

**Zhejiang NHU Co., Ltd.**

**2022 Annual Report**



**April 2023**

## **Section I Important Notes, Contents, and Definitions**

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

**Hu Baifan, the Company’s legal representative, Shi Guanqun, the officer in charge of accounting, and Zhang Lijin, the head of accounting department hereby declare that they guarantee the financial statements in this annual report are authentic, accurate and complete.**

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

**The future plan and other forward-looking information disclosed in this annual report shall not be regarded as a commitment to investors. We kindly remind investors of all possible risks in investments.**

**We draw your attention to item “XI. Outlook for the future development of the Company” under “Section III Management Discussion and Analysis”, which explicitly states the possible risks in business operation and countermeasures thereon.**

**Profit distribution proposal deliberated and approved by the meeting of the Board of Directors is as follows: Based on the 3,073,421,680 shares (total share capital of 3,090,907,356 excluding 17,485,676 repurchased shares[Note]), a cash dividend of 5 yuan (tax included) will be distributed to all shareholders for every 10 shares, and no bonus shares will be distributed, and the capital reserve will not be converted into share capital.**

**Note: According to the “Rules on Share Repurchase of Listed Companies”, shares in the special account for repurchase of listed companies carry no right of profit distribution and conversion of capital reserve into share capital.**

**If the Company’s total share capital changes due to the conversion of convertible bonds, share repurchase, exercise of equity incentives, refinancing and listing of new shares, etc. before the implementation of the profit distribution proposal, the total distribution will be adjusted accordingly based on the same distribution ratio.**

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

# Contents

<b>Section I Important Notes, Contents, and Definitions .....</b>	<b>1</b>
<b>Section II Company Profile and Key Financial Indicators .....</b>	<b>6</b>
<b>Section III Management Discussion and Analysis .....</b>	<b>11</b>
<b>Section IV Corporate Governance.....</b>	<b>37</b>
<b>Section V Environmental and Social Responsibilities.....</b>	<b>53</b>
<b>Section VI Significant Events .....</b>	<b>59</b>
<b>Section VII Movements in Shares and Conditions of Shareholders.....</b>	<b>68</b>
<b>Section VIII Preferred Shares .....</b>	<b>75</b>
<b>Section IX Bonds.....</b>	<b>76</b>
<b>Section X Financial Report .....</b>	<b>77</b>

## **Documents Available for Reference**

- I. Financial statements signed and sealed by the Company's legal representative, officer in charge of accounting, and head of accounting department;
- II. The original auditor's report with the seal of the accounting firm and the signature and seal of the certified public accountants;
- III. Originals of all the Company's documents and announcements published on newspapers designated by the China Securities Regulatory Commission during the reporting period;
- IV. Other documents for reference.

## Definitions

Abbreviations	Refers to	Contents of definitions
The Company, NHU	Refers to	ZHEJIANG NHU CO., LTD.
Daily Interaction	Refers to	Daily Interactive Co., Ltd
CSRC	Refers to	China Securities Regulatory Commission
CSRC, Zhejiang Office	Refers to	China Securities Regulatory Commission, Zhejiang Office
PPS	Refers to	Polyphenylene sulfide
PPA	Refers to	Poly phthalamide
VOC	Refers to	Volatile organic compound
NH-acid	Refers to	Taurine
HSE	Refers to	Healthy and safe environment
F5	Refers to	Vitamin B5
CNAS	Refers to	China National Accreditation Service for Conformity Assessment
DSC	Refers to	Differential Scanning Calorimetry
ARC	Refers to	Accelerating ratecalori meter
RC1e	Refers to	Reaction calorimeter
XL	Refers to	Fragrances
PCY	Refers to	Umbelliferous hydrocarbons
MV	Refers to	Vanillin
PH	Refers to	Jasmonaldehyde
HY	Refers to	Cycloalkynes
PF	Refers to	Lupin
IBU 酸	Refers to	Ibuprofen
CDE	Refers to	State Drug Administration Drug Review Center
MS	Refers to	Moxifloxacin
CEP	Refers to	European Pharmacopoeia applicability certification
Pd 催化剂	Refers to	Palladium catalyst
IPDA	Refers to	Isophorone diamine
NBC	Refers to	Azabicycles
CLA	Refers to	Karon anhydride

## Section II Company Profile and Key Financial Indicators

### I. Company profile

Stock abbreviation	NHU	Stock code	002001
Stock Exchange	Shenzhen Stock Exchange		
Company Name in Chinese	浙江新和成股份有限公司		
Company Abbreviation in Chinese	新和成		
Company name in foreign language (if any)	ZHEJIANG NHU CO., LTD.		
Company Abbreviation in foreign language (if any)	NHU		
Legal representative	Hu Baifan		
Registered address	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China		
Postal code of registered address	312500		
Historical changes of registered address	On May 28, 2020, the Company's registered address was changed from No.4 Jiangbei Road, Yulin Sub-district, Xinchang County, Zhejiang Province, China to No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China		
Office address	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China		
Postal code of office address	312500		
Official website	<a href="http://www.cnhu.com">http://www.cnhu.com</a>		
E-mail	002001@cnhu.com		

### II. Contact information

Items	Board secretary	Securities affairs representative
Name	Shi Guanqun	Zeng Shuying
Contact address	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China	No.418 Xinchang Dadao West Road, Qixing Sub-district, Xinchang County, Zhejiang Province, China
Tel.	+86 575 86017157	+86 575 86017157
Fax	+86 575 86125377	+86 575 86125377
E-mail address	sgq@cnhu.com	002001@cnhu.com

### III. Information disclosure and location

Stock exchange website where the Company discloses the annual report	Shenzhen Stock Exchange: <a href="http://www.szse.cn">http://www.szse.cn</a>
Medias and websites with which the Company discloses the annual report	<i>Securities Times</i> , <i>Shanghai Securities News</i> , <i>China Securities Journal</i> Giant Tide Information Network: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Site where the annual report was prepared and completed	Securities Department of the Company

#### IV. Change of registration

Unified social credit code	91330000712560575G
Changes of main business scope since listing (if any)	None
Changes of holding shareholders (if any)	None

#### V. Other relevant information

Accounting firm engaged by the Company

Name	Pan-China Certified Public Accountants LLP
Office address	Resources Building, 1366 Qianjiang Road, Shangcheng District, Hangzhou 310020, China
Certified Public Accountants	Teng Peibin Jian Yanhui

The sponsor institution engaged by the Company, which performed the duty of continuous guidance and supervision during the reporting period

Applicable  Not Applicable

The financial advisor engaged by the Company, who performed the duty of continuous guidance and supervision during the reporting period

Applicable  Not Applicable

#### VI. Key accounting data and financial indicators

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

Yes  No

Reason for retroactive adjustment or restatement

Accounting policy changes and other reasons

Items	Year 2022	Year 2021		YoY growth rate	Year 2020	
		Before adjustment	After adjustment[Note 2]		After adjustment	Before adjustment
Operating revenue (yuan)	15,933,984,403.41	14,797,989,091.20	14,917,101,500.91	6.82%	10,314,084,354.21	10,314,084,354.21
Net profit attributable to shareholders of listed company (yuan)	3,620,271,034.96	4,324,150,263.31	4,356,010,628.22	-16.89%	3,563,759,939.48	3,563,759,939.48
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (yuan)	3,586,873,100.22	4,147,933,364.84	4,179,793,729.75	-14.19%	3,410,367,513.01	3,410,367,513.01 [Note 1]
Net cash flows from operating activities (yuan)	4,361,481,083.61	5,837,878,051.57	5,837,878,051.57	-25.29%	3,122,807,363.21	3,122,807,363.21 [Note 1]
Basic EPS (yuan/share)	1.17	1.68	1.41[Note 1]	-17.02%	1.66	1.15[Note 1]
Diluted EPS (yuan/share)	1.17	1.68	1.41[Note 1]	-17.02%	1.66	1.15[Note 1]



Weighted average ROE	16.08%	21.07%	21.21%	Decreased by 5.13 percentage points	19.63%	19.63%
Items	Dec. 31, 2022	Dec. 31, 2021		YoY growth rate	Dec. 31, 2020	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Total assets (yuan)	38,267,625,155.83	34,692,165,111.88	34,724,025,476.79	10.21%	30,897,007,799.54	30,897,007,799.54
Net assets attributable to shareholders of listed company (yuan)	23,574,859,468.61	21,799,977,645.94	21,831,838,010.85	7.98%	19,336,254,922.95	19,336,254,922.95

[Note1] After the implementation of the Company's 2021 profit distribution plan, its share capital was increased from 2,578,394,760 shares to 3,090,907,356 shares. The above EPS of the comparative period was recalculated based on the adjusted share capital.

[Note2] The company has implemented The Interpretation of Accounting Standards for Business Enterprises No. 15 since January 1, 2022. The interpretation requires that if the company sells the products or by-products produced before the fixed assets reach the expected serviceable state or during the research and development process, the income and cost related to the trial operation sales shall be accounted for separately and included in the current profit and loss, The net amount of the revenue from trial operation sales after offsetting the relevant costs shall not be used to offset the cost of fixed assets or R&D expenses. The company makes retroactive adjustment according to requirements.

The company's net profit before and after deducting non-recurring gains and losses in the last three fiscal years, whichever is lower, is negative, and the audit report of the latest year shows that the company's ability of continuing operation is uncertain.

Yes  No

The lower of the net profit before and after deducting extraordinary gains and losses is a negative value.

Yes  No

## VII. Differences in accounting data under Chinese accounting standards and overseas accounting standards

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

Applicable  Not Applicable

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

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

Applicable  Not Applicable

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

**VIII. Key financial indicators by quarter**

Unit: RMB Yuan

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	4,307,991,748.95	3,907,047,528.08	3,694,978,856.40	4,023,966,269.98
Net profit attributable to shareholders of listed company	1,203,327,294.72	1,010,550,124.53	797,168,419.00	609,225,196.71
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	1,142,767,059.69	951,288,889.93	833,476,722.26	659,340,428.34
Net cash flows from operating activities	422,441,679.66	820,015,058.54	1,285,029,625.87	1,833,994,719.54

Is there any significant difference between the above financial indicators or their totals and the correspondent financial indicators disclosed in quarterly or semi-annual reports?

Yes  No

**IX. Non-recurring profit or loss**

Applicable  Not Applicable

Unit: RMB Yuan

Items	Year 2022	Year 2021	Year 2020	Remarks
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	-74,232,517.88	-61,427,624.58	-37,808,614.38	
Tax rebates and exemptions that are approved beyond authority or without official approval documents	8,476,745.63			
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	175,761,119.94	151,398,630.02	125,612,538.90	
Fees charged to non-financial enterprises for fund occupancy included in current profit or loss	988,193.62			
Gains or losses on assets consigned to the third party for investment or management	52,749,284.13	57,777,633.53	106,249,559.87	
Net profit or loss on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date			-4,136,941.61	
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-86,980,602.84	48,751,702.84	6,293,430.49	This is mainly due to the change in fair value of forward exchange settlement during the reporting period.
Other non-operating revenue or expenditures	2,411,616.08	8,727,858.40	-11,107,533.03	

Other profit and loss items that meet the definition of non-recurring profit or loss	1,102,494.25			
Less: Enterprise income tax affected	46,826,444.91	28,969,203.00	31,786,463.26	
Non-controlling interest affected (after tax)	51,953.28	42,098.74	-76,449.49	
Total	33,397,934.74	176,216,898.47	153,392,426.47	--

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

Applicable  Not Applicable

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

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

Applicable  Not Applicable

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

## Section III Management Discussion and Analysis

### I. The industry in which the Company operates during the reporting period

Based on the fine chemical industry, the company takes "Chemical+" and "Bio+" as its core technology platform to produce various functional chemicals around nutrition, flavors and fragrances, new materials and APIs.

#### **Nutrition:**

With the growth of global population and the deepening of population aging, the improvement of people's living standard and health awareness will bring more demand for nutritional health services and products, and the consumption demand for nutritional products in the global market will continue to grow steadily. Nutritional products include human nutritional products and animal nutritional products. Human nutritional products are mainly used in food, beverage and other nutritional health care fields; animal nutritional products are mainly used in poultry, livestock, aquaculture and other breeding fields.

Vitamins and methionine are the representatives of the nutritional products market. Vitamins are trace organic substances essential to humans and animals. The market demand mainly comes from the downstream feed, food, medicine and other fields. The overall demand is growing steadily at a low speed. The supply concentration is high, and the market price has long-term cyclical fluctuations. As the largest producer of vitamins, China produced about 0.41 million tons of vitamins in 2022, accounting for 83.40% of the global production. The vitamin industry faced various challenges in 2022, such as market demand falling under expectations, complex changes in the industry structure, and rising production costs, etc. The price of vitamin E and other products rose, most product prices fell<sup>1</sup>.

Methionine is the only sulfur-containing amino acid among the essential amino acids. It cannot be produced by animal itself and must be obtained from outside. It is widely used in medicine and health products, food and feed. During recent years, the development of China's methionine industry has accelerated, as a result, the production capacity and supply have tilted to the domestic market. The global increase in methionine mainly comes from China, since some factories in Europe periodically reduced production, affecting by energy and other factors. In 2022, China's methionine output is 443 thousand tons, at a year-on-year increase of 21.4%, accounting for 26.7% of global production.<sup>2</sup>

#### **Flavor and fragrance:**

The flavor and fragrance industry is an industry with high technological content, strong matching and high correlation with other industries in the national economy. It includes fragrances (synthetic fragrances, natural fragrances) and essences (daily chemical flavors, food flavors, tobacco flavors, etc.), which are used in various daily life scenarios such as personal care, home care, food, and beverages. The global market size is about 35 billion US dollars, and the industry maintains long-term stable growth. From the perspective of downstream, the global demand and consumption growth of processed food, personal care and cosmetics are the main factors driving market growth. From the perspective of regional markets, emerging markets, especially China, India, Southeast Asia and other regions are the main driving force for the development of the global flavor and fragrance market. The Asia-Pacific region accounted for the largest share of the global flavors and fragrances market in 2022, which exceeds 31.4%.<sup>3</sup> China already becomes one of the most important fragrance suppliers in the world, and an important market with a large proportion of the industry, and one of the important focus areas for global fragrance and flavor research and development, new technologies and new products. China's market accounts for about one-fifth of the global market, which has also injected power and vitality into the development of the industry. Companies

<sup>1</sup> The "2022 Vitamin Market Annual Analysis Report" by BOYAR

<sup>2</sup> The "2022 Amino Acid Market Annual Analysis Report" by BOYAR

<sup>3</sup> <https://www.grandviewresearch.com/industry-analysis/flavors-fragrances-market>

should keep up with the development trend of world technology and industry, pay attention to the research and development of green production technology, and continuously strengthen the competitiveness and influence of enterprises.<sup>4</sup>

#### **New polymer materials:**

As a strategic and fundamental industry, new polymer materials has become an important symbol for measuring the economic and technological strength of a country or region. The “Guidelines under 14th Five-Year Plan and Vision for 2035” pointed out that it is necessary to vigorously develop strategic emerging industries, including new generation information technology, biotechnology, new energy, high-end equipment and other fields. These fields have huge demand for new materials. New polymer materials include general-purpose plastics, engineering plastics and special engineering plastics, and downstream processing forms include modified composite materials, films, fibers, foams, coatings, etc., which are widely used in traditional fields such as automobiles, electronic appliances, as well as new energy, 5G communication, artificial intelligence and other emerging fields. With the upgrading of consumption and the high-quality development of the manufacturing industry, the future market growth space of the polymer material industry is huge.

In the new round of scientific and technological revolution and industrial revolution, new material technology continues to innovate and break through, and new materials and new material structures keep emerging. China has broken through key technical problems in some products and enjoys a huge domestic market demand and national policy support. China is in a period of strategic transformation, the strategic demand for new materials has become more prominent, providing a rare historical opportunity for the development of new materials industry. However, there are still problems in the R&D and production of advanced high-end materials, such as weak innovation capability, low degree of synergy between innovation chain and industrial chain, incomplete innovation chain, industrial chain and supply chain system to resist risks, etc., which cannot fully meet the demand of China's economic and social development, and there is still a long way to go to become a strong material country.<sup>5</sup>

#### **API industry:**

API is the pillar industry of domestic pharmaceutical industry and one of the key industries supported by the state. China and India are the main source countries of API production. The advantages of API production are concentrated in emerging countries such as China, which has become a major producer and exporter of bulk APIs, and the production technology process has reached international leading level. 2021, the market size of APIs is USD 177.05 billion, and is expected to grow at a CAGR of about 7.5% in the future. <sup>6</sup>The new crown pandemic has impacted the API market, and market demand is shifting from traditional drugs such as anti-infectives and cardiovascular to more complex APIs for novel formulations and for specific disease areas. Pulmonary, cardiology and oncology remain the main application areas and are expected to continue their high growth trend in the coming years.

## **II. The main business of the Company during the reporting period**

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

### 1. Main products and applications

<sup>4</sup> Huajing Intelligence Network "China Flavors and Fragrances Industry Market In-depth Analysis

<sup>5</sup> Zhejiang Province, the development of new materials industry "fourteen five" plan

<sup>6</sup> Active Pharmaceutical Ingredients (API) Market Analysis - Industry Report - Trends, Size & Share (mordorintelligence.com), <https://www.mordorintelligence.com/industry-reports/global-active-pharmaceutical-ingredients-api-market>

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

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

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

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

## 2. Main business models

### (1) Procurement model

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

### (2) Production model

The Company has always been adhering to the production strategy based on the principle of "production and sales coordination, efficient operation, excellent quality, and cost leadership". The Company maintained a balance between production and sales through analysis of changes in market demands, effective response to repeated epidemic waves and dual-control power cuts, and reasonable production plans. In addition, the Company keeps innovating the production model, digging out internal potentials, and optimizing the production process, in order to promote safe, green, standardized and efficient production, and continuously improve the competitiveness of its products.

### (3) Sales model

The Company has always been adhering to the "customer-centric, market-oriented" sales strategy. It divides business lines by product application fields, and establishes a sales model that suits market needs according to market characteristics and industry practices. Most of the Company's sales are achieved through direct sales. By doing so, it establishes long-term and stable strategic cooperative relationships with end customers to create greater value for them. Meanwhile, it also selects excellent agents or distributors for distribution. By doing so, it services customers indirectly based on market and customer features. At the same time, through measures

such as holding customer service months, strengthening customer strategic cooperation, establishing customer evaluation models, and optimizing customer classification management, we will continue to expand market areas, increase new large-scale customers, and enhance brand influence.

### 3. Key performance drivers

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

During the reporting period, the company's original products were refined and the construction of new projects, the R&D of new products were carried out in an orderly manner. In the nutrition sector, the Company's second phase of methionine 250,000 tons/year project, of which 100,000-ton equipment was operating smoothly, with comprehensive competition continuously improved. And of which 150,000-ton equipment was constructed according to schedule and the construction is expected to be completed in June 2023. The company deployed the liquid methionine project, signed the "Shareholder Agreement between China Petroleum & Chemical Corporation and Zhejiang NHU Co., Ltd.", and jointly built a 180,000-ton/year liquid methionine (purified) production plant. 5,000 tons / year vitamin B6 and 3,000 tons / year B12 started production and sales, 30,000 tons/year NH-acid project was constructed under schedule. In the Flavor and fragrance sector, the project with an annual output of 5,000 tons of menthol was constructed according to the schedule, and the project progress was controllable. In the new polymer materials sector, the commissioning of the phase III PPS project with an annual output of 7,000 tons was progressing smoothly; The adiponitrile project was in the pilot test stage, and the project approval process was advancing in an orderly manner. In the API sector, the 500 tons/year azabicyclo project was commissioned and the products was sold. Now the process route has been opened and the process is in the process of continuous improvement. In the future, the API product structure will be adjusted, transformed and upgraded, the specific project is in the process of approval.

During the reporting period, with the uncertainty of the macro environment in both domestic and foreign markets, as well as market changes of main vitamin products, We actively takes countermeasures, strives to overcome various unfavorable factors, gives full play to the advantages of sector linkage, and maintains a stable development trend of production and operation. During the reporting period, new projects were gradually put into production, R&D investment and technology upgrades were continuously strengthened, and the global network layout was further improved. Flavors and Fragrances, New Materials, and the methionine business developed steadily throughout the year, both volume and price rose, maintaining a relatively high growth rate and making a greater contribution to the company's performance. At the same time, affected by the macro market environment, the price of some raw materials rose, leads to an increase in product costs.

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

## III. Core competitiveness analysis

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

### 1. Corporate culture

Adhering to the enterprise objective of “creating wealth, employees success, and benefit the society”, core values of “new, harmony, union”, business philosophy of “create wealth, balanced and sustainable”, and enterprise spirit of “realism, innovation, high-quality

and efficiency”, the Company innovates its operation, and continuously improves management, to ensure the steady development. Under the guidance of the “teacher culture”, the Company pursues high-quality and sustainable development, creates spiritual wealth and material wealth, provides a platform and opportunity for employees to develop and realize life value, and contributes to social innovation development, green development and shared development. During the reporting period, the Company deepened cultural publicity and implementation, organized corporate culture lectures, strengthened the integration of corporate culture and management, carried out reflection activities on execution and talent training, and promoted the improvement of management capabilities.

## 2. R&D

Adhering to the R&D philosophy of “demand-orientated, internal integration and external cooperation”, the Company invested greatly in R&D activities. The R&D investments accounted for more than 5% of the operating revenue for many years in a row. It has built the innovative R&D system spanning from basic research, engineering development, process optimization to product application development. With its focus on the development of common, critical and forward-looking technologies in the chemicals industry, the Company has developed and mastered a number of key technologies that have a strategic impact on economic development and has promoted the transformation and upgrading of the industry. The Company cooperates closely with famous research institutes and universities at home and abroad, such as Zhejiang University, Chinese Academy of Sciences, Jiangnan University, China Agricultural University, Zhejiang University of Technology, CysBio biotechnology company of Denmark, and organizes and utilizes global basic scientific research resources to jointly develop forward-looking studies and application field researches on chemicals. As the core of the Company’s technology innovation, the Company’s research institute has biomedical laboratories, supercritical reaction laboratories, engineering equipment research centers and other laboratories, equipped with 600M NMR with cryoprobes and other world-leading scientific research instruments and equipment. Its achievements of domestic leading technologies such as supercritical reaction, high vacuum distillation, and continuous reaction have made it a nationally recognized enterprise technology center, national post-doctoral scientific research workstation, and national model academician and expert workstation. During the reporting period, the company's key research and development topics were steadily promoted according to the planned nodes, and the innovation achievements were recognized by the society. The company's patent "PdIn alloy catalyst and its preparation method and application" won the 23rd China Patent Excellence Award. The project of "Technology Development and Industrialization of High Performance Polyphenylene Sulfide Manufacturing Package" jointly developed by the company and Zhejiang University won the First Prize of Zhejiang Province Technology Invention, and the project of "Key Technology Innovation and Industrialization of Stable Solid Loading Fat Soluble Nutrients on Starch-based Carrier" jointly developed with Ningbo Engineering Institute and Zhejiang University won the Second Prize of Zhejiang Province Science and Technology Progress. The project of "key technological innovation and industrialization of starch-based carrier stabilized solid-loaded fat-soluble nutrients" jointly developed with Ningbo Engineering College and Zhejiang University won the second prize of Zhejiang Province Science and Technology Progress.

## 3. Production management

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

## 4. Process and equipment

The Company values highly the effective combination of process and equipment. It has a process and equipment research institute, and



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

#### 5. Talent

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

#### 6. Brand

The Company follows the “integrity first” guideline, and has always regarded serving customers and creating industry value with customers as the goal of the Company. Through technological innovation, the Company continuously provides customers with safe and high-quality products, as well as efficient and satisfactory services. After years of development and accumulation, the company has won many honors in the global fine chemical industry, such as one of the top ten feed additive brands in China and one of the large vitamin feed additive enterprises in China, and has been ranked among the top 500 petroleum and chemical enterprises (comprehensive category) and the top 100 enterprises in China's basic chemical raw material manufacturing industry. In addition, the company has won many awards such as "Top 30 Best Internal Control in Zhejiang Province", "Best Investor Relations Award" and "Best Board of Directors Award" of listed companies in mainstream media, which are widely favored by the market and investors.

## IV. Main business analysis

### 1. Introduction

Please refer to item “II. The main business of the Company during the reporting period” under “Section III Management Discussion and Analysis” for details.

### 2. Revenue and cost

#### (1) Operating revenue

Unit: RMB Yuan

Items	Year 2022		Year 2021		YoY growth rate
	Amount	% to total	Amount	% to total	
Total	15,933,984,403.41	100%	14,917,101,500.91	100%	6.82%
By industry					
Pharmaceutical chemicals	14,672,567,397.29	92.08%	13,905,334,050.45	93.22%	5.52%
Others	1,261,417,006.12	7.92%	1,011,767,450.46	6.78%	24.67%
By product					
Nutrition	10,951,828,026.72	68.73%	11,168,279,277.21	74.87%	-1.94%
Flavor and fragrance	2,967,080,657.65	18.62%	2,247,045,847.92	15.06%	32.04%
New polymer materials	1,166,099,937.05	7.32%	873,994,673.98	5.86%	33.42%
Others	848,975,781.99	5.33%	627,781,701.80	4.21%	35.23%
By region					
Domestic sales	8,262,678,396.21	51.86%	7,242,924,832.88	48.55%	14.08%
Overseas sales	7,671,306,007.20	48.14%	7,674,176,668.03	51.45%	-0.04%
By sales model					
Direct sales	11,874,529,226.77	74.52%	11,596,983,310.23	77.74%	2.39%
Agent sales	4,059,455,176.64	25.48%	3,320,118,190.68	22.26%	22.27%

**(2) Industries, products and regions that account for more than 10% of the total operating revenue or operating profit**

Applicable  Not Applicable

Unit: RMB Yuan

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
By industry						
Pharmaceutical chemicals	14,672,567,397.29	9,047,305,017.94	38.34%	5.52%	18.86%	Decreased by 6.92 percentage points
By product						
Nutrition	10,951,828,026.72	6,944,683,082.59	36.59%	-1.94%	17.46%	Decreased by 10.47 percentage points
Flavor and fragrance	2,967,080,657.65	1,514,064,279.99	48.97%	32.04%	15.99%	Increased by 7.06 percentage points
By region						
Domestic sales	8,262,678,396.21	5,500,701,397.66	33.43%	14.08%	25.26%	Decreased by 5.94 percentage points
Overseas sales	7,671,306,007.20	4,547,599,469.28	40.72%	-0.04%	16.37%	Decreased by 8.36 percentage points

In case the statistical caliber of the Company's main business data was adjusted during the reporting period, the Company's main business data of the preceding period adjusted according to the caliber at the end of the period shall be indicated

Applicable  Not Applicable

**(3) Whether the Company's goods sales income is greater than service income**

Yes  No

By industry	Items	Unit	Year 2022	Year 2021	YoY growth rate
Pharmaceutical chemicals	Sales	Tons	655,683.43	560,201.79	17.04%
	Production	Tons	669,038.97	581,022.52	15.15%
	Stock	Tons	68,497.02	55,141.48	24.22%
Others	Sales	Tons	24,551.07	20,323.14	20.80%
	Production	Tons	25,496.03	18,857.92	35.20%
	Stock	Tons	3,793.29	2,848.33	33.18%

Remarks on reason for relevant data with absolute growth rate over 30%

Applicable  Not Applicable

The YoY growth rate of stock of others was up 30%, mainly due to the increase of PPS products due to the growth of market demand.

#### (4) The performance of major sales contracts and major purchase contracts signed by the Company during the reporting period

Applicable  Not Applicable

#### (5) Composition of operating cost

Unit: RMB Yuan

By industry	Items	Year 2022		Year 2021		YoY growth rate
		Amount	% to total	Amount	% to total	
Chemical industry	Cost of main operations	9,001,010,480.60	89.58%	7,523,727,426.47	90.65%	19.63%
Others	Cost of main operations	1,000,074,989.18	9.95%	686,701,505.46	8.27%	45.63%

Unit: RMB Yuan

By product	Items	Year 2022		Year 2021		YoY growth rate
		Amount	% to total	Amount	% to total	
Nutrition	Cost of main operations	6,913,932,973.18	68.81%	5,885,885,789.08	70.92%	17.47%
Flavor and fragrance	Cost of main operations	1,498,519,852.06	14.91%	1,302,520,499.35	15.69%	15.05%
New materials	Cost of main operations	901,961,435.46	8.98%	592,371,747.63	7.14%	52.26%
Others	Cost of main operations	686,671,209.08	6.83%	429,650,895.87	5.18%	59.82%

#### (6) Whether the consolidation scope has changed during the reporting period

Yes  No

Entities	Equity acquisition method
NHU/CHR.OLESEN LATIN AMERICA A/S	Acquisitions
Wuniu (Shandong) Investment Co., Ltd	Investment and establishment

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

Applicable  Not Applicable

**(8) Major customers and major suppliers**

Major customers

Total sales amount (yuan) of top 5 customers	1,785,960,267.70
Proportion to the total balance of annual sales amount (%)	11.22%
Proportion of related party transaction to the total balance of annual sales amount (%)	0.00%

Top 5 customers

No.	Customers	Sales amount (yuan)	Proportion to the total balance of sales amount (%)
1	Client A	762,597,273.32	4.79%
2	Client B	310,066,601.40	1.95%
3	Client C	272,489,141.93	1.71%
4	Client D	239,161,882.66	1.50%
5	Client E	201,645,368.39	1.27%
Total	--	1,785,960,267.70	11.22%

Remarks on other information of major customers

Applicable  Not Applicable

Major suppliers

Total purchase amount (yuan) of top 5 suppliers	1,384,823,955.33
Proportion to the total balance of annual purchase amount (%)	9.81%
Proportion of related party transaction to the total balance of annual purchase amount (%)	0.00%

Top 5 suppliers

No.	Suppliers	Purchase amount (yuan)	Proportion to the total balance of purchase amount (%)
1	Supplier A	327,108,116.00	2.32%
2	Supplier B	294,207,023.92	2.08%
3	Supplier C	284,667,190.27	2.02%
4	Supplier D	258,541,625.14	1.83%
5	Supplier E	220,300,000.00	1.56%
Total	--	1,384,823,955.33	9.81%

Remarks on other information of major suppliers

Applicable  Not Applicable

**3. Expenses**

Unit: RMB Yuan

Items	Year 2022	Year 2021	YoY growth rate	Remarks on significant changes
Selling expenses	122,257,619.47	107,037,085.96	14.22%	This is mainly due to the increase in the personnel remuneration and sales commission during this reporting period.
Administrative expenses	504,674,730.69	423,584,417.67	19.14%	This is mainly due to the increase in personnel remuneration, depreciation and amortization in this reporting period.
Financial expenses	44,401,778.13	269,968,353.24	-83.55%	This was mainly due to exchange gains arising from exchange rate fluctuations during the reporting period.
R&D expenses	858,945,406.13	782,661,708.54	9.75%	This is mainly due to the increase in remuneration of the R&D department, depreciation and amortization in this reporting period.

#### 4. R&D input

√ Applicable □ Not Applicable

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Drug quality standard research and analytical testing technology services	Establishing relevant standards and testing methods for synthetic intermediates; carrying out research on the preparation, separation and purification of trace impurities and impurity structure determination, etc.	Obtained CNAS national laboratory accreditation, and passed the regular supervisory review and extended re-assessment, and can carry out analytical technology research support inside and outside the company	Provide analytical technology services for companies, establish analytical technology development, and assist companies in product development	Provide a full range of analysis and testing services for the company's product technology innovation and assist in solving key technical problems in the production and R&D process
Research on safety risk of fine chemical reaction	Establish safety assessment laboratory which is equipped with calorimetry equipment (DSC, ARC, RC1e, etc.) and analysts, carry out kinetic and thermodynamic analysis on related materials and chemical reaction process, and when necessary, carry out amplification and debugging procedures on corresponding processes	Safety and environmental protection laboratory is established, which enables the issue of process safety evaluation report that meets the requirements of safety supervision department.	To improve the safety assurance technology of chemical production and storage process. To carry out process optimization for the relatively-high risks of the process, so as to essentially reduce the risk of the reaction process.	It is expected to improve the essential safety level of enterprises and effectively prevent accidents.
Research on highly selective localized substitution of benzene rings in the synthesis of XL products	Synthesis and optimization of flavor and fragrance industry PCY, MV, PH and other large scale, in the pharmaceutical and cosmetic industry has an important application of the fragrance species production process	in the process of making a small trial and scaling up the design of the production process of the route extension product.	HY and other raw materials, through the addition reaction, ammonolysis reaction and acidification reaction and post-treatment and other unit operations to obtain the corresponding target products, the overall route green, safe and environmentally friendly, high degree of automation	The chemical synthesis routes of PCY, MV and PH all involve the positioning substitution of benzene rings, and the breakthrough of highly selective positioning substitution technology can effectively improve the corresponding product quality and reduce production costs.
Research on development and application of crystallization technology	To systematically research on the influencing factors of each product in the crystallization process,	The Company is able to conduct analysis and research on crystallization thermodynamics,	To systematically research on the crystallization process of existing and developing products, and support to solve practical production	It is expected to achieve product quality improvement through the innovation and development of crystallization process, so as to meet the

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	find out the optimal crystallization process parameter, realize the controllability of crystal products in aspects including particle size distribution, appearance, crystal shape, and solve actual production problems through production debugging in the workshop	kinetics and polycrystal type, and has development ability of cooling and other three crystallization processes as well as the development ability of continuous crystallization process.	problems.	needs of different customers and Improve the market competitiveness of products.
research on Continuous process equipment technology development and application research	Research on some of the existing unit operations and equipment that are commonly used by the company and facilitate continuous operation, so that each production site can form a mature continuous reaction, continuous chromatography, continuous washing, continuous crystallization, continuous extraction and other continuous production lines	Kettle and pipeline continuous reaction model test platform, continuous extraction and continuous crystallization model platform have been built	Formation of different scale multi-kettle tandem continuous reaction model test platform, pipeline reactor model test platform, falling film evaporator basic data verification device, continuous crystallization model test platform, continuous extraction model test platform, membrane separation model test platform, microchemical platform	Improve the workshop automation, continuous design and operation process to accumulate experience and lay the foundation for the company to fully realize continuous and automated production in the future
Development of PF product technology	Develop new products in PF category and obtain official license and customer approval	IBU acid has completed pilot testing	Process research and quality research on several PF products, forming independent R&D technology and quality standards	Enhance the company's technical level in the development capability and declaration of certification of PF products, especially API PF products
Development of Pharmaceutical grade product technology	Enhance the reliability of process routes, improve the quality of drugs, reduce production costs and reduce process route contamination by developing and optimizing a variety of synthesis processes for pharmaceutical grade products	Vitamin A, D3 and E have completed pharmacological studies; Vitamin D3 and VE have obtained CDE review approval; Coenzyme Q10 has declared domestic API registration; MS has completed CEP API registration application	Conducting thorough pharmacological studies on products with existing synthetic processes, such as vitamin A, to find the best pharmaceutical production process and obtain official approval and customer approval	Enhance our industry position in the API industry, especially our competitiveness in the high-specification vitamin market
Research on the development and application of high-safety nutrient products	To develop high- safety fat-soluble vitamin and carotenoid preparations and research on the effect and mechanism of their application in downstream premix, feeds and animals (in vitro and in vivo).	3 products for large production applications; the platform has completed construction and started normal operation	To research on the application effect of newly developed ethoxyquinoline-free vitamin and carotenoid preparation products in premix and feeds, and their bioutilization effect in different animal fields. Establish feed processing platform and breeding test base for pilot-scale experiments, so as to evaluate the application effect of high-safety vitamin and carotenoid.	It is expected to improve the Company's independent research and development level in the development and application of pharmaceutical products, so as to lay a solid product foundation for consolidation of the European feed products market.
Adiponitrile technology and its	Chemical synthesis and industrialization of	Pilot and further scale-up design	Research on technology development of adiponitrile	Break through the technical barriers of adiponitrile, break

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
industrialization	adiponitrile is the main purpose of this project	phase	products and localization of production technology of adiponitrile products	the monopoly of foreign companies, and promote the development of domestic related industries
research on formulated vitamin A and AD3 Process innovation	Research and development of antioxidant compound formulations to improve the stability of vitamin formulations; development of high-pressure homogeneous emulsification technology to improve the quality of vitamin products; development of composite wall materials for encapsulation of fat-soluble vitamins; stability evaluation technology	Large-scale production applications have been completed; product application effect evaluation tests in feed processing and premixes are being carried out	Development of compounded antioxidant formulations, use of high pressure homogenization emulsion technology, development of composite materials for embedding	Since feed additives and premixes containing ethoxyquinoline and downstream manufacturers are restricted by the EU, opening a production process for non-ethoxyquinoline as antioxidant feed additives is the best choice to preserve the EU market
Key Technology Development and Application Demonstration for Equivalent Reduction of Pd Catalyst for Vitamin and Antibiotic Synthesis	To study the design, synthesis and catalytic mechanism of metal catalysts as the primary task, and explore the industrial development and application of high performance metal catalysts	Small pilot optimization and pilot commissioning in progress	The precise design, synthesis, development and application of our new and old products involving Pd catalysts, etc.	Improve the synthesis technology of related products, such as useful to Pd catalysts, to reduce costs and improve competitiveness
Research on new dosage formulations and process technology of nutrient products	Research and development of new dosage forms of Coenzyme Q10 and other products such as granules, pressed tablets, drops, emulsions, gels, etc.	The new process technology of pigment emulsification and spray drying equipment has been applied in large scale production Completion of small pilot tests on enantiomeric pantolactone, separation of inter- <i>o</i> - <i>para</i> -cymene hydrocarbons, and chromatographic purification of food-grade vitamin D3; Completed the production and commissioning of pharmaceutical grade coenzyme Q10 product purification and vitamin C mother liquor recovery project	Formation of a set of commissioning equipment suitable for the development of powder, tablet, drop and capsule type formulation products with a batch output of about 50Kg Simulation of moving bed equipment and target product process research, and according to the target product and impurities, select the appropriate simulation of moving bed, process conditions parameters, etc.	Develop new products of nutrient preparations to improve the product range of our nutritional products Improve the separation technology and operation of the chromatographic separation process for the company's products
research on Simulation of moving bed technology and application	Meet the company's product production process in the chromatography level separation technology improvement and	Completion of small pilot tests on enantiomers of pantolactone, separation of inter- <i>o</i> - <i>para</i> -paraffin	Simulate moving bed equipment and target product process research, and according to the target product and impurities, select the appropriate simulated	Improve the separation technology and operation of the chromatographic grade separation process required for our products

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	research and development needs	hydrocarbons, and chromatographic purification of food-grade vitamin D3; Completion of pharmaceutical grade coenzyme Q10 product purification and vitamin C mother liquor recovery project production commissioning	moving bed, process conditions parameters, etc.	
Development and application of high efficiency multiphase carbonylation catalysts	Preparation and application technology development of catalysts involving carbonylation synthesis unit in the synthesis of new and old products of the company	Catalyst preparation technology optimization in	Optimization of the carbonylation synthesis unit technology in the company's product process line	Strengthen the company's carbonylation-related product synthesis process technology to improve product competitiveness
HA Project	Research on the synthesis of new IPDA products under high-pressure conditions, develop new polymers and new isocyanates based on the company's existing raw materials and intermediates, and enrich the company's industrial chain	Project construction phase	Achieve continuous production and sales of IPDA, polymorphs and isocyanates on a large scale of more than 10,000 tons	Break the monopoly of foreign technology, enter and compete for the market, promote industrial upgrading, enter new fields, and improve the international influence and core competitiveness of the company's brand

## Details of R&amp;D personnel

Items	Year 2022	Year 2021	Percentage of change
Number of R&D personnel (persons)	2,629	2,368	11.02%
% to total employees	22.81%	21.92%	0.89%
Educational background structure	—	—	—
Technical secondary school, high school and below	139	149	-6.71%
Junior college	370	367	0.82%
Bachelor	1,345	1,189	13.12%
Master	700	605	15.70%
Doctor	75	58	29.31%
Total	2,629	2,368	11.02%
Age structure	—	—	—
Below 30 years old	1,293	1,169	10.61%
30-40 years old	947	894	5.93%
Over 40 years old	389	305	27.54%
Total	2,629	2,368	11.02%

## Details of R&amp;D input



Items	Year 2022	Year 2021	Percentage of change
R&D input amount (yuan)	858,945,406.13	782,661,708.54	9.75%
% to total operating revenue	5.39%	5.25%	Increased by 0.14 percentage point
Capitalized amount (yuan)	0.00	0.00	0.00%
% to total R&D input	0.00%	0.00%	0.00%

Reason for significant changes in structure of the Company's R&D personnel and the effect

Applicable  Not Applicable

Reason for significant changes in the proportion of total R&D input to operating revenue compared to the preceding period

Applicable  Not Applicable

Reason for significant changes in capitalization rate of R&D input and remarks on the reasonability

Applicable  Not Applicable

#### 5. Cash flows

Unit: RMB Yuan

Items	Year 2022	Year 2021	YoY growth rate
Subtotal of cash inflows from operating activities	16,712,001,413.64	15,585,137,046.52	7.23%
Subtotal of cash outflows from operating activities	12,350,520,330.03	9,747,258,994.95	26.71%
Net cash flows from operating activities	4,361,481,083.61	5,837,878,051.57	-25.29%
Subtotal of cash inflows from investing activities	1,919,918,190.77	1,969,695,872.13	-2.53%
Subtotal of cash outflows from investing activities	5,759,332,104.36	5,361,464,680.21	7.42%
Net cash flows from investing activities	-3,839,413,913.59	-3,391,768,808.08	-13.20%
Subtotal of cash inflows from financing activities	6,855,158,371.64	7,383,209,509.05	-7.15%
Subtotal of cash outflows from financing activities	8,125,152,950.95	8,727,832,760.73	-6.91%
Net cash flows from financing activities	-1,269,994,579.31	-1,344,623,251.68	5.55%
Net increase of cash and cash equivalents	-562,695,606.37	1,045,230,762.14	-153.83%

Remarks on main factors leading to the significant changes in growth rates of relevant data

Applicable  Not Applicable

The YoY growth rate of net cash flows from operating activities was -25.29%, which was mainly due to the increase in raw material purchases during this reporting period.

