

2023 HALF-YEAR REPORT

SHANDONG WEIFANG RAINBOW CHEMICAL CO., LTD

Stock abbreviation:
Rainbow Chemical
Stock code
301035

August 2023


Rainbow
all about growing



Global Operation Center
 Manufacturing Base
 Subsidiary / Office

NO.1 CHINA AGROCHEMICAL EXPORTERS

Ranked 1st in 2021
 Ranked 1st in 2020
 Ranked 1st in 2019
 Ranked 1st in 2018

NO.11 IN GLOBAL'S AGROCHEMICAL COMPANIES

Ranked 11th in 2021
 Ranked 11th in 2020
 Ranked 11th in 2019
 Ranked 13th in 2018

Operation analysis for the first half of 2023

Throughout the reporting period, the overall operation of the Company is in good condition. Each critical task has been implemented according to the medium-term strategic plan and annual work plan. Both the progress and quality of each critical task meet the expectation.

1

The operation team fully leverages the advantages of "light structure, and fast response" to calmly embrace the major changes in the market. Based on a thorough understanding of the information of the whole industrial chain from factory to farm, the Company responds quickly and makes accurate decisions, effectively reduces and controls the business risks, and achieves good business performance against the background of the industry's downturn cycle, highlighting the Company's unique competitive advantages.

2

The new development speed and quality of the global marketing network are better than expected. The progress and quality of market development and business model upgrading, especially Model C, are encouraging. The Company has a solid foundation and good momentum for sustained, healthy, and stable growth.

3

During the Company's globalized operation, it also needs to continuously improve its capabilities, including the capability for the advanced manufacturing of important active ingredients supported by R&D and innovation, the globalized operation capability based on an adapted management system and the capability to build an excellent end-to-end process system in line with the Company's business, and guarantee the implementation of processes.

4

Operational outlook for the second half of 2023

Along with the end of de-stocking and rebound of demand in various markets, as well as the orderly and smooth progress of the critical tasks in the medium-term strategic plan, the Company has a solid foundation and good momentum for sustained, healthy and stable growth. The future performance will show a quarter-by-quarter upturn, and it is expected that the overall performance in the second half of the year will be better than that in the first half of the year.



Advanced manufacturing supported by R&D innovation

Further improving the global marketing network

<p>Team building</p>	<p>Half year into 2023, the Company stepped up efforts to recruit more talents, including fresh graduates and experienced professionals, adding 16 members to the technical team. The overall R&D capability had been further improved. Meanwhile, with a wide expertise network build through years in the international market and an international vision, the Company has actively integrated top experts in segmented domains and further improved R&D processes. So far, the Company has preliminarily built an international technology team with top expertise and a science-based, rigorous, effective and systematic work flow which provides strong support o successful construction and stable operation of programs in the Company planning.</p>	<p>Team building</p>	<p>The marketing and registration team has rapidly expanded through recruitment campaigns at domestic universities and colleges, social recruitment and local recruitment in different countries. Especially after enhancing recruitment of local staff in foreign countries, the set-up and management of international teams has become more systematic and mature. With more young staff joining the team, the Company has further enriched and optimized the marketing and registration training scheme and serial training materials. It has successfully organized 4-month Training course for new staff recruited at universities and colleges and an annual 1-week marketing training camp for on-the-job staff, which achieved the goal of improving unity, sharing lessons learned at work and educating methodologies of success.</p>
<p>Project planning</p>	<p>Under the guidance of the Company's medium-term strategic plan, by leveraging the Company's advantages in sharp market sensitivity and full transparent industrial chain, the Company has selected systematic, rigorous and targeted products for medium-term product planning. In terms of manufacturing active pharmaceutical ingredients, important active ingredients with expired patents or with soon-to-expire patents were in the process of being handled by different project teams in steady progress.</p>	<p>Market expansion</p>	<p>The marketing team carries out the Company's key tasks and develops business in target countries. While deepening the business in existing target markets, the team has continuously expanded new market and accelerated construction of the global marketing network.</p> <p>(1) The Company has newly completed in-depth surveys in the United States, Canada, Mali, Guinea, Moldova, Mongolia and other markets;</p> <p>(2) The Company has newly established wholly-owned or joint venture subsidiaries or offices in Australia, New Zealand, Turkey, Guyana, Ghana, Dominica, Tunisia, Algeria, etc.;</p> <p>(3) The Company has newly established wholly-owned or joint venture local teams in Turkey and Cambodia to start the local To C channel construction and brand sales.</p>
<p>Progress of implementation</p>	<p>In terms of manufacturing active pharmaceutical ingredients, the Company has developed and optimized processing technologies of manufacturing important active ingredients based on goals of automation, continuity and environmental protection to make the processing more refined and chemical-based. During the reporting period, a first-of-its-kind single-line multi-product project is in trial production. Two projects for full-chain continuity transformation of active pharmaceutical ingredients have been completed and are ready for implementation. Two active pharmaceutical ingredients are expected to complete development in the second half of 2023 and get ready for implementation in 2024. One active pharmaceutical ingredient is expected to complete development in the second half of 2024 and get ready for implementation in 2025.</p>	<p>Global registration</p>	<p>As the construction of the global marketing network accelerates, the Company also pays more efforts and accelerates the global registration layout.</p> <p>(1) Expanded the global registration team rapidly, from 169 team members in 2022 to 180 at present.</p> <p>(2) The Company has completed registrations for the first time in Poland, Tunisia, Armenia, Zimbabwe, Togo, Madagascar, Botswana and other countries.</p> <p>(3) As of June 30, 2023, the Company has over 300 registration items in China and over 5400 registration items overseas.</p>

