14.58%	-1.10%	
Construction in progress	395,645,781.60	2.66%	360,840,138.91	3.11%	-0.45%	
Assets with rights of use	14,463,991.44	0.10%	15,379,959.49	0.13%	-0.03%	
Short-term loan	2,261,455,023.9 ₅	15.18%	404,206,509.66	3.48%	11.70%	Mainly due to the increase in bank borrowings during the reporting period
Contract liability	29,592,998.73	0.20%	46,035,630.83	0.40%	-0.20%	
Long-term loan	77,624,331.91	0.52%	17,176,777.87	0.15%	0.37%	
Lease liability	8,219,602.23	0.06%	8,595,962.05	0.07%	-0.01%	

Overseas assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured in fair value

Applicable Not applicable

Unit: RMB ten thousand

Item	Opening balance	Changes of gain or loss in fair values during the reporting period	Changes in accumulative fair values that are counted into equity	Impairment accrued during the reporting period	Purchase amount during the reporting period	Sales amount during the reporting period	Other changes	Ending Balance
Financial assets								
1. Trading financial assets (derivative financial assets excluded)	854.27					254.27		600.00
Sub-total of financial assets	854.27					254.27		600.00
The above total	854.27					254.27		600.00
Financial debts	12,218.35	11,817.54						414.16

VI. Vision of Future Development

(I). Rainbow's present medium-term strategic plan (2020-2024) was drawn under the guiding principle of "Persisting in doing the difficult but correct work, moving towards the forefront of industrial value chain, and building a complete industrial chain". Based on this medium-term strategic plan, the Company will continue to focus on further improving its global marketing network and enhancing advanced manufacturing supported by R&D and innovation. Work progresses the Company has made in these two aspects in 2023 have been described in detailed in the section of analysis on major businesses above, which will not be repeated here. The implementation plan of the Company's mid-term strategic plan and the important work in 2024 about these two aspects are summarized as follows:

1. Firmly implement the medium-term strategic plan

In terms of improving the global marketing network, the Company plans to complete preliminary construction of the Quick Market Access Platform in all major markets around the globe except the United States, Canada and Japan during the medium-term strategic planning stage (by the end of 2024), and complete the construction of the Quick Market Access Platform in all major markets around the globe between 2025 and 2029. The Company will implement the plan for running self-branded B2C operations in at least 25 new target countries by the end of 2024.

In terms of R&D and innovation-backed advanced manufacturing, the Company plans to complete advanced manufacturing of important active ingredients towards the goals of automation, continuity and environmental protection during the medium-term strategic planning stage (by the end of 2024). For important active ingredients whose patent period is about to expire, preliminary preparation is carried out actively to achieve successfully advanced manufacturing during 2025-2029.

2. Critical tasks for 2024

- (1) Accelerate in-depth research and business penetration in more markets, strengthen in-depth expansion of Model A/B, and build and rapidly expand Model C/C+ in more markets, so as to ensure the maximum value of the platform, continuously upgrade business quality, expand market share, and further improve the global marketing network.
- (2) Build such a management system that adapts to the global operation, strengthen global operation capabilities, enhance corporate risk resistance, and ensure efficient, safe and stable operations and development.
- (3) Thoroughly understand the whole industrial chain from factory to farm, with quick responses and accurate decision-making, and establish and effectively operate the procurement-and-sale collaborative mechanism with the characteristics of Rainbow.

- (4) Update registration planning on an annual basis, to realize order-based registration 1.0/2.0 processes, and obtain "significant value" registrations accurately and on schedule.
- (5) Establish screening, planning, scheduling and promotion systems for differentiated products to ensure their first successful commercialization in key markets.
- (6) Update preparations manufacturing planning annually, and continuously optimize and efficiently run the delivery system to ensure high quality, fast and on-schedule delivery of orders.

Section III Company Governance

I. Employees of the Company

1. Number of employees, professional composition and education level

Number of on-the-job employees in the parent company at the end of the reporting period (persons)	2,034
Number of on-the-job employees of major subsidiaries at the end of the reporting period (persons)	2,393
Total number of on-the-job employees at the end of the reporting period (persons)	4,427
Total number of employees receiving salary in the current period (persons)	4,427
Number of retired employees (people) borne by the parent company and its major subsidiaries	0
Professional composition	
Category of professional composition	Number of people of professional composition (persons)
Production personnel	2,292
Sales personnel	850
Technical personnel	547
Financial personnel	165
Administrative personnel	214
Integrated management personnel	359
Total	4,427
Education	
Education Category	Quantity (persons)
Doctor	5
Master	435
Undergraduate	1,466
Junior college	850
Below junior college	1,671
Total	4,427

II. The Company's profit distribution and conversion of capital reserve fund into share capital

Preparation, enforcement or adjustment of profit distribution policy, particularly the policy for cash dividend within the reporting period

Applicable Not applicable

During the reporting period, the Company strictly implemented the relevant provisions of the cash dividend policy and the 2022 equity distribution plan: based on the total share capital of 277,115,744 shares as of December 31, 2022, a cash dividend of RMB 16.30 (tax inclusive) for every 10 shares was paid to all shareholders, with a total cash distribution of RMB 451,698,662.72. The remaining undistributed profits are carried forward to the next year.