The YoY growth rate of net cash flows from investing activities was -13.20%, which was mainly due to the increase in construction in progress during this reporting period.

The YoY growth rate of cash and cash equivalents was -153.83%, which was mainly due to the increase in raw material purchases and the increase in projects under construction during the reporting period.

Remarks on reason for significant difference between net cash flows from operating activities during the reporting period and net profit of the current period

Applicable  Not Applicable

## V. Non-main business analysis

√ Applicable □ Not Applicable

Unit: RMB Yuan

Items	Amount	% to total profit before tax	Reason for balance	Whether has continuity
Investment income	128,695,043.73	3.04%	It was mainly due to gains on financial products and profit generated by the associates during the reporting period.	No
Gains on changes in fair value ("-" means loss)	-66,321,783.72	-1.56%	It was mainly due to changes in fair value of forward foreign exchange settlement during the reporting period.	No
Assets impairment loss ("-" means loss)	-157,808,680.97	-3.72%	It was mainly due to losses arising from provision for impairment made on each asset in accordance with assets impairment principles.	No
Non-operating revenue	4,985,224.34	0.12%	It was mainly due to indemnity income.	No
Non-operating expenditures	79,532,730.91	1.88%	It was mainly due to gains on retirement of assets and donation expenditures during the reporting period.	No
Other income	176,863,614.19	4.17%	It was mainly due to government grants received during the reporting period.	No

## VI. Assets and liabilities analysis

### 1. Significant changes in asset composition

Unit: RMB Yuan

Items	Dec. 31, 2022		Jan. 1, 2022		Percentage of change	Remarks on significant changes
	Amount	% to total	Amount	% to total		
Cash and bank balances	5,343,851,967.72	13.96%	5,952,909,626.94	17.14%	-3.18%	
Accounts receivable	2,476,269,041.23	6.47%	2,755,168,573.14	7.93%	-1.46%	
Inventories	4,144,557,702.39	10.83%	3,193,657,367.16	9.20%	1.63%	
Long-term equity investments	432,503,568.48	1.13%	351,327,625.75	1.01%	0.12%	
Fixed assets	16,523,867,858.53	43.18%	14,350,779,852.73	41.33%	1.85%	
Construction in progress	5,089,233,908.22	13.30%	2,984,835,072.82	8.60%	4.70%	
Right-of-use assets	2,830,136.37	0.01%	3,123,637.11	0.01%	0.00%	
Short-term borrowings	1,846,373,441.01	4.82%	1,403,332,827.92	4.04%	0.78%	
Contract liabilities	60,660,929.75	0.16%	61,135,258.36	0.18%	-0.02%	
Long-term borrowings	5,273,637,508.87	13.78%	5,148,811,786.49	14.83%	-1.05%	
Lease liabilities	2,822,404.07	0.01%	2,936,868.15	0.01%	0.00%	

Proportion of foreign assets to total assets is comparatively high

□ Applicable √ Not Applicable

## 2. Assets and liabilities at fair value

√ Applicable □ Not Applicable

Unit: RMB Yuan

Items	Opening balance	Gains on changes in fair value	Accumulated changes in fair value included in equity	Provision for impairment made in the current period	Amount purchased during the reporting period	Amount sold during the reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (derivative financial assets excluded)	1,250,000,000.00				720,000,000.00	1,250,000,000.00		720,000,000.00
2. Derivative financial assets	736,359.24	-421,782.81						314,576.43
Subtotal of financial assets	1,250,736,359.24	-421,782.81			720,000,000.00	1,250,000,000.00		720,314,576.43
Total	1,250,736,359.24	-421,782.81			720,000,000.00	1,250,000,000.00		720,314,576.43

Remarks on other changes

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

□ Yes √ No

## 3. Restrictions on assets as of the end of the reporting period

(1) Closing of cash and bank balances included deposits of 192,010,035.86 yuan pledged and not on demand for payments, which was with use restrictions.

(2) Closing balance of receivables financing included 136,554,892.05 yuan pledged for bank acceptance and not on demand for payments, which was with use restrictions.

(3) Closing balance of notes receivable included 233,192,351.27 yuan pledged for bank acceptance and not on demand for payment, which was with use restrictions.

(4) Closing carrying amount of fixed assets included 79,692,425.35 yuan mortgaged to the bank for borrowings, which was with use restrictions.

(5) Closing carrying amount of intangible assets included 9,734,671.13 yuan mortgaged to the bank for borrowings, which was with use restrictions.

## VII. Investment status analysis

### 1. Overall information

√ Applicable □ Not Applicable

Investments during the reporting period (yuan)	Investments of the preceding period (yuan)	Percentage of change
5,034,909,624.27	2,489,162,047.36	102.27%

**2. Significant equity investments made during the reporting period**

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

There is no investment in securities during the reporting period.

**(2) Investments in derivatives**

Applicable  Not Applicable

**1) Derivative investments for hedging purposes during the reporting period**

Applicable  Not Applicable

Unit: RMB 0,000 yuan

Types of Derivatives Investments	Initial Investment Amount	Gains or losses on changes in fair value for the period	Accumulated fair value changes recorded in equity	Amount purchased during the reporting period	Amount sold during the reporting period	End of period amount	Investment amount at the end of the period as a percentage of the company's net assets at the end of the reporting period
Structured forward contracts	60,425.70	-1,443.84	0	34,155.20	47,555.20	0	0.00%
Forward contracts	547,929.55	-5,188.34	0	525,502.45	505,945.71	35,506.29	1.51%
Total	608,355.25	-6,632.18	0	559,657.65	553,500.91	35,506.29	1.51%
description of the accounting policies and specific principles of accounting for hedging operations during the reporting period, and whether there have been any significant changes	The Company accounts for the hedging business conducted in accordance with the relevant provisions of the Ministry of Finance's AS 22 - Recognition and Measurement of Financial Instruments, AS 24 - Hedge Accounting, AS 23 - Transfer of Financial Assets and AS 37 - Presentation of Financial Instruments and its guidance. There were no significant changes in accounting policies and specific principles of accounting compared with the previous reporting period.						

compared to the previous reporting period	
Description of actual profit or loss for the reporting period	In order to reduce the impact of exchange rate fluctuations on the Company's operating results, the Company carried out foreign exchange hedging business in accordance with a certain percentage of its export business, with business varieties mainly including forward exchange settlement and other foreign exchange derivative products, all of which were within the expected scale of sales business, and the actual gain or loss on derivatives at the end of the reporting period was -86.56 million yuan.
Description of the hedging effect	The Company carries out foreign exchange hedging business based on the principle of exchange rate risk neutrality. By carrying out foreign exchange hedging business, the Company reduces the impact of exchange rate fluctuation on the Company's operation and effectively controls the operation risk.
Derivatives Investment Funding	Self-funded.
Risk analysis and description of control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	In order to prevent exchange rate risk, the Company and its subsidiaries have carried out derivative business and the Company and its subsidiaries have strictly implemented the "Foreign Exchange Hedging Business Management Regulations".
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	The floating loss on fair value of derivatives during the reporting period was 66.32 million Yuan.
Litigation involved (if applicable)	No
Date of disclosure of board announcement for approval of derivative investments (if any)	April 15, 2022
Special opinion of independent directors on the company's derivatives investment and risk control	The Company has formulated the "Management Measures for Foreign Exchange Hedging Business", which sets out specific operating procedures for conducting foreign exchange hedging business by strengthening internal controls, implementing risk prevention measures and improving management. The Company has analyzed the feasibility of its foreign exchange hedging business and, in general, it is practical and feasible for it to carry out foreign exchange hedging, which can effectively reduce the risk of exchange rate fluctuations and is conducive to stabilizing the profit level. The content and consideration procedures of the matter are in compliance with the relevant laws, regulations, regulatory documents and the Articles of Association, and do not constitute any damage to the interests of the Company and other shareholders. We unanimously agree with the Company to carry out foreign exchange hedging business this time.

**2) Investments in derivatives for speculative purposes during the reporting period**□ Applicable  Not Applicable

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

**5. Use of raised funds** Applicable □ Not Applicable**(1) Overall use of raised funds** Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Year of fund-raising	Way of fund-raising	Total amount raised	Amount used in the current period	Accumulated amount of raised funds used	Total raised funds with changes in uses during the reporting period	Accumulated amount of raised funds with changes in uses during the reporting period	Proportion of raised funds with changes in uses to total raised funds	Total raised funds not yet used	Purposes of raised funds not yet used and the whereabouts	Raised funds being idle for over two years
Year 2017	Private placement of shares	486,707.55	169,075.16	377,819.79	0	0	0.00%	108,887.76	Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits	0
Total	--	486,707.55	169,075.16	377,819.79	0	0	0.00%	108,887.76	--	0

**Remarks on overall use of raised funds**

The Company's raised funds used in previous years amounted to 2,087.44 million yuan, the net amount of interest on cash in bank received in previous years less handling charges amounted to 51.74 million yuan, gains on financial products and structured deposits received in previous years amounted to 574.65 million yuan, and the net expenditure on financial products and structured deposits purchased in previous years amounted to 2,450.00 million yuan; the raised funds actually used in 2022 amounted to 1,690.75 million yuan, the net amount of interest on cash in bank received in 2022 less handling charges amounted to 36.36 million yuan, gains on financial products and structured deposits received in 2022 amounted to 56.16 million yuan, and the net recovery from financial products and structured deposits purchased in 2022 amounted to 1,730.00 million yuan; the accumulated amount of the raised funds used amounted to 3,778.19 million yuan, the accumulated net amount of interest on cash in bank received less handling charges amounted to 88.11 million yuan, the accumulated amount of gains on financial products and structured deposits received amounted to 630.82 million yuan, and net expenditure on financial products and structured deposits purchased amounted to 720.00 million yuan. As of December 31, 2022, the balance of the special account for raised funds amounted to 1,087.81 million yuan (including the net amount of interest on cash in bank less handling charges, gains on financial products and structured deposits received on an accumulated basis).

**(2) Committed projects with raised funds** Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Committed investment projects and over-raised funds whereabouts	Whether changed (including partial changed)	Total committed investment in raised funds	Total amount after adjustment (1)	Input during the reporting period	Accumulated input as of the period end (2)	Investment progress as of the period end (3)=(2)/(1)	Date of reaching designed usable conditions	Benefit realized in the reporting period	Whether the expected benefit is reached	Whether there was significant changes in feasibility of the project
Committed investment projects										
Methionine project with annual output of 0.25 million tons	No	486,707.55	486,707.55	169,075.16	377,819.79	77.63%	Partially reached the designed usable	78,587.65	Yes	No

							conditions			
Subtotal	--	486,707.55	486,707.55	169,075.16	377,819.79	--	--	78,587.65	--	--
Over-raised funds whereabouts										
No										
Total	--	486,707.55	486,707.55	169,075.16	377,819.79	--	--	78,587.65	--	--
Conditions of and reasons for not meeting the planned schedule or estimated revenue (by specific project)	Pursuant to the results deliberated and approved by the eighth meeting of the eighth session of Board of Directors and the seventh meeting of the eighth session of the Board of Supervisors dated October 27, 2021, the Company intended to adjust the date when the methionine project with annual output of 0.25 million tons reaches the designed usable conditions from the originally planned December 2021 to June 2023, with other contents remaining unchanged. Main reasons: Due to the impact of the macro economy, the construction progress of the project's infrastructure has been delayed, the procurement and delivery time of some equipment and materials has been extended, the installation and commissioning of equipment has been delayed, and the overall progress of the investment projects with raised funds has slowed down, which jointly resulted in the postponement of delivery of the projects. Currently, the 100,000-ton production line of the project has been completed and is in normal operation, and the 150,000-ton production line is under construction.									
Remarks on significant changes in feasibility of projects	None.									
Amount, purposes and progress of use of over-raised funds	Not Applicable									
Changes in implementation locations of investment projects with raised funds	Not Applicable									
Adjustment on the implementation method of investment projects with raised funds	Not Applicable									
Preliminary investment and replacement of investment projects with raised funds	Applicable Preliminary investment amounted to 36.06 million yuan, and the replacement of raised funds is completed.									
Temporary replenishment of working capital with idle raised funds	Not Applicable									
Amount of and reasons for the balance of raised funds in the implementation of projects	Not Applicable									
Uses and whereabouts of unused raised funds	Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits									
Problems or other situations in the use and disclosure of raised funds	None.									

### (3) Change of projects with raised funds

Applicable  Not Applicable

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

## VIII. Sale of major assets and equities

### 1. Sale of major assets

Applicable  Not Applicable

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

### 2. Significant sale of equities

Applicable  Not Applicable

## IX. Major entities controlled or invested by the Company

√ Applicable □ Not Applicable

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

Unit: RMB Yuan

Entities	Categories	Major businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shandong NHU Vitamins Co., Ltd.	Subsidiary	Production and sales of feed additives	500 million yuan	3,463,387,502.87	2,874,391,136.48	2,075,764,687.69	1,014,112,566.19	876,228,159.55
Shangyu NHU Bio-Chem Co., Ltd.	Subsidiary	Production and sales of feed additives	50 million yuan	4,349,921,984.60	3,214,077,883.32	1,400,216,069.29	465,789,099.55	413,314,817.27
Shandong NHU Pharmaceutical Co., Ltd.	Subsidiary	Production and sales of fragrances	590 million yuan	3,428,957,803.17	2,644,922,760.01	3,213,679,238.56	1,334,076,813.38	1,093,263,139.73
Shandong NHU Amino-acids Co., Ltd.	Subsidiary	Production and sales of methionine	1,030 million yuan	7,950,528,475.38	6,937,727,210.12	3,914,397,309.64	1,307,637,045.79	1,187,212,432.30

Remarks on major holding investees

Details of acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not Applicable

Subsidiaries	Method for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
NHU/Chr.Olesen Latin America A/S[Note]	Acquisition	No significant effect at the beginning of the period.
Wuniu (Shandong) Investment Co., Ltd	Investment	No significant effect at the beginning of the period.

[Note] NHU/CHR.OLESEN LATIN AMERICA A/S holds two subsidiaries, respectively NHU/CHR.OLESEN BRASIL LTDA., holding 100%, and CHR.OLESEN MEXICO SAPI DE CV, holding 87%.

## X. Structured entities controlled by the Company

□ Applicable √ Not Applicable

## XI. Outlook for the future development of the Company

### 1. The Company's development strategy

The Company will consistently adhere to the development strategy of integration, serialization and synergy, adhere to the strategic platforms of "chemical+" and "biology+", improve the application research and application service capabilities, and focus on main businesses including nutrition, flavor and fragrance, and new polymer materials and APIs, insist on innovation-driven, develop various functional chemicals, strengthen the construction of technology platforms and industrial platforms, and strengthen the introduction and cooperation of advanced equipment. Relying on four modern production bases respectively in Zhejiang Xinchang, Zhejiang Shangyu, Shandong Weifang and Heilongjiang Suihua, the Company will work to realize the extension of the industrial chain and promote the sustainable and high-quality development.

(1) It will continue to expand and strengthen the nutrition business. On the basis of integration and market synergy, it will maintain the competitiveness of existing products, meanwhile rapidly develop strategic products, continuously enrich product categories, and improve the comprehensive competitiveness of products.



(2) It will develop wider and deeper in flavor and fragrance business, which currently is mainly linalool, citral, and cis-3-hexenol series, and will be gradually developed into a more diversified products structure. New products will be more integrated, serialized and synergistic, so as to realize the functionalization and differentiation of products. Through internal integration and external cooperation, the Company will continue to optimize its products, building the core competitiveness of products.

(3) It will continue its development in new material business. The Company insists on cost-leading, integrated and serialized development, and focuses on the development of large polymer products and key intermediates. It will moderately develop downstream application to enhance market competitiveness and industry position.

(4) It will focus on making more special and refined APIs. Taking its existing advantages in industrial supporting system, it will integrate company resources, plan and build a professional base, increase the research and application of new products, new technologies and new equipment in the field of APIs, actively promoting the core competitiveness of existing products and the expansion of emerging markets.

## 2. Business plan of the Company

In 2023, the company clarified "competing to expand the market, innovating to reduce costs, professionally strengthening internal skills, and stabilizing and preventing risks" as the guiding ideology of operation, scientifically researching and judging development opportunities and challenges, adhering to the principle of stability, seeking progress while maintaining stability. We will ensure stable production, expand the market, practice internal skills, strengthen innovation, promote projects, etc., to achieve steady growth in efficiency and high-quality development of the enterprise. Focusing on the strategic goals of the 14th Five-Year Plan., We will grasp the two main lines of improving quality, increase efficiency, stabilize growth, and stabilize operation to prevent risks. Adhere to the three principles of safe production as the bottom line, innovation as the primary driving force, and talents as the primary resource.

The Company will unite every force to ensure its steady development, with key focus on the following work.

(1) With the sales as the leader, we will efficiently link production, supply and sales to expand the market. First, we must innovate marketing management to build market competitiveness. To promote value marketing, improve service satisfaction, win customer trust, form a multi-party collaborative marketing model, consolidate key customer cooperation, expand market share, optimize marketing organizational structure, establish a professional marketing team, and improve professional service capabilities and differences marketing. Second, we will optimize operation and management to ensure stable production, fully tapping the potential market, enhancing product competitiveness. It is necessary to strengthen the construction of supplier management and procurement informationization, and do a good job in the analysis and prediction of the procurement market in a timely manner

(2) With the strategy as the core, we will promote the project construction at a high level. First, we must attach importance to project quality, schedule, safety and cost control. We will do a good job in the connection between domestic and foreign universities, engineering companies and equipment manufacturers, complete the development of new project process packages, ensure engineering design nodes, optimize project costs, control project construction costs, strengthen contractor management, improve the bidding process, and solve project quality problems. Second, we must focus on strategic goals and promote the construction of key projects. Key projects must ensure the legality of the approval process, and ensure that the trial run and production are carried out on time.

(3) With innovation as the driving force, we will accelerate the development momentum. We plan to focus on core technologies and achieve key innovation breakthroughs. We plan to introduce innovative methods, optimize product structure, improve technical level, strengthen cooperation and exchanges, and protect intellectual property rights to improve R&D efficiency and quality. We plan to promote open cooperation and integrate global high-quality resources. We will realize global layout and resource integration by launching joint venture projects, expanding scientific research cooperation and deepening strategic cooperation.

(4) We will take digital transformation as an opportunity to improve the level of intelligent manufacturing, accelerate the construction of smart factories and promote the high-quality development of smart manufacturing. With the goal of intelligent operation, we will improve the integrated business process of production, supply and marketing, and promote the implementation of the intelligent

manufacturing system. We will accelerate the construction of the middle platform and comprehensively improve the company's management and control capabilities. With the goal of intelligent management, we will accelerate the construction of the three major platforms of data central platform, technology central platform and business central platform.

(5) Taking system construction as the starting point, we will lay a solid foundation for high-quality development management. We plan to deepen the construction of HSE management system and realize normal operation. We will settle the implementation of the systematic framework of the quality management system. We will establish an energy management system and form a regular energy audit mechanism. Also, we will improve and promote the equipment integrity system.

(6) Based on talent construction, we will make every effort to build a talent highland, sorting and optimizing the organizational structure, continuously expanding recruitment channels, optimizing talent selection standards, accelerating the construction of grassroots and professional sequence talent training systems, and creating high-performance output highlands. New measures should be taken to integrate cultural construction into management. It is necessary to refine and improve the connotation of cultural concepts, summarize the successful experience of NHU, and refine the behavioral requirements of culture for employees. We will further explore and improve the working mechanism of political commissars, innovate communication methods for employees, and improve employees' sense of belonging and satisfaction.

(7) With compliance operation as the bottom line, we will lay a solid foundation for the steady development of the enterprise. We decide to strengthen the ability of financial guidance and operation, focus on the construction of the three major systems of comprehensive budget management, asset management and tax management and the financial intelligence platform, strengthen cash flow management. We will strengthen the construction of the compliance management system, strengthen the prevention and control of legal risks, implement safety and environmental protection compliance management, strengthen the protection of business secrets, promote competition compliance management, improve the legal dispute resolution process, improve the ability to avoid intellectual property risks, consolidate anti-fraud management, strengthen Internal audit supervision and management.

### 3. Possible risks

#### (1) Macroeconomic risks

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

#### (2) Industry and market competition risks

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

#### (3) Risks of raw material price fluctuation

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

#### (4) Exchange rate and trade risks

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

## (5) Risks of changes in environmental protection policies

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

## XII. Researches, communications, and interviews received by the Company during the reporting period

√ Applicable □ Not Applicable

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
April 22, 2022	Not applicable	Others	Others	Investors who attended the Company's online annual performance presentation in 2021	Answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of April 22, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sessgs/S002001">http://irm.cninfo.com.cn/sessgs/S002001</a> for details.
May 10, 2022	Meeting room of the Company	Field research	Others	1. Finest Asset Management (Huang Dengfeng & Chen Hong & Zhan Xuan) ; 2. Baofang Printing And Dyeing (Qi xin & Yu Shaobo); 3. Tang Binghui; 4. .Zhu Yunzhi	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of May 10, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sessgs/S002001">http://irm.cninfo.com.cn/sessgs/S002001</a> for details.
May 17, 2022	Not applicable	Telephone communication	Institution	1. Essence Fund Management (Liang Bingzhe); 2. Essence Asset Management (Li Zhe); 3. Bosera Asset Management (Cai Bin); 4. Truvalue Asset Management (Wang Xin); 5. Springs Capital (Bu Zhongyu); 6. Orient Securities Asset Management (Yang Renmei & Cai Zhipeng); 7. Orient Fund Management (Liu Tengyao); 8. Donghai Securities (Jin Changhao); 9. Soochow Securities (Wu Changbai); 10. Founder Asset Management (Chen Yuanjun); 11. Fullgoal Fund Management (Shen Heng & Li Miao); 12. Gaoyi Asset Management (Deng Xiaofeng); 13. Everbright Pramerica Fund Management (Su Miao); 14. Everbright Securities Asset Management (Wu Angda); 15. Guangdong Private Investment (Cui Wei); 16. GF Fund Management (Wang Qi); 17. Franklin Templeton Sealand Fund (Zhao Xiaodong & Xu Cheng & Liu Mu & Du Fei & Xiang Qionggang); 18. CPIC Fund Management (Wang Dong); 19. Guoshou Fund (Liu Zhijun & Li Bowen); 20. China Life Pension (Yu Lei); 21. China Life Insurance Asset Management (Zhao Wen & Long Gongcheng); 22. Guotai Junan Securities (Ye Feng & Qian Xiaojie & Deng Shifeng); 23. China Conch Venture Holdings (Lu Chengwei); 24. UBS SDIC Fund Management (Zhou Sijie); 25. ABC Life Insurance (Zhao Jin); 26. United Advance Capital (Wang Yehua); 27. Visione Asset (Wang Chengqiang); 28. Heju Investment (Mai Turong & Ma Wei & Chen Jian); 29. Evergrande Life (Chen Mo); 30. Hongcheng Capital (Chen Qian); 31. Huaan Securities (Yang Ming & Liu Xiao); 32. Huaan Fund Management (Zhang Rui); 33. China Asset Management (Zhang Mu & Ai Bangni); 34. Huayin Tianxia Asset Management (Ye Fan); 35. High-Flyer Quant Investment Management (Xu Chenghui); 36. Hsbc Jitrust Fund Management (Zhen Xiaobing); 37. Amundi BOC Wealth Management; 38. China Universal Asset	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of May 17, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sessgs/S002001">http://irm.cninfo.com.cn/sessgs/S002001</a> for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				Management (Zhao Pengcheng & Wang Xi & Bian Zheng); 39. Kingsun Investment (Wu Shixian); 40. BOCOM Financial Asset Investment (Zhang Mingxiao); 41. Jingan Investment Management (Li Zekai); 42. Greenwoods Asset (Jiang Wenchao); 43. Invesco Great Wall Fund Management (Jiang Xueting); 44. Kaidu Investment (Wang Hui); 45. KaiFeng Investment Management (He Xuanju); 46. Morgan Stanley Huaxin Fund Management (Duan Yifan); 47. Mohui Investment (Jiang Xing); 48. Southern Fund Management (Zhen Yong & Luo Shuai & Chen Zhuo); 49. ABC-CA Fund Management (Wang Haoifei); 50. Lion fund (Ding Yunbo); 51. Lord Abbett China Asset Management (Fan Fei); 52. Panjing Investment (Zhang Qi); 53. Penghua Fund Management (Luo Zheng & Du Liang & Deng Zhaoming); 54. Pengyang Fund Management (Xu Kunlun); 55. Ping An Annuity Insurance (Jin Li & Chen Xushan); 56. Shanghai Pudong Development Bank (Dai Chenyang); 57. PICC Asset Management (Tian Lei & Cai Chungen); 58. PICC Pension (Yang Tong & Xie Yifei & Wu Qiang & Zeng Shuwei); 59. Ren Bridge Asset Management (Xia Junjie); 60. Rongtong Fund Management (Li Wenhai); 61. Wisdomshire Asset Management (Liu Li); 62. Foresight Fund (Zhu Lin & Zhong Ming & Cui Wenqi); 63. International Fund Management (Li Dehui); 64. SWS MU Fund Management (Yao Hongfu); 65. Rock Bay Investment (Zhen Hui & Zhang Jian); 66. Taiping Fund Management (Xia Wenqi & Ji Jingyuan); 67. Manulife Teda Fund Management (Liu Shaoqing); 68. Taikang Asset Management (Wang Yilin & Liu Shaojun); 69. TF Securities Asset Management (Liu Shude); 70. Tibet East Wealth Fund Management (Zhu Liang); 71. Citic-prudential Life Insurance (Wu Hao & Sun Huicheng); 72. First State Cinda Fund Management (Li Diandian); 73. AEGON-INDUSTRIAL Fund (Xu Liuming & Xie Zhiyu & Wu Zhaohua & Chen Jinquan & Chen Hong); 74. Xingyin Fund (Shi Liang); 75. Xingyin Fund Management (Chen Yalong); 76. Yanniu Finance Information (Zhou Jiexin); 77. Galaxy Asset Management (Fang Wei); 78. E Fund Management (Xie Yunchang & Liu Peixian & Chen Hao & Ge Qiushi); 79. Yinhua Fund Management (Yan Kailiang & Wang Jian & Shi Lei & Hu Xiaohui); 80. Silver Leaf Investments (Cao Qing); 81. Yunion Investment Management (Ying Zhenzhou); 82. Maxwealth Fund Management (Chang Yuan); 83. Yude Capital Management (Cai Jianjun); 84. Golden Trust Sinopac Fund Management (Fan Yan); 85. China Merchants Fund Management (Fu Bin); 86. Zhengyuan Investment (Hu Chaoyun); 87. CMB Wealth Management (Peng Zhili & Hao Xuemei); 88. ZheShang Fund Management (Zhang Yulong & Shen Guoqiong); 89. Zhonggeng Fund (Luo Zhiyuan & Liu Sheng); 90. Rabbit Fund (Xiao Yongsheng); 91. CITIC-Prudential Life Insurance (Wang Rui & Jiang Feng & Hu Zhe); 92. China Post & Capital Fund Management (Zhen Lin & Jiang Liuwei); 93. Huashang Fund Management (Huang Luhe); 94. Taikang Fund Management (Lin Peng Hui); 95. Binghuai Assets (Mao Wei); 96. Qianhai Brillant Capital (Xiao Hui & Xia Yue & Qian Xiaoyu & Lu Hui); 97. SWS MU Fund Management (Lu Xinzhi); 98. Sunshine Insurance (Fang Yuan & Zhang Xuepeng);		
July 14, 2022	Meeting room of the Company	Field research	Institution	1. BocomSchroders (He Shuai & Qiu Hua & Zhang Sanwei & Zhang Mingxiao & Liu Peng); 2. Zhesang Securities (Li Hui & Li Jiajun); 3. Jingan Investment Management (Cao Pengyuan & Li Zekai); 4. China Asset Management (Xu Mengyuan & Zhou Tianlin); 5. Ping An Fund Management (Liu Binbin); 6. CMB Wealth Management (Peng Zhili); 7. Pengyang Fund Management (Xu Kunlun);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of July 14, 2022, which published at the website <a href="http://irm.cninfo.com.cn/ssessgs/S002001">http://irm.cninfo.com.cn/ssessgs/S002001</a> for

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				8. Yude Capital Management (Sun Jiali); 9. Funding Capital Management (Feng Feiyang);		details.
July 20, 2022	Meeting room of the Company	Field research	Institution	1. Shenwan Hongyuan Securities (Hu Shuang & Dong Jie); 2. Hengyue Fund (Chen Kaixi); 3. Greenwoods Asset (Jiang Wencho); 4. HZbank Wealth Management (Liu Aizhu); 5. Jingan Investment Management (Li Zekai); 6. Yongan Guofu Asset Management (Hong Shaochao); 7. Huaneng Guicheng Trust (Tian Jiarui & Li Tingpan); 8. Qingdao Guoxin Development (Yuan Xiaotong & Qu Wei); 9. Foresight Fund (Zhu Lin); 10. Binghuai Asset Management (Mao Wei); 11. CR Asset Management (Wang Xingyi);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of July 20, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.
August 31, 2022	Meeting room of the Company	Field research	Institution	1. Huachuang Securities (Yang Hui & Wu Yu); 2. Western Securities (Li Mengyuan & He Minxiu); 3. Chongyang Investment (Hu Min); 4. CICC (Xiao Yaping); 5. E Fund Management (Liu Peixian); 6. Zheshang Securities (Li Hui); 7. Orient Securities (Yuan Shuai); 8. GF Fund Management (Wang Qi); 9. Penghua Fund Management (Su Dong); 10. Huatai Asset Management (Yang Linxi); 11. ABC-CA Fund Management (Wang Haoifei); 12. China Asset Management (Li Jijia & Xu Mengyuan & Zhou Tianlin); 13. Bocom Schroders (Zhang Mingxiao & Chen Junhua & Sun Jiekan & Wang Yiwei); 14. Zheshang Fund (Jing Hui); 15. HuaAn Securities (Wang Qiangfeng);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of August 31, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.
September 8, 2022	Not applicable	Telephone communication	Institution	1. AGI Group (Kelvin Wong); 2. Dymon Asset Management (Hefeideng); 3. AIRM AI Squared Mgmt Ltd. (Chad); 4. Golden Pine Capital Management (Yanbeina); 5. Lazard Asset Management (Rose Lu); 6. Balyasny Asset Management (Si Tingting); 7. Anatole Investment Management (Lyu Xuelong); 8. Torq Capital (Alex Xu); 9. UBS Securities (Guo Yifan);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of September 8, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.
September 26, 2022	Meeting room of the Company	Field research	Institution	1. Kaiyuan Securities (Jin Yiteng & Xu Zhengfeng); 2. Hongchou Investment (Wang Zhidong); 3. Chen Yan Asset Management (Yang Guan); 4. Tebon Fund Management (Zhang Peidong); 5. TF Securities (Wang Xingjia); 6. China Securities (Tao Aipu); 7. etock capital (Qi Chenzhi); 8. Chang Xin Asset Management (Huang Zhenhai); 9. Zheyun Investment (Ding Xiefeng & Ge Liegang); 10. Yuanxin Investment (Yang Dazhi);	Answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of September 26, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.
November 11, 2022	Not applicable	Telephone communication	Institution	1. Northeast Securities (Chen Junjie); 2. Shangyan Keling Capital (Li Tong); 3. HSBC Qianhai Securities (Huang Qian & Ru Yi); 4. Ruiwen Cci Capital (Xu Weiwei); 5. Chang'an Fund Management (Xiao Yuqi); 6. Hangzhou Zhuocai Investment Management (Wu Dengyan); 7. Tak Fook Investment (Zhu Baili); 8. Northeast Securities (Tang Bowen); 9. Boser Asset Management (Wang Huanji); 10. Huachuang Securities (Yang Hui & Wu Yu); 11. Johnson Investment (Li Yuqiao); 12. State Teachers Retirement System of Ohio (zhouping); 13. Dajia Capital (Hu Xiao & Jiang Jincheng & Kuai Xuezhang, etc.);	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of November 11, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.
December 16, 2022	Meeting room of the Company	Field research	Institution	1. CICC (Xiao Yaping & Jia Xiongwei & Wu Di & Fu Ximing & Hou Yilin); 2. Goldman Sachs (Zheng Ruifeng & Lin Yan);	Answer questions from investors	Please refer to the Investor Relations Activities Record Sheet of December 16, 2022, which published at the website <a href="http://irm.cninfo.com.cn/sse/ssgs/S002001">http://irm.cninfo.com.cn/sse/ssgs/S002001</a> for details.