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

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



The Company's fifth Marketing training Camp successfully closed



The Company launching a leadership diagnostic program



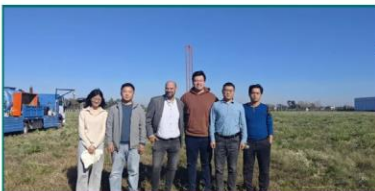
The Company recognized as a key local multinational enterprise for cultivation in Shandong Province



The Company holding important projects summary and commendation meeting



The Company's SAP system launched globally



The Company buying new land in Argentina to expand factory production capacity



The world's largest daily production line for glyphosate granules put into operation

Complete industrial chain

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

Unique business model

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

A clear strategic plan that is firmly implemented

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



Widely covered global marketing network

- Strong global registration capabilities and experienced international market development team.
- Having carried out businesses in more than 90 countries worldwide and continuing to accelerate the improvement of the global marketing network.

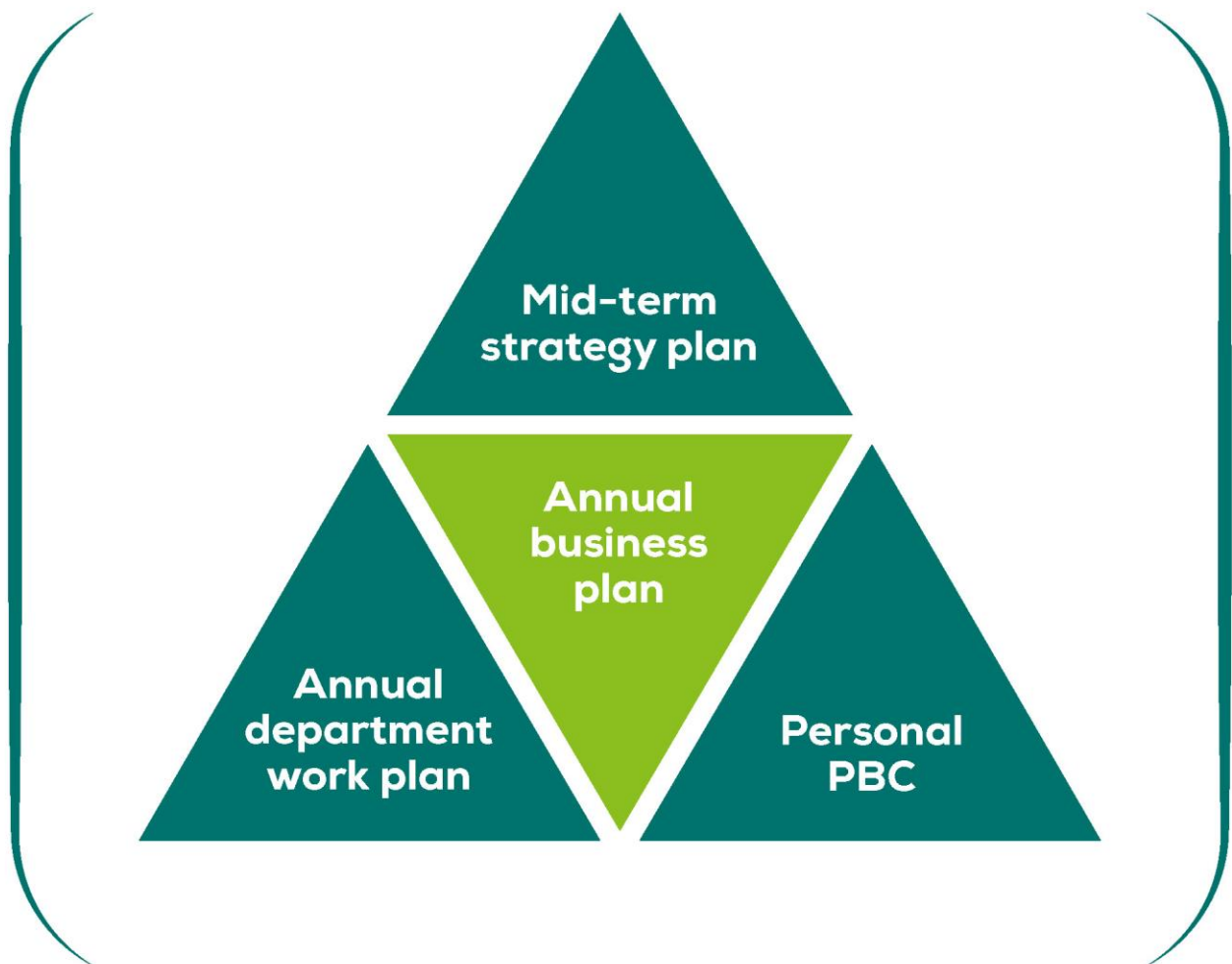
Advanced manufacturing supported by R&D

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

Professional and dedicated international core team

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

A CLEAR AND FIRMLY IMPLEMENTED STRATEGY PLAN



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

Focus →

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

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Section I. Company Information and Key Financial Indicators

I. Company profile

Short form of the stock	润丰股份	Stock code	301035
Listed on	Shenzhen Stock Exchange		
Chinese name of the Company	SHANDONG WEIFANG RAINBOW CHEMICAL CO.,LTD		
Chinese abbreviation of the Company (if any)	润丰股份		
Name of the Company in English (if any)	SHANDONG WEIFANG RAINBOW CHEMICAL CO.,LTD		
Abbreviation of the Company in English (if any)	RAINBOW CHEMICAL		
Legal representative of the Company	Wicky Wang		

II. Contact Person and Contact Information

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

III. Other Information

1. Contact Information of the Company

Whether there is any change to the Company's registered address, office address, postal code, website and E-mail address during the reporting period

Applicable Not applicable

There is no change to the Company's registered address, office address, postal code, website and E-mail address during the reporting period. For details, see the Company's 2022 Annual Report.