Special notes about the policy for cash dividend	
Whether it is in line with the requirements of the Articles of Association or the resolutions of the Board of Shareholders:	Yes
Whether the dividend standard and proportion are clear:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes

Whether the independent directors fulfill their duties responsibly and play their due roles;	Yes
In case of no cash dividend, the Company shall disclose the specific reasons and the next steps proposed to enhance investor returns:	Not applicable
Whether the minority shareholders are provided with the opportunity to fully voice their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
Whether the conditions and procedures are compliant and transparent if the policy for cash dividend is adjusted or changed:	Not applicable

Within the reporting period, the Company's profit distribution plan and plan for conversion of capital reserve into share capital are tally with the Company's Articles of Association and management measures for dividend.

Yes No Not applicable

The Company's profit distribution plan and the plan of conversion of capital reserve into share capital within the reporting period are in conformity with relevant provisions of the Company's Articles of Association.

Profit distribution and conversion of capital reserve into share capital in current year

Bonus shares per 10 shares (shares)	0
Dividends per 10 shares (RMB) (tax-inclusive)	10
Transferred shares per 10 shares (shares)	0
Share capital base of the distribution plan (shares)	278,662,094.00
Cash dividend amount (RMB) (tax-inclusive)	278,662,094.00
Amount of cash dividends in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	278,662,094.00
Distributable profit (RMB)	1,966,740,756.92
Proportion of total cash dividends (including other ways) in total distributable profit	100.00%
Details of the cash dividends distribution	
If the development phase of the Company is in the growth phase and there exist material capital expenditure arrangements, when making profit distribution, the proportion of cash dividends in this profit distribution shall be at least 20%	
Details of the plan for profit distribution or capital reserve converted into share capital	
Based on the total share capital of 278,662,094 shares at the end of 2023, a cash dividend of RMB 10.00 (tax inclusive) was distributed to all shareholders for every 10 shares, and the remaining undistributed profits are carried forward to the next year. Except for the above-mentioned cash dividend distribution, no share dividend is distributed this time, and there is no conversion of capital reserve into share capital.	

The Company was profitable during the reporting period, with positive profit available for distribution to shareholders of the parent company, but no cash dividend distribution proposal was made.

Applicable Not applicable

Section IV. Financial Report

I. Audit Report

Type of Audit Opinions	Standard unqualified opinion
Signing Date of the Audit Report	April 24, 2024
Name of the Audit Institution	Shangkuai Certified Public Accountants (Special General Partnership)
Audit Report Reference No.	SKSBZ (2024) No. 5520
Name of CPAs	Yu Renqiang, Yin Zuoyong

Text of Audit Report

Audit Report

SKSBZ (2024) No. 5520

To all shareholders of Shandong Weifang Rainbow Chemical Co., Ltd.,

I. Audit Opinions

We have audited the attached financial statements of Shandong Weifang Rainbow Chemical Co., Ltd. (hereinafter referred to as "Rainbow"), including the consolidated and company balance sheet as of December 31, 2023, consolidated and company income statements, consolidated and company cash flow statements, consolidated and company statements of changes in owner's equity and relevant notes to financial statements of 2023.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises, and give a fair view of the consolidated and financial position of Rainbow as of December 31, 2023 and its consolidated operating results and cash flow of 2023.

II. Basis for Our Opinions

We implemented audit in accordance with stipulations of the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further explained in the part of "CPA's Responsibilities for the Audit of the Financial Statements" of this audit report. In accordance with the Code of Ethics for Certified Public Accountants in China, we are independent of Rainbow and fulfill our other ethical responsibilities. We believe that the audit evidences which we have acquired are sufficient and appropriate, which offer basis for the provision of audit opinions.

III. Key Matters to be Audited

Key matters to be audited are those that we, in our professional judgment, consider to be the most important for the audit of the financial statements for the current period. These matters shall be addressed in the context of audit of the overall financial statements and formation of audit opinion, and we will not express an opinion on these matters separately. Key audit matters we have identified in our audit include:

1. Income recognition

(1) Key matters to be audited

Rainbow is devoted into the research, development, production and sales of plant friendly products, i.e. pesticide active compounds and preparations. As stated in Notes for Consolidated Financial Statements VII. 61. RMB 11,438,394,894.89 is recorded in main operating income for 2023, with a decrease of 20.14% compared with 2022. The Company's income is a considerable amount and has seen a great decrease in the current period. Operating income, as a key performance indicator of the Company, has inherent risk that the management manipulates the time point of income recognition in order to achieve a specific goal or expectation. Therefore, we identify income as a key audit matter.

(2) Audit response

The main audit procedures we implement for income confirmation are as follows:

- ① Understand the key internal controls related to income recognition, evaluate the design of these controls, determine whether they have been implemented, and test the operational effectiveness of relevant internal controls;
- ② Have knowledge of the Company's business model, obtain the Company's sales income breakdown, carry out revenue analysis procedures, analyze income constituents and compare income, cost, gross margin and other indicators related to main products with the peer data;
- ③ For the Company's export income, check accounting vouchers, sales orders, delivery documents, export declarations, bills of lading, sales invoices and other income recognition basis among major customers. For the Company's domestic sales income, check accounting vouchers, sales contracts, delivery documents, shipment records, customer acceptance records and other income recognition basis among major customers;
- ④ As per the external confirmations of accounts receivable, send income confirmation requests to selected major customers to verify the truthfulness of the recognized incomes of the Company;
- ⑤ Perform a cutoff test for major earnings before and after the balance sheet date to check whether the income is recorded in the appropriate accounting period.