## Section IV Corporate Governance

### I. Basic information

During the reporting period, the Company further improved its corporate governance structure and internal control system, strengthened its information disclosure management, actively carried out investor relations management and constantly promoted its corporate governance in strict accordance with the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China” and relevant laws, regulations and regulatory documents of CSRC and the Shenzhen Stock Exchange.

1. About shareholders and general meetings: The Company convenes and holds general meetings in accordance with the requirements of the “Rules for General Meetings of Listed Companies” and its “Rules of Procedure of General Meetings”, treats all shareholders equally, ensures that all shareholders, especially small and medium-sized shareholders, have equal status and fully exercise their rights, and ensures that all shareholders have the legal rights to information, participation and voting on significant events.

2. About relationship between the controlling shareholder and the Company: The Company has independent business and self-management ability. The Company’s controlling shareholder strictly regulates its own behavior, exercises the rights of investor through general meetings, and does not directly or indirectly interfere with the decision-making and operation activities of the Company beyond the general meetings. The related party transactions between the Company and the controlling shareholder are on an arm’s length basis, while these two are independent of each other in personnel, property, finance, organization and business, and the Company’s Board of Directors, Board of Supervisors and internal organizations can operate independently.

3. About directors and the Board of Directors: The Company elects directors and engages independent directors in strict accordance with the selection and appointment procedures as stipulated in the “Company Law” and the “Articles of Association”. The board size and composition meet the requirements of laws and regulations. In accordance with the “Rules of Procedure of the Board of Directors” and other rules, all directors can seriously attend board meetings, faithfully perform their duties for the interests of the Company and all shareholders, actively participate in relevant training, learn relevant laws and regulations, and promote the standardized operation and scientific decision-making of the Board of Directors. The meeting procedures of the Board of Directors comply with legal requirements, the minutes are complete and true, and the disclosure of information related to the meetings is timely, accurate and sufficient.

4. About supervisors and the Board of Supervisors: The Company’s Board of Supervisors strictly implements relevant provisions of the “Company Law” and the “Articles of Association”, and its size and composition meet the requirements of laws and regulations. Under the principle of being responsible to all shareholders, especially small and medium-sized shareholders, the Board of Supervisors perform their duties conscientiously, conducts supervision on the Company’s financial position, significant events, related party transactions as well as the legality and compliance of directors and other senior executives in the performance of their duties, and expresses opinions independently in accordance with the “Rules of Procedure of the Board of Supervisors” and other rules.

5. About performance evaluation and incentive and restraint mechanism: The Company’s performance evaluation and incentive mechanism is fair and transparent, and the emoluments of directors, supervisors and senior executives are based on the Company’s performance and individual performance; the appointment of senior executives strictly follows the “Articles of Association” and relevant laws and regulations.

6. About information disclosure and transparency: The Company designates the secretary of the Board of Directors to be responsible for information disclosure and receiving visits and inquiries from shareholders, and designates Securities Times, Shanghai Securities News, China Securities Journal, and Cninfo (<http://www.cninfo.com.cn>) as the designated newspapers and websites for the Company’s information disclosure; Complying with relevant laws and regulations and the requirements of the Company’s “Information Disclosure Management System”, the Company discloses relevant information in a true, accurate, complete and timely manner to ensure that all

shareholders have equal access to information.

7. About stakeholders: the Company can fully respect and safeguard the legitimate rights and interests of stakeholders, realize the coordination and balance of interests among shareholders, employees, society and other parties, and jointly promote the sustainable and healthy development of the Company.

Whether there is a significant difference between the actual situation of corporate governance and laws, administrative regulations and rules on the governance of listed companies issued by the CSRC

Yes  No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations and rules on the governance of listed companies issued by the CSRC.

## **II. The Company's efforts in ensuring the independence of its assets, personnel, finance, organization, business, etc. from the controlling shareholder and actual controller**

During the reporting period, the Company and the controlling shareholder were completely separated in terms of business, personnel, assets, finance, organization, etc. With stable production and operation, complete internal organization, the Company was able to operate independently and in a standardized manner.

### **1. Independence of business**

The Company operates independently under a complete business structure, and has no business in horizontal competition with that of the controlling shareholder. The controlling shareholder does not directly or indirectly interfere with the Company's business operations.

### **2. Independence of personnel**

The Company's labor, personnel and remuneration management are completely independent. The Company has entered into labor contracts with employees, and formulated a strict labor system such as employment, assessment, promotion, training, etc. All employees are paid by the Company. All senior executives work full-time and receive emoluments from the Company, and do not hold any administrative positions concurrently in the controlling shareholder and its subordinate entities.

### **3. Independence of assets**

The Company has an independent and complete production, supply, sales system and supporting facilities, and has independent industrial property rights, trademarks, non-patented technologies and other intangible assets.

### **4. Independence of finance**

The Company has an independent financial and accounting department, and has established an independent accounting system and financial management system to make financial decisions independently. The Company opens bank accounts and pays taxes independently.

### **5. Independence of organization**

The Company's organization is independent from the controlling shareholder. The Company has established a relatively sound organizational structure, and has established decision-making and supervision institutions such as the general meeting of shareholders, the Board of Directors, the Board of Supervisors, etc. The Company set up the Board Office, Audit Department, Financial Department, Securities Department, President's Office, Human Resources Department, Production and Operation Department, HSE Management Department, Engineering Equipment Management Department, Logistics Department, Marketing Service Department, Science and Technology Cooperation Department, Intellectual Property Department, Research Institute and other functional departments. The aforementioned institutions and functional departments operate independently, and there is no situation where the controlling shareholder's institutions act on behalf of the Company.

### III. Horizontal competition

Applicable  Not applicable

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

#### 1. General meeting of shareholders

Session	Type of meetings	Proportion of participating investors	Meeting date	Disclosure date	Resolutions
General meeting of shareholders of 2021	Annual general meeting of shareholders	52.50%	May 10, 2022	May 11, 2022	11 proposals including the <i>Annual Work Report of the Board of Directors of 2021</i> were deliberated and approved. Please refer to Announcement No. 2022-029 disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details.

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

Applicable  Not applicable

### V. Directors, supervisors and senior executives

#### 1. Basic information

Name	Position	Status	Gender	Age	Commencement date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	number of shares increased in the current period (shares)	number of shares decreased in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease
Hu Baifan	Chairman	Incumbent	Male	61	2/26/1999	9/15/2023	11,602,498			2,320,500	13,922,998	Conversion of capital reserve into share capital
Hu Baishan	Vice Chairman, President	Incumbent	Male	56	2/26/1999	9/15/2023	12,163,274			2,432,655	14,595,929	Conversion of capital reserve into share capital
Shi Guanqun	Director, Vice President, CFO, Secretary of the Board	Incumbent	Male	52	2/26/1999	9/15/2023	8,731,532			1,746,306	10,477,838	Conversion of capital reserve into share capital
Wang Xuewen	Director, Vice President	Incumbent	Male	54	2/26/1999	9/15/2023	7,398,276			1,479,655	8,877,931	Conversion of capital reserve into share capital
Wang Zhengjiang	Director	Incumbent	Male	54	4/12/2008	9/15/2023	382,500			76,500	459,000	Conversion of capital reserve into share capital
Zhou Guiyang	Director	Incumbent	Male	48	4/20/2011	9/15/2023	137,702			27,540	165,242	Conversion of capital reserve into share capital
Yu Baijin	Director	Incumbent	Male	56	9/15/2020	9/15/2023	0	0	0	0	0	
Huang Can	Independent Director	Incumbent	Male	44	7/12/2017	9/15/2023	0	0	0	0	0	
Jin Zhanfang	Independent Director	Incumbent	Female	47	7/12/2017	9/15/2023	0	0	0	0	0	
Zhu Jianmin	Independent Director	Incumbent	Female	59	7/12/2017	9/15/2023	0	0	0	0	0	
Ji Jianyang	Independent Director	Incumbent	Male	44	9/15/2020	9/15/2023	0	0	0	0	0	
Shi Fangbin	Chairman of the Board of Supervisors	Incumbent	Female	47	9/15/2020	9/15/2023	0	0	0	0	0	
Lyu Guofeng	Supervisor	Incumbent	Male	51	9/15/2020	9/15/2023	0	0	0	0	0	



Name	Position	Status	Gender	Age	Commencement date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	number of shares increased in the current period (shares)	number of shares decreased in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease
Yu Hongwei	Supervisor	Incumbent	Male	52	9/15/2020	9/15/2023	0	0	0	0	0	
Yan Hongyue	Supervisor	Incumbent	Male	53	9/15/2020	9/15/2023	0	0	0	0	0	
Chen Zhao Feng	Supervisor	Incumbent	Male	46	9/15/2020	9/15/2023	0	0	0	0	0	
Zheng Gentu	Vice President	Leave office	Male	61	9/29/2018	1/31/2022	0	0	0	0	0	
Total	--	--	--	--	--	--	40,415,782	0	0	8,083,156	48,498,938	--

Whether there was any resignation of directors and supervisors and dismissal of senior executives during the reporting period

Yes  No

Please refer to item “V. Directors, supervisors and senior executives, I. Basic information” under “Section IV Corporate Governance” for details.

Changes of directors, supervisors and senior executives

Applicable  Not applicable

Name	Position	Type	Date	Reasons
Zheng Gentu	Vice President	Expiration of employment	Jan 31, 2022	Expiration of employment

## 2. Profiles of directors, supervisors and senior executives

Professional background, work experience and main responsibilities of the current directors, supervisors and senior executives

Hu Baifan (Graduate, Senior Economist) currently serves as the Chairman of the Company. He used to work in Xinchang Dashiju Vocational Middle School.

Hu Baishan (EMBA of Zhejiang University, Senior Engineer) currently serves as the Vice Chairman and President of the Company. He used to be the Deputy General Manager of the Company.

Shi Guanqun (Accountant) currently serves as the Director, Vice President, Secretary of the Board of Directors and CFO of the Company. He used to be the manager of the Financial Department of the Company.

Wang Xuewen (majoring in business management at China Textile University) currently serves as the Director and Vice President of the Company, and the General Manager of the Nutrition Business Department. He used to be the manager of the Company’s supply and marketing company.

Wang Zhengjiang (Master’s degree, Senior Engineer) currently serves as the Director of the Company, General Manager of Methionine Business Department, and the General Manager of Shandong NHU Amino-acids Co., Ltd. He used to be the manager of Shangyu NHU Bio-Chem Co., Ltd.

Zhou Guiyang (Bachelor’s degree) currently serves as the Director of the Company and General Manager of Zhejiang NHU Special Materials Co., Ltd. and General Manager of Zhejiang Xinhecheng Nylon Material Co., Ltd. and General Manager of Shangyu Base. He used to be the Deputy General Manager of Shangyu NHU Bio-Chem Co., Ltd.

Yu Baijin (Bachelor’s degree) currently serves as the Director of the Company and General Manager of Heilongjiang NHU Biotechnology Co., Ltd. He used to be the Chairman of Zhejiang Guangyi Industrial Co., Ltd. and Zhejiang Xinchai Group Co., Ltd.

Huang Can (Doctor of Management, Independent Director) is a professor of Zhejiang University. He currently serves as the Independent Director of Zhejiang Windey Co., Ltd. and Gansu Shangfeng Cement Co., Ltd.

Jin Zhanfang (Doctor of Environmental Engineering, Independent Director) is a professor of Zhejiang University of Technology. She currently serves as the Independent Director of Zhejiang Feida Environmental Science & Technology Co., Ltd.

Zhu Jianmin (Master's degree, Independent Director) currently serves as the Deputy General Manager and CFO of Merit Interactive Co., Ltd.

Ji Jianyang (Master's degree, Independent Director) currently serves as the Partner of Beijing Guantao Zhongmao (Hangzhou) Law Firm and the Independent Director of Zhejiang Jingu Co., Ltd.

Shi Fangbin (Bachelor's degree) currently serves as the Chairman of the Company's Board of Supervisors, and CFO of NHU Holding Group Co., Ltd. She used to be the Director of Financial Department, Director of Audit Department and Director of Board Office of the Company.

Lyu Guofeng (Master's degree) currently serves as the Supervisor of the Company, General Manager of Fragrance Business Department and General Manager of Shandong NHU Pharmaceutical Co., Ltd. He used to be the General Manager of Shangyu Production Area of Nutrition Business Department.

Yu Hongwei (Bachelor's degree) currently serves as the Supervisor of the Company, General Manager of Shandong Industrial Park and General Manager of Shandong NHU Vitamins Co., Ltd. and Shandong NHU Fine Chemical Science and Technology Co., Ltd. He used to be the Deputy Chief Engineer of Zhejiang Juhua Group Co., Ltd.

Yan Hongyue (Bachelor's degree) currently serves as the Supervisor of the Company and General Manager of Xinchang Base. He used to be the General Manager of Shandong NHU Vitamins Co., Ltd., Assistant to General Manager and Deputy General Manager of Shandong NHU Pharmaceutical Co., Ltd.

Chen Zhaofeng (Master's degree) currently serves as the Supervisor of the Company and Executive Deputy General Manager of Heilongjiang NHU Biotechnology Co., Ltd. He used to be the Workshop Director of the Company.

Directors, supervisors and senior executives that serve in shareholders

Applicable  Not applicable

Name of persons	Name of shareholders	Position in shareholders	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from shareholders
Hu Baifan	NHU Holding Group Co., Ltd.	Chairman, General Manager	11/11/2011	11/25/2023	No
Hu Baishan	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/25/2023	No
Shi Guanqun	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/25/2023	No
Wang Xuewen	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/25/2023	No
Shi Fangbin	NHU Holding Group Co., Ltd.	CFO	9/15/2020	11/25/2023	Yes
Remarks	None				

Directors, supervisors and senior executives that serve in other entities

Applicable  Not applicable

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Hu Baifan	Zhejiang Gengdu Investment Co., Ltd.	Executive Director and General Manager	9/4/2015	To date	No

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Hu Baifan	Xinchang Heli Investment Co., Ltd.	Director	1/3/2017	To date	No
Hu Baifan	Safe & Rich Venture Capital Co., Ltd.	Director	2/28/2008	To date	No
Hu Baifan	THE Investment Management Co., Ltd.	Director	9/21/2015	To date	No
Hu Baifan	Xinchang Qinjin Investment Co., Ltd.	Chairman and General Manager	6/10/2015	To date	No
Hu Baifan	Xinchang Rural Commercial Bank Co., Ltd.	Director	1/26/2005	To date	No
Hu Baifan	Hangzhou Foremost Material Technology Co., Ltd.	Director	10/29/2019	11/25/2025	No
Hu Baifan	Beijing Winsunny Pharmaceutical Co., Ltd.	Director	5/16/2022	5/27/2025	No
Hu Baifan	Shaoxing Yuexiu Education Development Co., Ltd.	Chairman and General Manager	12/5/2016	6/9/2023	No
Hu Baifan	Zhejiang Huixian Venture Capital Co., Ltd.	Executive Director	3/16/2017	To date	No
Hu Baifan	Zhejiang Hefeng Investment Co., Ltd.	Executive Director	4/20/2018	To date	No
Hu Baifan	NHU Real Estate Holding Co., Ltd.	Director	12/2/2010	3/19/2023	No
Hu Baifan	Xinchang County NHU Real Estate Co., Ltd.	Director	3/20/2017	To date	No
Hu Baishan	Zhejiang Second Pharma Co., Ltd.	Director	9/15/2017	12/20/2024	No
Hu Baishan	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	9/6/2023	No
Shi Guanqun	Xinchang Heli Investment Co., Ltd.	Chairman	11/30/2012	To date	No
Shi Guanqun	Xinchang Qinjin Investment Co., Ltd.	Director	6/10/2015	To date	No
Shi Guanqun	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	6/9/2023	No
Shi Guanqun	NHU Real Estate Holding Co., Ltd.	Director	12/2/2010	3/19/2023	No
Shi Guanqun	Zhejiang Jingshi Real Estate Co., Ltd.	Director	9/22/2020	9/21/2023	No
Shi Guanqun	Zhejiang Deli Equipment Co., Ltd.	Director	10/24/2016	10/27/2024	No
Shi Guanqun	Beijing Winsunny Pharmaceutical Co., Ltd.	Director	5/16/2019	5/27/2022	No
Shi Guanqun	Xinchang County NHU Real Estate Co., Ltd.	Director	3/20/2017	To date	No
Zhou Guiyang	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Vice Chairman	1/7/2016	To date	No
Zhou Guiyang	Zhejiang Saiya Chemical Materials Co., Ltd.	Director	1/3/2017	5/7/2023	No
Huang Can	Gansu Shangfeng Cement Co., Ltd.	Independent Director	5/7/2019	5/19/2025	Yes
Huang Can	Zhejiang Windey Co., Ltd.	Independent Director	5/12/2016	5/27/2022	Yes
Huang Can	Hangzhou Oxygen Generator Group Co., Ltd.	Independent Director	30/5/2022	27/1/2024	Yes
Jin Zangfang	Zhejiang Jingxing Paper Joint Stock Co., Ltd.	Independent Director	6/19/2017	12/7/2022	Yes
Jin Zangfang	Zhejiang Feida Environmental Science & Technology Co., Ltd.	Independent Director	6/8/2018	9/10/2024	Yes
Ji Jianyang	Zhejiang Jingu Co., Ltd.	Independent Director	10/16/2020	10/16/2023	Yes
Ji Jianyang	Zhejiang Fore Intelligent Technology Co., Ltd.	Independent Director	12/15/2020	12/15/2023	Yes

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Ji Jianyang	Zhejiang Uniquality Care Products Technology Co., Ltd.	Independent Director	3/3/2020	12/31/2022	Yes
Zhu Jianmin	Merit Interactive Co., Ltd.	Deputy General Manager, CFO	6/22/2016	5/1/2025	Yes
Shi Fangbin	Zhejiang Jingshi Real Estate Co., Ltd.	Chairman	9/22/2020	9/21/2023	No
Shi Fangbin	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Supervisor	1/7/2016	To date	No
Shi Fangbin	Zhejiang Saiya Chemical Materials Co., Ltd.	Supervisor	1/3/2017	5/7/2023	No
Shi Fangbin	Shaoxing Jinghe Hotel Management Co., Ltd.	Director	5/27/2021	5/26/2024	No
Shi Fangbin	Zhejiang Deli Equipment Co., Ltd.	Director	10/28/2021	10/27/2024	No

Penalties imposed by securities regulators on current and outgoing directors, supervisors and senior executives of the Company in the past three years

Applicable  Not applicable

On October 18, 2021, the Zhejiang Securities Regulatory Bureau issued an "Administrative Penalty Decision" (No. [2021]19), which stated that Li Li, the manager of the Data Enhancement Department of the Internet Service Business Group of Every Interaction Co., Ltd. at the time, forged multiple sales contracts and related settlement documents between the company and its customers through the fabrication of seals and other means. Every Interaction failed to timely discover the aforementioned false contracts and business, confirmed the relevant sales revenue, and prepared financial statements based on them, resulting in false records in its third quarter report for 2019, annual report for 2019, first quarter report for 2020, half-year report for 2020, and third quarter report for 2020. Every Interaction's above-mentioned behavior violated the provisions of Article 63 of the 2005 Securities Law and Article 78(2) of the 2019 Securities Law, and constituted an illegal disclosure of information as defined in Article 197(2) of the Securities Law of 2019.

Zhu Jianmin, an independent director of the company and the former vice president and financial director of Every Interaction, was responsible for financial management, but failed to ensure the truthfulness, accuracy, and completeness of Every Interaction's information disclosure, and was directly responsible for the illegal information disclosure as the supervisory personnel. According to the provisions of Article 197(2) of the Securities Law of 2019, the Zhejiang Securities Regulatory Bureau decided to give Zhu Jianmin a warning and impose a fine of 800,000 yuan. On February 24, 2022, the Shenzhen Stock Exchange issued a "Decision on Giving Notification and Criticism Punishments to Every Interaction Co., Ltd. and Related Parties," and gave Zhu Jianmin a notification and criticism punishment for the above-mentioned matters.

### 3. Emoluments of directors, supervisors and senior executives

Decision-making procedure, basis for determination and actual payment of emoluments of directors, supervisors and senior executives

Decision-making procedure: According to the standards stipulated by the Company's unified remuneration management system, the emoluments of the Company's directors, supervisors and senior executives are determined based on the result of the regular assessment under the Company's performance appraisal mechanism. The allowance standard for independent directors shall be deliberated and decided by the general meeting of shareholders.

Basis for determination: Emoluments of directors, supervisors and senior executives are determined based on the Company's results of operations and performance appraisal indicators.

Emoluments of directors, supervisors and senior executives during the reporting period

Unit: RMB 0,000 yuan

Name	Position	Gender	Age	Status	Total pre-tax emoluments received from the Company	Whether receive emoluments from related parties of the Company
Hu Baifan	Chairman	Male	61	Incumbent	468.77	No
Hu Baishan	Vice Chairman, President	Male	56	Incumbent	290.66	No
Shi Guanqun	Director, Vice President, CFO, Secretary of the Board	Male	52	Incumbent	183.64	No
Wang Xuewen	Director, Vice President	Male	54	Incumbent	165.26	No
Wang Zhengjiang	Director	Male	54	Incumbent	224.36	No
Zhou Guiyang	Director	Male	48	Incumbent	138.56	No
Yu Baijin	Director	Male	56	Incumbent	160.87	No
Huang Can	Independent Director	Male	44	Incumbent	10	No
Jin Zanfang	Independent Director	Female	47	Incumbent	10	No
Zhu Jianmin	Independent Director	Female	59	Incumbent	10	No
Ji Jianyang	Independent Director	Male	44	Incumbent	10	No
Shi Fangbin	Chairman of the Board of Supervisor	Female	47	Incumbent	0	Yes
Lu Guofeng	Supervisor	Male	51	Incumbent	272.59	No
Yu Hongwei	Supervisor	Male	52	Incumbent	121.08	No
Yan Hongyue	Supervisor	Male	53	Incumbent	112.98	No
Chen Zhaofeng	Supervisor	Male	46	Incumbent	69.12	No
Zheng Gentu Note	Vice President	Male	61	Leaving office	3.72	No
Total	--	--	--	--	2,251.61	--

Note: Vice President Zheng Gentu resigned on January 31, 2022.

## VI. Directors' performance of duties during the reporting period

### 1. Meetings of the Board of Directors during the reporting period

Session	Meeting date	Disclosure date	Resolutions
The tenth meeting of the eighth session of Board of Directors	4/13/2022	4/15/2022	18 proposals including the "Annual Work Report of the Board of Directors of 2021" were deliberated and approved. Please refer to Announcement No. 2022-010 disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details.
The eleventh meeting of the eighth session of Board of Directors	4/26/2022	N/A	The "First Quarterly Report of 2022" was deliberated and approved.
The twelfth meeting of the eighth session of Board of Directors	8/22/2022	8/24/2022	4 proposals including the "Semi-annual Report of Board of Directors of 2022 and Summary" were deliberated and approved. Please refer to Announcement No. 2022-035 disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details.
The thirteenth meeting of the eighth session of Board of Directors	10/25/2022	10/26/2022	2 proposals including the "Third Quarterly Report of 2022" were deliberated and approved. Please refer to Announcement No. 2022-041 disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details.
The fourteenth meeting of the eighth session of Board of Directors	10/31/2022	11/1/2022	"Proposal on the Extension of the Duration of the Third Employee Stock Ownership Plan" were deliberated and approved. Please refer to Announcement No. 2022-044 disclosed on

Session	Meeting date	Disclosure date	Resolutions
			<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> for details.

## 2. Directors' attendance at meetings of the Board of Directors and general meetings of shareholders

Directors' attendance at meetings of the Board of Directors and general meetings of shareholders							
Name of directors	Number of board meetings to be present during the reporting period	Number of board meetings attended on site	Number of board meetings attended through audio visual means	Number of board meetings attended by proxy	Number of absences from board meetings	Whether directors failed to attend two consecutive board meetings in person	Number of general meetings attended
Hu Baifan	5	5	0	0	0	No	1
Hu Baishan	5	5	0	0	0	No	1
Shi Guanqun	5	5	0	0	0	No	1
Wang Xuewen	5	3	2	0	0	No	1
Wang Zhengjiang	5	1	4	0	0	No	0
Zhou Guiyang	5	1	4	0	0	No	1
Yu Baijin	5	1	4	0	0	No	0
Huang Can	5	1	4	0	0	No	0
Jin Zanfang	5	1	4	0	0	No	0
Zhu Jianmin	5	1	4	0	0	No	1
Ji Jianyang	5	1	4	0	0	No	1

Remarks on failure to attend two consecutive board meetings in person

N/A

## 3. Directors' objections to relevant matters of the Company

Whether directors have raised objections to relevant matters of the Company

Yes  No

Directors have not raised any objections to relevant matters of the Company during the reporting period.

## 4. Other remarks on directors' performance of duties

Whether the directors' recommendation on the Company were adopted

Yes  No

Remarks on directors' recommendation on the Company adopted or not adopted

During the reporting period, the directors, in strict accordance with the "Articles of Association", "Rules of Procedures of the Board of Directors" and relevant laws and regulations, actively attended board meetings and general meetings, performed their duties with diligence, put forward relevant opinions on significant governance and operation decisions in accordance with the actual situation of the Company, formed unanimous opinions after full communication and discussion, and resolutely supervised and promoted the implementation of the resolutions made by the Board of Directors to ensure scientific, timely and efficient decision-making and safeguard the legitimate rights and interests of the Company and all shareholders.

## VII. Special committees under the Board of Directors during the reporting period

Name of committees	Members	Number of meetings held	Meeting date	Content of meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
The eighth session of Remuneration and Assessment Committee	Ji Jianyang, Hu Baishan, Huang Can, Zhu Jianmin, Shi Guanqun	1	4/1/2022	The "Compensation Plan of NHU Management Team for the Term 2021 to 2023" was deliberated and approved.			

Name of committees	Members	Number of meetings held	Meeting date	Content of meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
The eighth session of Audit Committee	Zhu Jianmin, Jin Zanfang, Shi Guanqun	4	4/1/2022	5 proposals including "Summary of Internal Audit for the Year 2022", were deliberated and approved.			
			4/20/2022	3 proposals including "Summary of Internal Audit for the First Quarter of 2022 and Work Plan for the Second Quarter of 2022" were deliberated and approved.			
			8/16/2022	3 proposals including "Summary of Internal Audit for the Half Year of 2022 and Work Plan for the Third Quarter of 2022" were deliberated and approved.			
			10/18/2022	3 proposals including "Summary of Internal Audit for the Third Quarter of 2022 and Work Plan for the Fourth Quarter of 2022" were deliberated and approved.			

## VIII. Work of the Board of Supervisors

Whether the Board of Supervisors found any risks in the Company during its supervisory activities in the reporting period

Yes  No

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

## IX. Employees

### 1. Number of employees, professional workforce and education level

Number of active employees of the parent company at the end of the reporting period	1,729
Number of active employees of major subsidiaries at the end of the reporting period	9,797
Total number of active employees at the end of the reporting period	11,526
Total number of employees receiving remuneration in the current period	11,526
Number of retired cadres and employees whose expenses borne by the parent company and major subsidiaries	0
Professional workforce	
Categories	Number
Production staff	7,679
Sales staff	162
Technical staff	2,629
Finance staff	99
Administrative staff	957
Total	11,526
Education level	
Categories	Number
Doctoral degree	77
Master's degree	1,006
Bachelor's degree	3,474
Associate degree	4,701
High school education, secondary vocational school education or below	2,268

Total	11,526
-------	--------

## 2. Remuneration policy

The Company formulates the “Remuneration Management System” in accordance with the “Labor Law of the People’s Republic of China” and relevant laws and regulations to provide competitive remunerations. A remuneration package is mainly composed of base salary, performance-based pay and benefits. The Company also offers employee incentives including incremental rewards, special contribution rewards, incentives during the tenure, and additional rewards for high performance beyond expectations. The Company pays five insurances and a housing fund, and continuously improves employee satisfaction and loyalty.

## 3. Training program

With the strategic goal of “building a highland of talents”, the Company takes supporting business development as the starting point and job-based talent standards as the direction to promote various types of talent training in an orderly manner. It launches leadership training courses for middle level, high level and grassroots management cadres to effectively improve the management ability and quality of management cadres. It also launches professional ability development classes related to equipment, HSE and R&D to strengthen technical staff skills. For new staff, the Company offers induction training to enhance their cultural identities and professional abilities. It organizes on-the-job training, skill level training, certification training for special equipment and special type of work to ensure that employees meet all regulations and skill requirements. The Company makes efforts to cultivate 5 types of talents: international talents, leadership talents, management talents, core technical talents and core skill talents. On the one hand, it further improves the development and utilization of internal lecturer resources and absorbs internal excellent experiences and practices for a better enterprise succession; On the other hand, it combines “inviting in” and “going out” to establish a cooperation mechanism for training talents at different levels and expand their thinking and vision through external training, exchange with advanced enterprises, study tours, etc. The Company aims to make each employee get the opportunity to learn and the platform to grow, so that they can fulfill themselves and achieve personal growth along with the Company. Talents are the most valuable, sustainable and competitive strategic resources of the Company.

## 4. Labor outsourcing

Applicable  Not applicable

## X. Profit distribution and conversion of capital reserve into share capital

Profit distribution policy during the reporting period, especially the establishment, implementation or adjustment of cash dividend policy

Applicable  Not applicable

The 2021 annual general meeting of shareholders held on May 10, 2022 reviewed and approved the Proposal on Profit Distribution Plan of 2021, which was implemented and completed on May 25, 2022. The Annual Equity Distribution Plan for 2021: Based on 2,562,562,984 shares (the total share capital of the company at that time, which was 2,578,394,760 shares, excluded 15,831,776 repurchased shares), distributed cash dividends of RMB 7 (tax included) per 10 shares to all shareholders, with a total cash distribution of RMB 1,793,794,088.80 (tax included), and distributed 2 shares per 10 shares by converting capital reserve to all shareholders, with a total of 512,512,596 shares added, after the increase, the total share capital amounted to 3,090,907,356 shares.

Special remarks on cash dividend policy	
Whether it complies with the Articles of Association or the resolution of the general meeting:	Yes
Whether the criteria and proportion of dividends are clear and unambiguous:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and responsibilities and played their due roles:	Yes



Whether small and medium-sized shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
In case of changes or adjustments of the cash dividend policy, whether the conditions and procedures are compliant and transparent:	N/A

The Company is profitable during the reporting period and the parent company's profit available for distribution is positive but no cash dividend distribution plan has been proposed

Applicable  Not applicable

Profit distribution and conversion of capital reserve into share capital during the reporting period

Applicable  Not applicable

Number of bonus shares for every 10 shares (shares)	0
Dividends for every 10 shares (yuan) (tax included)	5.00
Number of shares increased for every 10 shares (shares)	0
Equity base for distribution proposal (shares)	3,073,421,680
Amount of cash dividends (yuan) (tax included)	1,536,710,840
Amount of cash dividends by other methods (such as share repurchase) (yuan)	179,684,551.90
Total cash dividends (including those by other methods) (yuan)	1,716,395,391.90
Profit available for distribution (yuan)	5,489,904,970.92
Proportion of total cash dividends (including those by other methods) to total profit distribution	100%
Details on cash dividend	
If the Company is in growth stage and there are major capital expenditure arrangements, the proportion of cash dividends in this profit distribution shall be at least 20%.	
Details on proposals on profit distribution or conversion of capital reserve into share capital	
Profit distribution proposal deliberated and approved by the meeting of the Board of Directors is as follows: Based on the 3,073,421,680 shares (total share capital of 3,090,907,356 excluding 17,485,676 repurchased share), a cash dividend of 5 yuan (tax included) will be distributed to all shareholders for every 10 shares, and 0 bonus shares (tax included) will be distributed, and the capital reserve will not be converted into share capital.	
Note: According to the "Rules on Share Repurchase of Listed Companies", shares in the special account for repurchase of listed companies carry no right of profit distribution and conversion of capital reserve into share capital	
If the Company's total share capital was changed due to the conversion of convertible bonds into shares, share repurchase, equity incentive exercise, refinancing and issuing new shares to the public before the implementation of the distribution plan, the total distribution amount shall be adjusted with distribution proportion unchanged.	

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

Applicable  Not applicable

### 1. Equity incentive

Not applicable.

Equity incentives received by directors and senior executives of the Company

Applicable  Not applicable

Assessment mechanism and incentives for senior executives

Not applicable.

## 2. Implementation of employee stock ownership plans

Applicable  Not applicable

All active employee stock ownership plans during the reporting period

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

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to total share capital of the Company
Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Baijin, Shi Fangbin, Lyu Guofeng, Yu Hongwei, Yan Hongyue, Chen Zhaofeng, Zheng Gentu	Directors, supervisors and senior executives	1,334,431	1,601,317	0.05%

Changes in asset management agency during the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

Exercise of shareholders' rights during the reporting period

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

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

Applicable  Not applicable

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

Applicable  Not applicable

Pursuant to the second meeting of holders of the third phase of employee stock ownership plan in manner of voting by correspondence dated June 9, 2021, Mr. Qiu Jinzhao was elected as a member of the management committee of the third phase of employee stock ownership plan and together with Ms. Zhang Liying, Mr. Dong Xiaofang, Mr. Zhang Guangli and Ms. Zhang Lijin, who were elected at the first meeting of holders, formed the management committee, with the duration of such plan as the term of office.

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

Applicable  Not applicable

Termination of employee stock ownership plan during the reporting period

Applicable  Not applicable

Other remarks

1. On May 25, 2022, the Company implemented the annual equity distribution of 2021, and the shares held by the third phase of employee stock ownership plan were transferred from 10,131,522 shares to 12,157,826 shares after the transfer, with the proportion to total share capital of the Company unchanged.

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

### 3. Other employee incentive programs

Applicable  Not applicable

## XII. Construction and implementation of internal control system during the reporting period

### 1. Construction and implementation of internal control system

The Company has established a sound internal control system under continuous improvement and enhancement in accordance with the "Basic Standard for Enterprise Internal Control" and its accompanying guidelines to adapt to the dynamic external environment and internal management requirements. The Company's internal controls can cover the major aspects of operation and management, and the design of these controls is sound and reasonable. The internal controls are effectively executed and there is no material omission.

During the reporting period, the company revised and improved its internal management system based on the actual work situation and changes in the internal and external environment, including 18 new systems and 35 revised rules and regulations. Including "Carbon Emission Management Measures", "Channel Business Management Measures", "Product Pricing Management Measures," Bidding Management Measures, "Asset Management Basic System, Project Management System and Customer Management System, so as to improve the company's management and business processes, and further optimize the company's internal control management.

### 2. Details on material deficiencies in internal control identified during the reporting period

Yes  No

## XIII. Management control in subsidiaries during the reporting period

Name of subsidiaries	Integration plan	Progress of integration	Problems encountered in integration	Solutions adopted	Progress of solutions	Follow-up solutions
NHU/CHR.OLES EN LATIN AMERICA A/S	N/A	N/A	N/A	N/A	N/A	N/A
Wuniu (Shandong) Investment Co., Ltd	N/A	N/A	N/A	N/A	N/A	N/A

## IV. Internal control self-assessment report or auditor's report on internal control

### 1. Internal control self-assessment report

Date of report	April 21, 2023
Full text of report	Please refer to the "Internal Control Self-Assessment Report of 2022 of Zhejiang NHU Co., Ltd." disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on April 21, 2023 for details.
Proportion of the total assets of entities included in the assessment scope to the total assets in the Company's consolidated financial statements	100.00%
Proportion of the operating revenue of entities included in the assessment scope to the operating revenue in the Company's consolidated financial statements	100.00%

Criteria for identifying deficiencies		
Categories	Financial reporting	Non-financial reporting
Qualitative criteria	Indicators of material deficiencies in financial reporting include: 1) fraud by directors, supervisors and senior executives; 2) correction of published financial reports by the Company; 3) discovery by the auditor of a material misstatement in the current financial report that was not detected by internal control in the course of operation; and 4) ineffective monitoring of internal control by the Company. Indicators of significant deficiencies in financial reporting include: 1) failure to select and apply accounting policies in accordance with CASBEs; 2) failure to establish anti-fraud procedures and controls; and 3) individual or multiple deficiencies in the financial reporting process that, although not meeting the criteria for determining a significant deficiency, affect the objective of integrity and accuracy. General deficiencies in financial reporting are control deficiencies other than the above-mentioned material and significant deficiencies.	The following circumstances are identified as indicators of material deficiencies, while others are respectively identified as indicators of significant deficiencies or general deficiencies according to the degree of impact: 1) lack of democratic or scientific decision-making procedures, leading to decision-making errors; 2) violation of laws and regulations, such as environmental pollution, failure to report or disclose information in accordance with regulations; 3) loss of executives or technical personnel in key positions; 4) internal control evaluation stating that material or significant deficiencies have not been rectified; 5) lack of system control or systemic failure in important businesses.
Quantitative criteria	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the potential misstatement is less than 20% of the overall materiality.	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the potential misstatement is less than 20% of the overall materiality.
Number of material deficiencies in internal control over financial reporting		0
Number of material deficiencies in internal control over non-financial reporting		0
Number of significant deficiencies in internal control over financial reporting		0
Number of significant deficiencies in internal control over non-financial reporting		0

## 2. Auditor's report on internal control

√ Applicable □ Not applicable

Audit opinion paragraph in the internal control audit report	
In our opinion, Zhejiang NHU Co., Ltd maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, in accordance with the Basic Standard for Enterprise Internal Control and related regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of full text of internal control audit report	4/21/2023
Index of Full Text Disclosure of Internal Control Audit Report	For details, please refer to Juchao Information Website <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> "Internal Control Audit Report of Zhejiang NHU Co., Ltd.
Opinion Type of Internal Control Audit Report	Standard Unqualified Opinion

Whether there are major defects in the non-financial report	No
---	----

Whether the accounting firm has issued an internal control audit report with non-standard opinions

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the self-evaluation report of the board of directors

Yes  No

#### **XV. Self-examination and rectification concerning the special action of corporate governance**

Not applicable.