2. Information Disclosure and Place of Report

Whether there is any change to information disclosure and place of report during the reporting period

Applicable Not applicable

There is no change to the website of the stock exchange, to the name of the media and its website during the reporting period, where the Company discloses the semi-annual report. For details, see the Company's 2022 Annual Report.

3. Changes of the registration status of the Company

Whether there is any change to the Company's registration status during the reporting period

Applicable Not applicable

There is no change to the registration status of the Company during the reporting period. For details, see the Company's 2022 Annual Report.

IV. Key Accounting Data and Financial Indicators

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

Yes No

	H1 2023	H1 2022	Year-on-year increase or decrease
Operating income (RMB)	5,043,502,704.02	7,778,575,013.04	-35.16%
Net profit attributable to shareholders of the Company (RMB)	424,390,802.78	887,649,644.42	-52.19%
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	419,498,286.91	893,139,516.82	-53.03%
Net cash flow from operating activities (RMB)	-410,336,682.21	686,193,459.42	-159.80%
Basic earnings per share (RMB/Share)	1.53	3.21	-52.34%
Diluted earnings per share (RMB/Share)	1.52	3.19	-52.35%
Weighted average return on net assets	6.77%	16.77%	-10.00%
	End of H1 2023	End of 2022	Increase or decrease
Total assets (RMB)	11,545,154,527.11	11,598,874,181.42	-0.46%
Net assets attributable to shareholders of the Company (RMB)	6,198,823,789.14	6,184,265,166.56	0.24%

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

Applicable Not applicable

Unit: RMB

Item	Amount	Notes
Gain and loss on disposal of non-current assets (including the write-off portion of asset impairment provision)	-3,098,550.35	
Government subsidies included in current gains and losses (closely related to normal operational business of the Company, excluding the continuous government subsidies of certain amount)	5,591,198.21	

or quota complying with national policies)		
Gains and losses arising from changes in the fair value of financial assets held for trading and financial liabilities held for trading, and the investment returns obtained from the disposal of financial assets held for trading, financial liabilities held for trading, and financial assets available for sale, other than the effective hedging business related to the normal operation of the Company.	67,558.36	
Other non-operating revenue and expenditure other than those mentioned above	2,420,055.38	
Less: affected amount of income tax	142,378.84	
Affected amount of minority shareholders' equity (after tax)	-54,633.11	
Total	4,892,515.87	

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

Applicable Not applicable

There are no other gains and losses items of the Company that meet the definition of non-recurring gains and losses.

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

Applicable Not applicable

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

Section II. Discussion and Analysis of Management of the Company

I. The Main Business of the Company During the Reporting Period

I. The situation of the industry during the reporting period

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

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

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

From the global perspective, the crop protection industry is an existing market that has rigid demands and is steadily growing in market shares. The demand for crop protection is closely related to the demands of humans for food and other crops. In recent years, with the increase in the population of the world, and the continuous occurrence of pests and diseases, the scale of global crop protection market is constantly expanding. According to the data of Phillips McDougall, a British market research company, the global crop protection market scale increased from USD 35.575 billion to USD 69.886 billion, with annual compound growth rate of 5% from 2006 to 2020. It is not an industry featuring rapid growth in terms of the total growth rate, and it is also an industry that lacks change or strong growth dynamic due to the limitation of the non-linear improvement of new compound development costs, but it still has three clear structural growth opportunities: First, the continuous expansion of the market share of non-patented crop protection products. Second, with the continuous expansion of non-patented crop protection market share, excellent multinational generic companies grow rapidly (such as UPL in India). Third, with the promotion of different transgenic seeds and the resistance of different active ingredients, the prohibition policy from the government has brought about the change of usage amount of different active ingredients (such as Glufosinate-ammonium, Diquat, Prothioconazole and Chlorantraniliprole gained rapid growth in the global market in the past few years).

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

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

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

3. The global usage amount of different active ingredients changes rapidly

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

- (1) With the promotion of transgenic seeds, the growth rate of global use of Glufosinate-ammonium and 2,4D was significantly higher than that of other active ingredients in the past three years.
- (2) The prohibition or restriction policies of the government have a great impact on the use of different active ingredients : For example, the prohibition of paraquat in China, Brazil, Vietnam, Thailand and other markets has prompted significant increase of its alternatives active ingredients such as Glufosinate-ammonium and diquat; To give another example, the prohibition of chlorpyrifos in Argentina, Vietnam, the EU, Myanmar, the United States and other markets directly has led to a significant decline in the global use of Chlorpyrifos, and promoted the rapid growth of other alternative active ingredients; Another example is the prohibition of Chlorothalonil in the EU directly has led to the serious excess of Chlorothalonil production.
- (3) The resistance changes of different active ingredients require the mixed use of several alternatives for the same target diseases, insects and weeds: For example, countries such as Vietnam and Pakistan in South Asia have habitually used a single insecticide frequently and intensively, resulting in the rapid rise of its insecticide resistance and the frequent changes of different active

ingredients; For another example, the fungicide resistance of Brazil to prevent soybean Asian rust changes rapidly, and it needs to be used alternately or mixed among different active ingredients.