2. Provisions for bad debts of accounts receivable

(1) Key matters to be audited

The ending balance of accounts receivable of Rainbow is a large amount. As stated in Notes for Consolidated Financial Statements VII. 5, as of December 31, 2023, RMB 4,980,106,156.48 is recorded in the ending balance of accounts receivable. RMB 273,064,738.66 is recorded in the ending balance of bad debt provision, and the amount of accounts receivable is 31.6% of total assets. The management uses significant accounting estimates and judgments in deciding whether the credit risk of account receivable of the Company increases significantly and

measuring expected credit loss and estimated recoverable amount of account receivable. Thus, we identify the bad debt provision for accounts receivable as a key audit matter.

(2) Audit response

The main audit procedures we have implemented for the bad debt provision for accounts receivable are as follows:

- ① Understand and evaluate management and internal controls related to accounts receivable management, and evaluate the design and operational effectiveness of these internal controls;
- ② Analyze the rationality of the Company's accounting estimates for the bad debt provision for accounts receivable, including the basis for determining risk feature portfolios, and the criteria used in bad debt testing for accounts receivable on an individual basis;
- ③ For the accounts receivable which the bad debt provisions have been made by aging, have knowledge of the Company's credit policy and its implementation, check the collections of accounts receivable and evaluate the rationality of the bad debt provisions for accounts receivable, by analyzing the aging of accounts receivable and customers' credibility;
- ④ For the accounts receivable which the bad debt provisions have been made on an individual basis, check the judgment basis of the management's estimated future recoverable amounts, including but not limited to customers' credit records, the record of the Company's claims made against China Export & Credit Insurance Corporation, the record of compensations received, the record of customer default or late payment transactions, and analyze and review the rationality of the bad debt provisions that have been made on an individual basis.

IV. Other Information

The management of Rainbow is responsible for Other Information, which includes the information covered in the 2023 Annual Report of Rainbow, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the Other Information, and we do not issue any form of verification conclusion on Other Information.

In combination with our audit of the financial statements, our responsibility is to read the Other Information. In the process, WE consider whether the Other Information is materially inconsistent with the financial statements or the information we learned during the audit, or whether there is a material mis-statement.

Based on the work that we have already done, if we determine that the Other Information contains material mis-statements, we should report the fact. In this regard, we have nothing to report.

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

The management of Rainbow (hereinafter referred to as "Management") is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing and maintaining necessary internal controls so that there are no material mis-statements caused by fraud or errors in the financial statements. In preparing the financial statement, the management is responsible for assessing Rainbow's capability to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern basis of accounting, unless the management either intends to liquidate Rainbow or to cease operations, or has no realistic alternative.

Those charged with governance are responsible for monitoring the financial reporting process of Rainbow.

VI. CPA's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free of material misstatement due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with audit standards will always detect a material mis-statement when it exists. The mis-statement may be caused by fraud or errors. If each or all of the mis-statement could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, it is generally deemed as material mis-statement.

We exercise professional judgment and maintain professional skepticism in carrying out our audit in accordance with audit standards. At the same time, we also do the following work:

1. Identify and assess the risks of material mis-statement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery,

intentional omissions, mis-representations, or the override of internal control.

2. Understand the internal controls related to auditing, in order to design appropriate audit procedures.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of Rainbow.
4. Conclude on the appropriateness of using the going concern assumption by the management of Rainbow. At the same time, based on the audit evidence obtained, a conclusion shall be drawn on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Rainbow to continue as a going concern. If we conclude that a material uncertainty exists, according to audit standards, we are required to draw attention in our audit report of related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. If we conclude that there is material uncertainty, the audit standards require us to bring relevant disclosures in our audit report, in order to draw the attention of the financial statements users. If disclosure is inadequate, we should express unqualified opinions. Our conclusion is based on the information available as of the audit report date. However, future events or conditions may cause Rainbow to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and evaluate whether the financial statements fairly reflect relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Rainbow in entities and business activities to express an audit opinion on the consolidated financial statements. We are responsible for guidance, supervision and implementation of the group audit and take full responsibility for the audit opinions.

We have communicated with those charged with governance regarding the planned scope and schedule of the audit, and significant audit matters, including any significant audit deficiencies in internal control that we identify during our audit.

We have also provided declarations to those charged with governance that we have complied with professional ethics requirements relating to independence, and communicated with them all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant preventive measures (where appropriate).

For the matters communicated with those charged with governance, we determine which matters are most important to the audit of the financial statements for the current period, and thus constituted the key audit matters. We describe these matters in our audit report, unless the public disclosure of these matters is prohibited by laws and regulations, or in rare cases, if it is reasonably expected that the negative consequences caused by communication of certain matters in our audit report outweigh benefits generated in public interest, we confirm that such matters should not be communicated in our audit reports.

Shangkuai Certified Public Accountants (Special General Partnership) Chinese Certified Public Accountant
(Engagement Partner)

Chinese Certified Public Accountant

Shanghai, China April 24, 2024

II. Financial Statements

The currency of the statements in the financial notes is: RMB

1. Consolidated balance sheet

Prepared by: Shandong Weifang Rainbow Chemical Co., Ltd.