## Section V Environmental and Social Responsibilities

### I. Major environmental issues

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

Yes  No

### Environmental protection-related policies and industry standards

Regulations on the Management of Compensation for Ecological and Environmental Damage (Environmental Regulations [2022] No. 31)

Action Plan for the Treatment of New Pollutants (State Office [2022] No. 15)

Notice on Good Environmental Assessment of Major Investment Projects (EIA [2022] 39)

Notice on Further Promoting Work Related to the Informationization of Hazardous Waste Environmental Management (Environment Office Solid Letter [2022] No. 230)

Implementation Plan for Carbon Dumping in the Industrial Sector (MIIT Lianjie [2022] No. 88)

Implementation Plan for Harmless Treatment and Resourceful Utilization of Sludge (NDRC Environmental Resources [2022] No. 1453)

Special Plan for Scientific and Technological Innovation in the Field of Ecology and Environment in the Fourteenth Five-Year Plan" (National Science and Technology Development Society [2022] No. 238)

Action Plan for the Fight against Heavy Pollution Weather, Ozone Pollution Prevention and Control and Diesel Truck Pollution Control (Huan Atmosphere [2022] No. 68)

Notice on the Issuance of Principles for the Approval of Environmental Impact Assessment Documents for Construction Projects in Four Industries: Steel/Coking, Modern Coal Chemicals, Petrochemicals, and Thermal Power (Huanban EIA [2022] No. 31)

Notice on Further Strengthening the Safety of Environmental Protection Equipment and Facilities" (Commission Office Mingdian [2022] No. 17)

Measures for Supervising the Ecological Environment of the Ecological Protection Red Line (for Trial Implementation) (State Environmental Regulations and Ecology [2022] No. 2)

### Environmental impact assessment (EIA) of construction projects and other administrative permits for environmental protection

On January 11, 2022, Zhejiang NHU Pharmaceutical Co., Ltd. obtained approval for the "taurine project" with the document numbered Shao Shi Huan Shen [2022] No.2.

On February 25, 2022, Zhejiang NHU Pharmaceutical Co., Ltd., Ltd. "The Project of Caronic Anhydride and Azabicyclic Acid" has been put on record, with the document number of Yu Huan Jian Bei [2022] No.7.

On May 6, 2022, the environmental of Shandong NHU Vitamins Co., Ltd. independent acceptance was completed.

On June 9, 2022, Shandong NHU Amino-acids Co., Ltd. obtained the approval of the environmental impact report for the methionine (Phase II) project, Weihuan Shen Zi [2022] No. B40.

On June 13, 2022 and December 6, 2022, Shangyu NHU Bio-Chem Co., Ltd., passed the record for the projects of nutrition, intermediate technology transformation and green deep processing. Document No. Yu Huan Jian Bei [2022] No.20 and No. Yu Huan Jian Bei [2022] No.51.

On June 23, 2022, Shandong NHU Pharmaceutical Co., Ltd., Ltd. passed the environmental impact report of the 13,000t/a synthetic spice expansion and technical transformation project, with the document number of Weihuan Shen Zi (2022) No. B44.

On October 12 2022, Shandong NHU Pharmaceutical Co., Ltd. has passed the environmental impact report of the technical transformation project of expanding the production of synthetic spices and intermediates with an annual output of 301000 tons, with the document number of Weihuan Shen Zi [2022] No. B68.

On December 19, 2022, Shandong NHU Amino-acids Co., The Methionine Integrated Research and Development Test Platform Project has obtained the approval of the Environmental Impact Report (Weihuan Shen Zi [2022] No. B92)

### Industry emission standards and the specific circumstances of pollutant emissions involved in production and operation activities

Name	Name of main pollutants and pollutant characteristics <sup>1</sup>	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
The Company	COD	Sewer connection	1	Plant area	126mg/L	500mg/L	19.67t	≤189.5t/a	No
The Company	NH3-N	Sewer connection	1	Plant area	4.0 mg/L	35 mg/L	0.66t	≤13.28t/a	No
The Company	SO <sub>2</sub>	Filtered discharge	1	Plant area	19mg/m <sup>3</sup>	50mg/ m <sup>3</sup>	0.17t	≤8.612 t/a	No
The Company	NOx	Filtered discharge	1	Plant area	33mg/ m <sup>3</sup>	50mg/ m <sup>3</sup>	0.61t	≤28t/a	No
Shangyu NHU Bio-ChemCo., Ltd.	COD	Sewer connection	1	Plant area	264 mg/L	500 mg/L	259.305t	≤447.4 t/a	No
Shangyu NHU Bio-ChemCo., Ltd.	NH3-N	Sewer connection	1	Plant area	12.69 mg/L	35 mg/L	12.741t	≤31.318 t/a	No
Shangyu NHU Bio-ChemCo., Ltd.	TN	Sewer connection	1	Plant area	22.687 mg/L	70 mg/L	22.071t	≤62.637 t/a	No
Shangyu NHU Bio-ChemCo., Ltd.	VOC	Filtered discharge	1	Plant area	4.743mg/m <sup>3</sup>	100mg/m <sup>3</sup>	2.604t	≤217.182 t/a	No
Shangyu NHU Bio-ChemCo., Ltd.	NOx	Filtered discharge	1	Plant area	6.362mg/m <sup>3</sup>	100mg/m <sup>3</sup>	2.301t	≤12.96 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	COD	Sewer connection	1	Plant area	264 mg/L	500 mg/L	169.667t	≤382.37 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NH3-N	Sewer connection	1	Plant area	12.69 mg/L	35 mg/L	8.338t	≤26.766 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	TN	Sewer connection	1	Plant area	22.687 mg/L	70 mg/L	14.442t	≤53.532 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	VOC	Filtered discharge	1	Plant area	4.36mg/m <sup>3</sup>	100mg/m <sup>3</sup>	0.587t	≤121.833 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	VOC	Filtered discharge	1	Plant area	0.405mg/m <sup>3</sup>	100mg/m <sup>3</sup>	0.184t	≤1.069 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	1	Plant area	4.14mg/m <sup>3</sup>	200mg/m <sup>3</sup>	0.511t	≤19.8 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	1	Plant area	62.965mg/m <sup>3</sup>	300mg/m <sup>3</sup>	27.861t	≤28.08 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	1	Plant area	27.86mg/m <sup>3</sup>	150mg/m <sup>3</sup>	1.772t	≤8.44 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	3.27mg/m <sup>3</sup>	100mg/m <sup>3</sup>	1.412t	≤37.94 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	7.531mg/m <sup>3</sup>	50mg/m <sup>3</sup>	0.479t	≤10.905 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	3.061mg/m <sup>3</sup>	20mg/m <sup>3</sup>	0.229t	≤5.174 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	5.203mg/m <sup>3</sup>	30mg/m <sup>3</sup>	1.527t	≤8.42 t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	3.333mg/m <sup>3</sup>	20mg/m <sup>3</sup>	0.212t	≤5.626 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	PM	Filtered discharge	1	Plant area	2.4mg/m <sup>3</sup>	5 mg/m <sup>3</sup>	0.1912t	≤17.73 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	PM	Filtered discharge	1	Plant area	2.8mg/m <sup>3</sup>	20 mg/m <sup>3</sup>	0.5411t	≤17.73 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	PM	Filtered discharge	1	Plant area	8.22mg/m <sup>3</sup>	20 mg/m <sup>3</sup>	0.1309t	≤17.73 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	2.7mg/m <sup>3</sup>	35mg/m <sup>3</sup>	0.1801t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	6.3mg/m <sup>3</sup>	50mg/m <sup>3</sup>	1.7083t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	33.7mg/m <sup>3</sup>	50mg/m <sup>3</sup>	0.5464t	≤67.92t/a	No

<sup>1</sup> COD, NH3-N, SO<sub>2</sub>, NOx, TN, VOC, PM and TP stand for chemical oxygen demand, ammonia nitrogen, sulfur dioxide, nitrogen oxides, total nitrogen, volatile organic compound, particulate matter and total phosphorus, respectively.

Name	Name of main pollutants and pollutant characteristics <sup>1</sup>	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Zhejiang NHU Special Materials Co., Ltd.	NOx	Filtered discharge	1	Plant area	8.4mg/m <sup>3</sup>	50 mg/m <sup>3</sup>	0.4426 t	≤83.28 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	NOx	Filtered discharge	1	Plant area	22.3mg/m <sup>3</sup>	100mg/m <sup>3</sup>	3.6814 t	≤83.28 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	NOx	Filtered discharge	1	Plant area	29.2mg/m <sup>3</sup>	150 mg/m <sup>3</sup>	0.3905t	≤83.28 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	VOC	Filtered discharge	2	Plant area	7.93mg/m <sup>3</sup>	60 mg/m <sup>3</sup>	2.2784t	≤69.72 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	COD	Sewer connection	1	Plant area	264mg/L	500 mg/L	96.149t	≤182.1 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	NH3-N	Sewer connection	1	Plant area	12.69mg/L	35 mg/L	4.622t	≤12.747 t/a	No
Zhejiang NHU Special Materials Co., Ltd.	TN	Sewer connection	1	Plant area	22.687mg/L	70 mg/L	8.263t	≤25.494 t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	5	Plant area	2.44mg/m <sup>3</sup>	10 mg/m <sup>3</sup>	1.303t	≤5.761t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	SO <sub>2</sub>	Filtered discharge	4	Plant area	3.33mg/m <sup>3</sup>	50 mg/m <sup>3</sup>	0.668t	≤4.006t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	5	Plant area	36.4mg/m <sup>3</sup>	100 mg/m <sup>3</sup>	23.936t	≤75.513t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	VOC	Filtered discharge	3	Plant area	20.3mg/m <sup>3</sup>	60 mg/m <sup>3</sup>	3.8t	≤28.481t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	COD	Sewer connection	1	Plant area	509mg/L	1000mg/L	204t	≤598.22t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	NH3-N	Sewer connection	1	Plant area	18.9mg/L	100mg/L	7.39t	≤59.82 t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	TN	Sewer connection	1	Plant area	40.6mg/L	120mg/L	16.6t	≤65.64 t/a	No
Shandong NHU Amino-acids Co., Ltd.	SO <sub>2</sub>	Filtered discharge	4	Plant area	30.9	50 mg/m <sup>3</sup>	7.24t	≤92.59 t/a	No
Shandong NHU Amino-acids Co., Ltd.	NOx	Filtered discharge	3	Plant area	86.5	100 mg/m <sup>3</sup>	96.67t	≤230.77 t/a	No
Shandong NHU Amino-acids Co., Ltd.	PM	Filtered discharge	5	Plant area	9.8	10 mg/m <sup>3</sup>	2.01t	≤21.19 t/a	No
Shandong NHU Amino-acids Co., Ltd.	VOC	Filtered discharge	4	Plant area	29.4	60 mg/m <sup>3</sup>	40.26t	≤123.27 t/a	No
Shandong NHU Amino-acids Co., Ltd.	COD	Sewer connection	1	Plant area	358	1000 mg/L	137.85t	≤592.22 t/a	No
Shandong NHU Amino-acids Co., Ltd.	NH3-N	Sewer connection	1	Plant area	57.7	100 mg/L	4.26t	≤59.222t/a	No
Shandong NHU Amino-acids Co., Ltd.	TN	Sewer connection	1	Plant area	109	120 mg/L	22t	≤70.38t/a	No
Shandong NHU Vitamins Co., Ltd.	VOC	Organized	4	Plant area	1.4 mg/m <sup>3</sup>	60 mg/m <sup>3</sup>	2.14t	≤112.31 t/a	No
Shandong NHU Vitamins Co., Ltd.	SO <sub>2</sub>	Organized	3	Plant area	9 mg/m <sup>3</sup>	50 mg/m <sup>3</sup>	3.23t	≤21.14 t/a	No
Shandong NHU Vitamins Co., Ltd.	NOx	Organized	4	Plant area	45 mg/m <sup>3</sup>	100 mg/m <sup>3</sup>	11.19t	≤65.27 t/a	No
Shandong NHU Vitamins Co., Ltd.	PM	Organized	5	Plant area	2 mg/m <sup>3</sup>	10 mg/m <sup>3</sup>	1.27t	≤4.8 t/a	No
Shandong NHU Vitamins Co., Ltd.	COD	Sewer connection	1	Plant area	325 mg/L	2000 mg/L	109.1t	≤1189.64 t/a	No
Shandong NHU Vitamins Co., Ltd.	NH3-N	Sewer connection	1	Plant area	15.2 mg/L	100 mg/L	2.41t	≤59.49 t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	1	Plant area	6.92mg/ m <sup>3</sup>	30mg/m <sup>3</sup>	2.60t	≤34.8624t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	1	Plant area	6.29mg/ m <sup>3</sup>	30mg/m <sup>3</sup>	0.035t	≤34.8624t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	1	Plant area	10.97mg/ m <sup>3</sup>	30mg/m <sup>3</sup>	3.05t	≤34.8624t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	NOx	Filtered discharge	1	Plant area	96.65mg/ m <sup>3</sup>	200mg/m <sup>3</sup>	37.23t	≤121.32t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	NOx	Filtered discharge	1	Plant area	62.76mg/ m <sup>3</sup>	250mg/ m <sup>3</sup>	0.40t	≤121.32t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	93.61mg/ m <sup>3</sup>	200mg/ m <sup>3</sup>	33.75t	≤117.216t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	SO <sub>2</sub>	Filtered discharge	1	Plant area	10.71mg/ m <sup>3</sup>	200mg/ m <sup>3</sup>	0.040t	≤117.216t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	VOC	Filtered discharge	1	Plant area	13.52mg/ m <sup>3</sup>	150mg/ m <sup>3</sup>	4.86t	≤162t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	VOC	Filtered discharge	1	Plant area	2.39mg/ m <sup>3</sup>	150mg/ m <sup>3</sup>	0.65t	≤162t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	COD	Sewer connection	1	Plant area	179.275mg/ m <sup>3</sup>	350 mg/L	834.41t	/	No
Heilongjiang NHU Biotechnology Co., Ltd.	NH3-N	Sewer connection	1	Plant area	1.58mg/ m <sup>3</sup>	35 mg/ m <sup>3</sup>	7.81t	/	No
Heilongjiang NHU Biotechnology Co., Ltd.	TP	Sewer connection	1	Plant area	1.735mg/ m <sup>3</sup>	6 mg/L	8.24t	/	No



## Construction and operation of pollution prevention and control facilities

The Company has established the environmental protection concept of green development: 1. Introducing the concept of green chemistry, developing and producing products that are more environment-friendly. 2. Transferring from support-orientation to responsibility-orientation, to conduct source reduction, process control and end-of-pipe treatment properly. 3. Pursuing reduction, recycling and harmlessness to create ecological factories, and realize the harmonious development of man and nature.

**Wastewater treatment:** The Company has a complete sewage treatment system, with a wastewater collection system for production sewage, domestic sewage, initial rainwater and accident water to separate the clean water and rainwater from the sewage. The waste pool is sealed with a cover, and all the waste gases are effectively collected and eventually incinerated, which effectively reduces the emission of waste gas. In 2022, the capacity of the sewage station will be upgraded, and the treatment capacity of the sewage station will be increased by 10%.

**Waste gas treatment:** The Company adopts the self-developed nitrogen sealing system to effectively reduce the waste gas emission; it uses different pretreatment technologies according to the composition and nature of different waste gases, and introduces advanced foreign waste gas treatment devices to strengthen its waste gas treatment capacity. The Company carries out regular waste gas leak detection and repair (LDAR) every year to effectively supervise and reduce unorganized waste gases. In 2021, The Company actively upgrades coal-fired thermal oil furnaces via the “coal to gas” conversion, introduces natural gas boilers, carries out low-NO<sub>x</sub> transformation, and adds SNCR denitrification facilities to the terminal to actively carry out NO<sub>x</sub> treatment. In 2022, the company began to implement the construction of odor-free factories, comprehensively carry out waste gas treatment, and solve the problem of odor at the factory boundary.

**Solid waste disposal:** the company has built a standardized hazardous waste temporary storage warehouse and a hazardous waste incineration device, and the company basically disposes of hazardous wastes by itself. Outsourced solid wastes shall be transferred in strict accordance with the requirements of the Management Measures for Five Forms of Hazardous Waste Transfer, and shall be entrusted to qualified units for disposal.

**Noise prevention and control:** The Company chooses low-noise equipment, and adopts the noise reduction measures of foundation damping for the equipment that does not need to be fixed. In addition to taking foundation damping for air compressors, blowers and various pumps, the Company also installs additional soundproof covers around the noise sources for sound insulation.

**Emergency management:** The Company installs online waste gas monitors around the plant boundary to monitor the environment of the plant boundary in real time. It introduces VOC online monitors to monitor the gas emission data in real time and uploads the detection data to the monitoring platform. It monitors the waste water emission index in real time by waste water online monitoring system of “one enterprise one pipe” and upload it to the Bureau of Ecology and Environment. It introduces domestic first-class elevated flare technology to specifically deal with abnormal waste gas in the production process. It also introduces domestic first-class leak stoppage technology under pressure to reduce the abnormal leakage of pipelines, valves, flanges and tanks to the minimum, thus reducing the environmental impact caused by a large number of leaks.

## Environmental self-monitoring program

Applicable  Not applicable

The company has good pollutant emission monitoring and management ability and can timely inform the environmental protection administrative department and the public of the monitoring information. The company has developed relevant self-test plans, which cover the indicators of the company's organized waste gas, unorganized waste gas and groundwater. At the same time, a third-party testing company is entrusted to carry out regular monitoring.

The company implements environmental information disclosure in strict accordance with the national, provincial, municipal and county requirements on enterprise environmental information disclosure. Each subsidiary has made enterprise environmental protection

information public on platforms such as the environmental information management system of provincial and municipal key pollutant discharge units.

### Environmental emergency response plan

Applicable  Not applicable

The Company has completed the preparation and expert review of the environmental contingency plan of Tashan and Meizhu factories, and has completed the filing in June 2022, with the filing number: Tashan: 330624-2022-35-M, Meizhu: 330624-2022-36-L..

On October 28, 2022, Shangyu NHU Bio-Chem Co., Ltd. has completed the contingency plan filing documents for environmental emergencies, with the filing number of 330604-2022-102-H.

On October 28, 2022, Zhejiang NHU Pharmaceutical Co., Ltd. has completed the contingency plan filing documents for environmental emergencies, with the filing number of 330604-2022-101-H.

Zhejiang NHU special materials Co., Ltd. formulated the emergency plan for environmental emergencies of Zhejiang NHU special materials Co., Ltd. in accordance with the administrative measures for the filing of emergency plans for environmental emergencies of enterprises and institutions (for Trial Implementation) issued by the state and the actual situation of the company, and reported it to the Shangyu branch of Shaoxing Ecological Environment Bureau in June 2022 for filing. with the filing number of 330604-2022-054-H.

On May 25, 2022, Shandong NHU amino acid Co., Ltd. reapplied for the emergency plan for environmental emergencies.

Heilongjiang NHU Biotechnology Co., Ltd. completed the revision of the “Environmental Emergency Response Plan of Heilongjiang NHU Biotechnology Co., Ltd.” according to the construction and commissioning of new projects in a timely manner, and filed and submitted to Suihua Bureau of Ecology and Environment in August 2022.

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

During the reporting period, the company invested RMB 528.35 million in environmental protection treatment and paid environmental protection tax of RMB 1.55 million .

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

Applicable  Not applicable

In the research and development of new products, the carbon emission of 10,000 yuan output value is taken as an important indicator for the process route and environmental feasibility assessment of new products. The green development technology is applied in the research and development of new products to improve the atomic utilization rate and reduce the carbon emission generated by the consumption of raw materials from the source.

### Administrative penalties for environmental problems during the reporting period

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

### Other environmental information that should be disclosed

None.

### Other information related to environmental protection

None.

## **II. Social responsibilities**

Please refer to the announcement disclosed on <http://www.cninfo.com.cn> on April 21, 2023 for the full text of the “Social Responsibility Report of 2022”.

## **III. Details on consolidating poverty alleviation achievements and promoting rural vitalization**

None.

## Section VI Significant Events

### I. Commitment performance

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

√ Applicable □ Not Applicable

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
Commitments to shares reform	None	None	None	None	None	None
Commitments made in reports on acquisition and changes in equity	None	None	None	None	None	None
Commitments made in asset restructuring	None	None	None	None	None	None
Commitments made in IPO or refinancing	NHU Holding Group Co., Ltd. and Zhang Pingyi, Shi Cheng, Yuan Yizhong, Hu Baishan, Shi Guanqun, Wang Xuewen, Cui Xinrong, Wang Xulin	Commitments on horizontal competition, related party transactions and occupation of funds	The signing of “Commitment on No Engagement in Horizontal Competition” and commitments on no engagement in business activities result in horizontal competition with operations of the Company after listing	June 25, 2004	Long-term	Strictly performed
	Hu Baifan; Hu Baishan; Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The Company’s directors, senior executives committed to perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and shareholders, and make the following commitments in accordance with the relevant provisions of the CSRC for the full performance of measures on filling immediate returns: 1. not to transfer benefits to other entities or individuals without compensation or on unfair terms, and not to use other means to harm benefits of the Company; 2. to impose restrictions on duty consumption of member of the Board of Directors and senior executives; 3. not to use assets of the Company to engage in investment or consumption activities not related to duty performance; 4. to link remuneration system formulated by the	January 12, 2017	Long-term	Strictly performed

			Board of Directors or remuneration committee to the implementation of measures on filling immediate returns; 5. to link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to interfere in the Company's business and management activities in excess of authority; not to encroach on benefits of the Company; to perform measures on filling immediate returns in a practical way.	January 12, 2017	Long-term	Strictly performed
Commitments to equity incentive	None	None	None	None	None	None
Other commitments to small and medium-sized shareholders of the Company	None	None	None	None	None	None
Other commitments to minority shareholders of the Company	NHU Holding Group Co., Ltd.	Share increase commitment	During the period of increasing the shares of the company and within the legal period, NHU Holding Group Co., Ltd. will not reduce the shares of the company and will complete the increase plan within the above implementation period.	May 18, 2022	6 months	Strictly performed
Whether commitments are performed on time	Yes					
If commitment performance is not fulfilled on time, please explain detailed reasons for it and the next work plans.						Not applicable

**2. Realization of profit forecasts for the Company's assets or projects and its reasons if there are profit forecasts for assets or projects and the reporting period is still in the profit forecast period**

Applicable  Not Applicable

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

Applicable  Not Applicable

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

**III. Illegal external guarantees**

Applicable  Not Applicable

There is no illegal external guarantee during the reporting period.

**IV. Explanations by the Board of Directors on the latest “Modified Auditor’s Report”**

Applicable  Not Applicable

**V. Statements by the Board of Directors, the Board of Supervisors and independent directors (if applicable) on the “Modified Auditor’s Report” issued by the accounting firm during the reporting period**

Applicable  Not Applicable

**VI. Changes of accounting policies and estimates or significant accounting error correction compared to the financial reports in the previous year**

Applicable  Not Applicable

**VII. Changes in the scope of consolidated financial statements compared to the financial reports in the previous year**

Applicable  Not Applicable

**VIII. Engagement and dismissal of accounting firms**

Domestic accounting firms engaged currently

Name	Pan-China Certified Public Accountants LLP
Remuneration (thousand yuan)	2,100.00 (tax included)
Continuous years for audit services	22 years
Certified Public Accountants	Teng Peibin, Jan Yanhui
Certified Public Accountants’ continuous years for audit services	3 years for Teng Peibin and 1 year for Jan Yanhui

Whether to engage another accounting firm instead in the current period

Yes  No

Engagement of accounting firms, financial advisors or sponsors for audit of internal controls

Applicable  Not Applicable

**IX. Delisting after disclosure of the annual report**

Applicable  Not Applicable

**X. Matters related to bankruptcy and restructuring**

Applicable  Not Applicable

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

## **XI. Significant lawsuits and arbitration**

Applicable  Not Applicable

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

## **XII. Penalties and rectification**

Applicable  Not Applicable

## **XIII. Integrity of the Company, its controlling shareholders and the actual controller**

Applicable  Not Applicable

## **XIV. Significant related party transactions**

### **1. Related party transactions relevant to daily operations**

Applicable  Not Applicable

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

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

Applicable  Not Applicable

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

### **3. Related party transactions in joint external investments**

Applicable  Not Applicable

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

### **4. Related party creditor's rights and debts**

Applicable  Not Applicable

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

### **5. Transactions with related financial companies**

Applicable  Not Applicable

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

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

Applicable  Not Applicable

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

### **7. Other significant related party transactions**

Applicable  Not Applicable

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

## XV. Significant contracts and performance

### 1. Matters of trusteeship, contracting and leases

#### (1) Trusteeship

Applicable  Not Applicable

There is no trusteeship during the reporting period.

#### (2) Contracting

Applicable  Not Applicable

There is no contracting during the reporting period.

#### (3) Leases

Applicable  Not Applicable

There is no lease during the reporting period.

### 2. Significant guarantees

Applicable  Not Applicable

Unit: RMB 0,000 yuan

External guarantees by the Company and its subsidiaries to third parties (guarantees to subsidiaries are excluded)										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Total amount of guarantees approved during the reporting period (A1)				0	Total amount actually guaranteed during the reporting period (A2)			0		
Total amount of guarantees approved at the end of the reporting period (A3)				0	Total amount actually guaranteed at the end of the reporting period (A4)			0		
The Company's guarantees to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Heilongjiang NHU Biotechnology Co., Ltd.	12/28/2018	200,000	6/24/2019	200,000	Joint and several liability guarantee			6/24/2019--12/31/2023	No	No
Shandong NHU Vitamins Co., Ltd.	12/28/2018	90,000	11/29/2019	50,000	Joint and several liability guarantee			11/29/2019--12/21/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/22/2020	120,000	9/7/2020	55,716.80	Joint and several liability guarantee			9/7/2020--9/7/2023	No	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	5/22/2020	50,000	3/24/2021	50,000	Joint and several liability guarantee			3/24/2021--12/25/2025	No	No



NHU (Hong Kong) Trading Co., Ltd.	4/22/2021	120,000	6/18/2021	7,422.87	Joint and several liability guarantee			6/18/2021--6/17/2022	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	4/22/2021	120,000	7/16/2021	7,422.87	Joint and several liability guarantee			7/16/2021--7/14/2022	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	6/17/2022	7,422.87	Joint and several liability guarantee			6/17/2022--6/18/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	7/14/2022	7,422.87	Joint and several liability guarantee			7/14/2022--7/14/2023	No	Yes
Heilongjiang NHU Biotechnology Co., Ltd.	4/22/2021	40,000	8/26/2021	37,000	Joint and several liability guarantee			8/26/2021--12/21/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/22/2021	120,000	9/8/2021	85.49	Joint and several liability guarantee			9/8/2021--1/30/2022	Yes	No
Zhejiang NHU Imports & Exports Co., Ltd.	4/22/2021	10,000	9/22/2021	10,000	Joint and several liability guarantee			9/22/2021--5/31/2022	Yes	No
Zhejiang NHU Imports & Exports Co., Ltd.	5/11/2022	15,000	5/31/2022	15,000	Joint and several liability guarantee			5/31/2022--5/30/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/22/2021	120,000	12/9/2021	66.34	Joint and several liability guarantee			12/9/2021--5/30/2022	Yes	No
NHU Vitamins Co., Ltd.	4/22/2021	40,000	12/16/2021	29,000	Joint and several liability guarantee			12/16/2021--12/25/2026	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/22/2021	120,000	3/28/2022	37.35	Joint and several liability guarantee			3/28/2022--9/8/2022	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	5/27/2022	101.26	Joint and several liability guarantee			5/27/2022--11/1/2022	Yes	No
Zhejiang NHU Pharmaceutical Co., Ltd	5/11/2022	60,000	6/24/2022	55,000	Joint and several liability guarantee			6/24/2022--6/23/2027	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	5/10/2022	5,571.68	Joint and several liability guarantee			5/10/2022--5/10/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	8/2/2022	4.53	Joint and several liability guarantee			8/2/2022--2/1/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	9/2/2022	102.13	Joint and several liability guarantee			9/2/2022--5/1/2023	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	11/3/2022	8.22	Joint and several liability			11/3/2022--6/1/2023	No	No

					guarantee					
NHU (Hong Kong) Trading Co., Ltd.	5/11/2022	130,000	12/15/2022	24.15	Joint and several liability guarantee			12/15/2022--8/1/2023	No	No
Xinchang NHU Vitamins Co.	5/11/2022	20,000	10/14/2022	18,000.00	Joint and several liability guarantee			14/10/2022--14/10/2027	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)		225,000		Total amount actually guaranteed for subsidiaries during the reporting period (B2)				108,695.06		
Total amount of guarantees approved for subsidiaries at the end of the reporting period (B3)		646,716.80		Total amount actually guaranteed for subsidiaries at the end of the reporting period (B4)				530,273.25		
Guarantees by subsidiaries to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Amount actually guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Total amount of guarantees approved for subsidiaries during the reporting period (C1)				Total amount actually guaranteed for subsidiaries during the reporting period (C2)						
Total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)				Total amount actually guaranteed for subsidiaries at the end of the reporting period (C4)						
Total amount guaranteed by the Company (namely sum of the above three items)										
Total amount of guarantees approved during the reporting period (A1+B1+C1)		225,000		Total amount actually guaranteed during the reporting period (A2+B2+C2)				108,695.06		
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)		646,716.80		Total amount actually guaranteed at the end of the reporting period (A4+B4+C4)				530,273.25		
Proportion of the amount actually guaranteed (A4+B4+C4) to net assets of the Company								22.49%		
Including:										
Balance of guarantees for shareholders, the actual controller and its related parties (D)								0		
Balance of debt guarantee directly or indirectly for guaranteed parties with debt to asset ratio exceeding 70% (E)								349,000.00		
The amount of the total amount guaranteed exceeding 50% of net assets (F)								0		
Total amount guaranteed of three items above (D+E+F)								349,000.00		
Remarks on unexpired guarantee contracts with guarantee liabilities incurred or evidence indicating the possibility of undertaking joint liquidation liabilities during the reporting period (if applicable)								No		
Remarks on external guarantee in violation of provisions (if applicable)								No		

### 3. Entrusted cash assets management

#### (1) Entrusted financing

√ Applicable □ Not Applicable

Entrusted financing during the reporting period

Unit: RMB 0,000 yuan

Types	Source of entrusted funds	Entrusted amount	Unexpired balance	Amount overdue and not recovered	Impairment amount accrued for financial products overdue and not recovered
Bank financial products	Raised funds	275,000.00	72,000.00	0	0
Total		275,000.00	72,000.00	0	0

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

Applicable  Not Applicable

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

Applicable  Not Applicable

## (2) Entrusted loans

Applicable  Not Applicable

There is no entrusted loan during the reporting period.

## 4. Other significant contracts

Applicable  Not Applicable

There is no other significant contract during the reporting period.

## XVI. Other significant events

Applicable  Not Applicable

### 1. Progress of repurchasing company shares

Please refer to item IV. Actual implementation of share repurchase during the reporting period under Section VII Movements in Shares and Conditions of Shareholders for details.

### 2. Progress of the Third Employee Stock Ownership Plan

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

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

### 3. Progress of shareholding increase by controlling shareholders

Based on the confidence in the sustainable and stable development of the company in the future and the recognition of the company's value, and to enhance investors' confidence, the controlling shareholder of the company, NHU Holding Group Co., Ltd plans to increase its holdings of the company's shares in the next six months through the ways allowed by the trading system of Shenzhen Stock Exchange (including but not limited to centralized bidding, block trading, etc.), and the amount of shares to be increased is not less than RMB 300 mn and not more than RMB 600 mn. There is no price range in this shareholding increase plan, and the shareholding increase plan will be gradually implemented according to the fluctuation of the company's stock price and the overall trend of the capital market. As of November 18, 2022, NHU Holding Group has accumulatively increased 19,078,152 shares of the company's stock through centralized bidding in the Shenzhen Stock Exchange system, accounting for 387,514,579.35 yuan (excluding transaction costs) and 0.62% of the company's total share capital, the implementation of the shareholding increase plan was completed. For more details, please refer to *Announcement on the results of the implementation of the controlling shareholder's increase in the company's shares (2022-046)* published at November 19, 2022 on the company's designated information disclosure media and cinfo (<http://www.cninfo.com.cn>).

### 4. Progress of Investment Project with Raised Funds

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

For 2022, the actual use of the raised funds was RMB 1,690.75mn, and the accumulated investment of the raised funds project was RMB 3,778.20mn. By December 31, 2022, the balance of raised funds was RMB 1,807.81 mn (including financial products and structured deposits, the net amount of interest on cash in bank less handling charges, gains on financial products and structured deposits received on an accumulated basis).

## XVII. Significant events of subsidiaries of the Company

Applicable  Not Applicable

## Section VII Movements in Shares and Conditions of Shareholders

### I. Movements in shares

#### 1. Details

Unit: Share

Items	Before		Movements					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	Quantity	% to total
I. Restricted shares	30,311,835	1.18%			6,062,367		6,062,367	36,374,202	1.18%
1. Held by other domestic parties	30,311,835	1.18%			6,062,367		6,062,367	36,374,202	1.18%
Including: Held by domestic natural persons	30,311,835	1.18%			6,062,367		6,062,367	36,374,202	1.18%
II. Unrestricted shares	2,548,082,925	98.82%			506,450,229		506,450,229	3,054,533,154	98.82%
1. RMB ordinary shares	2,548,082,925	98.82%			506,450,229		506,450,229	3,054,533,154	98.82%
III. Total	2,578,394,760	100.00%			512,512,596		512,512,596	3,090,907,356	100.00%

Reason for movements

√ Applicable  Not Applicable

The 2021 annual general meeting of shareholders held on May 10, 2022 reviewed and approved the Proposal on Profit Distribution Plan of 2021, which was implemented and completed on May 25, 2022. The Annual Equity Distribution Plan for 2021: Based on 2,562,562,984 shares (the total share capital of the company at that time, which was 2,578,394,760 shares, excluded 15,831,776 repurchased shares), distributed cash dividends of RMB 7 (tax included) per 10 shares to all shareholders, with a total cash distribution of RMB 1,793,794,088.80 (tax included), and distributed 2 shares per 10 shares by converting capital reserve to all shareholders, with a total of 512,512,596 shares added, after the increase, the total share capital amounted to 3,090,907,356 shares.

Approval on movements in shares

√ Applicable  Not Applicable

Please refer to “Reason for movements” under the item “I. Movements in shares” in “Section VII Movements in Shares and Conditions of Shareholders” for details.

Transfer of shares

 Applicable  Not Applicable

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

√ Applicable  Not Applicable

Please refer to item “VI. Key accounting data and financial indicators” under “Section II Company Profile and Key Financial Indicators” for details.

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

 Applicable  Not applicable

#### 2. Movement in restricted shares

√ Applicable  Not applicable

Unit: Share

Shareholders	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the current period	Number of restricted shares increased during the current period	Number of restricted shares at the end of the period	Reason for restriction	Date of unlocking
Hu Baifan	8,701,873	1,740,375		10,442,248	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Hu Baishan	9,122,455	1,824,491		10,946,946	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Shi Guanqun	6,548,649	1,309,730		7,858,379	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Wang Xuewen	5,548,707	1,109,741		6,658,448	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Wang Zhengjiang	286,875	57,375		344,250	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Zhou Guiyang	103,276	20,655		123,931	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Total	30,311,835	6,062,367	0	36,374,202	--	--

## II. Issuance and listing of securities

### 1. Issuance of securities (preferred shares excluded) within the reporting period

Applicable  Not Applicable

### 2. Movements in total shares of the Company and structure of shareholders, movements in structure of assets and liabilities of the Company

Applicable  Not Applicable

Please refer to item "IV. Actual implementation of share repurchase during the reporting period" under "Section VII Movements in Shares and Conditions of Shareholders" for details.

### 3. Existing shares held by internal employees

Applicable  Not Applicable

## III. Shareholders and actual controllers

### 1. Number of shareholders of the Company and their shareholding conditions

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period	109,313	Total number of ordinary shareholders at the end of the previous month prior to the date of disclosure of	119,034	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period	0	Total number of preferred shareholders whose voting rights were restored at the end of the	0
--	---------	---	---------	---	---	--	---

		the annual report				previous month prior to the date of disclosure of the annual report			
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions									
Shareholders	Nature of shareholders	Holding proportion	Quantity of ordinary shares at the end of the reporting period	Movements during the reporting period	Quantity of restricted shares	Quantity of unrestricted shares	Shares pledged, marked or frozen		
							Condition	Quantity	
NHU Holding Group Co., Ltd.	Domestic non-state-owned legal person	49.22%	1,521,362,525	269,458,881	0	1,521,362,525			
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.17%	67,136,792	-6,756,537	0	67,136,792			
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	Others	1.75%	54,072,200	9,012,033	0	54,072,200			
National Social Security Fund No.503 Portfolio	Others	1.26%	39,000,060	19,000,060	0	39,000,060			
Kuwait Investment Authority	Overseas legal person	0.67%	20,616,665	5,297,963	0	20,616,665			
National Social Security Fund No.112 Portfolio	Others	0.57%	17,587,077	-10,199,015	0	17,587,077			
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Yingzhi Fund	Others	0.53%	16,248,559	10,184,220	0	16,248,559			
China Construction Bank Corporation - E Fund Shanghai and Shenzhen 300 Medical and Health Trading Open-end Index Fund	Others	0.52%	16,120,133	10,895,317	0	16,120,133			
Hu Baishan	Domestic natural person	0.47%	14,595,929	2,432,655	10,946,946	3,648,983			
Chongyang Group Co., Ltd.	Domestic non-state-owned legal person	0.45%	13,962,191	2,327,032	0	13,962,191			
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares			Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund became one of the top 10 shareholders with largest holding proportions due to its participation in private placement of shares in 2017.						