The rapid change in such different active ingredients enables manufacturers who are relying too much on a single active ingredients to face significant opportunities or major crises.

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

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

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

(2) The growth rate in the Northern American market slows down: The market size of the United States and Canada is relatively stable, and with the increase in the market share of non-patented crop protection products, competition has intensified;

(3) Steady and slow growth of the Asia-Pacific market: India, Indonesia, Bangladesh, Vietnam and other markets in the region are growing relatively fast;

(4) The growth rate in Africa is accelerating: With the development of economy, countries in Africa increase investment in agriculture, and the market scale of crop protection products grows rapidly;

(5) Accelerated growth of Eastern European market: The growth rate of Russia and Ukraine, in the region, is very obvious, especially Russia, which has become the seventh largest crop protection product market in the world;

(6) The size of the EU market is stable and slightly decreased: The EU's policy of prohibiting and restricting more and more active ingredients, and the high product registration and maintenance costs to meet regulatory requirements have made this market less attractive due to the high risk of registration investment and high amortization cost of intangible assets, despite its high gross profit margin. The market size in this region is stable and continues to decline slightly, but the market for bio-pesticide and bio-stimulant will become a growth point.

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

To enter the market of any country, crop protection products need to obtain a product registration certificate in that country in accordance with relevant laws and regulations of that country,. Obtaining a product registration in country A does not mean that it can be sold in country B. That is, even the same product also needs to be sold in accordance with relevant laws and regulations of each country, to obtain the product registration certificate in the target country. The management regulations and policies for crop

protection products in various countries around the world are frequently adjusted and increasingly strict, mainly in the following aspects:

(1) Changes in registration policies or approval fees have increased the registration costs of individual products in various countries: For example, the adjustment of the registration policy of the imported product of India in 2017, has made the registration fee of a single imported technical drug directly rise from 20,000 USD to around 400,000 USD to 800,000 USD now.

In China, with the implementation of the new pesticide management regulations issued in 2017, the registration cost of a single original drug of the old variety has increased from about RMB 200,000 to about RMB 5 million now.

(2) Registration policies are being adjusted towards high data standardization and complication, making registration more difficult: Even countries with very loose requirements are increasingly changing from accepting public data to requiring GLP experiments reports. The types of reports required are more and more complex, which increases the types of data required for the registration of a single product, improves the standard, and increases the preparation time of data, and some of the data is extremely difficult to prepare professionally.

(3) The declining of efficiency in the approval and certification by governments around the world: For example, the government departments in countries such as Argentina, Bangladesh, Sri Lanka and Malaysia, have limited the annual number of submissions or the number of approved products of each company, resulting in slow process with prolonged cycle for new product certification. Many countries, such as Argentina, Bangladesh, Malaysia, and Algeria, have even introduced policies to limit the number of product registration applications per applicant per year.

(4) The registration process in important crop protection product markets generally takes a long time: The process takes long in the world's important crop protection product markets such as Brazil, Argentina, Mexico, Russia, India, China, the EU and etc. In Brazil, it generally takes 5-8 years; in Russia, India, and the EU, it generally takes 4-6 years; in Argentina, Mexico, and China, it generally takes 3-5 years; in the United States, it generally takes 2-3 years.

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

(II) Global crop protection market environment in H1 of 2023

1. The prices of primary agricultural products remain at a medium-high level historically. Farmers are willing to use pesticides, and the planting area of agricultural products has not decreased, indicating that the rigid consumption demand of end consumers for pesticides is still there.

2. During the reporting period, the prices of most active ingredients of crop protection products have dropped. The industry's boom cycle over the past three years has accelerated the expansion and release of pesticide production capacity in China and India.

Coupled with the panic stockpiling in various market channels due to the global supply and logistical malfunction over the past two years, prices of most crop-protecting active ingredients have continued to weaken since the fourth quarter of 2022, basic manufacturers for different active ingredients, generally under pressure. The Sino-Agri price index for pesticide active ingredients on July 2, 2023 was 87.17, a year-on-year drop of 39.3%. Among the hundreds of products tracked, 93% saw a price drop compared to last year. Large-tonnage active ingredients such as Glyphosate (-59.69%), Glufosinate-ammonium (-74.00%), Diquat (-56.90%), 24D (-53%), Imidacloprid (-41.94%), Azoxystrobin (-35.38%) and other products have dropped significantly in price and have all fallen to or set new historical lowest level.

3. During the reporting period, major markets were in a destocking period. Continued low prices for most crop-protecting active ingredients and high inventories in the channels of major markets, particularly the United States and Brazil, have led to a general destocking period, and even markets with low inventory levels have generally delayed new demand as much as possible to avoid the risk of price cuts.

(III) Global Crop Protection Market Outlook for H2 of 2023

1. The prices of most crop-protecting active ingredients will continue to consolidate at the bottom. In the first half of the year, the prices of most active ingredients saw a rapid and continued decline. Prices of many active ingredients have even hit new historic lows. However, due to the expansion and release of pesticide production capacity in China and India in the past three years, most active ingredients will continue to be in a situation of oversupply, which means that the prices of most active ingredients will continue to consolidate at the bottom.