December 31, 2023

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	3,271,577,916.51	3,793,952,509.17
Deposit reservation for balance		
Lending to banks and other financial institutions		
Financial assets held for trading	6,000,000.00	8,542,688.56

Derivative financial assets		
Notes receivable	55,955,879.66	59,112,584.14
Accounts receivable	4,707,041,417.82	3,201,703,461.53
Receivables financing	500,000.00	680,000.00
Pre-payments	129,020,462.65	75,294,804.30
Premium receivable		
Re-insurance accounts receivable		
Reserves for re-insurance contract receivable		
Other receivables	44,646,181.87	33,525,890.70
Including.: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreement		
Inventory	3,336,332,619.58	1,657,230,533.12
Contracted assets		
Assets held for sale		
Non-current assets that mature within one year		
Other current assets	329,901,506.56	184,823,557.40
Total current assets	11,880,975,984.65	9,014,866,028.92
Non-current assets:		
Disbursed loans and advances		
Debt investments		
Other debt investment		
Long-term receivables		
Long-term equity investment	1,445,021.57	1,669,386.12
Other equity instrument investment		
Other non-current financial assets		
Investment real estate	8,512,192.20	9,136,334.57
Fixed assets	2,008,437,417.28	1,691,830,176.47
Construction in progress	395,645,781.60	360,840,138.91
Productive biological assets		
Oil and gas assets		
Assets with rights of use	14,463,991.44	15,379,959.49
Intangible assets	214,122,877.97	226,245,165.26
Development expenditure	36,791,601.49	
Goodwill	94,866,025.56	94,866,025.56
Long-term deferred expenses	34,125,613.10	31,898,939.40
Deferred income tax assets	117,262,810.63	84,605,109.39
Other non-current assets	91,304,780.64	69,616,034.81
Total non-current assets	3,016,978,113.48	2,586,087,269.98
Total assets	14,897,954,098.13	11,600,953,298.90
Current liabilities:		
Short-term loan	2,261,455,023.95	404,206,509.66
Borrowings from the central bank		
Borrowing from banks and financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities	4,141,579.45	122,183,523.97
Notes payable	4,057,148,069.12	3,367,152,536.58
Accounts payable	1,096,628,295.09	753,042,513.89
Advance receipts	232,358.87	254,920.26
Contract liability	29,592,998.73	46,035,630.83
Financial assets sold for repurchase		
Deposits and interbank deposits received		
Amount received from agency trading of securities		

Amount received from agency underwriting of securities		
Payroll payable	218,457,162.23	191,738,722.30
Taxes payable	77,730,510.55	106,896,314.07
Other payables	81,107,290.26	43,899,535.81
Including: Interests payable		
Dividends payable		
Charges and commissions payable		
Re-insurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	9,623,075.76	21,399,902.40
Other current liabilities	57,442,707.33	59,862,778.90
Total current liabilities	7,893,559,071.34	5,116,672,888.67
Non-current liabilities:		
Provision for insurance contracts		
Long-term loan	77,624,331.91	17,176,777.87
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liability	8,219,602.23	8,595,962.05
Long-term payables		
Long-term payroll payable		
Accrued liabilities		
Deferred income	11,713,887.21	13,755,569.25
Deferred income tax liabilities	67,145,243.72	57,673,208.16
Other non-current liabilities		
Total non-current liabilities	164,703,065.07	97,201,517.33
Total liabilities	8,058,262,136.41	5,213,874,406.00
Owner's equity:		
Share capital	278,662,094.00	277,115,744.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,382,932,252.27	2,301,293,600.92
Less: Treasury stock		
Other comprehensive income	-53,797,771.67	5,821,782.13
Special reserve	38,596,260.53	19,551,007.62
Surplus reserve	158,674,657.07	158,674,657.07
General risk reserve		
Undistributed profit	3,741,086,359.04	3,421,664,259.91
Total owners' equity attributed to parent company	6,546,153,851.24	6,184,121,051.65
Minority shareholder's interest	293,538,110.48	202,957,841.25
Total owner's equity	6,839,691,961.72	6,387,078,892.90
Total liabilities and owners' equity	14,897,954,098.13	11,600,953,298.90

Legal Representative: Wicky Wang

Chief Accountant in Charge: Xing Bingpeng

Chief of Accounting Institution: Zhang Baolin

2. Balance sheet of the parent company

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	2,068,062,646.26	2,592,754,067.74
Financial assets held for trading		
Derivative financial assets		
Notes receivable	8,126,473.00	74,053,690.88
Accounts receivable	4,702,695,819.76	3,001,894,514.80

Receivables financing	500,000.00	600,000.00
Pre-payments	128,913,766.54	43,980,754.21
Other receivables	827,880,813.07	991,789,825.67
Including: interest receivable		
Dividends receivable		
Inventory	734,862,014.63	622,588,496.95
Contracted assets		
Assets held for sale		
Non-current assets that mature within one year		
Other current assets	103,249,615.62	47,282,239.64
Total current assets	8,574,291,148.88	7,374,943,589.89
Non-current assets:		
Debt investments		
Other debt investment		
Long-term receivables		
Long-term equity investment	624,541,993.45	613,683,635.19
Other equity instrument investment		
Other non-current financial assets		
Investment real estate		
Fixed assets	970,475,370.21	763,503,751.45
Construction in progress	212,411,472.76	216,753,391.79
Productive biological assets		
Oil and gas assets		
Assets with rights of use	10,618,846.96	12,297,044.43
Intangible assets	39,286,592.63	41,495,120.64
Development expenditure	36,742,669.45	
Goodwill		
Long-term deferred expenses	3,428,134.55	
Deferred income tax assets	23,421,436.66	41,738,009.89
Other non-current assets	42,380,243.97	38,667,219.91
Total non-current assets	1,963,306,760.64	1,728,138,173.30
Total assets	10,537,597,909.52	9,103,081,763.19
Current liabilities:		
Short-term loan	1,530,311,475.46	147,040,732.40
Financial liabilities held for trading		
Derivative financial liabilities		116,668,962.10
Notes payable	3,173,804,324.86	2,722,206,699.86
Accounts payable	621,509,251.91	669,901,497.16
Advance receipts		3,984.00
Contract liability	8,721,263.54	42,531,647.79
Payroll payable	144,232,179.83	127,910,809.91
Taxes payable	3,769,917.28	28,993,999.52
Other payables	180,960,439.96	172,095,494.72
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	8,261,043.80	19,530,820.50
Other current liabilities	9,385,795.08	74,169,590.61
Total current liabilities	5,680,955,691.72	4,121,054,238.57
Non-current liabilities:		
Long-term loan		3,813,993.66
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liability	4,862,142.34	6,794,107.92
Long-term payables		