Remarks on relationships or concerted action between the top 10 shareholders with largest holding proportions	Among the above shareholders, Hu Baifan is the chairman of the board, general manager and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is the director of NHU Holding Group Co., Ltd., and Hu Baifan and Hu Baishan are brothers. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .		
Remarks on proxy voting and waiver of voting right of the above shareholders	None		
Special remarks on top 10 shareholders with special repurchase accounts	The Company's special securities account for repurchase is attributable to the top 10 shareholders, who however did not participate in the presentation of such balances.		
Top 10 shareholders with unrestricted shares			
Shareholders	Quantity of unrestricted shares at the end of the reporting period	Category of shares	
		Category	Quantity
NHU Holding Group Co., Ltd.	1,521,362,525	RMB ordinary shares	1,521,362,525
Hong Kong Securities Clearing Company Limited	67,136,792	RMB ordinary shares	67,136,792
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	54,072,200	RMB ordinary shares	54,072,200
National Social Security Fund No.503 Portfolio	39,000,060	RMB ordinary shares	39,000,060
Kuwait Investment Authority	20,616,665	RMB ordinary shares	20,616,665
National Social Security Fund No.112 Portfolio	17,587,077	RMB ordinary shares	17,587,077
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Yingzhi Fund	16,248,559	RMB ordinary shares	16,248,559
China Construction Bank Corporation - E Fund Shanghai and Shenzhen 300 Medical and Health Trading Open-end Index Fund	16,120,133	RMB ordinary shares	16,120,133
Chongyang Group Co., Ltd.	13,962,191	RMB ordinary shares	13,962,191
Sanhua Holding Group Co., Ltd.	13,772,970	RMB ordinary shares	13,772,970
Remarks on relationships or concerted action between the top 10 shareholders with unrestricted shares, and between the top 10 shareholders with unrestricted shares and top 10 shareholders with largest holding proportions.	Among the above shareholders, Hu Baifan is the chairman of the board, general manager and actual controller of NHU Holding Group Co., Ltd.; Hu Baishan is the director of NHU Holding Group Co., Ltd., and Hu Baifan and Hu Baishan are brothers. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in <i>Administration of the Takeover of Listed Companies Procedures</i> .		
Remarks on top 10 shareholders of ordinary shares participating in securities margin trading	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund holds 54,072,127 shares through client account of collateral securities for margin trading of Guotai Junan Securities Co., Ltd.; Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Yingzhi Fund holds 16,248,461 shares through client account of collateral securities for margin trading of CITIC Securities Co., Ltd.; Chongyang Group Co., Ltd. holds 13,961,946 shares through client account of collateral securities for margin trading of China Merchants Securities Co., Ltd.		

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

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

Yes  No

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



## 2. Controlling shareholders

Nature of shareholders: Natural person holding

Category of shareholders: Legal person

Holding shareholders	Legal representative/ Head of the entity	Date of establishment	Unified social credit code	Main business scope
NHU Holding Group Co., Ltd.	Hu Baifan	2/14/1989	91330624146424869T	Industrial investments, goods import and export; production and sales of chemical products, pharmaceutical intermediates, chemical materials
Equity conditions of other domestic and overseas listed companies that the holding shareholders control or participate in during the reporting period	NHU Holding Group Co., Ltd. directly holds 36.73% of the shares of Beijing Fuyuan Pharmaceutical Co., Ltd.			

Changes of holding shareholders during the reporting period

Applicable  Not applicable

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

## 3. Actual controllers and persons acting in concert

Nature of actual controller: Domestic natural persons

Category of actual controller: Natural persons

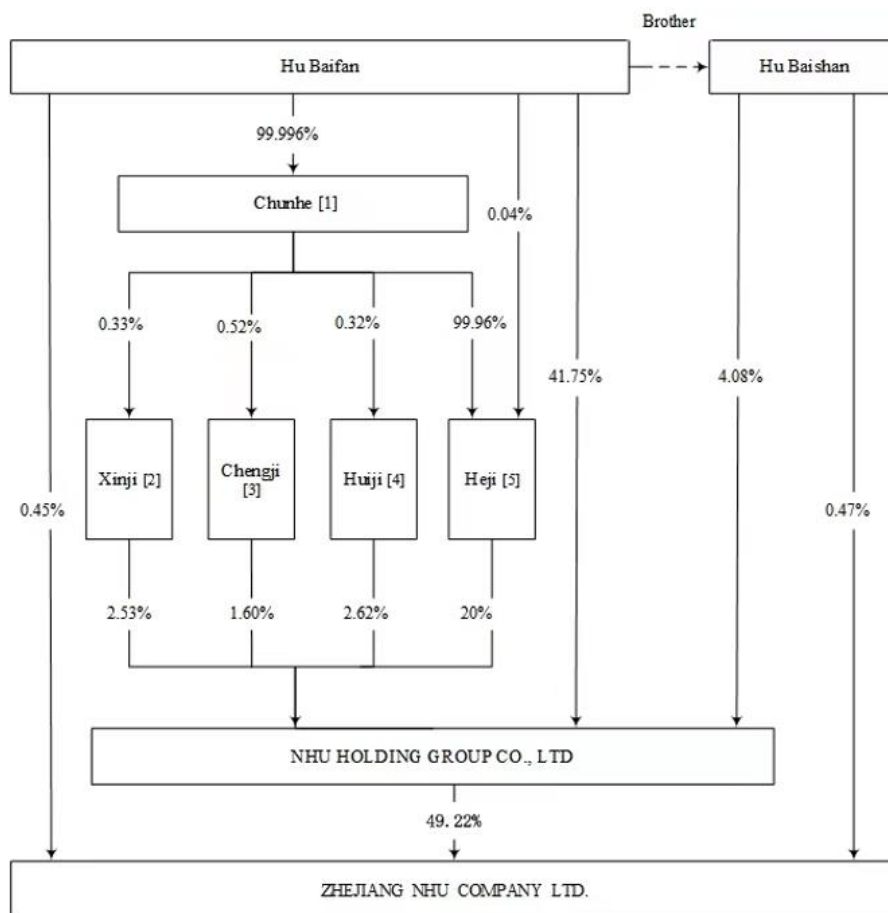
Actual controller	Relationship with the actual controller	Nationality	Whether has permanent residence in other countries or regions
Hu Baifan	Self	China	No
Hu Baishan	Person acting in concert (including the following forms: agreement, relatives, common control)	China	No
Main occupation and position	Mr. Hu Baifan, Chairman of the Board, is a Chinese born in 1962, who has no permanent residence in foreign countries or regions. He has a master's degree in Business Administration of Zhejiang University, and he is Senior Economist, Member of the Communist Party of China. He also serves as the Chairman of NHU Holding Group Co., Ltd. and its holding subsidiary Shaoxing Yuexiu Education Development Co., Ltd., and Director of NHU Real Estate Holding Co., Ltd.  Mr. Hu Baishan, Vice Chairman and President, is a Chinese born in 1967, who has no permanent residence in foreign countries or regions. He has a master's degree in EMBA program of Zhejiang University, and he is Senior Engineer, Member of the Communist Party of China. He also serves as the Director of NHU Holding Group Co., Ltd. and Shaoxing Yuexiu Education Development Co., Ltd.		
Domestic and oversea listed companies once been under their control within a decade	Beijing Foyou Pharma Co., Ltd. actually controlled by Hu Baifan was listed on the main board of Shanghai Stock Exchange in 2022.		

Changes of actual controller within the reporting period

Applicable  Not applicable

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

Block diagram of title and control relationships between the Company and the actual controller



[1] Chunhe: County Chunhe Investment Management Partnership (Limited Liability)

[2] Xinji: Xinchang County Xinji Investment Management Partnership (Limited Liability)

[3] Chengji: Xinchang County Chengji Investment Management Partnership (Limited Liability)

[4] Heji: Xinchang County Heji Investment Management Partnership (Limited Liability)

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

Applicable  Not applicable

**4. Whether the quantity of accumulated pledged shares of the Company held by the controlling shareholders or the largest shareholder and his person acting in concert accounts for over 80% of total shares of the Company held by them**

Applicable  Not applicable

**5. Other legal person shareholders with holding proportion over 10%**

Applicable  Not applicable

**6. Decrease in holding proportion of restricted shares of controlling shareholders, actual controllers, reorganizing parties and other undertaking entities**

Applicable  Not applicable

On May 18, 2022, the Announcement of Controlling Shareholders' Share Increase Plan (2022-031) was published on the company's designated information disclosure media and cninfo (<http://www.cninfo.com.cn>). NHU Holding Group Co., Ltd plans to increase its holdings of the company's shares in the next six months through the ways allowed by the trading system of Shenzhen Stock Exchange

(including but not limited to centralized bidding, block trading, etc.), and the amount of shares to be increased is not less than RMB 300 mn and not more than RMB 600 mn. NHU Holding Group Co., Ltd promises not to reduce the company's shares during the period of increasing the company's shares and within the statutory period, and will complete the shareholding increase plan within the above implementation period. As of November 18, 2022, NHU Holding Group has accumulatively increased 19,078,152 shares of the company's stock through centralized bidding in the Shenzhen Stock Exchange system, accounting for 387,514,579.35 yuan (excluding transaction costs) and 0.62% of the company's total share capital, the implementation of the shareholding increase plan was completed. For more details, please refer to Announcement on the results of the implementation of the controlling shareholder's increase in the company's shares (2022-046) published at November 19, 2022 on the company's designated information disclosure media and cninfo (<http://www.cninfo.com.cn>).

#### IV. Actual implementation of share repurchase during the reporting period

Actual progress of share repurchase

Applicable  Not applicable

Date of proposal disclosure	Quantity of shares to be repurchased	% to total	Amount of shares to be repurchased	Repurchase period	Purposes	Quantity of repurchased shares (unit: shares)	Proportion of repurchased shares to the underlying shares involved in the equity incentive plan (if any)
8/24/2021	7,317,073 shares - 14,634,146 shares	0.28% - 0.57%	RMB 300 million - 600 million	8/18/2021 - 8/17/2022	The shares are to be repurchased for equity incentive plan or employee stock ownership plan. If the Company fails to utilize the shares within 36 months since the repurchase for the above purposes, the unused portion will be cancelled.	17,485,676	Not applicable

Implementation progress of shareholding reduction for shares repurchased through centralized bidding

Applicable  Not applicable

## Section VIII Preferred Shares

Applicable  Not applicable

The Company has no preferred shares during the reporting period.

---

## Section IX Bonds

Applicable  Not applicable

---

## Section X Financial Report

### I. Auditor's Report

Audit Opinion	Standard unqualified opinion
Date of Auditor's Report	April 19, 2023
Accounting Firm	Pan-China Certified Public Accountants LLP
Number of Auditor's Report	PCCPAAR [2023] No. 2898
Signatory Certified Public Accountants	Teng Peibin, Jan Yanhui

### Auditor's Report

To the Shareholders of Zhejiang NHU Co., Ltd.:

#### I. Audit Opinion

We have audited the accompanying financial statements of Zhejiang NHU Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2022, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

#### II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key Audit Matters

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

##### (I) Revenue recognition

###### 1. Key audit matters

Please refer to item III 19, V 2 and XIII 5 of this section for details.

The Company is mainly engaged in manufacturing and sales of nutrition, flavor and fragrance, new polymer materials, etc. In 2022, the operating revenue amounted to 15.93 billion yuan.

As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

## 2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sale contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (3) We performed analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;
- (4) For revenue from domestic sales, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, delivery lists, shipping documents, client acceptance receipts, etc.; for revenue from overseas sales, we obtained information from Electron Port and checked it with accounting records, and checked supporting documents including sales contracts, bills of clearance, waybills, sales invoices, etc. by sampling method;
- (5) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;
- (6) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period;
- (7) We obtained the sales return records after the balance sheet date, and checked whether there was any situation that meet the revenue recognition conditions on the balance sheet date
- (8) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

## (II) Existence and integrity of cash and bank balances

### 1. Key audit matters

Please refer to item V 1 of this section for details.

At the balance sheet date, the Company's cash and bank balances amounted to 5,343.85 million yuan, which is one of the main assets of the Company. As the amount of cash and bank balances is significant, the existence and integrity of cash and bank balances have significant influence on financial statements, we have identified existence and integrity of cash and bank balances as a key audit matter.

## 2. Responsive audit procedures

Our main audit procedures for existence and integrity of cash and bank balances are as follows:

- (1) We obtained understandings of key internal controls related to management of cash and bank balances, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked integrity of bank accounts in combination with detail tests based on "List of Opened Bank Settlement Accounts" obtained;
- (3) We obtained and checked bank statements and bank reconciliation statements, and performed confirmation procedures on balance of bank accounts;
- (4) We checked bank statements and bank journals, performed bidirectional tests on bank statements of significant accounts, and checked the transactions with large amounts;
- (5) We checked the original documents of time deposit, and checked whether cash and bank balances have been pledged in combination with enterprise credit reports;

- (6) We reviewed interest income, and checked whether interest income was consistent with the amount of cash and bank balances; and
- (7) We checked whether information related to cash and bank balances had been presented appropriately in the financial statements.

### (III) Recognition and measurement of fixed assets and construction in progress

#### 1. Key audit matters

Please refer to item III 12, 13, V 12 and 13 of this section for details.

As of December 31, 2022, the Company's carrying amount of fixed assets and construction in progress totals 21,613.10 million yuan, which is one of the major assets of the Company.

Recognition and measurement of fixed assets and construction in progress involves significant judgement of the Management including the determination of capitalization criteria for expenditures, time point of construction in progress transferred to fixed assets and the beginning of depreciation, estimation on economic useful lives and residual value of fixed assets, etc.

As the amount of carrying amount of fixed assets and construction in progress is significant, and reasonableness of judgement mentioned above has significant influence on financial statements, we have identified recognition and measurement of fixed assets and construction in progress as a key audit matter.

#### 2. Responsive audit procedures

Our main audit procedures for recognition and measurement of fixed assets and construction in progress are as follows:

- (1) We obtained understandings of key internal controls related to fixed assets and construction in progress, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked the accuracy of capitalization amount in combination with the audit of bank borrowings;
- (3) We checked acceptance reports related to construction projects or project progress reports, payment documents of construction schedule payments, etc. by sampling method, and decided whether the time point of construction in progress transferred to fixed assets was reasonable;
- (4) We checked purchase invoices, insurance policy of sales contracts, delivery lists etc. of fixed assets such as outsourcing machinery, and reviewed the accuracy of their costs;
- (5) We obtained supporting documents related to construction in progress increased in the current period, including project application, construction loan contracts, construction contracts, invoices, purchase application for construction materials, payment bills, manufacturing agreements etc., and checked whether their costs and accounting treatment were correct;
- (6) We assessed the reasonableness of economic useful lives and residual value of fixed assets estimated by the Management in combination with conditions of the industry; and
- (7) We checked whether information related to fixed assets and construction in progress had been presented appropriately in the financial statements.

### IV. Other Information

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

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



otherwise appears to be materially misstated.

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

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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

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

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings,

including any deficiencies in internal control of concern that we identify during our audit.

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

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

## II. Financial statements

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

### 1. Consolidated balance sheet

Prepared by Zhejiang NHU Co., Ltd.

December 31, 2022

Unit: RMB Yuan

Items	December 31, 2022	January 1, 2022
Current assets:		
Cash and bank balances	5,343,851,967.72	5,952,909,626.94
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	720,314,576.43	1,250,736,359.24
Derivative financial assets		
Notes receivable	372,641,835.79	349,145,316.03
Accounts receivable	2,476,269,041.23	2,755,168,573.14
Receivables financing	379,217,582.25	182,891,179.65
Advances paid	222,336,776.26	78,969,960.60
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	269,567,592.73	254,497,248.13
Including: Interest receivable		
Dividend receivable	20,735,987.73	7,159,278.00
Financial assets under reverse repo		
Inventories	4,144,557,702.39	3,193,657,367.16
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	182,442,976.79	895,782,268.87
Total current assets	14,111,200,051.59	14,913,757,899.76
Non-current assets:		

Items	December 31, 2022	January 1, 2022
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	432,503,568.48	351,327,625.75
Other equity instrument investments	22,998,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	16,523,867,858.53	14,350,779,852.73
Construction in progress	5,089,233,908.22	2,984,835,072.82
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,830,136.37	3,123,637.11
Intangible assets	1,738,506,246.32	1,521,729,757.66
Development expenditures		
Goodwill	3,622,704.97	
Long-term prepayments	13,179,878.45	18,591,707.06
Deferred tax assets	49,812,172.71	55,805,191.95
Other non-current assets	279,870,482.64	501,076,584.40
Total non-current assets	24,156,425,104.24	19,810,267,577.03
Total assets	38,267,625,155.83	34,724,025,476.79
Current liabilities:		
Short-term borrowings	1,846,373,441.01	1,403,332,827.92
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	627,438,689.79	694,124,946.73
Accounts payable	2,175,458,436.49	1,435,966,427.76
Advances received		
Contract liabilities	60,660,929.75	61,135,258.36
Financial liabilities under repo		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	386,391,911.86	370,609,333.07
Taxes and rates payable	208,198,951.94	420,743,262.69
Other payables	67,351,740.34	56,712,103.36
Including: Interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		

Items	December 31, 2022	January 1, 2022
Liabilities held for sale		
Non-current liabilities due within one year	2,591,687,706.22	2,029,499,509.43
Other current liabilities	4,978,299.99	5,133,310.10
Total current liabilities	7,968,540,107.39	6,477,256,979.42
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	5,273,637,508.87	5,148,811,786.49
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,822,404.07	2,936,868.15
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	1,083,159,222.41	1,063,699,676.16
Deferred tax liabilities	277,316,677.63	135,751,304.31
Other non-current liabilities		
Total non-current liabilities	6,636,935,812.98	6,351,199,635.11
Total liabilities	14,605,475,920.37	12,828,456,614.53
Equity:		
Share capital	3,090,907,356.00	2,578,394,760.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,613,097,510.81	4,121,063,080.96
Less: Treasury shares	500,059,711.25	320,360,784.48
Other comprehensive income	76,577,564.17	-1,614,172.31
Special reserve	26,196,894.55	12,692,218.51
Surplus reserve	1,444,413,940.89	1,289,197,380.00
General risk reserve		
Undistributed profit	15,823,725,913.44	14,152,465,528.17
Total equity attributable to the parent company	23,574,859,468.61	21,831,838,010.85
Non-controlling interest	87,289,766.85	63,730,851.41
Total equity	23,662,149,235.46	21,895,568,862.26
Total liabilities & equity	38,267,625,155.83	34,724,025,476.79

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

## 2. Parent company balance sheet

Unit: RMB Yuan

Items	December 31, 2022	January 1, 2022
Current assets:		
Cash and bank balances	4,202,458,431.01	4,319,521,960.26

Items	December 31, 2022	January 1, 2022
Held-for-trading financial assets	200,000,000.00	200,000,000.00
Derivative financial assets		
Notes receivable	333,989,841.29	349,145,316.03
Accounts receivable	500,589,449.94	746,349,980.29
Receivables financing		
Advances paid	3,906,244.57	203,802,390.93
Other receivables	2,496,112,121.85	3,095,039,415.47
Including: Interest receivable		
Dividend receivable	20,735,987.73	7,159,278.00
Inventories	383,861,555.41	442,360,365.52
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,980,654.70	552,376,721.31
Total current assets	8,124,898,298.77	9,908,596,149.81
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,386,046,175.45	8,054,952,017.02
Other equity instrument investments	72,998,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	625,625,323.34	674,187,271.03
Construction in progress	2,701,423.73	1,396,104.03
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,791,860.28	2,952,929.08
Intangible assets	144,448,440.79	113,952,307.99
Development expenditures		
Goodwill		
Long-term prepayments	2,614,317.07	4,266,859.15
Deferred tax assets	26,137,954.69	33,889,948.73
Other non-current assets	21,018,962.32	2,311,441.46
Total non-current assets	10,284,382,605.22	8,910,907,026.04
Total assets	18,409,280,903.99	18,819,503,175.85
Current liabilities:		
Short-term borrowings	501,525,361.11	582,373,105.49
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	226,011,556.24	464,150,033.90
Accounts payable	107,476,196.13	84,472,375.02

Items	December 31, 2022	January 1, 2022
Advances received		
Contract liabilities	4,296,388.78	13,839,278.19
Employee benefits payable	75,342,683.87	88,415,827.18
Taxes and rates payable	7,632,017.61	60,253,580.60
Other payables	28,936,115.08	15,631,151.00
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,208,306,034.83	1,238,333,387.67
Other current liabilities	558,530.54	1,799,106.15
Total current liabilities	2,160,084,884.19	2,549,267,845.20
Non-current liabilities:		
Long-term borrowings	3,336,304,155.58	2,935,717,876.76
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,822,404.07	2,924,244.46
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	11,887,665.38	15,164,020.12
Deferred tax liabilities	19,080,454.36	20,547,468.08
Other non-current liabilities		
Total non-current liabilities	3,370,094,679.39	2,974,353,609.42
Total liabilities	5,530,179,563.58	5,523,621,454.62
Equity:		
Share capital	3,090,907,356.00	2,578,394,760.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,353,427,829.42	3,861,393,399.57
Less: Treasury shares	500,059,711.25	320,360,784.48
Other comprehensive income	506,954.43	506,954.43
Special reserve		
Surplus reserve	1,444,413,940.89	1,289,197,380.00
Undistributed profit	5,489,904,970.92	5,886,750,011.71
Total equity	12,879,101,340.41	13,295,881,721.23
Total liabilities & equity	18,409,280,903.99	18,819,503,175.85

### 3. Consolidated income statement

Unit: RMB Yuan

Items	Year 2022	Year 2021
I. Total operating revenue	15,933,984,403.41	14,917,101,500.91
Including: Operating revenue	15,933,984,403.41	14,917,101,500.91
Interest income		
Premiums earned		
Revenue from handling charges and commission		
II. Total operating cost	11,705,488,745.99	10,014,421,384.71
Including: Operating cost	10,048,300,866.94	8,299,544,991.07
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	126,908,344.63	131,624,828.23
Selling expenses	122,257,619.47	107,037,085.96
Administrative expenses	504,674,730.69	423,584,417.67
R&D expenses	858,945,406.13	782,661,708.54
Financial expenses	44,401,778.13	269,968,353.24
Including: Interest expenses	329,243,757.49	337,753,271.80
Interest income	153,449,422.80	164,418,967.90
Add: Other income	176,863,614.19	152,380,704.67
Investment income (or less: losses)	128,695,043.73	127,969,715.41
Including: Investment income from associates and joint ventures	95,616,385.10	59,304,344.04
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	-66,321,783.72	37,863,705.44
Credit impairment loss	5,165,584.15	-50,043,349.49
Assets impairment loss	-162,974,265.12	-54,250,408.90
Gains on asset disposal (or less: losses)	2,726,604.77	-1,544,436.08
III. Operating profit (or less: losses)	4,312,650,455.42	5,115,056,047.25
Add: Non-operating revenue	4,985,224.34	12,287,842.84
Less: Non-operating expenditures	79,532,730.91	64,603,824.24
IV. Profit before tax (or less: total loss)	4,238,102,948.85	5,062,740,065.85
Less: Income tax	599,835,465.60	690,514,446.51
V. Net profit (or less: net loss)	3,638,267,483.25	4,372,225,619.34
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	3,638,267,483.25	4,372,225,619.34
2. Net profit from discontinued operations (or less:		

Items	Year 2022	Year 2021
net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	3,620,271,034.96	4,356,010,628.22
2. Net profit attributable to non-controlling shareholders	17,996,448.29	16,214,991.12
VI. Other comprehensive income after tax	81,425,359.82	-37,096,882.86
Items attributable to the owners of the parent company	78,191,736.48	-29,418,001.62
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	78,191,736.48	-29,418,001.62
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	78,191,736.48	-29,418,001.62
7. Others		
Items attributable to non-controlling shareholders	3,233,623.34	-7,678,881.24
VII. Total comprehensive income	3,719,692,843.07	4,335,128,736.48
Items attributable to the owners of the parent company	3,698,462,771.44	4,326,592,626.60
Items attributable to non-controlling shareholders	21,230,071.63	8,536,109.88
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.17	1.41
(II) Diluted EPS (yuan per share)	1.17	1.41

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

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

#### 4. Parent company income statement

Unit: RMB Yuan

Items	Year 2022	Year 2021
I. Operating revenue	3,476,379,206.00	4,554,078,901.38
Less: Operating cost	2,829,191,552.87	3,235,286,634.28
Taxes and surcharges	19,574,413.26	28,779,899.07
Selling expenses	28,148,629.89	26,691,429.90



Items	Year 2022	Year 2021
Administrative expenses	161,807,269.66	154,022,840.72
R&D expenses	237,369,336.57	216,563,446.14
Financial expenses	45,759,173.30	45,975,949.63
Including: Interest expenses	181,258,625.13	179,393,799.37
Interest income	135,572,386.45	144,933,772.10
Add: Other income	37,002,472.86	43,875,430.64
Investment income (or less: losses)	1,358,265,851.90	1,535,436,661.17
Including: Investment income from associates and joint ventures	47,283,121.54	60,097,137.98
Gains from derecognition of financial assets at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)		11,815,408.19
Credit impairment loss	44,605,400.03	58,950,663.78
Assets impairment loss	-17,315,989.84	-52,176,656.64
Gains on asset disposal (or less: losses)	-1,077,495.83	-1,332,803.02
II. Operating profit (or less: losses)	1,576,009,069.57	2,443,327,405.76
Add: Non-operating revenue	88,499.41	5,010,140.26
Less: Non-operating expenditures	972,209.42	1,500,375.08
III. Profit before tax (or less: total loss)	1,575,125,359.56	2,446,837,170.94
Less: Income tax	22,959,750.66	139,622,202.68
IV. Net profit (or less: net loss)	1,552,165,608.90	2,307,214,968.26
(I) Net profit from continuing operations (or less: net loss)	1,552,165,608.90	2,307,214,968.26
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	1,552,165,608.90	2,307,214,968.26

Items	Year 2022	Year 2021
VII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

## 5. Consolidated cash flow statement

Unit: RMB Yuan

Items	Year 2022	Year 2021
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	15,306,568,290.22	14,128,039,148.63
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	1,027,184,301.30	917,132,022.82
Other cash receipts related to operating activities	378,248,822.12	539,965,875.07
Subtotal of cash inflows from operating activities	16,712,001,413.64	15,585,137,046.52
Cash payments for goods purchased and services received	9,323,961,398.08	7,309,063,593.18
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	1,719,618,482.00	1,345,745,150.27
Cash payments for taxes and rates	1,017,074,124.15	783,199,680.00
Other cash payments related to operating activities	289,866,325.80	309,250,571.50
Subtotal of cash outflows from operating activities	12,350,520,330.03	9,747,258,994.95
Net cash flows from operating activities	4,361,481,083.61	5,837,878,051.57
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	63,324,315.46	145,185,573.83
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	35,976,834.82	24,510,298.30

Items	Year 2022	Year 2021
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	1,820,617,040.49	1,800,000,000.00
Subtotal of cash inflows from investing activities	1,919,918,190.77	1,969,695,872.13
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	4,931,891,897.26	3,472,724,469.42
Cash payments for investments		83,904,479.79
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	827,440,207.10	1,804,835,731.00
Subtotal of cash outflows from investing activities	5,759,332,104.36	5,361,464,680.21
Net cash flows from investing activities	-3,839,413,913.59	-3,391,768,808.08
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	6,843,969,570.73	7,383,209,509.05
Other cash receipts related to financing activities	11,188,800.91	
Subtotal of cash inflows from financing activities	6,855,158,371.64	7,383,209,509.05
Cash payments for the repayment of borrowings	5,807,173,190.91	6,557,328,243.08
Cash payments for distribution of dividends or profits and for interest expenses	2,132,962,559.97	1,841,063,211.24
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		12,381,785.50
Other cash payments related to financing activities	185,017,200.07	329,441,306.41
Subtotal of cash outflows from financing activities	8,125,152,950.95	8,727,832,760.73
Net cash flows from financing activities	-1,269,994,579.31	-1,344,623,251.68
IV. Effect of foreign exchange rate changes on cash & cash equivalents	185,231,802.92	-56,255,229.67
V. Net increase in cash and cash equivalents	-562,695,606.37	1,045,230,762.14
Add: Opening balance of cash and cash equivalents	5,714,537,538.23	4,669,306,776.09
VI. Closing balance of cash and cash equivalents	5,151,841,931.86	5,714,537,538.23

## 6. Parent company cash flow statement

Unit: RMB Yuan

Items	Year 2022	Year 2021
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	4,244,919,158.33	5,109,886,806.38
Receipts of tax refund	70,396,502.88	79,006,050.97
Other cash receipts related to operating activities	184,605,407.60	196,474,615.50
Subtotal of cash inflows from operating activities	4,499,921,068.81	5,385,367,472.85
Cash payments for goods purchased and services received	3,081,465,686.71	3,268,785,597.91
Cash paid to and on behalf of employees	339,198,320.10	281,446,896.19
Cash payments for taxes and rates	103,309,425.51	129,270,605.04
Other cash payments related to operating activities	136,806,092.80	114,356,348.57

Items	Year 2022	Year 2021
Subtotal of cash outflows from operating activities	3,660,779,525.12	3,793,859,447.71
Net cash flows from operating activities	839,141,543.69	1,591,508,025.14
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	1,226,726,388.76	1,382,569,901.85
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	6,140,487.71	2,862,302.06
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	2,059,965,789.97	2,974,222,044.69
Subtotal of cash inflows from investing activities	3,292,832,666.44	4,359,654,248.60
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	62,571,723.93	45,427,101.23
Cash payments for investments	1,350,000,000.00	1,672,800,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	993,285,460.92	1,286,337,315.10
Subtotal of cash outflows from investing activities	2,405,857,184.85	3,004,564,416.33
Net cash flows from investing activities	886,975,481.59	1,355,089,832.27
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	4,250,000,000.00	4,449,379,400.00
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	4,250,000,000.00	4,449,379,400.00
Cash payments for the repayment of borrowings	3,965,817,400.00	3,772,893,927.30
Cash payments for distribution of dividends or profits and for interest expenses	1,974,363,127.13	1,686,503,402.65
Other cash payments related to financing activities	181,401,563.42	324,177,230.24
Subtotal of cash outflows from financing activities	6,121,582,090.55	5,783,574,560.19
Net cash flows from financing activities	-1,871,582,090.55	-1,334,195,160.19
IV. Effect of foreign exchange rate changes on cash and cash equivalents	7,950,387.71	-13,812,643.89
V. Net increase in cash and cash equivalents	-137,514,677.56	1,598,590,053.33
Add: Opening balance of cash and cash equivalents	4,191,863,033.83	2,593,272,980.50
VI. Closing balance of cash and cash equivalents	4,054,348,356.27	4,191,863,033.83

## 7. Consolidated statement of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2022														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,120,605,163.26		21,799,977,645.94	63,730,851.41	21,863,708,497.35
Add: Cumulative changes of accounting policies											31,860,364.91		31,860,364.91		31,860,364.91
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,152,465,528.17		21,831,838,010.85	63,730,851.41	21,895,568,862.26
III. Current period increase (or less: decrease)	512,512,596.00				-507,965,570.15	179,698,926.77	78,191,736.48	13,504,676.04	155,216,560.89		1,671,260,385.27		1,743,021,457.76	23,558,915.44	1,766,580,373.20
(I) Total comprehensive income							78,191,736.48				3,620,271,034.96		3,698,462,771.44	21,230,071.63	3,719,692,843.07
(II) Capital contributed or withdrawn by owners						179,698,926.77							-179,698,926.77	2,328,843.81	-177,370,082.96
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others						179,698,926.77							-179,698,926.77	2,328,843.81	-177,370,082.96
(III) Profit distribution									155,216,560.89		-1,949,010,649.69		-1,793,794,088.80		-1,793,794,088.80
1. Appropriation of surplus reserve									155,216,560.89		-1,552,216,560.89				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-1,793,794,088.80		-1,793,794,088.80		-1,793,794,088.80
4. Others															
(IV) Internal carry-over within equity	512,512,596.00				-512,512,596.00										
1. Transfer of capital reserve to capital	512,512,596.00				-512,512,596.00										
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								13,504,676.04					13,504,676.04		13,504,676.04
1. Appropriation of current period								31,988,381.60					31,988,381.60		31,988,381.60
2. Application of current period								-18,483,705.56					-18,483,705.56		-18,483,705.56
(VI) Others					4,547,025.85								4,547,025.85		4,547,025.85
IV. Balance at the end of current period	3,090,907,356.00				3,613,097,510.81	500,059,711.25	76,577,564.17	26,196,894.55	1,444,413,940.89		15,823,725,913.44		23,574,859,468.61	87,289,766.85	23,662,149,235.46

Preceding period comparative

Unit: RMB Yuan

Items	Year 2021														Non-controlling interest	Total equity
	Equity attributable to parent company												Subtotal			
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others				
I. Balance at the end of prior year	2,148,662,300.00				4,560,522,556.84		27,803,829.31	9,550,346.85	1,074,331,150.00		11,515,384,739.95		19,336,254,922.95	67,576,527.03	19,403,831,449.98	
Add: Cumulative changes of accounting policies																
Error correction of prior period																
Business combination under common control																
Others																
II. Balance at the beginning of current year	2,148,662,300.00				4,560,522,556.84		27,803,829.31	9,550,346.85	1,074,331,150.00		11,515,384,739.95		19,336,254,922.95	67,576,527.03	19,403,831,449.98	
III. Current period increase (or less: decrease)	429,732,460.00				-439,459,475.88	320,360,784.48	-	3,141,871.66	214,866,230.00		2,605,220,423.31		2,463,722,722.99	-3,845,675.62	2,459,877,047.37	
(I) Total comprehensive income							-				4,324,150,263.31		4,294,732,261.69	8,536,109.88	4,303,268,371.57	
(II) Capital contributed or withdrawn by owners						320,360,784.48							-320,360,784.48		-320,360,784.48	
1. Ordinary shares contributed by owners																
2. Capital contributed by holders of other equity instruments																
3. Amount of share-based payment included in equity																
4. Others						320,360,784.48							-320,360,784.48		-320,360,784.48	
(III) Profit distribution									214,866,230.00		-1,718,929,840.00		-1,504,063,610.00	-12,381,785.50	-1,516,445,395.50	
1. Appropriation of surplus reserve									214,866,230.00		-214,866,230.00					
2. Appropriation of general risk reserve																
3. Appropriation of profit to owners											-1,504,063,610.00		-1,504,063,610.00	-12,381,785.50	-1,516,445,395.50	
4. Others																
(IV) Internal carry-over within equity	429,732,460.00				-429,732,460.00											
1. Transfer of capital reserve to capital	429,732,460.00				-429,732,460.00											
2. Transfer of surplus reserve to capital																
3. Surplus reserve to cover losses																
4. Changes in defined benefit plan carried over to retained earnings																
5. Other comprehensive income carried over to retained earnings																
6. Others																
(V) Special reserve								3,141,871.66					3,141,871.66		3,141,871.66	
1. Appropriation of current period								27,879,615.83					27,879,615.83		27,879,615.83	
2. Application of current period								-					-24,737,744.17		-24,737,744.17	
(VI) Others					-9,727,015.88								-9,727,015.88		-9,727,015.88	
IV. Balance at the end of current period	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,120,605,163.26		21,799,977,645.94	63,730,851.41	21,863,708,497.35	

**8. Parent company statements of changes in equity**

Current period cumulative

Unit: RMB Yuan

Items	Year 2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,750,011.71		13,295,881,721.23
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,750,011.71		13,295,881,721.23
III. Current period increase (or less: decrease)	512,512,596.00				-507,965,570.15	179,698,926.77			155,216,560.89	-396,845,040.79		-416,780,380.82
(I) Total comprehensive income										1,552,165,608.90		1,552,165,608.90
(II) Capital contributed or withdrawn by owners						179,698,926.77						-179,698,926.77
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others						179,698,926.77						-179,698,926.77
(III) Profit distribution									155,216,560.89	-1,949,010,649.69		-1,793,794,088.80
1. Appropriation of surplus reserve									155,216,560.89	-155,216,560.89		
2. Appropriation of profit to owners										-1,793,794,088.80		-1,793,794,088.80
3. Others												
(IV) Internal carry-over within equity	512,512,596.00				-512,512,596.00							
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital	512,512,596.00				-512,512,596.00							
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					4,547,025.85							4,547,025.85
IV. Balance at the end of current period	3,090,907,356.00				3,353,427,829.42	500,059,711.25	506,954.43		1,444,413,940.89	5,489,904,970.92		12,879,101,340.41

Preceding period comparative

Unit: RMB Yuan

Items	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,148,662,300.00				4,300,852,875.45		506,954.43		1,074,331,150.00	5,298,464,883.45		12,822,818,163.33
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,148,662,300.00				4,300,852,875.45		506,954.43		1,074,331,150.00	5,298,464,883.45		12,822,818,163.33
III. Current period increase (or less: decrease)	429,732,460.00				-439,459,475.88	320,360,784.48			214,866,230.00	588,285,128.26		473,063,557.90
(I) Total comprehensive income										2,307,214,968.26		2,307,214,968.26
(II) Capital contributed or withdrawn by owners						320,360,784.48						-320,360,784.48
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others						320,360,784.48						-320,360,784.48
(III) Profit distribution									214,866,230.00	-		-1,504,063,610.00
1. Appropriation of surplus reserve									214,866,230.00	-214,866,230.00		
2. Appropriation of profit to owners										-		-1,504,063,610.00
3. Others										1,504,063,610.00		
(IV) Internal carry-over within equity	429,732,460.00				-429,732,460.00							
1. Transfer of capital reserve to capital	429,732,460.00				-429,732,460.00							
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					-9,727,015.88							-9,727,015.88
IV. Balance at the end of current period	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,750,011.71		13,295,881,721.23



### III. Company profile

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

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

The financial statements were approved and authorized for issue by the fifteenth meeting of the eighth session of the Board of Directors dated April 19 2023.