2. The end of destocking in different markets and the time taken for demand to return to normal status are different, but the overall demand will continue to pick up. Most market destocking has now ended, with destocking in the Brazil and Argentina markets expected to end in the fourth quarter of this year, and destocking in the U.S. market not expected to end until the first half of 2024. Inventory levels in most other important markets are back to or below normal level. Given that the prices of most active ingredients are at the bottom, for those markets where the inventory level is back to or below the normal level, once the procurement season comes, the buyers are bound to take advantage of the low price and increase inventory, thus causing the overall demand to pick up.

3. Product pricing at its historical bottom can fluctuate significantly in the short term as a result of episodic events, which makes inventory management and market strategy based on accurate decision-making and rapid response particularly important. Many major manufacturers are under pressure because their prices are at or even lower than previous historical lows, so they will naturally seek various opportunities to push up prices in order to improve their performance. Once pushed up, prices will inevitably rise rapidly, but given the background of oversupply of production capacity, the prices tend to last for a short time and then fall back quickly. In the future, short-term price fluctuations of different active ingredients will become frequent. This has

brought challenges to the inventory management and market strategy adjustment of companies. It is particularly important to respond quickly and make accurate decisions based on a thorough understanding of the whole industrial chain from factory to farm.

II. Company operations during the reporting period

Rainbow's present medium-term strategic plan(2020-2024) was drawn under the guiding principle of "Persisting in doing the difficult but correct work, moving towards the forefront of industrial value chain, and building a complete industrial chain". On basis of this medium-term strategic plan, the Company will continue focusing on R&D and innovation-backed advanced manufacturing and improving the global marketing network. Following is the summary of progresses made in these two aspects in the first half of this year.

(I) R&D and innovation-backed advanced manufacturing

1. Team building: Half year into 2023, the Company stepped up efforts to recruit more talents, including fresh graduates and experienced professionals, adding 16 members to the technical team. The overall R&D capability had been further improved. Meanwhile, with a wide expertise network build through years in the international market and an international vision, the Company has actively integrated top experts in segmented domains and further improved R&D processes. So far, the Company has preliminarily built an international technology team with top expertise and a science-based, rigorous, effective and systematic work flow which provides strong support o successful construction and stable operation of programs in the Company planning.

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

3. Progress of implementation: In terms of manufacturing active ingredients, the Company has developed and optimized processing technologies of manufacturing important active ingredients based on goals of automation, continuity and environmental protection to make the processing more refined and chemical-based. During the reporting period, a first-of-its-kind single-line multi-product project is in trial production. Two projects for full-chain continuity transformation of active ingredients have been completed and are ready for implementation. Two active ingredients are expected to complete development in the second half of 2023 and get ready for implementation in 2024. One active ingredient is expected to complete development in the second half of 2024 and get ready for implementation in 2025.

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

(II) Improvement of the global marketing network

1. Team building: The marketing and registration team has rapidly expanded through recruitment campaigns at domestic universities and colleges, social recruitment and local recruitment in different countries. Especially after enhancing recruitment of local staff in foreign countries, the set-up and management of international teams has become more systematic and mature. With more young staff joining the team, the Company has further enriched and optimized the marketing and registration training scheme and serial training materials. It has successfully organized 4-month Training course for new staff recruited at universities and colleges and an annual 1-week marketing training camp for on-the-job staff, which achieved the goal of improving unity, sharing lessons learned at work and educating methodologies of success.

2. Market expansion: The marketing team carries out the Company's key tasks and develops business in target countries. While deepening the business in existing target markets, the team has continuously expanded new market and accelerated construction of the global marketing network.

(1) The Company has newly completed in-depth surveys in the United States, Canada, Mali, Guinea, Moldova, Mongolia and other markets;

(2) The Company has newly established wholly-owned or joint venture subsidiaries or offices in Australia, New Zealand, Turkey, Guyana, Ghana, Dominica, Tunisia, Algeria, etc.;

(3) The Company has newly established wholly-owned or joint venture local teams in Turkey and Cambodia to start the local ToC channel construction and brand sales.

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

(1) Expanded the global registration team rapidly, from 169 team members in 2022 to 180 at present.

(2) The Company has completed registrations for the first time in Poland, Tunisia, Armenia, Zimbabwe, Togo, Madagascar, Botswana and other countries.

(3) As of June 30, 2023, the Company has over 300 registration items in China and about over 5,400 registration items overseas.

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

(3) Semi-annual operation analysis for 2023

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

1. Throughout the reporting period, the overall operation of the Company is in good condition. Each critical task has been implemented according to the medium-term strategic plan and annual work plan. Both the progress and quality of each critical task meet the expectation.

2. The operation team fully leverages the advantages of "light structure, and fast response" to calmly embrace the major changes in the market. Based on a thorough understanding of the information of the whole industrial chain from factory to farm, the Company responds quickly and makes accurate decisions, effectively reduces and controls the business risks, and achieves good business performance against the background of the industry's downturn cycle, highlighting the Company's unique competitive advantages.

3. The market development speed and quality of the global marketing network are better than expected. The progress and quality of market development and business model upgrading, especially Model C, are encouraging. The Company has a solid foundation and good momentum for sustained, healthy, and stable growth.