Long-term payroll payable		
Accrued liabilities		
Deferred income	1,474,705.66	1,880,107.78
Deferred income tax liabilities	43,494,641.66	36,970,045.09
Other non-current liabilities		
Total non-current liabilities	49,831,489.66	49,458,254.45
Total liabilities	5,730,787,181.38	4,170,512,493.02
Owner's equity:		
Share capital	278,662,094.00	277,115,744.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,389,729,206.17	2,307,349,954.34
Less: Treasury stock		
Other comprehensive income		
Special reserve	13,004,013.98	
Surplus reserve	158,674,657.07	158,674,657.07
Undistributed profit	1,966,740,756.92	2,189,428,914.76
Total owner's equity	4,806,810,728.14	4,932,569,270.17
Total liabilities and owners' equity	10,537,597,909.52	9,103,081,763.19

3. Consolidated income statement

Unit: RMB

Item	2023	2022
I. Gross Operating Income	11,484,792,643.38	14,460,175,154.41
Including: Operating income	11,484,792,643.38	14,460,175,154.41
Interest income		
Premium earned		
Handling charges and commissions income		
II. Total Operating Costs	10,290,668,713.77	12,202,936,725.77
Including: Costs of business	9,051,614,099.72	11,533,463,087.75
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		
Net withdrawal of reserve for insurance responsibility contracts		
Expenditures of policy dividend		
Re-insurance expense		
Taxes and surcharges	29,385,057.18	17,988,034.25
Sales expenses	432,967,568.95	292,303,865.92
Management expenses	515,227,243.83	369,515,096.10
R&D expenditures	298,481,326.30	335,089,330.53
Financial expenses	-37,006,582.21	-345,422,688.78
Including: Interest expenses	64,196,305.12	24,117,176.10
Interest income	44,863,783.93	54,422,900.37
Add: Other incomes	7,417,858.89	12,059,027.93
Income from investment ("—" for loss)	-293,585,468.43	-259,460,460.87
Including: Income from investment in associated enterprises and joint ventures	-224,364.55	-141,152.57
Income recognized at termination of financial assets measured at amortized cost		
Foreign exchange gain ("-" fro loss)		
Net exposure hedging income ("-" for loss)		
Income from changes in fair value ("-" for loss)	118,175,428.04	-171,103,311.09
Credit impairment losses ("-" for loss)	-68,872,941.51	-56,341,452.37

Asset impairment losses ("-" for loss)	-11,664,630.86	-6,825,463.24
Gains from asset disposal ("-" for loss)	-149,423.81	-22,810.39
III. Operating Profit ("-" for loss)	945,444,751.93	1,775,543,958.61
Add: Non-operating income	12,413,819.18	6,419,294.11
Less: Non-operating expenses	17,481,532.95	29,320,723.84
IV. Total Profit Before Tax ("-" for total losses)	940,377,038.16	1,752,642,528.88
Less: Income tax expenses	90,267,060.96	265,083,504.97
V. Net Profit ("-" for net loss)	850,109,977.20	1,487,559,023.91
(I) Classification by business continuity		
1. Net profit from continuing operations ("-" for net loss)	850,109,977.20	1,487,559,023.91
2. Net profit from discontinued operations ("-" for net loss)		
(II) Classification by ownership		
1. Net profit attributed to the shareholders of the parent company	771,120,761.85	1,413,285,697.62
2. Profit or loss of minority shareholders	78,989,215.35	74,273,326.29
VI. Net Amount after Tax of Other Comprehensive Income	-42,731,664.90	27,082,329.50
Net amount of other comprehensive income after tax attributed to the owners of parent company	-59,619,553.80	12,212,537.59
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes due to re-measurement on defined benefit plan		
2. Other comprehensive income that cannot be converted into profit and loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Other		
(ii) Other comprehensive income that will be reclassified into profit and loss	-59,619,553.80	12,212,537.59
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value for other investment on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation	-59,619,553.80	12,212,537.59
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders	16,887,888.90	14,869,791.91
VII. Total Comprehensive Income	807,378,312.30	1,514,641,353.41
Total comprehensive income attributed to parent company owners	711,501,208.05	1,425,498,235.21
Total comprehensive income attributed to minority shareholders	95,877,104.25	89,143,118.20
VIII. Earnings per Share		
(i) Basic earnings per share	2.78	5.12
(ii) Diluted earnings per share	2.77	5.07

For business combination under the same control in the current period, the net profit of the merged party before the business combination

is RMB , and the net profit of the merged party in the previous period is RMB .