The Company has brought 28 subsidiaries including Xinchang NHU Vitamins Co., Ltd., Zhejiang NHU Import & Export Co., Ltd., Zhejiang Vityesun Animal Nutrition and Health Co., Ltd., etc. into the consolidation scope. Please refer to item VIII and IX of this section for details.

### IV. Preparation basis of the financial statements

#### 1. Preparation basis

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

#### 2. The ability to continue as a going concern

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

### V. Significant accounting policies and estimates

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

#### 1. Statement of compliance

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

#### 2. Accounting period

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

### 3. Operating cycle

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

### 4. Functional currency

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

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

#### 1. Accounting treatment of business combination under common control

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

#### 2. Accounting treatment of business combination not under common control

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

### 6. Compilation method of consolidated financial statements

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

### 7. Recognition criteria of cash and cash equivalents

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

### 8. Foreign currency translation

#### 1. Translation of transactions denominated in foreign currency

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

#### 2. Translation of financial statements measured in foreign currency

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

from the aforementioned foreign currency translation is included in other comprehensive income.

## 9. Financial instruments

### 1. Classification of financial assets and financial liabilities

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

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

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

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

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

#### (2) Subsequent measurement of financial assets

##### 1) Financial assets measured at amortized cost

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

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

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

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

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

##### 4) Financial assets at fair value through profit or loss

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

#### (3) Subsequent measurement of financial liabilities

##### 1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

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

3. Recognition criteria and measurement method of financial assets transfer

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

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized

and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

#### 4. Fair value determination method of financial assets and liabilities

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

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

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

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

#### 5. Impairment of financial instruments

##### (1) Measurement and accounting treatment

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

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

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

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

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

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial

recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

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

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

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

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

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

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

1) Specific portfolios and method for measuring expected credit loss

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

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

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

6. Offsetting financial assets and financial liabilities

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

the asset and settle the liability simultaneously.

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

## 10. Inventories

### 1. Classification of inventories

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

### 2. Accounting method for dispatching inventories:

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

### 3. Basis for determining net realizable value

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

### 4. Inventory system

Perpetual inventory method is adopted.

### 5. Amortization method of low-value consumables and packages

#### (1) Low-value consumables

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

#### (2) Packages

Packages are amortized with one-off method.

## 11. Long-term equity investments

### 1. Judgment of joint control and significant influence

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

### 2. Determination of investment cost

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

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share

of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

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

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

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

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

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

### 3. Subsequent measurement and recognition method of profit or loss

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

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

#### (1) Stand-alone financial statements

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

#### (2) Consolidated financial statements

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

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

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



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

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

## 12. Fixed assets

### (1) Recognition principles

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

### (2) Depreciation method

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

## 13. Construction in progress

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

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

## 14. Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

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

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

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

### 3. Capitalization rate and capitalized amount of borrowing costs

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

## 15. Intangible assets

### (1) Measurement method, useful lives and impairment test

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

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

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

### (2) Accounting policies on internal R&D expenditures

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

## 16. Impairment of part of long-term assets

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

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

## 17. Long-term prepayments

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

## 18. Employee benefits

### (1) Short-term employee benefits

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

### (2) Post-employment benefits

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

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

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

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

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

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

### (3) Termination benefits

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

### (4) Other long-term employee benefits

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

## 19. Revenue

Accounting policies on revenue recognition and measurement

### 1. Revenue recognition principles

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

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

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

## 2. Revenue measurement principle

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

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

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

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

## 3. Revenue recognition method

### (1) Revenue from sales of products

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

are highly probable to flow to the Company.

#### (2) Revenue from real estate sales

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

Differences in accounting policies on revenue recognition due to the adoption of different business models for similar businesses  
None.

## 20. Government grants

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

#### 2. Government grants related to assets

Government grants related to assets are government grants with which the Company constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

#### 3. Government grants related to income

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

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

#### 5. Policy interest subvention

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

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

## 21. Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance

obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

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

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

## 22. Deferred tax assets/Deferred tax liabilities

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

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

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

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

## 23. Leases

### (1) Operating lease

1. The Company as lessee

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

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

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

(1) Right-of-use assets

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

The Company depreciates the right-of-use asset using the straight-line method/unit-of-production method. If it is reasonable to be

certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## (2) Lease liability

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

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

## 2. The Company as lessor

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

### Operating lease

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

## 24. Work safety fund

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

## 25. Segment reporting

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

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

## 26. Accounting treatment related to share repurchase

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

## 27. Significant changes in accounting policies and estimates

### (1) Significant changes in accounting policies

√ Applicable □ Not Applicable

Contents and reasons	Approval process	Remarks
The company will implement the revised interpretation of accounting standards for Business Enterprises No. 15 from January 1, 2022. According to the new standards, if the company sells the products or by-products produced before the fixed assets reach the expected serviceable state or during the research and development process, the income and cost related to the trial operation sales shall be accounted for separately and included in the current profit and loss. The net amount of the income related to the trial operation sales after offsetting the relevant costs shall not be used to offset the cost of the fixed assets or the research and development expenditure.	N/A	Please refer to Announcement No. 2022-026 disclosed on www.cninfo.com.cn on April 28, 2022 for details.
The Company will implement the provisions of Accounting Standard for Business Enterprises No. 15, "Judgment on Loss-making Contracts" issued by the Ministry of Finance from January 1, 2022.	N/A	The change in accounting policy had no impact on the Company's financial statements.
The Company will implement the provisions of Accounting Standard for Business Enterprises No. 16, "Accounting for the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer" issued by the Ministry of Finance from November 30, 2022.	N/A	The change in accounting policy had no impact on the Company's financial statements.
The Company will implement the provisions of Accounting Standard for Business Enterprises No. 16, "On the accounting treatment of companies that modify cash-settled share-based payments to equity-settled share-based payments" issued by the Ministry of Finance from November 30, 2022.	N/A	The change in accounting policy had no impact on the Company's financial statements.

The impact of the implementation of the standards on the relevant items of the company's balance sheet in 2021, profit statement and cash flow statement in the same period of last year is retroactively adjusted as follows:

Unit: RMB Yuan

Statement Items Significantly Affected	Amount of impact	Remark
Consolidated balance sheet items as of December 31, 2021		
Fixed Assets	31,860,364.91	
Undistributed profit	31,860,364.91	
Consolidated income statement items for fiscal 2021		



Statement Items Significantly Affected	Amount of impact	Remark
Revenue of main operations	119,112,409.71	
Cost of main operations	87,252,044.80	

## (2) Significant changes in accounting estimates

Applicable  Not Applicable

## VI. Taxes

### 1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5% and 19%; export goods enjoy the “exemption, credit and refund” policy and the refund rate ranges from 0% to 13%; the subsidiary Zhejiang NHU Import & Export Co., Ltd. enjoys the “refund upon collection” policy and the refund rate ranges from 0% to 13%.
Urban maintenance and construction tax	Turnover tax actually paid	5%, 7%
Enterprise income tax	Taxable income	15%、17%、20%、22%、25%、25.5%、34%
Land appreciation tax	The incremental amount arising from the transfer of state-owned land use right and the buildings and structures that are constructed on the land	A four-grade progressive tax system is adopted. The rates are: 30% for appreciated value not over 50% of total deductible amount; 40% for appreciated value over 50% but not over 100% of total deductible amount; 50% for appreciated value over 100% but not over 200% of total deductible amount; and 60% for appreciated value over 200% of total deductible amount.
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%, 12%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Solidarity surcharge [Note]	Income tax payable	5.50%
Trade tax [Note]	Taxable income	13.30%

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

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Shangyu NHU Bio-Chem Co., Ltd.	15%
Shandong NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Vitamins Co., Ltd.	15%
Shandong NHU Amino-acids Co., Ltd.	15%
Zhejiang NHU Special Materials Co., Ltd.	15%

Heilongjiang NHU Biotechnology Co., Ltd.	15%
Zhejiang NHU Pharmaceutical Co., Ltd	15%
Shandong NHU Jinghua Technology Co., Ltd	15%
NHU EUROPE GmbH	15%
NHU PERFORMANCE MATERIALS GMBH	15%
Bardoterminal GmbH	15%
NHU Singapore PTE. LTD.	17%
Zhejiang NHU Nylon Material Co., Ltd	20%
NHU/CHR.OLESEN LATIN AMERICA A/S	22%
NHU CHR. OLESEN MEXICO S.A.P.I. DE C.V.	25.5%
NHU/CHR. OLESEN BRASIL LTDA	34%
Taxpayers other than the above-mentioned	25%

## 2. Tax preferential policies

According to the Hi-Tech Enterprise Certificate (GR202033003531) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (STA), the Company is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2022.

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

According to the Hi-Tech Enterprise Certificate (GR202037001084) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2022.

According to the Hi-Tech Enterprise Certificate (GR202037000197) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Vitamins Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2022.

According to the Hi-Tech Enterprise Certificate (GR202137000086) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Amino Acid Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2022.

According to the Hi-Tech Enterprise Certificate (GR202133008939) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Zhejiang NHU Special Materials Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2022.

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

2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2022.

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

According to the Hi-Tech Enterprise Certificate (GR202237005690) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Jinghua Technology Co., Ltd is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2021 to 2023. It is subject to the rate of 15% for enterprise income tax in 2022.

## VII. Notes to items of consolidated financial statements

### 1. Cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Cash on hand	16,584.59	14,537.85
Cash in bank	5,151,816,943.29	5,684,842,466.04
Other cash and bank balances	192,018,439.84	268,052,623.05
Total	5,343,851,967.72	5,952,909,626.94
Including: Deposited overseas	62,426,363.92	38,739,302.11

Other remarks

(1) Other cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deposit for bank acceptance	147,608,293.24	149,724,511.46
Deposit for letters of credit	42,310,180.59	86,212,564.30
Deposit for engineering labor costs	851,288.54	1,654,664.15
Deposit for construction safety	863,937.05	405,056.50
Deposit for water fees	359,836.44	358,792.30
Deposit for ETC	16,500.00	16,500.00
Alipay balance	8,401.07	
Deposited investment fund	2.91	29,680,534.34
Subtotal	192,018,439.84	268,052,623.05

### 2. Held-for-trading financial assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	720,314,576.43	1,250,736,359.24
Including: Financial products with guaranteed principal and floating income	720,000,000.00	1,250,000,000.00
Derivative financial assets	314,576.43	736,359.24

Total	720,314,576.43	1,250,736,359.24
-------	----------------	------------------

### 3. Notes receivable

#### (1) Details on categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	321,261,741.29	349,145,316.03
Commercial Acceptance	51,380,094.50	
Total	372,641,835.79	349,145,316.03

Unit: RMB Yuan

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

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion	
Including:					
Notes receivable with provision for bad debts made on a collective basis	349,145,316.03	100.00%			349,145,316.03
Including:					
Bank acceptance	349,145,316.03	100.00%			349,145,316.03
Total	349,145,316.03	100.00%			349,145,316.03

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

Provisions made in the current period:

Unit: RMB Yuan

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

#### (3) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	233,192,351.27
Total	233,192,351.27

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

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	715,000.00	
Total	715,000.00	

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

Unit: RMB Yuan

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

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Accounts receivable with provision for bad debts made on a collective basis	2,902,396,632.04	100.00%	147,228,058.90	5.07%	2,755,168,573.14
Total	2,902,396,632.04	100.00%	147,228,058.90	5.07%	2,755,168,573.14

Ages analysis:

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	2,573,685,603.72
1-2 years	39,010,397.08
2-3 years	297,000.00
Over 3 years	2,049,280.80
3-4 years	203,200.00
4-5 years	286,550.00
Over 5 years	1,559,530.80
Total	2,615,042,281.60

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	147,228,058.90	-2,876,579.70		5,578,238.83		138,773,240.37
Total	147,228,058.90	-2,876,579.70		5,578,238.83		138,773,240.37

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

Unit: RMB Yuan

Items	Write-off amount
Payment for goods	5,578,238.83

Among the significant write-offs of accounts receivable:

Unit: RMB Yuan

Debtors	Nature of receivables	Write-off amount	Reason for write-off	Whether the amount arises from a related transaction
OOO Agroconcept	Payment for goods	5,578,238.83	Less likely to be recovered	No
合计		5,578,238.83		

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

Unit: RMB Yuan

Debtors	Closing balance	Proportion to the total balance of receivables (%)	Closing balance of provision for bad debts
Client A	356,554,932.78	13.63%	17,827,746.64
Client B	216,087,986.18	8.26%	16,655,958.88
Client C	91,025,324.97	3.48%	4,551,266.25
Client D	53,807,416.60	2.06%	2,690,370.83
Client E	49,204,200.00	1.88%	2,460,210.00
Total	766,679,860.53	29.31%	

**5. Receivables financing**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	379,217,582.25	182,891,179.65
Total	379,217,582.25	182,891,179.65

Other remarks:

(1) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	136,554,892.05
Subtotal	136,554,892.05

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

Unit: RMB Yuan

Items	Closing balance derecognized
Bank acceptance	759,401,282.99
Subtotal	759,401,282.99

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

## 6. Advances paid

### (1) Age analysis

Unit: RMB Yuan

Ages	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	215,300,317.59	96.84%	78,853,695.19	99.85%
1-2 years	7,013,257.67	3.14%	109,065.41	0.14%
2-3 years	16,001.00	0.01%	7,200.00	0.01%
Over 3 years	7,200.00	0.01%		
Total	222,336,776.26	--	78,969,960.60	--

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	58,831,237.17	26.46
Supplier B	15,535,253.38	6.99
Supplier C	14,809,809.90	6.66
Supplier D	13,693,423.91	6.16
Supplier E	13,306,684.81	5.98
Subtotal	116,176,409.17	52.25

## 7. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable	20,735,987.73	7,159,278.00
Other receivables	248,831,605.00	247,337,970.13
Total	269,567,592.73	254,497,248.13

### (1) Dividend receivable

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,735,987.73	7,159,278.00
Total	20,735,987.73	7,159,278.00

**(2) Other receivables****1) Categorized by nature**

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
Security deposits	120,123,425.59	136,459,247.48
Export tax refund	62,763,834.97	69,372,321.60
Unborrowed funds	21,098,506.24	
Receivables of returned equipment	1,041,600.00	45,213,200.00
Refundable VAT	41,890,037.74	3,310,397.40
Employee petty cash	8,050,322.00	5,688,937.00
Temporary advance payment receivable	3,839,206.82	2,456,748.36
Others	3,035,775.60	653,640.31
Total	261,842,708.96	263,154,492.15

**2) Provision for bad debts**

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	2,915,877.46	716,215.08	12,184,429.48	15,816,522.02
Opening balance in the current period				
--Transferred to phase II	-265,725.73	265,725.73		
--Transferred to phase III		-254,219.83	254,219.83	
Provision made in the current period	-889,971.20	335,181.92	6,844,690.23	6,289,900.95
Write-off in the current period			9,095,319.01	9,095,319.01
Closing balance	1,760,180.53	1,062,902.90	10,188,020.53	13,011,103.96

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

 Applicable  Not applicable

Ages analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	129,009,444.59
1-2 years	21,076,224.01
2-3 years	1,271,099.17
Over 3 years	110,485,941.19
3-4 years	8,243,583.58
4-5 years	3,449,067.41
Over 5 years	98,793,290.20
Total	261,842,708.96

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

Provisions made in the current period:

Unit: RMB Yuan



Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	15,816,522.02	6,289,900.95		9,095,319.01		13,011,103.96
Total	15,816,522.02	6,289,900.95		9,095,319.01		13,011,103.96

#### 4) Actual write-off of other receivables during the period

Items	Write-off amount
Temporary advance payment receivable	9,095,319.01

Among the significant write-offs of accounts receivable:

Unit: RMB Yuan

Debtors	Nature of receivables	Write-off amount	Reason for write-off	Whether the amount arises from a related transaction
Hangzhou Steam Turbine Co., Ltd.	Temporary advance payment receivable	3,600,000.00	Less likely to be recovered	No
Wuxi Huaguang Environmental Protection Energy Group Co., Ltd.	Temporary advance payment receivable	2,813,962.26	Less likely to be recovered	No
Zhangjiagang Xingang Machinery Manufacturing Co., Ltd.	Temporary advance payment receivable	1,845,000.00	Less likely to be recovered	No
合计		8,258,962.26		

#### 5) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Weifang Municipal Bureau of Land and Resource, Binhai District Branch	Security deposits	97,900,000.00	Over 3 years	37.39%	
State Taxation Administration (Export tax refund receivable)	Export tax refund	62,763,834.97	Within 1 year	23.97%	
Chr.OlesenLatin America A/S	loan splitting	21,098,506.24	Within 1 year	8.06%	1,054,925.31
Suihua Municipal Labor Security Supervision Detachment	Security deposits	400,000.00	2-3 years	0.15%	320,000.00
	Security deposits	6,195,490.53	Over 3 years	2.37%	6,195,490.53
Weifang Binhai Economic and Technological	Security deposits	4,835,731.00	1-2 years	1.85%	967,146.20

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Development Zone Finance Treasury Centralized Payment Center					
Total	--	193,193,562.74	--	73.79%	8,537,562.04

## 8. Inventories

### (1) Details on categories

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount
Raw materials	512,088,438.92	1,371,035.91	510,717,403.01	456,431,898.77	653,463.45	455,778,435.32
Work in process	1,259,897,028.55		1,259,897,028.55	1,008,021,313.66		1,008,021,313.66
Goods on hand	2,122,998,309.26	151,579,577.92	1,971,418,731.34	1,247,338,255.71	14,685,437.55	1,232,652,818.16
Goods dispatched	96,141,207.37		96,141,207.37	88,307,137.99		88,307,137.99
Developed products	121,902,734.56		121,902,734.56	122,679,279.65		122,679,279.65
Development cost	97,530,835.60		97,530,835.60	197,045,414.10		197,045,414.10
Materials on consignment for further processing	8,335,609.99		8,335,609.99	4,102,415.43		4,102,415.43
Packages	16,061,832.47		16,061,832.47	14,276,697.20		14,276,697.20
Low-value consumables	62,552,319.50		62,552,319.50	70,793,855.65		70,793,855.65
Total	4,297,508,316.22	152,950,613.83	4,144,557,702.39	3,208,996,268.16	15,338,901.00	3,193,657,367.16

### (2) Inventories – Development cost

Unit: RMB Yuan

Items	Estimated total investment	Opening balance	Closing balance
Boao NHU Resort	550 million	33,723,820.73	42,570,355.38
Weifang NHU Town Phase II	398.53 million	163,321,593.37	54,960,480.22
Subtotal		197,045,414.10	97,530,835.60

### (3) Inventories – Developed products

Unit: RMB Yuan

Items	Date of completion	Opening balance	Increase	Decrease	Closing balance
Boao NHU Resort Center	Dec. 2014	122,679,279.65	3,613,295.05	4,389,840.14	121,902,734.56
Subtotal		122,679,279.65	3,613,295.05	4,389,840.14	121,902,734.56

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

Unit: RMB Yuan

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Recovery/ Reversal	Others	
Raw materials	653,463.45	975,495.23		257,922.77		1,371,035.91
Goods on hand	14,685,437.55	161,998,769.89		25,104,629.52		151,579,577.92
Total	15,338,901.00	162,974,265.12		25,362,552.29		152,950,613.83

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

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

## 9. Other current assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank financial products and structured deposits		550,000,000.00
Prepaid VAT or input VAT to be credited	123,811,281.53	336,963,113.65
Prepaid enterprise income tax	54,251,454.46	5,070,275.22
Prepaid insurance premiums	4,330,488.27	3,727,306.74
Prepaid housing rents	23,362.83	
Prepaid urban maintenance and construction tax	13,194.85	10,786.63
Prepaid education surcharge	7,916.74	6,472.01
Prepaid local education surcharge	5,278.11	4,314.62
Total	182,442,976.79	895,782,268.87

## 10. Long-term equity investments

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income/losses recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others			
I. Joint ventures												
II. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	208,873,174.90			47,283,121.54		4,547,025.85	20,735,988.96				239,967,333.33	
Zhejiang sanbo polymer Co., Ltd.												
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.				26,503,451.26						-2,046,002.90	24,457,448.36	
Zhejiang Saiya Chemical Materials Co., Ltd.	103,898,217.82			20,812,726.54						740,043.41	125,450,987.77	
Shandong Bin'an Vocational Training School Co., Ltd. [Note]	5,895,600.85			-52,749.43							5,842,851.42	
CysBio ApS	32,660,632.18			1,069,835.19						3,054,480.23	36,784,947.60	
Subtotal	351,327,625.75			95,616,385.10		4,547,025.85	20,735,988.96			1,748,520.74	432,503,568.48	
Total	351,327,625.75			95,616,385.10		4,547,025.85	20,735,988.96			1,748,520.74	432,503,568.48	

**11. Other equity instrument investments**

Unit: RMB Yuan

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

**12. Fixed assets**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	16,523,867,858.53	14,350,779,852.73
Total	16,523,867,858.53	14,350,779,852.73

**(1) Details**

Unit: RMB Yuan

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
I. Cost:					
1. Opening balance	6,293,404,278.18	185,910,525.30	12,993,424,027.58	25,093,346.32	19,497,832,177.38
2. Increase	842,487,177.35	33,706,597.08	2,671,895,229.87	4,133,053.18	3,552,222,057.48
(1) Acquisition	204,653,922.53	13,968,023.46	398,956,269.44	4,133,053.18	621,711,268.61
(2) Transferred in from construction in progress	637,833,254.82	19,738,573.62	2,272,938,960.43		2,930,510,788.87
3. Decrease	9,604,626.18	2,339,169.50	140,547,645.08	1,964,941.38	154,456,382.14
(1) Disposal/ Scrapping	9,604,626.18	2,339,169.50	140,547,645.08	1,964,941.38	154,456,382.14
4. Closing balance	7,126,286,829.35	217,277,952.88	15,524,771,612.37	27,261,458.12	22,895,597,852.72
II. Accumulated depreciation					
1. Opening balance	680,779,035.53	99,138,742.55	4,320,266,548.05	17,140,892.56	5,117,325,218.69
2. Increase	183,752,509.46	26,249,333.04	1,134,425,527.84	2,280,586.62	1,346,707,956.96
(1) Accrual	183,752,509.46	26,249,333.04	1,134,425,527.84	2,280,586.62	1,346,707,956.96
3. Decrease	3,255,286.26	2,039,849.79	114,028,836.11	1,857,216.24	121,181,188.40
(1) Disposal/ Scrapping	3,255,286.26	2,039,849.79	114,028,836.11	1,857,216.24	121,181,188.40
4. Closing balance	861,276,258.73	123,348,225.80	5,340,663,239.78	17,564,262.94	6,342,851,987.25
III. Provision for impairment					
1. Opening balance	20,980,481.81	23,560.67	8,706,768.47	16,295.01	29,727,105.96
2. Increase					
(1) Accrual					
3. Decrease		16,135.22	832,963.80		849,099.02
(1) Disposal/ Scrapping		16,135.22	832,963.80		849,099.02
4. Closing balance	20,980,481.81	7,425.45	7,873,804.67	16,295.01	28,878,006.94
IV. Carrying amount					
1. Closing balance	6,244,030,088.81	93,922,301.63	10,176,234,567.92	9,680,900.17	16,523,867,858.53

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
2. Opening balance	5,591,644,760.84	86,748,222.08	8,664,450,711.06	7,936,158.75	14,350,779,852.73

**(2) Fixed assets temporarily idle**

Unit: RMB Yuan

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	83,557,127.18	33,296,607.22	20,975,435.81	29,285,084.15	
General equipment	399,321.89	317,019.86	4,787.04	77,514.99	
Special equipment	385,396,343.73	320,523,489.13	7,655,128.15	57,217,726.45	
Subtotal	469,352,792.80	354,137,116.21	28,635,351.00	86,580,325.59	

**(3) Fixed assets leased out under operating leases**

Unit: RMB Yuan

Items	Closing carrying amount
Buildings and structures	32,228,814.37
Subtotal	32,228,814.37

**(4) Fixed assets with certificate of titles being unsettled**

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	1,525,911,211.16	Relevant procedures have not yet been completed.
Subtotal	1,525,911,211.16	

**13. Construction in progress**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	5,089,233,908.22	2,984,835,072.82
Total	5,089,233,908.22	2,984,835,072.82

**(1) Details**

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shandong Industrial Park Project phase I				30,856,442.13		30,856,442.13
Hongweisu project				367,528,650.61		367,528,650.61
Heilongjiang Xinhao Project phase II				83,453,010.80		83,453,010.80
Methionine project with annual output of 0.25 million tons	2,389,822,701.74		2,389,822,701.74	90,355,454.04		90,355,454.04
616 Joint Production Project	426,984,891.23		426,984,891.23	393,488,496.81		393,488,496.81
Shandong Industrial Park 617A Project				1,718,828.38		1,718,828.38
Shandong Industrial Park 603 Project	67,408,245.22		67,408,245.22	3,019,859.02		3,019,859.02
Shandong Industrial Park HA Project	94,672,989.28		94,672,989.28	-		-
Shangyu Industrial Park PPS Project	559,554,821.51		559,554,821.51	341,096,363.93		341,096,363.93
Shandong Industrial Park TMB Project				1,173,527,758.16		1,173,527,758.16
Daming Life and Health Industry Project	26,065,403.64		26,065,403.64	228,847,778.44		228,847,778.44
NH acid project	514,155,642.52		514,155,642.52			
Cogeneration Expansion Project	113,869,534.14		113,869,534.14			
F5 project	91,979,706.11		91,979,706.11			
NBC and CLA projects of Zhejiang Pharmaceutical	120,581,503.32		120,581,503.32			
Other piecemeal projects	684,138,469.51		684,138,469.51	270,942,430.50		270,942,430.50
Total	5,089,233,908.22		5,089,233,908.22	2,984,835,072.82		2,984,835,072.82

**(2) Changes in significant projects**

Unit: RMB Yuan

Projects	Budgets RMB 0000 Yuan	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Including: Amount of borrowing cost capitalization in current period	Annual capitalization rate	Fund source
Shandong Industrial Park Project phase I	311,600.00	30,856,442.13	37,951,073.39	68,807,515.52			85.93	100	87,993,003.25			Others
Hongweisu project	47,822.98	367,528,650.61	52,256,293.80	419,784,944.41			87.78	100	6,070,837.49	4,230,562.49	4.05%	Others
Heilongjiang Xinhao Project phase II	10,746.25	83,453,010.80	760,841.63	84,213,852.43			78.37	100				Others
Methionine project with annual output of 0.25 million tons	536,984.22	90,355,454.04	2,299,467,247.70			2,389,822,701.74	81.68	80				Raised funds
616 Joint Production Project[Note 1]	77,213.69	393,488,496.81	362,638,341.32	240,033,075.95	89,108,870.95	426,984,891.23	97.93	95				Raised funds
Shandong Industrial Park 617A Project	8,500.00	1,718,828.38	5,685,874.68	7,404,703.06			93.13	95				Others
Shandong Industrial Park 603 Project	8,983.60	3,019,859.02	64,388,386.20			67,408,245.22	75.03	80				Others
Shandong Industrial Park HA Project	97,991.14		97,833,840.48	3,160,851.20		94,672,989.28	9.98	10				Others
Shangyu Industrial Park PPS Project	70,900.00	341,096,363.93	218,458,457.58			559,554,821.51	78.92	90				Others
Shandong Industrial Park TMB Project	123,160.59	1,173,527,758.16	133,975,865.78	1,307,503,623.94			107.49	100	19,373,668.79	11,654,698.28	4.28%	Others
Daming Life and Health Industry Project[Note 2]	69,314.56	228,847,778.44	157,211,279.19	359,993,653.99		26,065,403.64	64.78	70	4,303,755.55	4,303,755.55	3.79%	Others
NH acid project	73,899.28		514,155,642.52			514,155,642.52	69.58	70				Others
Cogeneration Expansion Project	33,890.43		113,869,534.14			113,869,534.14	33.6	35				Others
F5 project	13,563.50		115,182,269.30	23,202,563.19		91,979,706.11	84.92	85				Others
NBC and CLA projects of Zhejiang Pharmaceutical	13,555.00		120,581,503.32			120,581,503.32	88.96	90				Others
Total	149,8125.24	2,713,892,642.32	4,294,416,451.03	2,514,104,783.69	89,108,870.95	4,405,095,438.71	--	--	117,741,265.08	20,189,016.32		--

Note 1: Shandong Industrial Park 616 Project cannot reach the designed usable conditions due to changes of planning. In the current period, equipment available for use amounting to 7,766,164.31 yuan was transferred into other Project, assets amounting to 5,463,076.93 yuan were disposed, and the remaining part amounting to 75,879,629.71 yuan was retired.

Note 2: Daming Life and Health Industry Project has added a second phase of investment in the current period, and the budget has changed from RMB 457.72 million to RMB 693.15 million.

Note 3: Due to changes in F5 Project content in this period, the budget was adjusted from RMB 99.33 million to RMB 135.64million

**14. Right-of-use assets**

Unit: RMB Yuan

Items	Buildings and structures	Total
<b>I. Cost</b>		
1. Opening balance	3,406,640.15	3,406,640.15
2. Increase	166,686.87	166,686.87
(1) Leased in	166,686.87	166,686.87
3. Decrease		
4. Closing balance	3,573,327.02	3,573,327.02
<b>II. Accumulated depreciation</b>		
1. Opening balance	283,003.04	283,003.04
2. Increase	460,187.61	460,187.61
(1) Accrual	460,187.61	460,187.61
3. Decrease		
(1) Disposal		
4. Closing balance	743,190.65	743,190.65
<b>III. Carrying amount</b>		
1. Closing balance	2,830,136.37	2,830,136.37
2. Opening balance	3,123,637.11	3,123,637.11

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

Unit: RMB Yuan

Items	Land use right	Patent right	Non-patented technology	Software	Total
<b>I. Cost</b>					
1. Opening balance	1,671,339,796.09	28,079,514.71	2,350,000.00	25,797,067.68	1,727,566,378.48
2. Increase	183,037,096.87	3,582,548.04	36,438,324.30	36,719,068.31	259,777,037.52
(1) Acquisition	183,037,096.87	3,582,548.04	36,438,324.30	3,747,017.63	226,804,986.84
(2) Internal R&D				32,972,050.68	32,972,050.68
3. Closing balance	1,854,376,892.96	31,662,062.75	38,788,324.30	62,516,135.99	1,987,343,416.00
<b>II. Accumulated amortization</b>					
1. Opening balance	187,383,747.14	2,884,411.16	208,888.88	15,359,573.64	205,836,620.82
2. Increase	35,829,811.93	2,460,109.50	1,419,426.38	3,291,201.05	43,000,548.86
(1) Accrual	35,829,811.93	2,460,109.50	1,419,426.38	3,291,201.05	43,000,548.86
3. Closing balance	223,213,559.07	5,344,520.66	1,628,315.26	18,650,774.69	248,837,169.68
<b>III. Carrying amount</b>					
1. Closing balance	1,631,163,333.89	26,317,542.09	37,160,009.04	43,865,361.30	1,738,506,246.32
2. Opening balance	1,483,956,048.95	25,195,103.55	2,141,111.12	10,437,494.04	1,521,729,757.66

At the balance sheet date, intangible assets formed through internal research and development account for 0.00% of total intangible assets.

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

Unit: RMB Yuan



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

## 16. Goodwill

### (1) Cost

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Business combination	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,075,762.80		58,422.79			2,134,185.59
NHU/CHR.OLES EN LATIN AMERICA A/S		3,622,704.97				3,622,704.97
Total	2,075,762.80	3,622,704.97	58,422.79			5,756,890.56

### (2) Provision for impairment

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Accrual	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,075,762.80		58,422.79			2,134,185.59
Total	2,075,762.80		58,422.79			2,134,185.59

Note: Current decrease refers to translation reserve.