4. During the Company's globalized operation, it also needs to continuously improve its capabilities, including the capability for the advanced manufacturing of important active ingredients supported by R&D and innovation, the globalized operation capability based on an adapted management system and the capability to build an excellent end-to-end process system in line with Rainbow Agrosciences' business, and guarantee the implementation of processes.

(IV) Operational outlook for the second half of 2023

Along with the end of de-stocking and rebound of demand in various markets, as well as the orderly and smooth progress of the key tasks in the medium-term strategic plan, the Company has a solid foundation and good momentum for sustained, healthy and stable growth. The future performance will show a quarter-by-quarter upturn, and it is expected that the overall performance in the second half of the year will be better than that in the first half of the year.

II. Analysis of Core Competitiveness

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

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

With the changes in the global economic environment, the global crop protection industry is also undergoing changes. Especially after the outbreak of the financial crisis in 2008, affected by the decline in overall market demand, the overcapacity problem of domestic manufacturing industry was more and more prominent due to years of continuous low-level repeated production. Many products were oversupplied and generated vicious price competition, which adversely affected the profitability of enterprises in the industry. In response to the challenges brought about by changes in domestic and foreign economic and market environments, the Company responded quickly. Since the second half of 2008, it began to explore and plan for the optimization and upgrading of the

its sales model and development route. The Company has gradually formed a global marketing network with "Team+Platform+Innovation" as the basic elements, combining the traditional export mode of crop protection products with the independent overseas registration mode, and featuring a "Quick Market Access Platform".

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

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

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

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

2. Clear and firmly implemented strategic plan

In 2019, based on the BLM model, with the participation of all core team members, the Company reached a consensus and determined the mid-term strategic plan for 2020-2024 after in-depth and sufficient discussions. The mid-term strategic plan was

formulated based on the guidelines of "Persisting in doing the difficult but correct JOB, moving toward the forefront of industrial value chain, and building a complete industrial chain".

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

3. A professional, committed and international core team

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

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

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

4. R&D and innovative support for advanced manufacturing

Since the financial crisis in 2008, under the influence of decreasing demands on the market and with aggravated over-productivity due to continuous low-level repeated construction in the domestic manufacturing sector for years, the domestic market has seen excessive supplies of the crop protection products and vicious price competition which exerts negative influences on the profits of the companies in the industry. In response to the challenges brought by the domestic & foreign economic environment and changes in the market, the operation team determined to invest limited resources in business expansion and deepening of the global market between 2008 to 2019 after analysis and discussion, and built a global marketing network which features as "Quick Market Access Platform".

At this stage, matching with the strategic planning, the Company mostly concentrates its R&D and innovation resources on development of differentiated preparations oriented by the pain points of the end market. So far, the Company has set up technologies and a R&D team to facilitate rapid development of preparations of all specifications in need of clients around the world. The development features as rapid, cost-effective compliant with laws and regulations of varied countries and globally leading.

Since 2017, with the improvement of national security and environmental protection management requirements and law enforcement, non-compliant and technologically outdated production capacity in the domestic crop protection manufacturing industry has been cleared out. Large compliant active ingredient manufacturers have gotten into a favorable development and growth cycle. During this cycle, more and more active ingredients single products are seeking technological breakthroughs in automatic production, continuity, environmental protection and other aspects to meet the requirements of laws& regulations and stable production. Once they achieve the breakthroughs, they can expand the production into larger scale as to dominate the global market in that product.

The Company has spotted this trend on the active ingredient manufacturing earlier, and thus shifted its resources of R&D and innovation to the advanced manufacturing of active ingredients single product in 2019. To achieve large-scale production of active ingredients by utilizing globally leading technologies, on basis of the network built in the course of the long-term international market expansion and the Company's international vision, the Company has actively gathered top experts from varied segmented domains and optimized the R&D work flow. So far, the Company has set up an international technology team with globally leading expertise and a science-based, rigorous, efficient and systematic work flow. That has given strong support to the successful execution and stable operation of the active components synthesis program in the long-term planning.

According to the Company's medium-term planning, the main measures and focus of the Company in R&D and innovation are as follows:

(1) Select from expired patents the target products that are instrumental for expanding into multiple markets on the globe and that have the potential to create a huge market. Another crucial factor is that these products must offer a large room for technological improvement. The Company refuses to engage in low-level repeated production and never advances prematurely in blind pursuit of quantity. The Company only invests in active ingredient products when it is confident that it can take the lead in terms of techniques and production scale of the niche markets worldwide for these products.

(2) Select active ingredients that are instrumental for the Company's market expansion and that have great market potential from soon-to-expire patents and be the first to start planning for those ingredients worldwide. The Company is determined to become the leader in exploring the market of such active ingredients in their post-patent period.

(3) Research, develop and launch differentiated preparations with the guidance of the pain points of end markets around the globe.

This type of program has seen considerable success in many target markets. The Company has summarized the methodology from the practice and paid full efforts in implementing the methodology.

5. Broadly covered global marketing network

The Company's business covers the world, with five manufacturing bases in Wei Fang, Qingdao (Shandong Province, China), Pingluo (Ningxia Province, China), Argentina and Spain. The Company has set up over 90 subsidiaries overseas with its businesses in over 90 countries. With strong global registration capabilities, the Company is expanding its global marketing network at high speed.

According to the Company's medium-term strategic plan (updated in 2022), in terms of the construction of "Quick Market Access Platform", the Company will complete the preliminary stage of the project in all major markets except the United States, Canada and Japan by 2024. In addition, the Company will complete the project in all major markets between 2025 and 2029 to achieve the construction of "Quick Market Access Platform". In terms of running self-branded business-to-customer by setting up local teams, the Company will implement this plan in no less than 25 new target countries by the end of 2024.