Legal Representative: Wicky Wang

Chief Accountant in Charge: Xing Bingpeng

Chief of Accounting Institution: Zhang Baolin

4. Income statement of the parent company

Unit: RMB

Item	2023	2022
I. Operating income	8,250,668,576.93	10,898,944,871.36
Less: Operating costs	7,221,103,435.49	9,051,094,701.33
Taxes and surcharges	9,050,505.18	8,747,822.70
Sales expenses	195,113,669.61	169,384,380.28
Management expenses	183,209,297.23	181,295,004.00
R&D expenditures	247,628,334.62	270,285,580.17
Financial expenses	-10,657,645.58	-326,787,190.26
Including: Interest expenses	25,369,120.49	16,176,626.76
Interest income	31,601,498.05	45,590,272.52
Add: Other incomes	2,656,907.46	5,536,230.04
Income from investment ("—" for loss)	-252,497,791.88	-145,802,780.09
Including: Income from investment in associated enterprises and joint ventures	-224,364.55	-141,152.57
Income from derecognition of financial assets at amortized cost ("-" for loss)		
Net exposure hedging income ("-" for loss)		
Income from changes in fair value ("-" for loss)	116,668,962.10	-146,324,871.10
Credit impairment losses ("-" for loss)	-6,063,749.10	310,322.99
Asset impairment losses ("-" for loss)	-6,756,567.89	-1,169,553.81
Gains from asset disposal ("-" for loss)	-202,786.44	-135,392.79
II. Operating profits ("-" for Losses)	259,025,954.63	1,257,338,528.38
Add: Non-operating income	4,394,092.97	2,565,108.48
Less: Non-operating expenses	7,838,844.12	20,597,197.47
III. Total profits ("-" for total losses)	255,581,203.48	1,239,306,439.39
Less: Income tax expenses	26,570,698.60	167,574,637.88
IV. Net profits ("-" for net losses)	229,010,504.88	1,071,731,801.51
(1) Net profits from continuing operations ("-" for net losses)	229,010,504.88	1,071,731,801.51
(2) Net profits from discontinued operations ("-" for net losses)		
V. Net amount of other comprehensive incomes after tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes due to re-measurement on defined benefit plan		
2. Other comprehensive income that cannot be converted into profit and loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Other		
(ii) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value for other investment on bonds		

3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation		
7. Other		
VI. Total comprehensive income	229,010,504.88	1,071,731,801.51
VII. earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	2023	2022
I. Cash Flows Generated from Operating Activities:		
Cash received from sales of goods and services	9,629,482,775.97	13,572,480,618.90
Net increase in deposit from customers and interbank		
Net increase in borrowing from central bank		
Net increase in borrowings from other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from re-insurance business		
Net cash receipts from policyholders' deposits and investments		
Cash receipts from interest, handling fees and commissions		
Net increase in capital borrowed from banks and other financial institutions		
Net increase in repurchase business capital		
Net cash received from securities trading brokerage		
Cash receipts from tax refunds	900,056,609.14	930,849,321.41
Cash received relating to other operating activities	110,710,124.45	71,618,947.34
Subtotal of cash inflow in business activities	10,640,249,509.56	14,574,948,887.65
Cash payments for goods acquired and services received	10,052,446,201.34	11,389,552,441.41
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank		
Cash payments for original insurance contract claims		
Net increase in lending funds from banks and other financial institutions		
Cash payments for interest, fee and commission		
Cash payments for insurance policyholder dividends		
Cash payments to employees and on behalf of employees	817,790,399.46	587,155,777.58
Cash payments for taxes	440,126,045.60	594,564,409.51
Other cash payments relating to operating activities	680,262,174.52	633,020,850.90

Subtotal of cash outflow in business activities	11,990,624,820.92	13,204,293,479.40
Net cash flow from operating activities	-1,350,375,311.36	1,370,655,408.25
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		200,000,000.00
Cash receipts from return on investments		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	36,302,257.22	12,692,146.84
Net cash receipts from disposal of subsidiary or any other business unit		
Other cash receipts relating to investing activities	44,640,007.96	41,417,851.92
Subtotal of cash inflow in investment activities	80,942,265.18	254,109,998.76
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	638,317,292.72	596,726,880.36
Cash payments for investment		6,000,000.00
Net increase in pledged loans		
Net cash payments to acquire subsidiary and other business units		219,654,452.37
Other cash payments relating to investment activities	335,324,939.76	299,038,473.97
Subtotal of cash outflow in investment activities	973,642,232.48	1,121,419,806.70
Net cash flow in investment activities	-892,699,967.30	-867,309,807.94
III. Cash Flows from Financing Activities:		
Cash received from capital contributions	39,583,744.23	22,670,360.71
Including: Cash received from investment of minority shareholder from subsidiary		
Cash receipts from borrowings	2,953,774,894.89	848,255,059.80
Other cash receipts relating to financing activities		
Subtotal of cash inflow in financing activities	2,993,358,639.12	870,925,420.51
Cash repayments of borrowings	1,056,659,534.33	1,075,430,244.63
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	505,728,255.32	254,002,907.78
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid related to financing activities	12,252,672.25	6,826,457.52
Subtotal of cash outflow in financing activities	1,574,640,461.90	1,336,259,609.93
Net cash flow from financing activities	1,418,718,177.22	-465,334,189.42
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-66,151,289.26	5,749,119.39
V. Net Increase in Cash and Cash Equivalents	-890,508,390.70	43,760,530.28
Add: Beginning balance of cash and cash equivalents	2,076,062,785.79	2,032,302,255.51
VI. Closing Balance of Cash and Cash Equivalents	1,185,554,395.09	2,076,062,785.79