## 17. Long-term prepayments

Unit: RMB Yuan

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Decoration fees	10,378,910.67	1,214,715.05	3,443,733.74		8,149,891.98
Site leveling fees	32,443.20		16,221.60		16,221.60
Catalysts	8,180,353.19		3,166,588.32		5,013,764.87
Total	18,591,707.06	1,214,715.05	6,626,543.66		13,179,878.45

## 18. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets before offset

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	67,822,769.65	11,068,181.53	65,402,828.30	11,004,917.24
Unrealized profit from internal transactions	50,194,235.37	7,529,135.31	116,662,766.83	17,499,415.02
Deferred income	185,235,337.49	27,785,300.63	143,266,156.26	21,489,923.45
Difference in depreciation of fixed assets	22,863,701.57	3,429,555.24	38,739,574.92	5,810,936.24

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Total	326,116,044.08	49,812,172.71	364,071,326.31	55,805,191.95

**(2) Deferred tax liabilities before offset**

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference due to one-off pre-tax deduction of fixed assets	1,468,559,836.57	232,654,485.84	513,284,381.91	89,042,045.24
Profit before tax of NHU (Hong Kong) Trading Co., Ltd.	297,747,945.27	44,662,191.79	311,395,060.48	46,709,259.07
Total	1,766,307,781.84	277,316,677.63	824,679,442.39	135,751,304.31

**(3) Deferred tax assets or liabilities after offset**

Unit: RMB Yuan

Items	Closing balance of deferred tax assets offset by deferred tax liabilities	Closing balance of deferred tax assets/ liabilities after offset	Opening balance of deferred tax assets offset by deferred tax liabilities	Opening balance of deferred tax assets/ liabilities after offset
Deferred tax assets		49,812,172.71		55,805,191.95
Deferred tax liabilities		277,316,677.63		135,751,304.31

**(4) Details of unrecognized deferred tax assets**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary difference	511,910,785.90	381,427,135.81
Deductible losses	2,002,071,871.11	976,794,270.71
Total	2,513,982,657.01	1,358,221,406.52

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

Unit: RMB Yuan

Maturity years	Closing balance	Opening balance	Remarks
Year 2026		3,312,384.19	
Year 2027	8,512,140.12	11,527,268.52	
Year 2028	35,469,296.06	38,888,442.26	
Year 2029	79,322,307.29	104,197,877.04	
Year 2030	255,397,416.94	260,165,696.64	
Year 2031	287,143,749.91	558,702,602.06	
Year 2032	1,336,226,960.79		
Total	2,002,071,871.11	976,794,270.71	--

**19. Other non-current assets**

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Pollution emission trading fees	16,250,239.11		16,250,239.11	1,611,305.24		1,611,305.24
Payments for coal quota	63,496,000.00		63,496,000.00	65,896,000.00		65,896,000.00
Prepayments for long-term assets	200,124,243.53		200,124,243.53	433,569,279.16		433,569,279.16
Total	279,870,482.64		279,870,482.64	501,076,584.40		501,076,584.40

## 20. Short-term borrowings

### (1) Details on categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowings	22,643,974.95	
Credit borrowings	1,673,729,466.06	1,383,332,827.92
Credit and guaranteed borrowings	150,000,000.00	20,000,000.00
Total	1,846,373,441.01	1,403,332,827.92

## 21. Notes payable

Unit: RMB Yuan

Categories	Closing balance	Opening balance
Bank acceptance	627,438,689.79	694,124,946.73
Total	627,438,689.79	694,124,946.73

## 22. Accounts payable

### (1) Details

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor costs	735,579,156.33	658,235,707.69
Payments for engineering and equipment	1,439,879,280.16	777,730,720.07
Total	2,175,458,436.49	1,435,966,427.76

## 23. Contract liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Payments for goods received in advance	60,660,929.75	61,135,258.36
Total	60,660,929.75	61,135,258.36

## 24. Employee benefits payable

### (1) Details

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	370,609,333.07	1,757,851,720.84	1,742,069,142.05	386,391,911.86

Items	Opening balance	Increase	Decrease	Closing balance
II. Post-employment benefits – defined contribution plan		106,300,697.57	106,300,697.57	
Total	370,609,333.07	1,864,152,418.41	1,848,369,839.62	386,391,911.86

**(2) Details of short-term employee benefits**

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	317,401,585.64	1,544,025,650.04	1,509,250,899.23	352,176,336.45
2. Employee welfare fund		101,625,687.74	101,625,687.74	
3. Social insurance premium		49,897,949.27	49,897,949.27	
Including: Medicare premium		43,457,418.76	43,457,418.76	
Occupational injuries premium		4,689,951.86	4,689,951.86	
Maternity premium		1,750,578.65	1,750,578.65	
4. Housing provident fund		50,823,368.91	50,823,368.91	
5. Trade union fund and employee education fund	53,207,747.43	11,479,064.88	30,471,236.90	34,215,575.41
Total	370,609,333.07	1,757,851,720.84	1,742,069,142.05	386,391,911.86

**(3) Details of defined contribution plan**

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium		102,580,578.97	102,580,578.97	
2. Unemployment insurance premium		3,720,118.60	3,720,118.60	
Total		106,300,697.57	106,300,697.57	

**25. Taxes and rates payable**

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	14,398,822.86	45,928,799.96
Enterprise income tax	141,076,919.30	324,899,257.88
Individual income tax withheld for tax authorities	6,871,930.23	3,749,309.86
Urban maintenance and construction tax	3,127,594.55	3,686,070.96
Land appreciation tax	15,427,321.94	15,244,826.82
Housing property tax	16,764,793.31	15,577,742.83
Land use tax	7,963,404.79	8,351,133.07
Education surcharge (local education surcharge)	2,568,164.96	3,273,420.39
Stamp duty		32,700.92
Total	208,198,951.94	420,743,262.69

**26. Other payables**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	67,351,740.34	56,712,103.36
Total	67,351,740.34	56,712,103.36

**1) Categorized by nature**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Security deposits	26,917,823.16	32,961,596.12
Temporary receipts payable	15,463,590.29	11,425,312.83
Earnest money for housing purchase (Boao NHU Resort Center)	100,000.00	100,000.00
Call loans	13,760,448.64	
Others	11,109,878.25	12,225,194.41
Total	67,351,740.34	56,712,103.36

**27. Non-current liabilities due within one year**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term borrowings due within one year	2,591,558,912.13	2,029,254,131.97
Lease liabilities due within one year	128,794.09	245,377.46
Total	2,591,687,706.22	2,029,499,509.43

**28. Other current liabilities**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Output VAT to be recognized	4,978,299.99	5,133,310.10
Total	4,978,299.99	5,133,310.10

**29. Long-term borrowings****(1) Categories**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgaged borrowings	31,590,890.00	37,669,008.56
Guaranteed borrowings	934,059,850.02	945,155,611.12
Credit borrowings	4,307,986,768.85	4,165,987,166.81
Total	5,273,637,508.87	5,148,811,786.49

**30. Lease liabilities**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Unpaid lease payments	4,080,857.16	4,331,618.17
Less: Unrealized financing expenses	1,258,453.09	1,394,750.02
Total	2,822,404.07	2,936,868.15

## 31. Deferred income

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	1,063,699,676.16	119,460,055.87	100,000,509.62	1,083,159,222.41	The Company received government grants related to assets, which were amortized based on the depreciation progress of corresponding assets.
Total	1,063,699,676.16	119,460,055.87	100,000,509.62	1,083,159,222.41	--

## Details of government grants

Unit: RMB Yuan

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Special funds for Biological Fermentation Industrial Park Project	427,578,840.00			49,336,020.00			378,242,820.00	Related to assets
Special funds for enterprise development (Shandong Vitamins)	74,962,651.55			9,672,600.20			65,290,051.35	Related to assets
Special funds for joint production project of Xinhao Thermal Power	31,772,916.73			3,774,999.96			27,997,916.77	Related to assets
Technical renovation for green deep processing of 2019	34,260,000.00			856,500.00			33,403,500.00	Related to assets
Special funds for enterprise development (Amino Acid)	45,804,945.12	18,000,000.00		1,145,604.36			62,659,340.76	Related to assets
Subsidies for land leveling of Shandong	28,308,723.84			718,189.44			27,590,534.40	Related to assets
Enterprise development funds of Shandong	18,847,224.88			437,814.12			18,409,410.76	Related to assets
PPS construction project with annual output of 10,000 tons	11,412,499.88			1,826,000.04			9,586,499.84	Related to assets
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	8,550,000.00			2,850,000.00			5,700,000.00	Related to assets
Enterprise development funds of Advanced Manufacturing Industrial Park	8,491,786.07			198,251.76			8,293,534.31	Related to assets
Effective industrial input expansion of 2016	6,064,800.00			957,600.00			5,107,200.00	Related to assets
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	3,924,642.86			1,427,142.84			2,497,500.02	Related to assets
Fiscal subsidies for low-rent housing	6,098,560.08			240,857.16			5,857,702.92	Related to assets
Subsidies from land transfer fees of Shandong dormitory	4,873,021.09			250,231.57			4,622,789.52	Related to assets
Subsidies for inputs in biochemical infrastructure of Shangyu	4,580,963.84			317,771.88			4,263,191.96	Related to assets
Construction project of public testing service platform	3,000,000.04			999,999.96			2,000,000.08	Related to assets
Subsidies for infrastructure supporting fees	7,478,250.00			797,625.00			6,680,625.00	Related to assets
Compensation for resource conservation and environmental protection projects of 2017	3,360,000.00			480,000.00			2,880,000.00	Related to assets
Subsidies for new materials, land and infrastructure construction	2,432,160.00			810,720.00			1,621,440.00	Related to assets
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	2,140,071.30			539,228.52			1,600,842.78	Related to assets
Subsidies for RTO Project	1,266,666.90			399,999.96			866,666.94	Related to assets
Special subsidies for development of marine economy of 2017	2,000,000.00			800,000.02			1,199,999.98	Related to assets
Special subsidies for high-quality development of manufacturing industry	1,804,329.70			304,957.10			1,499,372.60	Related to assets
Enterprise development fund (Shandong Fine Chemical)	52,224,561.00			2,176,023.38			50,048,537.62	Related to assets

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Special funds for Taishan industry leading talents	7,400,000.00						7,400,000.00	Related to assets
Food security control and emergency facilities project	24,871,000.00			2,508,000.00			22,363,000.00	Related to assets
Policy incentives for industrial production projects of 2020	24,213,221.35			2,793,833.28			21,419,388.07	Related to assets
Special funds for Heilongjiang Biological Fermentation Industrial Park Project	111,810,000.00						111,810,000.00	Related to assets
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone	24,255,416.73			3,206,199.96			21,049,216.77	Related to assets
Subsidies for upgrading coal-fired boilers of 2017	222,857.12			37,142.88			185,714.24	Related to assets
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County	465,535.75			70,714.32			394,821.43	Related to assets
Special funds for technical renovation	20,169,603.37	11,630,000.00		1,105,959.90			30,693,643.47	Related to assets
Incentives for investment promotion	24,982,141.71			1,969,527.63			23,012,614.08	Related to assets
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021	4,875,100.00			406,258.30			4,468,841.70	Related to assets
Support advanced manufacturing and modern service industry special 2021 central budget investment plan	19,650,000.00	19,650,000.00		3,274,999.98			36,025,000.02	Related to assets
Economic and Information Bureau of technical transformation project subsidies		7,736,500.00		194,940.46			7,541,559.54	Related to assets
2021 Enterprise Digitalization Key Project Incentive Funds		15,000,000.00					15,000,000.00	Related to assets
2022 Special funds to support advanced manufacturing and service industries		3,831,190.27					3,831,190.27	Related to assets
2021 Digital (intelligent) demonstration workshop project incentive money		2,000,000.00		196,078.40			1,803,921.60	Related to assets
2020 industrial enterprise energy-saving technology transformation project incentive policy funds		1,000,000.00		84,033.60			915,966.40	Related to assets
Chemical industry transformation and upgrading 2.0 intelligent transformation project incentives and service subsidies		40,320,000.00					40,320,000.00	Related to assets
Other piecemeal subsidies	9,547,185.25	292,365.60		2,834,683.64			7,004,867.21	Related to assets
Total	1,063,699,676.16	119,460,055.87		100,000,509.62			1,083,159,222.41	

Note: Please refer to item VII 59 of this section for details on government grants included in profit or loss.

### 32. Share capital

Unit: RMB Yuan

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	2,578,394,760.00			512,512,596.00		512,512,596.00	3,090,907,356.00

Other remarks:

Pursuant to the 2021 profit distribution plan deliberated and approved by the general meeting of 2021, based on 2,562,562,984 shares (the total share capital of the company at that time, which was 2,578,394,760 shares, excluded 15,831,776 repurchased shares), the

Company increased shares at 2 shares per 10 shares by converting capital reserve to all shareholders. After the increase, the total share capital amounted to RMB 3,090,907,356. Such capital increase had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2022] 230 was issued thereon.

### 33. Capital reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	3,847,505,213.92		512,512,596.00	3,334,992,617.92
Other capital reserve	273,557,867.04	4,547,025.85		278,104,892.89
Total	4,121,063,080.96	4,547,025.85	512,512,596.00	3,613,097,510.81

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

Current decrease of capital premium (share premium) was due to conversion of capital reserve to share capital. Please refer to item VII 32 of this section for details. Current decrease of other capital reserve was due to changes in the Company's proportionate share in net assets of the associate Zhejiang Chunhui Environmental Protection Energy Co., Ltd. arising from capital increase made by individual investors.

### 34. Treasury shares

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares	320,360,784.48	179,698,926.77		500,059,711.25
Total	320,360,784.48	179,698,926.77		500,059,711.25

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

Current increase of treasury shares was due to the repurchase of public shares by the Company for the purpose of equity incentive plan and employee stock ownership plan.

### 35 Other comprehensive income (OCI)

Unit: RMB Yuan

Items	Opening balance	Current period cumulative					Attributable to non-controlling shareholders	Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company		
Items not to be reclassified subsequently to profit or loss	-1,614,172.31	81,425,359.82				78,191,736.48	3,233,623.34	76,577,564.17
Including: Other comprehensive income to be transferred to profit or loss under equity method	506,954.43							506,954.43
Translation reserves	-2,121,126.74	81,425,359.82				78,191,736.48	3,233,623.34	76,070,609.74
Total	-1,614,172.31	81,425,359.82				78,191,736.48	3,233,623.34	76,577,564.17

### 36. Special reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	12,692,218.51	31,988,381.60	18,483,705.56	26,196,894.55



Items	Opening balance	Increase	Decrease	Closing balance
Total	12,692,218.51	31,988,381.60	18,483,705.56	26,196,894.55

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

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

### 37. Surplus reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,289,197,380.00	155,216,560.89		1,444,413,940.89
Total	1,289,197,380.00	155,216,560.89		1,444,413,940.89

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

Current increase was due to the appropriation of statutory surplus reserve at 10% of the net profit generated by the parent company.

### 38. Undistributed profit

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Unallocated earnings at the end of the previous period before adjustment	14,120,605,163.26	11,515,384,739.95
Adjustments to total unappropriated earnings at the beginning of the period (increase +, decrease -)	31,860,364.91	
Adjustment to unappropriated earnings at the beginning of the period	14,152,465,528.17	11,515,384,739.95
Add: Net profit attributable to owners of the parent company	3,620,271,034.96	4,324,150,263.31
Less: Appropriation of statutory surplus reserve	155,216,560.89	214,866,230.00
Dividend payable on ordinary shares	1,793,794,088.80	1,504,063,610.00
Closing balance	15,823,725,913.44	14,120,605,163.26

Details of undistributed profits at the beginning of adjustment period:

1) Due to the retroactive adjustment of the accounting standards for business enterprises and relevant new regulations, the undistributed profit at the beginning of the period was RMB 31,860,364.91. Please refer to item V 27 of this section for details on Non-current liabilities due within one year.

2) Pursuant to the 2021 profit distribution plan deliberated and approved by the general meeting of 2021, based on 2,562,562,984 shares (the total share capital of the company at that time, which was 2,578,394,760 shares, excluded 15,831,776 repurchased shares), the Company distributed cash dividend of 7.00 yuan (tax included) per 10 shares to all shareholders. Cash dividend distributed totaled RMB 1,793,794,088.80 (tax included).

### 39. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	15,845,200,012.28	10,001,085,469.78	14,767,093,085.62	8,212,231,352.94

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Other operations	88,784,391.13	47,215,397.16	150,008,415.29	87,313,638.13
Total	15,933,984,403.41	10,048,300,866.94	14,917,101,500.91	8,299,544,991.07
Including: Revenue from contracts with customers	15,930,926,276.49	10,047,351,912.18	14,914,975,612.29	8,298,908,135.92

Whether the lower of audited net profit before deducting non-recurring profit or loss and that after deducting non-recurring profit or loss is negative?

Yes  No

Details of revenue:

Unit: RMB Yuan

Categories of contracts	Total
By product	
Including: Nutrition	10,951,828,026.72
Flavor and fragrance	2,967,080,657.65
New materials	1,166,099,937.05
Others	845,917,655.07
Subtotal	15,930,926,276.49
By operating region	
Including: Domestic	8,259,620,269.29
Overseas	7,671,306,007.20
Subtotal	15,930,926,276.49
By revenue recognition time	
Including: Goods (transferred at a point in time)	15,930,926,276.49
Subtotal	15,930,926,276.49
By sales channel	
Including: Direct sales	11,871,471,099.85
Agent sales	4,059,455,176.64
Subtotal	15,930,926,276.49

Information related to performance obligations:

None.

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

As of December 31, 2022 revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 4,104.68 million yuan, of which, 4,104.68 million yuan is expected to be recognized as revenue in 2023.

#### 40. Taxes and surcharges

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	28,607,303.93	30,312,419.65
Education surcharge (local education surcharge)	23,414,216.46	27,571,975.04

Items	Current period cumulative	Preceding period comparative
Housing property tax	42,350,007.42	36,023,723.71
Land use tax	23,119,509.04	29,553,065.04
Vehicle and vessel use tax	42,132.94	35,481.54
Stamp duty	7,321,346.91	5,571,964.17
Environmental protection tax	1,543,201.53	1,069,134.43
Land appreciation tax	510,626.40	1,487,064.65
Total	126,908,344.63	131,624,828.23

#### 41. Selling expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	62,762,141.59	57,976,469.34
Sales commission and customs declaration charges	20,869,486.43	15,913,870.35
Office expenses, business traveling expenses	19,775,799.86	15,428,583.10
Advertising and promotion expenses, business entertainment expenses	9,402,072.09	8,131,154.24
Others	9,448,119.50	9,587,008.93
Total	122,257,619.47	107,037,085.96

#### 42. Administrative expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	261,083,846.67	201,712,221.78
Depreciation, amortization of intangible assets	100,843,402.02	88,011,620.25
Office expenses, business traveling expenses	64,191,712.29	59,903,319.54
Business entertainment expenses	25,250,585.72	21,149,038.92
Consulting fees	17,492,615.79	15,521,872.12
Insurance premiums	14,142,873.77	15,035,969.98
Disability Employment Guarantee Fund	10,343,725.70	9,628,608.33
Others	11,325,968.73	12,621,766.75
Total	504,674,730.69	423,584,417.67

#### 43. R&D expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	416,805,732.59	344,464,922.47
Direct input	289,342,939.10	291,075,726.28
Depreciation, amortization of intangible assets	68,939,590.01	51,416,050.04
Office expenses, business traveling expenses	42,655,069.34	24,718,470.93
Outsourcing expenses	24,753,637.81	47,138,539.85

Items	Current period cumulative	Preceding period comparative
Others	16,448,437.28	23,847,998.97
Total	858,945,406.13	782,661,708.54

#### 44. Financial expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest expenses	329,243,757.49	337,753,271.80
Less: Interest income	153,449,422.80	164,418,967.90
Losses on foreign exchange (or less: gains)	-140,824,825.49	86,391,384.65
Others	9,432,268.93	10,242,664.69
Total	44,401,778.13	269,968,353.24

#### 45. Other income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Government grants related to assets [Note]	100,000,509.62	85,165,405.18
Government grants related to income [Note]	75,760,610.32	66,054,648.19
Refund of handling fees for withholding individual income tax	1,102,494.25	1,160,651.30
Total	176,863,614.19	152,380,704.67

Note: Please refer to item VII 59 of this section for details on government grants included in other income.

#### 46. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	95,616,385.10	59,304,344.04
Investment income from disposal of financial instruments	-20,658,819.12	10,887,997.40
Including: Financial assets classified as at fair value through profit or loss	2,606,589.45	12,582,646.77
Financial liabilities classified as at fair value through profit or loss	-23,265,408.57	-1,694,649.37
Interest income from discounted notes		-259.56
Investment income from bank financial products and structured deposits	52,749,284.13	57,777,633.53
Interest income from split loans	988,193.62	
Total	128,695,043.73	127,969,715.41

#### 47. Gains on changes in fair value

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	27,222,640.33	39,426,345.82
Including: Gains on changes in fair value arising from financial assets classified as at fair value through profit or loss	27,222,640.33	39,426,345.82

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial liabilities	-93,544,424.05	-1,562,640.38
Including: Gains on changes in fair value arising from financial liabilities classified as at fair value through profit or loss	-93,544,424.05	-1,562,640.38
Total	-66,321,783.72	37,863,705.44

**48. Credit impairment loss**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Bad debts	5,165,584.15	-50,043,349.49
Total	5,165,584.15	-50,043,349.49

**49. Assets impairment loss**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-162,974,265.12	-25,275,549.36
Impairment loss of fixed asset		-28,974,859.54
Total	-162,974,265.12	-54,250,408.90

**50. Gains on asset disposal**

Unit: RMB Yuan

Sources	Current period cumulative	Preceding period comparative
Gains on disposal of non-current assets	2,726,604.77	-1,544,436.08
Total	2,726,604.77	-1,544,436.08

**51. Non-operating revenue**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Indemnity income	4,412,772.54	11,227,600.39	4,412,772.54
Gains on damage or retirement of non-current assets		12,775.00	
Others	572,451.80	1,047,467.45	572,451.80
Total	4,985,224.34	12,287,842.84	4,985,224.34

**52. Non-operating expenditures**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	1,598,510.79	2,003,374.90	1,598,510.79
Losses on damage or retirement of non-current assets [Note]	76,959,122.65	59,895,963.50	76,959,122.65
Others	975,097.47	2,704,485.84	975,097.47
Total	79,532,730.91	64,603,824.24	79,532,730.91

Note: It included 75,879,629.71 yuan as losses on scrapping of construction in progress, as Shandong Industrial Park 616 Project cannot

reach the designed usable conditions due to changes of planning.

### 53. Income tax expenses

#### (1) Details

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	452,277,073.04	645,264,359.60
Deferred income tax expenses	147,558,392.56	45,250,086.91
Total	599,835,465.60	690,514,446.51

#### (2) Reconciliation of accounting profit to income tax expenses

Unit: RMB Yuan

Items	Current period cumulative
Profit before tax	4,238,102,948.85
Income tax expenses based on statutory/applicable tax rate	635,715,442.33
Effect of different tax rate applicable to subsidiaries	1,529,630.41
Effect of prior income tax reconciliation	7,705,952.65
Effect of non-taxable income	-14,381,307.84
Effect of non-deductible costs, expenses and losses	7,833,048.49
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-3,674,556.59
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	256,544,726.70
Effect of extra deduction of R&D expenses	-117,395,891.13
Additional deduction for wages paid for the placement of disabled persons and other employment encouraged by the state	-260,948.31
High-tech enterprises in the fourth quarter of 2022 newly purchased equipment and apparatus pre-tax deduction	-162,201,531.24
Effect of tax rate changes on opening balance of deferred tax assets/liabilities	-11,579,099.87
Income tax expenses	599,835,465.60

### 54. Other comprehensive income

Please refer to item VII 35 of this section for details.

### 55. Notes to items of the cash flow statement

#### (1) Other cash receipts related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest income from cash in bank	153,449,422.80	164,418,967.90
Receipt of government grants	195,220,666.19	335,719,965.91
Recovery of temporary borrowings and security deposits	19,779,291.72	10,265,762.72
Receipt of temporary receipts payable	4,578,466.46	4,711,009.18
Other receipts and net current accounts	5,220,974.95	24,850,169.36
Total	378,248,822.12	539,965,875.07

#### (2) Other cash payments related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
R&D expenditures in the form of cash	83,857,144.43	95,705,009.75
Office expenses and business traveling expenses	83,967,512.15	107,041,859.39
Advertising and promotion expenses, business entertainment expenses	34,652,657.81	29,280,193.16
Sales commission and customs declaration charges	20,869,486.43	15,913,870.35
Insurance expenses	14,769,418.13	13,706,371.25
Consulting fees	17,492,615.79	15,521,872.12
Other payments and net current accounts	34,257,491.06	32,081,395.48
Total	289,866,325.80	309,250,571.50

**(3) Other cash receipts related to investing activities**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	1,800,000,000.00	1,800,000,000.00
Cash obtained from subsidiaries on the consolidation date	14,761,216.04	
Recovery of land deposit	5,084,750.00	
Recovery of land bond	771,074.45	
Total	1,820,617,040.49	1,800,000,000.00

**(4) Other cash payments related to investing activities**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for losses on forward foreign exchange settlement	86,558,820.03	
Payments for purchase of financial products and structured deposits	720,000,000.00	1,800,000,000.00
Unbundled principal amount	20,881,387.07	
Payments for land bond		4,835,731.00
Total	827,440,207.10	1,804,835,731.00

**(5) Other cash receipts related to financing activities**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Cash received form loans	11,188,800.91	
Total	11,188,800.91	

**(6) Other cash payments related to financing activities**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for bank financing handling charges	4,010,015.77	3,786,203.45
Payments of handling charges for issuing letters of guarantee for borrowings	576,792.00	1,600,495.28
Repayments of principal and interest of leases	545,623.09	389,323.20

Items	Current period cumulative	Preceding period comparative
Repurchase of treasury shares	179,698,926.77	320,360,784.48
Repayments of call loans and interest	185,842.44	3,304,500.00
Total	185,017,200.07	329,441,306.41

## 56. Supplement information to the cash flow statement

### (1) Supplement information to the cash flow statement

Unit: RMB Yuan

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	3,638,267,483.25	4,372,225,619.34
Add: Provision for assets impairment loss	157,808,680.97	104,293,758.39
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,346,707,461.57	1,187,946,509.68
Depreciation of right-of-use assets	460,187.61	283,003.04
Amortization of intangible assets	43,000,548.86	34,901,345.67
Amortization of long-term prepayments	6,626,543.66	5,202,615.19
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-2,726,604.77	1,544,436.08
Fixed assets retirement loss (Less: gains)	76,959,122.65	59,883,188.50
Losses on changes in fair value (Less: gains)	66,321,783.72	-37,863,705.44
Financial expenses (Less: gains)	346,183,580.90	338,987,833.23
Investment losses (Less: gains)	-128,695,043.73	-127,969,715.41
Decrease of deferred tax assets (Less: increase)	5,993,019.24	9,338,514.05
Increase of deferred tax liabilities (Less: decrease)	141,565,373.32	35,911,572.86
Decrease of inventories (Less: increase)	-1,104,802,476.55	-358,037,685.76
Decrease of operating receivables (Less: increase)	-486,206,139.60	-553,005,953.74
Increase of operating payables (Less: decrease)	240,512,886.47	761,094,844.23
Others	13,504,676.04	3,141,871.66
Net cash flows from operating activities	4,361,481,083.61	5,837,878,051.57
2. Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	5,151,841,931.86	5,714,537,538.23
Less: Cash at the beginning of the period	5,714,537,538.23	4,669,306,776.09
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		



Supplement information	Current period cumulative	Preceding period comparative
Net increase of cash and cash equivalents	-562,695,606.37	1,045,230,762.14

**(2) Net cash paid during the period for the acquisition of subsidiaries**

	金额
Cash or cash equivalents paid in the period for business combinations that occurred during the period	5,406,525.00
Including: NHU/Chr.Olesen Latin America A/S	5,406,525.00
Less: Cash and cash equivalents held by the Purchase Date	20,167,741.04
Including: NHU/Chr.Olesen Latin America A/S	20,167,741.04
Net cash paid for acquisition of subsidiaries [Note]	-14,761,216.04

[Note]: Presented in Other cash receipts related to investing activities

**(2) Composition of cash and cash equivalents**

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	5,151,841,931.86	5,714,537,538.23
Including: Cash on hand	16,584.59	14,537.85
Cash in bank on demand for payment	5,151,816,943.29	5,684,842,466.04
Other cash and bank balances on demand for payment	8,403.98	29,680,534.34
II. Cash and cash equivalents at the end of the period	5,151,841,931.86	5,714,537,538.23

Remarks:

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

Opening balance of cash and bank balances amounted to 5,952,909,626.94 yuan, including deposit for bank acceptance of 149,724,511.46 yuan, deposit for letters of credit of 86,212,564.30 yuan, deposit for engineering labor costs of 1,654,664.15 yuan, deposit for ETC of 16,500.00 yuan, deposit for water fees of 358,792.30 yuan and deposit for construction safety of 405,056.50 yuan, which was not cash and cash equivalents.

**57. Assets with title or use right restrictions**

Unit: RMB Yuan

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	192,010,035.86	Please refer to supplement information to the cash flow statement of this section for details.
Notes receivable	233,192,351.27	Please refer to notes to notes receivable of this section for details.
Fixed assets	79,692,425.35	Mortgaged for bank borrowings.
Intangible assets	9,734,671.13	Mortgaged for bank borrowings.
Receivables financing	136,554,892.05	Please refer to notes to receivables financing of this section for details.
Total	651,184,375.66	--

**58. Monetary items in foreign currencies****(1) Details**

Unit: RMB Yuan

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances	--	--	359,502,992.96
Including: USD	27,981,497.53	6.9646	194,879,937.70
EUR	20,059,541.38	7.4229	148,899,969.71
HKD	958,855.22	0.8933	856,545.37
JPY	268,708,651.00	0.0524	14,080,333.31
BRL	201,403.92	1.3164	265,128.12
PHP	75,302.25	0.3577	26,935.61
SGD	3,269.84	5.1831	16,947.91
DKK	305,662.66	0.9983	305,143.03
PLN	108,358.86	1.5878	172,052.20
Accounts receivable	-	-	1,689,653,688.10
Including: USD	197,129,772.51	6.9646	1,372,930,013.62
EUR	29,742,209.66	7.4229	220,773,448.09
GBD	2,875.00	8.3941	24,133.04
BRL	53,561,262.34	1.3164	70,508,045.74
PHP	71,059,680.21	0.3577	25,418,047.61
Other receivables	-	-	70,948,859.26
Including: USD	3,031,654.31	6.9646	21,114,259.61
EUR	2,756,168.97	7.4229	20,458,766.65
HKD	31,700.00	0.8933	28,317.61
BRL	4,949,716.49	1.3164	6,515,806.79
PHP	63,829,210.51	0.3577	22,831,708.60
Short-term borrowings	-	-	501,536,168.04
Including: USD	2,513,502.24	6.9646	17,505,537.70
EUR	65,207,753.08	7.4229	484,030,630.34
Accounts payable	-	-	111,265,220.07
Including: USD	1,693,864.75	6.9646	11,797,090.44
EUR	8,944,929.25	7.4229	66,397,315.33
BRL	25,087,374.97	1.3164	33,025,020.41
PHP	128,023.18	0.3577	45,793.89
Other payables	-	-	18,945,216.82
Including: USD	2,683,120.28	6.9646	18,686,859.50
EUR	23,755.62	7.4229	176,335.59
HKD	41,687.84	0.8933	37,239.75
SGD	8,640.00	5.1831	44,781.98
Long-term borrowings	-	-	31,590,890.00
Including: EUR	4,255,869.00	7.4229	31,590,890.00
Non-current liabilities due within one year	-	-	7,153,251.44

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Including: EUR	961,662.00	7.4229	7,138,320.86
HKD	16,713.96	0.8933	14,930.58

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

√ Applicable □ Not applicable

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

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

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

## 59. Government grants

### (1) Government grants related to assets

Unit: RMB Yuan

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Special funds for Biological Fermentation Industrial Park Project	427,578,840.00		49,336,020.00	378,242,820.00	Other income	Pursuant to the document numbered Sui Jing Kai Guan [2018] 55
Special funds for enterprise development (Shandong Vitamins)	74,962,651.55		9,672,600.20	65,290,051.35	Other income	
Special funds for joint production project of Xinhao Thermal Power	31,772,916.73		3,774,999.96	27,997,916.77	Other income	Pursuant to the document numbered Sui Jing Kai Guan Wei Han [2018] 123
Technical renovation for green deep processing of 2019	34,260,000.00		856,500.00	33,403,500.00	Other income	Pursuant to the document numbered Zhe Fa Gai Mi [2019] 127
Special funds for enterprise development (Amino Acid)	45,804,945.12	18,000,000.00	1,145,604.36	62,659,340.76	Other income	Pursuant to the documents numbered Wei Bin Cai Zhi Zi [2018] 40 and Wei Bin Cai Jin Yu [2021] 44
Subsidies for land leveling of Shandong	28,308,723.84		718,189.44	27,590,534.40	Other income	
Enterprise development funds of Shandong	18,847,224.88		437,814.12	18,409,410.76	Other income	Pursuant to the documents numbered Wei Bin Cai Zhi Zi [2014]

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
						513, Wei Bin Cai Zhi Zi [2016] 194 and Wei Bin Cai Zhi Zi [2017] 307
PPS construction project with annual output of 10,000 tons	11,412,499.88		1,826,000.04	9,586,499.84	Other income	
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	8,550,000.00		2,850,000.00	5,700,000.00	Other income	
Enterprise development funds of Advanced Manufacturing Industrial Park	8,491,786.07		198,251.76	8,293,534.31	Other income	
Effective industrial input expansion of 2016	6,064,800.00		957,600.00	5,107,200.00	Other income	
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	3,924,642.86		1,427,142.84	2,497,500.02	Other income	Special funds for new cephalosporin antibiotics project with annual output of 10 tons according to the document numbered Zhe Cai Qi [2012] 276 issued by Department of Finance of Zhejiang Province and Economy and Informatization Commission of Zhejiang Province
Fiscal subsidies for low-rent housing	6,098,560.08		240,857.16	5,857,702.92	Other income	
Subsidies from land transfer fees of Shandong dormitory	4,873,021.09		250,231.57	4,622,789.52	Other income	
Subsidies for inputs in biochemical infrastructure of Shangyu	4,580,963.84		317,771.88	4,263,191.96	Other income	
Construction project of public testing service platform	3,000,000.04		999,999.96	2,000,000.08	Other income	
Subsidies for infrastructure supporting fees	7,478,250.00		797,625.00	6,680,625.00	Other income	
Compensation for resource conservation and environmental protection projects of 2017	3,360,000.00		480,000.00	2,880,000.00	Other income	
Subsidies for new materials, land and infrastructure construction	2,432,160.00		810,720.00	1,621,440.00	Other income	
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	2,140,071.30		539,228.52	1,600,842.78	Other income	Pursuant to the document numbered Xin Cai Qi [2019] 151
Subsidies for RTO Project	1,266,666.90		399,999.96	866,666.94	Other income	Pursuant to the document numbered Wei Cai Qi Zhi [2014] 207
Special subsidies for development of marine economy of 2017	2,000,000.00		800,000.02	1,199,999.98		Pursuant to the document numbered Shang Yu Cai Jian [2018] 12

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Special subsidies for high-quality development of manufacturing industry	1,804,329.70		304,957.10	1,499,372.60	Other income	Pursuant to the document numbered Xin Jing Xin [2020] 79
Enterprise development fund (Shandong Fine Chemical)	52,224,561.00		2,176,023.38	50,048,537.62		Pursuant to the document numbered Wei Bin Cai Zhi Zi [2020] 34
Special funds for Taishan industry leading talents project	7,400,000.00			7,400,000.00		Pursuant to the documents numbered Lu Zheng Ban Zi [2021] 13, Lu Zu Zi [2021] 24, Wei Bin Cai Xing Zhi Zi [2021] 1, and Wei Cai Xing Zhi [2021] 16
Food security control and emergency facilities project – investment plan within budget of the central government of 2020	24,871,000.00		2,508,000.00	22,363,000.00	Other income	Pursuant to the document numbered Hei Fa Gai Tou Zi [2020] 542
Policy incentives for industrial production projects of 2020	24,213,221.35		2,793,833.28	21,419,388.07	Other income	Pursuant to the document numbered Hei Cai Zhi (Chan Ye) [2020] 558
Special funds for Heilongjiang Biological Fermentation Industrial Park Project	111,810,000.00			111,810,000.00		
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone	24,255,416.73		3,206,199.96	21,049,216.77	Other income	
Subsidies for upgrading coal-fired boilers of 2017	222,857.12		37,142.88	185,714.24	Other income	Pursuant to the document numbered Xin Cai Jian [2018] 204
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County	465,535.75		70,714.32	394,821.43	Other income	Pursuant to the document numbered Xin Huan Yu [2018] 25
Special funds for technical renovation	20,169,603.37	11,630,000.00	1,105,959.90	30,693,643.47	Other income	
Incentives for investment promotion	24,982,141.71		1,969,527.63	23,012,614.08	Other income	Pursuant to the document numbered Wei Bin Cai Gong Zhi Zi [2021] 14
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021	4,875,100.00		406,258.30	4,468,841.70	Other income	Pursuant to the document numbered Xin Jing Xin [2021] 50
Special investment plan within budget of the central government for supporting advanced manufacturing industry and modern service of 2021	19,650,000.00	19,650,000.00	3,274,999.98	36,025,000.02	Other income	Pursuant to the document numbered Fa Gai Tou Zi [2021] 1117
Economic and Information Bureau of technical		7,736,500.00	194,940.46	7,541,559.54	Other income	Weibin finance and

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
transformation project subsidies						industry refers to the word [2021] No. 14
2021 Enterprise Digitalization Key Project Incentive Funds		15,000,000.00		15,000,000.00	Other income	Yu Jingxin Investment [2022] No. 35
2022 Special funds to support advanced manufacturing and service industries		3,831,190.27		3,831,190.27	Other income	Secretariat of Zhejiang Development and Reform Commission [2022] No. 103
2021 Digital (intelligent) demonstration workshop project incentive money		2,000,000.00	196,078.40	1,803,921.60	Other income	Heilongxin Planning and Development [2022] No. 196
2020 industrial enterprise energy-saving technology transformation project incentive policy funds		1,000,000.00	84,033.60	915,966.40	Other income	Black Industry and Information Planning Joint Development [2022] No. 133
Chemical industry transformation and upgrading 2.0 intelligent transformation project incentives and service subsidies		40,320,000.00		40,320,000.00	Other income	
Other piecemeal subsidies - investment plan within budget of the central government of 2022	9,547,185.25	292,365.60	2,834,683.64	7,004,867.21	Other income	
Subtotal	1,063,699,676.16	119,460,055.87	100,000,509.62	1,083,159,222.41		

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

Unit: RMB Yuan

Items	Amount	Presented under	Remarks
Government reward	28,424,687.71	Other income	Related to income
Other subsidies	47,104,922.61	Other income	Related to income
Special subsidies	231,000.00	Other income	Related to income
Subtotal	75,760,610.32		

(3) In the current period, government grants included into profit or loss totaled 175,761,119.94yuan.

**VIII. Changes in the consolidation scope****1. Changes in the consolidation scope due to other reasons****(1) Business combination not under the same control in the current period**

Unit: RMB Yuan

Name of the	Percentag	Basis for	Merger	Basis for	Revenue of the	Net profit of the
-------------	-----------	-----------	--------	-----------	----------------	-------------------

merged party	percentage of equity acquired in a business combination	constituting a business combination under common control	Date	determining the consolidation date	consolidated party from the beginning of the period of consolidation to the date of consolidation	consolidated party from the beginning of the period of consolidation to the date of consolidation
NHU/Chr.Olesen Latin America A/S[注]	51.00%	Acquisitions	January 6, 2022	Complete industrial and commercial registration	776,419,531.18	9,654,755.34

[Note] NHU/CHR.OLESEN LATIN AMERICA A/S holds two subsidiaries, respectively NHU/CHR.OLESEN BRASIL LTDA., holding 100%, and CHR.OLESEN MEXICO SAPI DE CV, holding 87%.

## (2) Combination cost and goodwill

Unit: RMB Yuan

Combination cost	NHU/Chr.Olesen Latin America A/S
Cash	5,406,525.00

Other notes:

Combination cost	NHU/Chr.Olesen Latin America A/S
Cash	5,406,525.00
Total:	5,406,525.00
Less: Fair value share of identifiable net assets obtained	1,783,820.03
Amount of goodwill / combination cost less than the fair value of identifiable net assets obtained	3,622,704.97

## (3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: RMB Yuan

Item	Fair value on the purchase date	Book value on the purchase date
Assets:	144,110,250.63	144,110,250.63
Cash and bank balances	20,167,741.04	20,167,741.04
Accounts receivable	64,176,200.13	64,176,200.13
Inventories	59,766,309.46	59,766,309.46
Debt:	139,997,586.79	139,997,586.79
Borrowings	6,701,245.26	6,701,245.26
Accounts payable	133,296,341.53	133,296,341.53
Equity:	4,112,663.84	4,112,663.84
Less: Non-controlling interest	614,977.51	614,977.51
Net assets acquired	3,497,686.33	3,497,686.33

## 2、Change in scope of consolidation for other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and the related circumstances:

company identification	Share Acquisition Method	Point of acquisition of equity
Wuniu (Shandong) Investment Co., Ltd	Investment establishment	April 13, 2022

## IX. Interest in other entities

### 1. Interest in subsidiaries

#### (1) Composition of the group

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

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

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

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

#### (2) Significant not wholly-owned subsidiaries

Unit: RMB Yuan

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
NHU EUROPE GmbH	49.00%	13,213,666.41		79,360,029.54

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

Unit: RMB Yuan

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

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
NHU EUROPE GmbH	860,365,259.01	95,891,993.02	956,257,252.03	788,525,281.39	37,669,008.56	826,194,289.95



Unit: RMB Yuan

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
NHU EUROPE GmbH	1,549,559,510.21	26,966,666.14	26,966,666.14	-18,830,534.73	1,655,950,052.91	33,091,818.61	-7,679,716.03	72,448,446.07

## 2. Interest in joint venture or associates

### (1) Significant joint ventures or associates

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

Explanation of the difference between the shareholding ratio in the joint venture or the associated enterprise and the voting ratio:

In the current period, the company's shareholding ratio in the associated enterprise Zhejiang Chunhui environmental protection and energy Co., Ltd. changed, mainly due to the change in the company's share of net assets due to the capital increase of other investors in January 2022.