6. Based on the complete industrial chain and thorough understanding of the whole process, the Company originates from China and serves the world with the advantages of "light structure, and fast response".

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

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

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

III. Analysis on main businesses

Overview

See related content in "I. The Main Business of the Company During the Reporting Period".

Year-on-Year Changes of Key Financial Data

Unit: RMB

	H1 2023	H1 2022	Year-on-year increase or decrease	Reason for change
Operating income	5,043,502,704.02	7,778,575,013.04	-35.16%	Mainly due to the decline in product prices, high inventories in some major markets, and delayed purchases by customers
Operating cost	3,994,055,439.67	6,135,158,335.89	-34.90%	Mainly due to cost reductions as a result of lower prices for most of the active ingredient
Sales expenses	150,264,768.24	124,826,972.72	20.38%	
Management expenses	228,737,334.76	199,428,267.71	14.70%	
Financial expenses	-145,565,636.90	-158,696,072.32	8.27%	
Income tax expenses	66,302,826.32	126,584,766.47	-47.62%	Mainly due to the decrease in profits this year
Net cash flow from operating activities	-410,336,682.21	686,193,459.42	-159.80%	Mainly due to the year-on-year decrease in cash received for selling goods and providing services
Net cash flow in investment activities	-425,349,554.24	-202,457,537.94	-110.09%	Mainly due to investment expenditures for new and continued construction projects
Net cash flow from financing activities	423,248,244.58	-970,572,681.73	143.61%	Mainly due to the increase in cash received from bank loans
Net increase in cash and cash equivalents	-415,720,363.05	-506,131,558.04	17.86%	

Significant changes occurred in the composition or source of profits during the reporting period

Applicable Not applicable

No significant change occurred in the composition or source of profits during the reporting period.

Circumstances where products or services accounting for more than 10%

Applicable Not applicable

Unit: RMB

	Operating income	Operating cost	Gross profit margin	Year-on-year change of operating income	Year-on-year change of operating cost	Year-on-year change of gross profit margin
By product or service						
Major product-Herbicide	4,055,961,055.53	3,239,730,184.71	20.12%	-40.00%	-39.43%	-0.74%

IV. Analysis on Non-core Businesses

Applicable Not applicable

Unit: RMB

	Amount	Proportion of total profits	Causes	Whether it is sustainable
Investment returns	-138,011,157.94	-26.64%	Mainly due to investment losses from disposal of derivative financial assets	No
Profits and losses of changes in fair values	-29,696,287.71	-5.73%	Mainly due to changes in the fair value of derivative financial assets	No
Asset Impairment	-3,911,947.90	-0.76%	Mainly due to the reversal of the provision for inventory price declines during the reporting period	No
Non-operating income	6,288,109.44	1.21%	Mainly due to incomes from scrapping non-current assets	No
Non-operating expenses	6,560,502.52	1.27%	Mainly due to losses from scrapping non-current assets	No
Credit impairment	7,648,337.17	1.48%	Mainly due to the accounts receivable credit impairment loss	No

V. Analysis on Assets and Debts

1. Significant changes in asset composition

Unit: RMB

	End of H1 2023		End of 2022		Increase/Decrease in proportion	Notes on significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	3,018,411,282.62	26.14%	3,793,952,509.17	32.71%	-6.57%	Mainly due to the decrease in the deposit for bank acceptance bills
Accounts receivable	3,287,524,818.96	28.48%	3,201,703,461.53	27.60%	0.88%	
Inventory	1,976,775,097.38	17.12%	1,657,230,533.12	14.29%	2.83%	
Investment real estate	8,824,263.39	0.08%	9,136,334.57	0.08%	0.00%	
Long-term equity investment	1,445,053.58	0.01%	1,669,386.12	0.01%	0.00%	
Fixed assets	1,869,545,419.38	16.19%	1,691,830,176.47	14.59%	1.60%	
Construction in progress	353,971,956.88	3.07%	360,840,138.91	3.11%	-0.04%	
Assets with rights of use	19,554,548.38	0.17%	15,379,959.49	0.13%	0.04%	

Short-term loan	876,089,187.53	7.59%	404,206,509.66	3.48%	4.11%	Mainly due to the increase in short-term loans in the current period
Contract liability	61,745,776.50	0.53%	46,035,630.83	0.40%	0.13%	
Long-term loan	13,310,070.68	0.12%	17,176,777.87	0.15%	-0.03%	
Lease liability	8,130,954.80	0.07%	8,595,962.05	0.07%	0.00%	

2. Main overseas assets

Applicable Not applicable

3. Assets and liabilities measured in fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Changes of gain or loss in fair values during the reporting period	Changes in accumulative fair values that are counted into equity	Impairment accrued during the reporting period	Purchase amount during the reporting period	Sales amount during the reporting period	Other changes	Ending Balance
Financial assets								
1. Trading financial assets (derivative financial assets excluded)	8,542,688.56					2,542,688.56		6,000,000.00
Accounts receivable financing	680,000.00						5,654,400.00	6,334,400.00
The above total	9,222,688.56					2,542,688.56	5,654,400.00	12,334,400.00
Financial debts	122,183,523.97	-29,696,287.71			226,167,540.00	4,230,705,900.00		152,824,431.47