6. Cash flow statement of the parent company

Unit: RMB

Item	2023	2022
I. Cash Flows Generated from Operating Activities:		
Cash received from sales of goods and	6,531,185,540.84	10,010,254,125.54

services		
Cash receipts from tax refunds	697,641,835.50	813,511,891.11
Cash received relating to other operating activities	36,627,191.57	53,401,154.77
Subtotal of cash inflow in business activities	7,265,454,567.91	10,877,167,171.42
Cash payments for goods acquired and services received	7,615,312,682.86	8,945,150,619.42
Cash payments to employees and on behalf of employees	465,918,300.45	356,241,205.92
Cash payments for taxes	81,377,650.09	200,092,671.75
Other cash payments relating to operating activities	182,516,895.69	764,785,985.20
Subtotal of cash outflow in business activities	8,345,125,529.09	10,266,270,482.29
Net cash flow from operating activities	-1,079,670,961.18	610,896,689.13
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		200,000,000.00
Cash receipts from return on investments		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	10,054,016.36	9,715,487.87
Net cash receipts from disposal of subsidiary or any other business unit		
Other cash receipts relating to investing activities	45,465,313.43	32,997,396.18
Subtotal of cash inflow in investment activities	55,519,329.79	242,712,884.05
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	317,468,481.70	329,896,591.09
Cash payments for investment		8,360,000.00
Net cash payments to acquire subsidiary and other business units		
Other cash payments relating to investment activities	297,738,740.76	178,659,023.70
Subtotal of cash outflow in investment activities	615,207,222.46	516,915,614.79
Net cash flow in investment activities	-559,687,892.67	-274,202,730.74
III. Cash Flows from Financing Activities:		
Cash received from capital contributions	40,861,256.71	22,670,360.71
Cash receipts from borrowings	2,270,808,937.88	686,011,461.39
Other cash receipts relating to financing activities		
Subtotal of cash inflow in financing activities	2,311,670,194.59	708,681,822.10
Cash repayments of borrowings	911,187,229.23	1,025,875,435.97
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	469,046,900.15	247,070,974.89
Other cash paid related to financing activities	10,243,374.35	5,545,804.45
Subtotal of cash outflow in financing activities	1,390,477,503.73	1,278,492,215.31
Net cash flow from financing activities	921,192,690.86	-569,810,393.21
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-11,044,754.63	48,103,622.66
V. Net Increase in Cash and Cash Equivalents	-729,210,917.62	-185,012,812.16
Add: Beginning balance of cash and cash equivalents	1,201,820,433.48	1,386,833,245.64
VI. Closing Balance of Cash and Cash Equivalents	472,609,515.86	1,201,820,433.48

7. Consolidated statement of changes in owners' equity

Amount in the current period

Unit: RMB

Item	2023													Minority shareholder's interest	Total owner's equity
	Equity attributed to owners of the parent company														
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal		
Preferred shares		Perpetual bonds	Other												
I. Balance at the end of the period of previous year:	277,115,744.00				2,301,293,600.92		5,821,782.13	19,551,007.62	158,674,657.07		3,421,808,374.82		6,184,265,166.56	202,957,841.25	6,387,223,007.81
Add: Changes in accounting policies													-144,114.91		-144,114.91
Correction of errors from previous period															
Other															
II. Opening balance of the current year	277,115,744.00				2,301,293,600.92		5,821,782.13	19,551,007.62	158,674,657.07		3,421,664,259.91		6,184,121,051.65	202,957,841.25	6,387,078,892.90
III. Changes in Current Period ("-" for decrease)	1,546,350.00				81,638,651.35		-59,619,538.00	19,045,252.91		319,422,099.13		362,032,799.59	90,580,269.23		452,613,068.82

(III) Profit distrib ution											- 451, 698, 662. 72		- 451,6 98,66 2.72	- 5,29 6,83 5.02	- 456, 995, 497. 74
1. Appr opria tion of surpl us reser ve															
2. Appr opria tion of gene ral risk reser ve															
3. Distri butio n to owne rs (or share hold ers)											- 451, 698, 662. 72		- 451,6 98,66 2.72	- 5,29 6,83 5.02	- 456, 995, 497. 74
4. Othe r															
(IV) Inter nal carry -over of owne rs' equit y															
1. Capit al reser ve conv erted into capit al (or share capit al)															
2. Surpl us reser ve conv erted into															

capital (or share capital)															
3. Recovery of losses by surplus reserves															
4. Carry-over retained earnings from defined benefit plan changes															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Special reserves								19,0 45,2 52.9 1					19,04 5,252 .91		19,0 45,2 52.9 1
1. Withdrawal in the current period								45,0 16,1 72.4 1					45,01 6,172 .41	641, 362. 38	45,6 57,5 34.7 9
2. Use in the current								- 25,9 70,9 19.5 0					- 25,97 0,919 .50	- 641, 362. 38	- 26,6 12,2 81.8 8

nt perio d															
(VI) Othe r															
IV. Balan ce at the end of the curre nt perio d	278, 662, 094. 00				2,38 2,93 2,25 2.27		- 53,7 97,7 71.6 7	38,5 96,2 60.5 3	158, 674, 657. 07		3,74 1,08 6,35 9.04		6,546 ,153, 851.2 4	293, 538, 110. 48	6,83 9,69 1,96 1.72