### (2) Main financial information of significant joint ventures

Unit: RMB Yuan

Items	Closing balance/Current period cumulative			Opening balance/Preceding period comparative		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.
Current assets	460,887,337.74	109,398,305.48	144,410,128.60	293,596,545.38	68,240,155.87	71,896,100.56
Non-current assets	676,165,054.18	19,755,796.05	138,230,668.22	559,076,086.33	13,956,368.94	157,938,616.58
Total assets	1,137,052,391.92	129,154,101.53	282,640,796.82	852,672,631.71	82,196,524.81	229,834,717.14
Current liabilities	290,955,340.38	62,895,473.39	24,117,241.66	199,269,854.33	97,736,253.17	15,537,056.20
Non-current liabilities	44,353,913.81		2,114,370.00	40,724,142.33		2,459,280.00
Total liabilities	335,309,254.19	62,895,473.39	26,231,611.66	239,993,996.66	97,736,253.17	17,996,336.20
Equity attributable to shareholders of parent company	801,743,137.73	66,258,628.14	256,409,185.16	612,678,635.05	-15,539,728.36	211,838,380.94
Proportionate share in net assets	239,967,333.33	26,503,451.26	125,640,500.73	208,873,174.90	-6,215,891.34	103,800,806.66
Adjustments						
- Goodwill			762,611.33			762,611.33
- Unrealized profit in internal trading		2,046,002.90	952,124.29			665,200.17
- other					-6,215,891.34	
Carrying amount of investments in associates	239,967,333.33	24,457,448.36	125,450,987.77	208,873,174.90		103,898,217.82
Operating revenue	601,180,746.00	211,649,974.88	392,768,589.62	474,138,506.11	112,672,114.30	248,551,895.41

Items	Closing balance/Current period cumulative			Opening balance/Preceding period comparative		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.
Net profit	174,240,888.38	76,623,722.59	44,696,229.66	163,208,658.71	-2,938,159.61	11,439,773.30
Total comprehensive income	174,240,888.38	76,623,722.59	44,696,229.66	163,208,658.71	-2,938,159.61	11,439,773.30
Dividend from associates received in the current period	27,895,266.96			40,855,278.00		

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

Unit: RMB Yuan

	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures:	--	--
Total carrying amount of investments	42,627,799.02	38,556,233.03
Proportionate shares in the following items	--	--
-- Net profit	1,017,085.76	-4,562,583.45
-- Other comprehensive income	3,054,480.23	
-- Total comprehensive income	4,071,565.99	-4,562,583.45

## X. Risks related to financial instruments

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

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

### (I) Credit risk

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

#### 1. Credit risk management practice

##### (1) Evaluation method of credit risk

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

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

1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

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

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

2. Measurement of expected credit losses

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

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

4. Exposure to credit risk and concentration of credit risk

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

(1) Cash and bank balances

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

(2) Receivables

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

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2022, the Company has certain concentration of credit risk, and 29.31% (December 31, 2021: 39.06%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

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

## **(II) Liquidity risk**

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

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between

financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Unit: RMB Yuan

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

(Continued)

Unit: RMB Yuan

Items	December 31, 2020				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	8,581,398,746.38	9,052,182,029.59	3,703,590,391.97	4,728,643,204.24	619,948,433.38
Notes payable	694,124,946.73	694,124,946.73	694,124,946.73		
Accounts payable	1,435,966,427.76	1,435,966,427.76	1,435,966,427.76		
Other payables	56,712,103.36	56,712,103.36	56,712,103.36		
Lease liabilities	3,182,245.62	4,721,702.39	402,749.99	476,190.48	3,842,761.92
Subtotal	10,771,384,469.85	11,243,707,209.83	5,890,796,619.81	4,729,119,394.72	623,791,195.30

### (III) Market risk

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

#### 1. Interest risk

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

As of December 31, 2022, balance of borrowings with interest accrued at floating interest rate totaled 9,711.57 million yuan (December 31, 2021: 8,581.40 million yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit before tax and equity will not be significantly affected.

#### 2. Foreign currency risk

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

Please refer to item VII 58 of the notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

## XI. Fair value disclosure

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

Unit: RMB Yuan

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
1. Held-for-trading financial assets and other non-current financial assets		314,576.43	720,000,000.00	720,314,576.43
Financial assets classified as at fair value through profit or loss		314,576.43	720,000,000.00	720,314,576.43
Financial products with guaranteed principal and floating income			720,000,000.00	720,000,000.00
Derivative financial assets		314,576.43		314,576.43
2. Receivables financing			379,217,582.25	379,217,582.25
3. Other equity instrument investments			22,998,147.55	22,998,147.55
Total liabilities at recurring fair value measurement		314,576.43	1,122,215,729.80	1,122,530,306.23

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

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

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

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

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

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

## XII. Related parties and related party transactions

### 1. Parent company

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

Remarks on the parent company

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

### 2. Subsidiaries of the Company

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

### 3. Joint ventures and associates of the Company

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

### 4. Other related parties of the Company

Related parties	Relationships with the Company
Beijing Winsunny Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Asen Pharmaceutical Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Xinchang County Hechun Greening Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Front Pharmaceutical PLC.	Controlled by NHU Holding Group Co., Ltd.
Weifang NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Qionghai Boao Hollyard Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Heyue Property Services Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Xinchang County NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Jingshi Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Yuexiu Education Development Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Jinghe Hotel Management Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Shangyu NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Suihua NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Yuexiu University of Foreign Languages	Controlled by NHU Holding Group Co., Ltd.
Changbai Mountain Protection and Development Zone Heyue Hotel Management Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Heilongjiang Haotian Corn Development Co., Ltd.	Minority Shareholders of Subsidiaries
Synchem International Co., Ltd. [Note]	Its shareholder is the actual controller of the Company

Note: On November 4, 2021, the entity controlled by the actual controller of the Company withdrew from Synchem International Co., Ltd.

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

Customer C holds 25% equity interest in NHU/CHR.OLESEN LATIN AMERICA A/S, a controlling subsidiary of the Company's subsidiary, New Harmony (Hong Kong) Trading Co., Ltd. For prudence, the Company discloses the transactions and payment balance between Customer C and the subsidiary NHU/CHR.OLESEN LATIN AMERICA A/S in the related transaction status.

### 5. Related party transactions

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

Purchase of goods and receiving of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Zhejiang Deli Equipment Co., Ltd.	Purchase of goods	157,701,344.20	160,000,000.00	No	91,325,844.40
	Receiving of services	290,435.42			84,619.46

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Purchase of steam	105,647,875.05			69,512,700.69
	Waste disposal service fees	1,833,745.26			229,665.43
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchase of goods	291,724,594.92	295,000,000.00	No	173,706,742.56
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchase of goods	1,085,908.02			2,035,921.32
Xinchang County Hechun Greening Co., Ltd.	Purchase of goods	392,472.77			7,990,317.44
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Catering and accommodation services	98,294.20			123,967.00
Shaoxing Jinghe Hotel Management Co., Ltd.	Catering and accommodation services	836,209.09			
Heilongjiang Haotian Corn Development Co., Ltd.	Purchase of goods	45,857,289.94			1,123,079.89
Shaoxing Shangyu NHU Real Estate Co., Ltd.	Maintenance Fund	507,260.38			644,538.00
Suihua NHU Real Estate Co., Ltd.	Receiving of services	35,324.40			
Zhejiang Jingshi Real Estate Co., Ltd.	Receiving of services	156,675.16			
CysBio ApS	Consulting Service Fee	8,089,695.36			
Qionghai Heyue Property Services Co., Ltd.	Property management	856,682.06			653,877.42
Shaoxing Heyue Property Services Co., Ltd.	Property management	16,560.62			375,868.30
Xinchang County Hecheng Real Estate Co., Ltd.	Catering and Accommodation Services	80,705.84			1,000,524.16
Shandong Bin'an Vocational Training School Co., Ltd.	Receiving of services	1,436,884.23			1,512,911.01
Shaoxing Yuexiu Education Development Co., Ltd.	Receiving of services	49,943.14			4,561.63
长白山保护开发区和悦酒店管理有限公司 (Changbai Mountain Protection and Development Zone Heyue Hotel Management Co., Ltd.*)	Catering and accommodation services				140,000.00
Zhejiang Yuexiu University of Foreign Languages	Receiving of services				24,733.44
Subtotal		616,697,900.06	455,000,000.00		350,489,872.15

## Sale of goods and rendering of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Zhejiang Deli Equipment Co., Ltd.	Waste and scrap materials	63,939.40	117,269.93
	Scrapped materials	109,898.23	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Waste and scrap materials	17,256.64	
Zhejiang Asen Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, test fees	331,747.79	476,759.56
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Scrapped materials	155,506,893.66	78,620,470.09
	Labor costs, etc.	94,904.53	64,377.36

\* The English name is for identification purpose only.

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
	Utilities fees	65,140.06	6,914.41
	Utilities	1,520,978.65	1,139,072.54
Shandong Bin'an Vocational Training School Co., Ltd.	Management Service Fee	226,415.09	226,415.09
	Waste and scrap materials	21,584.50	20,609.89
	Glucose mother solution		1,371,282.65
Heilongjiang Haotian Corn Development Co., Ltd.	Steam charges	82,192.66	
Front Pharmaceutical PLC.	Pharmaceutical intermediates, testing fees	345,132.74	203,097.35
Beijing Winsunny Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, testing fees	715,227.93	141,509.43
Synchem International Co., Ltd.	Pharmaceutical intermediates		164,095,134.62
Total		159,101,311.88	246,482,912.92

## (2) Related party leases

The Company as the lessor:

Unit: RMB Yuan

Lessees	Types of assets leased	Lease income recognized in the current period	Lease income recognized in preceding period
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use right and buildings	1,041,710.85	601,412.47
Qionghai Boao Hollyard Hotel Management Co., Ltd.	Land use right and buildings	429,088.57	
Zhejiang Jingshi Real Estate Co., Ltd.	Land use right and buildings	328,318.05	41,100.92
Zhejiang Deli Equipment Co., Ltd.	Land use right and buildings	77,064.23	77,064.23
Weifang NHU Real Estate Co., Ltd.	Land use right and buildings	18,857.14	21,428.57
NHU Holding Group Co., Ltd.	Land use right and buildings	16,513.76	16,513.76

The Company as the lessee:

Unit: RMB Yuan

Lessors	Types of assets leased	Lease expenses recognized in the current period	Lease expenses recognized in preceding period
NHU Holding Group Co., Ltd.	Land use right and buildings	1,694,215.92	1,712,675.89

## (3) Related party guarantees

The company and its subsidiaries as guaranteed parties

Unit: RMB Yuan

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
NHU Holding Group Co., Ltd.	144,000,000.00	January 23, 2019	December 21, 2023	No
	500,000,000.00	December 03, 2020	September 21, 2025	No
	100,000,000.00	Apr 14, 2021	Apr 12, 2023	No
	300,000,000.00	September 19, 2022	September 18, 2025	No
	200,000,000.00	November 17, 2022	November 14, 2025	No
Subtotal	1,244,000,000.00			



**(4) Key management's emoluments**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	22,516,149.94	26,372,671.30

**(5) Other related party transactions**

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

(2) In the current period, NHU EUROPE GmbH sold products amounting to 66,226,780.95 yuan to CHR.Olesen A/S. At the end of the period, balance of accounts receivable amounted to 16,958,997.49 yuan.

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

Unit: RMB Yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Zhejiang Asen Pharmaceutical Co., Ltd.	23,625.00	1,181.25		
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	42,585,814.11	2,129,290.71	26,166,564.42	1,308,328.22
	Synchem International Co., Ltd.			27,012,516.04	1,350,625.80
Subtotal		42,609,439.11	2,130,471.96	53,179,080.46	2,658,954.02
Advance paid	Heilongjiang Haotian Corn Development Co., Ltd.	479,844.89			
Subtotal		479,844.89			
Other receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	4,000.00	20,000.00	1,000.00
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.			18,862.50	943.13
Subtotal		20,000.00	4,000.00	38,862.50	1,943.13
Other non-current assets	Zhejiang Deli Equipment Co., Ltd.	33,210,788.17		45,362,374.00	
Subtotal		33,210,788.17		45,362,374.00	

**(2) Balance due to related parties**

Unit: RMB Yuan

Items	Related parties	Closing book balance	Opening book balance
Accounts payable	Zhejiang Deli Equipment Co., Ltd.	13,581,584.31	29,272,703.74
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	13,688,789.40	5,185,881.68
	Zhejiang Saiya Chemical Materials Co., Ltd.	1,905,191.13	2,640,661.94

Items	Related parties	Closing book balance	Opening book balance
	Zhejiang Second Pharma Co., Ltd.	6,408.00	6,408.00
	Qionghai Heyue Property Services Co., Ltd.		300,000.00
Subtotal		29,181,972.84	37,405,655.36
Contract liabilities	Zhejiang Deli Equipment Co., Ltd.	13,009.64	13,009.64
Subtotal		13,009.64	13,009.64
Other payables	Zhejiang Deli Equipment Co., Ltd.	3,500.00	443,500.00
	Xinchang County Hechun Greening Co., Ltd.	13,102.77	13,102.77
	Zhejiang Jingshi Real Estate Co., Ltd.	166,075.68	
Subtotal		182,678.45	456,602.77
Other current liabilities	Zhejiang Deli Equipment Co., Ltd.	1,691.25	1,691.25
Subtotal		1,691.25	1,691.25

### XIII. Commitments and contingencies

#### 1. Significant commitments

Significant commitments as at the balance sheet date

##### (I) Significant commitments

##### 1. Forward exchange settlement contracts

Pursuant to “ISDA 2002 MASTER AGREEMENT” entered into between the Company and Bank of China (Hong Kong) Limited, as of December 31, 2021, details of the Company’s unsettled forward exchange settlement contracts are as follows:

Currency	Amount	Exchang Rate	Settlement Date
USD	3,000,000.00	6.9700	January 5, 2023
	2,000,000.00	7.0020	January 5, 2023
	2,000,000.00	6.9321	January 12, 2023
	2,000,000.00	6.9600	January 12, 2023
	3,000,000.00	7.0051	January 12, 2023
	3,000,000.00	7.0050	January 12, 2023
	3,000,000.00	7.0090	January 17, 2023
	5,000,000.00	6.9650	January 19, 2023
	5,000,000.00	7.0043	January 19, 2023
	2,000,000.00	7.0125	January 19, 2023
	2,000,000.00	7.0165	January 19, 2023
Subtotal	32,000,000.00		
EUR	2,000,000.00	7.1039	January 17, 2023
	3,000,000.00	7.1065	January 17, 2023

Currency	Amount	Exchang Rate	Settlement Date
	1,000,000.00	7.3464	January 17, 2023
	1,000,000.00	7.3118	January 19, 2023
	1,000,000.00	7.3670	January 19, 2023
	1,000,000.00	7.3545	February 23, 2023
	2,000,000.00	7.3652	February 23, 2023
	2,000,000.00	7.3640	February 23, 2023
	1,000,000.00	7.3700	February 23, 2023
	1,000,000.00	7.3785	February 23, 2023
	1,000,000.00	7.4505	February 23, 2023
	1,000,000.00	7.4323	February 23, 2023
	1,000,000.00	7.4062	February 28, 2023
Subtotal	18,000,000.00		

## 2. Letters of guarantee issued but undue

As of December 31, 2021, the undue letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Type of L/G	Amount	Conditions for issuing
Bank of China Limited Xinchang Sub-branch	The Company	Performance guarantee	USD 6,500.00	Occupying credit line
		Performance guarantee	USD 146,640.00	Occupying credit line
		Performance guarantee	USD 11,800.00	Occupying credit line
		Performance guarantee	USD 34,680.00	Occupying credit line
HSBC Bank China Limited Hangzhou Branch	The Company	Financing Guarantee	EUR 10,000,000.00	Occupying credit line
		Financing Guarantee	EUR 10,000,000.00	Occupying credit line

## 3. Letters of credit issued but undue

As of December 31, 2021, the undue letters of credit issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Balance of L/C	Conditions
China Merchants Bank Co., Ltd. Hangzhou Branch	The Company	CNY 100,000,000.00	Occupying credit line
		CNY 200,000,000.00	Occupying credit line
		CNY 100,000,000.00	Occupying credit line
Bank of Communications Company Limited Xinchang Sub-branch	The Company	CNY 150,000,000.00	Deposit of 15,000,000.00 yuan
Bank of China Limited Xinchang Sub-branch	The Company	USD 1,239,606.00	Occupying credit line
		USD 811,063.20	Occupying credit line
		USD 1,033,708.00	Occupying credit line
Shangyu New District Sub-branch of Construction Bank Co.	Shangyu NHU Biochemical Co., Ltd	CNY 100,000,000.00	Occupying credit line

Issuing banks	Applicants	Balance of L/C	Conditions
Xinchang Sub-branch of Zheshang Bank Co.	Heilongjiang NHU Biotechnology Co., Ltd	CNY 80,000,000.00	Occupying credit line
China Merchants Bank Co., Ltd. Weifang Branch	Shandong NHU Pharmaceutical Co., Ltd	CNY17,312,427.03	Occupying credit line
		CNY21,536,585.76	Occupying credit line
		CNY24,431,946.60	Occupying credit line
Bank of China Limited Weifang Binhai Sub-branch	Shandong NHU Amino-acids Co., Ltd.	EUR 1,855,000.00	Deposit of 14,942,418.00 yuan
		EUR 107,225.00	Deposit of 12,000,000.00 yuan
		JPY 554,922,280.00	Occupying credit line
Bank of China Limited Shangyu Sub-branch	Zhejiang NHU Special Materials Co., Ltd.	JPY 2,900,000.00	Deposit of JPY 2,900,000.00
		JPY 4,124,000.00	Deposit of JPY 4,124,000.00

#### 4. The “notes pool” business

Pursuant to the “Notes Pool Service Agreement on Yuntong Account of Bank of Communications” entered into between the Company and Bank of Communications Co., Ltd., the Company pledged and endorsed bank acceptance to the depositary bank, forming a pledged notes pool; the Company also opened a notes pool deposit account to provide guarantee for the credit granted under the note pledge and to deposit the pledged bank acceptance for payments. The available credit line for pledge is the sum of pledged notes and the actual balance of deposit account less pledged notes used. As stipulated in the agreement, the sum of pledged notes and the balance of deposit account shall not be less than the pledged amount used for issuing notes. Pursuant to the “Notes Pool Cooperation Agreement” entered into among the Company, its subsidiaries Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Special Materials Co., Ltd., Shaoxing Yuchen New Materials Co., Ltd., Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Vitamins Co., Ltd., Shandong NHU Amino-acids Co., Ltd., Heilongjiang NHU Biotechnology Co., Ltd., Shandong NHU Fine Chemical Science and Technology Co., Ltd., Heilongjiang Xinhao Thermal Power Co., Ltd., Xinchang NHU Vitamins Co., Ltd., Zhejiang Vityesun Animal Nutrition and Health Co., Ltd. and China Zheshang Bank Co., Ltd., the Company pledged assets pool or notes pool for guarantee, and opened a notes deposit account to pay deposits at a certain percentage, with no specific agreement on the amount of deposits. As of December 31, 2022, balance of pledged bank acceptance amounted to 369,747,243.32 yuan, deposits of notes pool in China Zheshang Bank Co., Ltd. amounted to 147,608,293.24 yuan.

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

(II) As of the balance sheet date, the Company has no significant contingencies to be disclosed.

## XIV. Events after the balance sheet date

### 1. Profit distribution

Unit: RMB Yuan

Profit or dividend to be distributed	1,536,710,840
Profits or dividends announced upon review and approval	1,536,710,840
Profit or dividend planned to be distributed	Based on the 3,073,421,680 shares (total share capital of 3,090,907,356 excluding 17,485,676 repurchased shares[Note]), a cash dividend of 5 yuan (tax included) will be distributed to all shareholders for every 10 shares, and no bonus shares will be distributed, and the capital reserve will not be converted into share capital. Note: According to the Rules for Share Repurchase by Listed

	<p>Companies, the shares in the professional account for share repurchase by listed companies are not entitled to profit distribution and capitalization of capital reserve.</p> <p>If the total share capital of the company changes before the implementation of the distribution plan due to the conversion of convertible bonds, share repurchase, exercise of share incentive, listing of new shares in refinancing, etc., the total amount of distribution will be adjusted accordingly in accordance with the principle that the distribution ratio remains unchanged.</p>
--	---

## 2. Description of other events after the balance sheet date

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

## XV. Other significant events

### 1. Segment information

#### (1) Identification basis and accounting policies for reportable segments

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

#### (2) Financial information of reportable segments

Unit: RMB Yuan

Items	Pharmaceutical chemicals	Others	Inter-segment offsetting	Total
Operating revenue	14,841,603,430.88	1,628,068,809.34	535,687,836.81	15,933,984,403.41
Operating cost	9,233,290,169.38	1,348,349,777.17	533,339,079.61	10,048,300,866.94
Total assets	35,656,504,814.07	4,560,717,015.28	1,949,596,673.52	38,267,625,155.83
Total liabilities	13,915,614,698.07	2,303,683,173.98	1,613,821,951.68	14,605,475,920.37

## 2. Leases

### 1. The Company as lessee

(1) Please refer to item VII 14 of this section for details on right-of-use assets.

(2) Please refer to item V 23 of this section for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	1,960,380.62	1,841,763.55
Total	1,960,380.62	1,841,763.55

(3) Profit or loss and cash flows related to leases

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	149,348.03	153,023.91
Total cash outflows related to leases	2,682,437.97	2,323,174.93

(4) Please refer to item X of this section for details on maturity analysis of lease payments and related liquidity risk management.

## 2. The Company as lessor

### Operating lease

#### (1) Lease income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Lease income	3,058,126.92	2,125,888.62

#### (2) Assets leased out under operating leases

Please refer to item VII 12 of this section for details on fixed assets leased out under operating leases.

#### (3) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Unit: RMB Yuan

Remaining years	Closing balance	Opening balance
Within 1 year	1,642,344.00	833,000.00
1-2 years	620,000.00	696,000.00
2-3 years		310,000.00
Total	2,262,344.00	1,839,000.00

## 3. Others

### (1) Employee stock ownership plan

Pursuant to proposals related to employee stock ownership plan including the "Third Phase of Employee Stock Ownership Plan (Draft) of Zhejiang NHU Co., Ltd. and Summary" deliberated and approved by the third meeting of the eighth session of Board of Directors and the second meeting of the eighth session of the Board of Supervisors dated October 26, 2020 and the second extraordinary general meeting of 2020 dated November 11, 2020, the Company was agreed to implement the third phase of employee stock ownership plan.

Purchase of the Company's shares totaling 8,442,935 shares in the third phase of employee stock ownership plan was finished on February 26, 2021 through bidding in secondary market, accounting for 0.39% of total shares, with transaction amount totaling 303,710,918.74 yuan and average transaction price of 35.97 yuan per share. On May 19, 2021, holding shares in the third phase of employee stock ownership plan increased to 10,131,522 shares after the Company's annual equity distribution of 2020, accounting for 0.39% of total current shares. As regulated by the third phase of employee stock ownership plan, lock-up period of shares in the employee stock ownership plan covers 12 months since the announcement date of purchase completion (i.e., from February 27, 2021 to February 26, 2022). Therefore, the lock-up period has expired on February 26, 2022. The duration of employee stock ownership plan shall not exceed 24 months since the approval date of general meeting of shareholders (i.e., from November 11, 2020 to November 11, 2022).

According to the "Phase III Employee Stock Ownership Plan (Draft)", before the expiration of the employee stock ownership plan, more than 2/3 of the shares held by the holders of the general meeting of holders agree and submit to the company. After deliberation and approval by the board of directors, the duration of the employee stock ownership plan can be extended. On October 24, 2022, the third phase of the employee stock ownership plan was voted and approved at the third holders' meeting, agreeing to extend the duration of the employee stock ownership plan for 12 months and submit it to the company's board of directors for consideration. The company

held the 14th meeting of the eighth board of directors on October 31, 2022, reviewed and approved the "Proposal on the Extension of the Duration of the Third Employee Stock Ownership Plan", and agreed that the duration of the company's employee stock ownership plan will be extended. The former duration November 11, 2020 to November 10, 2022 will be adjusted to November 11, 2020 to November 10, 2023, and other contents will not be changed.

#### (II) Progress of share repurchase

Pursuant to the "Proposal on Share Repurchase" deliberated and approved by the seventh meeting of the eighth session of the Board of Directors dated August 18, 2021, the Company was agreed to repurchase part of public shares through centralized bidding transactions with self-owned funds for the purpose of equity incentive plan or employee stock ownership plan. The repurchase amount in this time ranged from 300.00 million yuan (inclusive) to 600.00 million yuan (inclusive), and the price should not exceed 41.00 yuan (inclusive) per share.

As of December 31, 2022, the Company repurchased a total of 17,485,676 shares of the Company's stock, accounting for 0.5657% of the Company's total share capital, through a special securities account for repurchase by means of centralized competitive bidding transactions, with the highest transaction price of RMB31.88 per share and the lowest transaction price of RMB20.20 per share, for a cumulative transaction amount of RMB500,019,703.22 (excluding transaction fees) The actual repurchase period for this repurchase is from August 31, 2021 to May 30, 2022. The repurchase is in line with the established share repurchase program of the Company and the share repurchase program has been implemented and completed.

#### (III) Foreign investments and signing of letters of intent on cooperative joint venture

At the ninth meeting of the eighth session of the board of directors held on December 24, 2021, the company considered and passed the "Proposal on Foreign Investment and Signing the Letter of Intent on Joint Venture Cooperation", agreeing to the signing of the Letter of Intent on Joint Venture Cooperation between the company and Zhenhai Refining and Chemical Branch of China Petroleum and Chemical Corporation, in which both parties will cooperate to invest in a set of methionine production facilities, with the total estimated investment of the project being about RMB 3 billion, to be built in Ningbo Zhenhai District, Ningbo. Both parties will establish a joint venture company as the main body of the project, which will be responsible for the production and sales of methionine products. The proposed registered capital of the joint venture company is RMB 778.36 million, to be funded in cash, with a tentative 50%:50% shareholding ratio between the two parties. The joint venture company will have a board of directors consisting of four directors, with each party having the right to appoint two directors, and the management of the joint venture company will be jointly composed of both parties.

As of March 9, 2023, the joint venture company Ningbo Zhenhai Refining and Chemical NHU Biotechnology Co., Ltd. has completed the industrial and commercial registration procedures and obtained the Business License issued by the Ningbo Zhenhai District Market Supervision Administration; as of April 11, 2023, the company has contributed 116,754,000.00 yuan to the joint venture.

#### (IV) Purchase of financial products using raised funds

The Company held the tenth meeting of the eighth session of the Board of Directors on April 13, 2022, and considered and passed the "Proposal on the use of part of the idle fund-raising funds for cash management", agreeing that the Company and its wholly-owned subsidiary Shandong Xinhecheng Amino Acid Company Limited shall use the idle fund-raising funds of not more than 2.6 billion yuan (including 2.6 billion yuan) for cash management on the premise of ensuring that the investment projects of the fund-raising funds will not be affected normally. Ltd. will use the idle proceeds of up to RMB 2.600 billion (including RMB 2.600 billion) for cash management and purchase short-term financial products with high security, good liquidity and low risk for a period of not more than 12 months. The funds can be used within the above-mentioned quota on a rolling basis. As of December 31, 2022, the actual balance of wealth management products and structured deposits purchased with temporarily idle fund raised by the Company was RMB 720 million.

**XVI. Notes to main items of parent company financial statements****1. Accounts receivable****(1) Details on categories**

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion		Amount	% to total	Amount	Provision proportion	
Receivables with provision made on a collective basis	526,936,263.09	100.00%	26,346,813.15	5.00%	500,589,449.94	785,631,558.20	100.00%	39,281,577.91	5.00%	746,349,980.29
Total	526,936,263.09	100.00%	26,346,813.15	5.00%	500,589,449.94	785,631,558.20	100.00%	39,281,577.91	5.00%	746,349,980.29

Provision made on a collective basis using age analysis method

Unit: RMB Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	526,936,263.09	26,346,813.15	5.00%
Total	526,936,263.09	26,346,813.15	--

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	526,936,263.09
Total	526,936,263.09

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Provision made on a collective basis	39,281,577.91	-12,934,764.76				26,346,813.15
Total	39,281,577.91	-12,934,764.76				26,346,813.15

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Client 1	188,847,440.39	35.84%	9,442,372.02
Client 2	63,451,682.04	12.04%	3,172,584.10
Client 3	49,204,200.00	9.34%	2,460,210.00
Client 4	28,780,551.86	5.46%	1,439,027.59
Client 5	27,476,150.00	5.21%	1,373,807.50
Total	357,760,024.29	67.89%	--



**2. Other receivables**

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable	20,735,987.73	7,159,278.00
Other receivables	2,475,376,134.12	3,087,880,137.47
Total	2,496,112,121.85	3,095,039,415.47

**(1) Dividend receivable****1) Details on categories**

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,735,987.73	7,159,278.00
Total	20,735,987.73	7,159,278.00

**(2) Other receivables****1) Categorized by nature**

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
loan splitting	2,477,800,000.00	3,131,287,854.18
Deposit Guarantee	100,017,996.50	100,300,037.50
Export Tax Refund	8,678,171.26	10,812,822.80
Employee reserve fund	5,953,662.00	3,148,937.00
Accounts receivable in suspense	461,787.32	178,933.01
Other	8,467,732.53	495,303.74
Total	2,601,379,349.61	3,246,223,888.23

**2) Provision for bad debts**

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12□ month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	156,762,592.67	131,654.00	1,449,504.09	158,343,750.76
Opening balance in the current period	—	—	—	—
--Transferred to phase II	-57,700.00	57,700.00		
--Transferred to phase III		-34,486.40	34,486.40	
Provision made in the current period	-32,081,720.22	75,932.40	-334,747.45	-32,340,535.27
Closing balance	124,623,172.45	230,800.00	1,149,243.04	126,003,215.49

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

 Applicable  Not applicable

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	2,501,141,620.17

Ages	Book balance
1-2 years	1,154,000.00
2-3 years	172,432.00
Over 3 years	98,911,297.44
3-4 years	182,455.81
4-5 years	50,067.41
Over 5 years	98,678,774.22
Total	2,601,379,349.61

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Portfolio grouped by ages	158,343,750.76	-32,340,535.27				126,003,215.49
Total	158,343,750.76	-32,340,535.27				126,003,215.49

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

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Heilongjiang NHU Biotechnology Co., Ltd.	Call loans	1,126,000,000.00	Within 1 year	43.28%	56,300,000.00
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Call loans	339,000,000.00	Within 1 year	13.03%	16,950,000.00
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Others	2,553,383.24	Within 1 year	0.10%	127,669.16
Heilongjiang Xinhao Thermal Power Co., Ltd	Call loans	303,700,000.00	Within 1 year	11.67%	15,185,000.00
Zhejiang NHU Pharmaceutical Co., Ltd	Call loans	244,000,000.00	Within 1 year	9.38%	12,200,000.00
Zhejiang NHU Special Materials Co., Ltd.	Call loans	225,100,000.00	Within 1 year	8.65%	11,255,000.00
Total	--	2,240,353,383.24	--	86.11%	112,017,669.16

### 3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	9,146,078,842.12		9,146,078,842.12	7,846,078,842.12		7,846,078,842.12
Investments in associates and joint ventures	239,967,333.33		239,967,333.33	208,873,174.90		208,873,174.90
Total	9,386,046,175.45		9,386,046,175.45	8,054,952,017.02		8,054,952,017.02

#### (1) Investments in subsidiaries

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Xinchang NHU Vitamins Co., Ltd.	149,407,990.15					149,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00					13,500,000.00	
Qionghai Boao Lidu Real Estate Co., Ltd.	54,020,492.00					54,020,492.00	
Zhejiang Vityesun Animal Nutrition and Health Co., Ltd.	5,000,000.00					5,000,000.00	
Shangyu NHU Bio-Chem Co., Ltd.	414,100,091.44					414,100,091.44	
NHU (Hong Kong) Trading Co., Ltd.	16,406,160.00					16,406,160.00	
Zhejiang NHU Pharmaceutical Co., Ltd.	480,000,000.00					480,000,000.00	
Zhejiang NHU Special Materials Co., Ltd.	554,844,108.53					554,844,108.53	
Shandong NHU Amino-acids Co., Ltd.	3,900,000,000.00	1,000,000,000.00				4,900,000,000.00	
Shandong NHU Holdings Co., Ltd.	200,000,000.00					200,000,000.00	
Heilongjiang NHU Biotechnology Co., Ltd.	1,300,000,000.00					1,300,000,000.00	
Shandong NHU Pharmaceutical Co., Ltd.	586,000,000.00					586,000,000.00	
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	160,000,000.00	300,000,000.00				460,000,000.00	
Zhejiang NHU Nylon Materials Co., Ltd.		50,000,000.00			50,000,000.00		
NHU Singapore PTE. LTD.	12,800,000.00					12,800,000.00	
<b>Total</b>	<b>7,846,078,842.12</b>	<b>1,350,000,000.00</b>			<b>50,000,000.00</b>	<b>9,146,078,842.12</b>	

**(2) Investments in associates and joint ventures**

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income recognized	Adjustment in other comprehens	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others		

				under equity method	ive income					
I. Associates										
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	208,873,174.90			47,283,121.54		4,547,025.85	20,735,988.96			239,967,333.33
Subtotal	208,873,174.90			47,283,121.54		4,547,025.85	20,735,988.96			239,967,333.33
Total	208,873,174.90			47,283,121.54		4,547,025.85	20,735,988.96			239,967,333.33

#### 4. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	3,413,299,237.28	2,778,374,702.33	4,490,464,824.38	3,190,769,298.95
Other operations	63,079,968.72	50,816,850.54	63,614,077.00	44,517,335.33
Total	3,476,379,206.00	2,829,191,552.87	4,554,078,901.38	3,235,286,634.28
Including: Revenue from contracts with customers	3,472,854,161.65	2,827,759,903.86	4,550,933,427.10	3,233,713,897.14

Details of revenue

Unit: RMB Yuan

Categories of contracts	Total
By product	
Including: Nutrition	3,413,299,237.28
Others	59,554,924.37
Subtotal	3,472,854,161.65
By operating region	
Including: Domestic	2,210,806,407.19
Overseas	1,262,047,754.46
Subtotal	3,472,854,161.65
By revenue recognition time	
Including: Transferred at a point in time	3,472,854,161.65
Subtotal	3,472,854,161.65
By sales channel	
Direct Sales	1,542,579,083.70
Resellers	1,930,275,077.95
Subtotal	3,472,854,161.65

Information related to performance obligations:

None.

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

As of December 31, 2022, revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 483.98 million yuan, of which, 483.98 million yuan is expected to be recognized as revenue in 2023.

**5. Investment income**

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	47,283,121.54	60,097,137.98
Investment income from long-term equity investments under cost method	1,186,000,000.00	1,289,000,000.00
Investment income from disposal of financial instruments		384,955.72
Interest income from call loans	93,315,645.90	142,819,103.02
Investment income from bank financial products and structured deposits	31,667,084.46	43,135,464.45
Total	1,358,265,851.90	1,535,436,661.17

**XVII. Supplementary information****1. Schedule of non-recurring profit or loss**

√ Applicable □ Not applicable

Unit: RMB Yuan

Items	Amount	Remarks
Gains on disposal of non-current assets	-74,232,517.88	
Tax rebates and exemptions that are approved beyond authority or without official approval documents	8,476,745.63	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	175,761,119.94	
Fees charged to non-financial enterprises for fund occupancy included in current profit or loss	988,193.62	
Gains on assets consigned to the third party for investment or management	52,749,284.13	
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	-86,980,602.84	Mainly due to changes in the fair value of forward during the reporting period.
Non-operating income and expenses other than those mentioned above	2,411,616.08	
Other non-operating revenue or expenditures	1,102,494.25	
Less: Enterprise income tax affected	46,826,444.91	
Non-controlling interest affected	51,953.28	
Total	33,397,934.74	--

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

□ Applicable √ Not applicable

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

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

□ Applicable √ Not applicable

**2. ROE and EPS**

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	16.08%	1.17	1.17
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	15.93%	1.16	1.16

**3. Differences in accounting data under Chinese accounting standards and overseas accounting standards****(1) Difference in net profit and net assets in financial statements disclosed respectively under IFRS Standards and Chinese accounting standards**

Applicable  Not applicable

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

Applicable  Not applicable