Amount in the previous period

Unit: RMB

Item	2022														Total own er's equit y	
	Equity attributed to owners of the parent company													Mino rity share holder's inter est		
	Shar e capit al	Other instru ments equity			Capit al reser ve	Less: Treas ury stock	Othe r com pre hens ive inco me	Speci al reser ve	Surpl us reser ve	Gene ral risk reser ve	Undi strib uted prof it	Othe r	Subt otal			
Prefe rred share s		Perpe tual bond s	Othe r													
I. Balan ce at the end of the perio d of previ ous year:	276, 180, 000. 00				2,22 6,84 8,87 8.76		- 6,39 0,75 5.46	14,7 83,4 85.6 3	158, 674, 657. 07		2,23 8,62 8,03 6.71		4,908 ,724, 302.7 1	134, 379, 479. 89	5,04 3,10 3,78 2.60	
Add: Chan ges in acco untin g polici es													- 191, 534. 42		- 191,5 34.42	- 191, 534. 42
Corre ction of error s from previ ous perio d																
Othe r																
II. Open	276, 180,				2,22 6,84		- 6,39	14,7 83,4	158, 674,		2,23 8,43		4,908 ,532,	134, 379,	5,04 2,91	

ing balance of the current year	000.00				8,878.76		0,755.46	85.63	657.07		6,502.29		768.29	479.89	2,248.18
III. Changes in Current Period ("-" for decrease)	935,744.00				74,444,722.16		12,212,537.59	4,767,521.99			1,183,227,757.62		1,275,588,283.36	68,578,361.36	1,344,166,644.72
(I) Total comprehensive income							12,212,537.59				1,413,285,697.62		1,425,498,235.21	89,143,182.00	1,514,641,353.41
(II) Capital contribution and reduction by owners	935,744.00				74,444,722.16								75,380,466.16		75,380,466.16
1. Ordinary shares invested by owners	935,744.00				21,734,616.71								22,670,360.71		22,670,360.71
2. Capital contributed from other equity instrument holders															
3. Amounts of					52,710,105.45								52,710,105.45		52,710,105.45

converted into capital (or share capital)															
2. Surplus reserve converted into capital (or share capital)															
3. Recovery of losses by surplus reserves															
4. Carry-over retained earnings from defined benefit plan changes															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Special								4,76					4,767		4,76
								7,52					,521.		7,52
								1.99					99		1.99

reserves															
1. With drawal in the current period								36,202,631.2					36,202,063.12	654,659.51	36,856,722.63
2. Use in the current period								-31,434,541.3					-31,434,541.13	-654,659.51	-32,089,200.64
(VI) Other															
IV. Balance at the end of the current period	277,115,744.00			2,301,293,600.92		5,821,782.13	19,551,007.62	158,674,657.07		3,421,664,259.91		6,184,121,051.65	202,957,841.25	6,387,078,892.90	

8. Statement of changes in owners' equity of the parent company

Amount in the current period

Unit: RMB

Item	2023											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	
		Preferr ed shares	Perpetual bonds	Other								
I. Balance at the end of the period of previous year:	277,115,744.00				2,307,349,954.34				158,674,657.07	2,189,570,288.45		4,932,710,643.86
Add: Changes in accounting policies										-141,373.69		-141,373.69
Correction of errors from previous												

us period												
Other												
II. Opening balance of the current year	277,115,744.00				2,307,349,954.34				158,674,657.07	2,189,428,914.76		4,932,569,270.17
III. Changes in Current Period ("-" for decrease)	1,546,350.00				82,379,251.83			13,004,013.98		-222,688,157.84		-125,758,542.03
(I) Total comprehensive income										229,010,504.88		229,010,504.88
(II) Capital contribution and reduction by owners	1,546,350.00				82,379,251.83							83,925,601.83
1. Ordinary shares invested by owners	1,546,350.00				39,314,906.71							40,861,256.71
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in owners' equity					43,064,345.12							43,064,345.12
4. Other												
(III) Profit distribution										-451,698,662.72		-451,698,662.72

1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										451,69		451,69
										8,662.7		8,662.7
										2		2
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained												

d earnings from other comprehensive income												
6. Other												
(V) Special reserves								13,004,013.98				13,004,013.98
1. Withdrawal in the current period								27,222,889.74				27,222,889.74
2. Use in the current period								-				-
(VI) Other								14,218,875.76				14,218,875.76
IV. Balance at the end of the current period	278,662,094.00				2,389,729,206.17			13,004,013.98	158,674,657.07	1,966,740,756.92		4,806,810,728.14

Amount in the previous period

Unit: RMB

Item	2022											Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	
		Preferr ed shares	Perpet ual bonds	Other								
I. Balance at the end of the period of previous year:	276,180,000.00				2,232,516,427.23				158,674,657.07	1,348,003,539.08		4,015,374,623.38
Add: Changes in accounting policies										-248,485.83		-248,485.83
Correction of errors from previous period												

Other												
II. Opening balance of the current year	276,180,000.00				2,232,516,427.23				158,674,657.07	1,347,755,053.25		4,015,126,137.55
III. Changes in Current Period (“-” for decrease)	935,744.00				74,833,527.11					841,673,861.51		917,443,132.62
(I) Total comprehensive income										1,071,731,801.51		1,071,731,801.51
(II) Capital contribution and reduction by owners	935,744.00				74,833,527.11							75,769,271.11
1. Ordinary shares invested by owners	935,744.00				21,734,616.71							22,670,360.71
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in owners' equity					53,098,910.40							53,098,910.40
4. Other												
(III) Profit distribution										-230,057,940.00		-230,057,940.00
1. Approp												

riation of surplus reserve												
2. Distribution to owners (or shareholders)											230,057,940.00	-230,057,940.00
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained earnings												

s from other comprehensive income												
6. Other (V) Special reserves												
1. Withdrawal in the current period								19,513,242.40				19,513,242.40
2. Use in the current period (VI) Other								- 19,513,242.40				- 19,513,242.40
IV. Balance at the end of the current period	277,115,744.00			2,307,349,954.34					158,674,657.07	2,189,428,914.76		4,932,569,270.17

In the case of any deviation from the explanations presented hereof, the 2023 Annual Report in Chinese version shall prevail.

SHANDONG WEIFANG RAINBOW CHEMICAL CO., LTD.

Board of Directors

Date: 10/05/2024