Other changes

N/A

Whether there is any significant change to the Company's main asset measurements during the reporting period

Yes No

4. Restrictions on asset rights as of the end of the reporting period

Item	Closing book value	Reasons for restrictions
Monetary funds	1,358,068,859.88	Acceptance bills, loans, letters of credit and other deposits
Accounts receivable	518,011,038.98	Pledge financing
Fixed assets	287,572,474.10	Mortgage financing
Intangible assets	65,237,064.93	Mortgage financing
Total	2,228,889,437.89	

VI. Registration Form for Survey, Discussion, Interview and Other Activities During the Report Period

Applicable Not applicable

Time	Site	Activity type	Guest type	Guest	Main content of the discussion and the information provided	Index for details of the activity
January 31, 2023	Online meeting	Other	Organization	Northeast Securities, Tianfeng Securities, Orient Securities, CITIC Securities, CICC Securities, Guosheng Securities, CITIC Construction, Minsheng Securities, and many other organizations, totaling more than 150 investors	2022 annual performance forecast, industry developments, the Company's private placement, etc.	For details of the meeting, see the Record of the Investor Relations Activity on January 31, 2023 disclosed by the Company on February 1, 2023 on www.cninfo.com.cn .
April 27, 2023	Online meeting	Other	Organization	Topsperity Securities, Southwest Securities, Orient Securities, GF Securities, Guotai Junan Securities, Industrial Securities, Sealand Securities, Founder Securities, and many other organizations, totaling more than 150 investors	Business situation in 2022, business situation in the first quarter of 2023, industry developments, etc.	For details of the reception, see the "Record of Investor Relations Activities on April 27, 2023" disclosed by the Company on www.cninfo.com.cn on April 27, 2023.
June 9, 2023	Online meeting	Other	Other	Online investors	Business situation in 2022, the Company's strategic planning, industry development prospects, etc.	For details of the reception, see the "Record of Investor Relations Activities" disclosed by the Company on www.cninfo.com.cn on June 9, 2023.

Section III Company Governance

I. Information About the Annual and Extraordinary General meetings of Shareholders Held During the Reporting Period

1. General Meeting of shareholders during the reporting period

Meeting No.	Meeting type	Investor participation ratio	Meeting date	Disclosure date	Meeting resolution
The first extraordinary general meeting of shareholders in 2023	Extraordinary general meeting	75.49%	January 12, 2023	January 12, 2023	For details, see <i>Notice of Resolution of the First Extraordinary General Meeting of 2023 (2023-002)</i> published by the Company on www.cninfo.com.cn .
Annual general meeting of shareholders of 2022	Annual general meeting	75.74%	April 14, 2023	April 14, 2023	For details, see the Company's <i>Announcement of Resolutions of the Annual General Meeting of 2022 (2023-024)</i> published on www.cninfo.com.cn .

2. Extraordinary general meetings of shareholders convened at the request of preferred shareholders whose voting rights have been restored

Applicable Not applicable

II. Changes of directors, supervisors and senior management

Applicable Not applicable

There is no change to the Company's directors, supervisors and senior management during the reporting period, as detailed in the 2022 Annual Report.

III. The Company's Profit Distribution and Conversion of Capital Reserve Fund into Share Capital During the Reporting Period

Applicable Not applicable

The Company did not plan to pay cash dividends, give out bonus shares, or convert capital reserve into share capital in the first half the year.

IV. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not applicable

1. Equity incentives

On October 14, 2021, the Company held the 25th meeting of the third Board of Directors, deliberated and approved the Proposal on the Company's Incentive Plan (Draft) for Restricted Shares (2021) and Its Abstract, the Proposal on Measures for the Administration of Implementation Assessment of the Company's Incentive Plan for Restricted Shares (2021), as well as other proposals. As the Company revised part of relevant contents in the original draft of incentive plan, on October 20, 2021, the Company held the 26th meeting of the third Board of Directors of the Company, which deliberated and approved the Proposal on the Company's Incentive Plan (Revised Draft) for Restricted Shares (2021) and Its Abstract, the Proposal on Measures for the Administration of Implementation Assessment of the Company's Incentive Plan for Restricted Shares (2021) (Revised Draft), as well as other proposals. On November 1, 2021, the Company held the 7th extraordinary shareholders' meeting of 2021, which deliberated and approved the Proposal on the Company's Incentive Plan (Revised Draft) for Restricted Shares (2021) and Its Abstract, the Proposal on Measures for the Administration of Implementation Assessment of the Company's Incentive Plan for Restricted Shares (2021) (Revised Draft), and the Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Associated with Equity Incentives, as well as other proposals.

On November 3, 2021, the Company held the 28th meeting of the third Board of Directors, deliberated and approved the Proposal on Granting Restricted Shares to Incentive Objects for the First Time, consenting to grant 4.9319 million Restricted Shares II to 153 eligible incentive objects at the price of RMB 25.06/share on November 3, 2021 as the first grant date.

On October 27, 2022, the Company held the 3rd meeting of the 4th Board of Directors and the 3rd meeting of the 4th Board of Supervisors. They deliberated and adopted the *Proposal to Grant Reserved Restricted Stock to the Target Employees of the Incentive*, the *Proposal on the Adjustment of the Price of the Initial Grant of Restricted Stock in 2021 Incentive Plan*, the *Proposal to Void Some of the Restricted Stock That Has Granted and Not Yet Vested*, and the *Proposal on the Performance Objectives to Be Achieved to Meet the Vesting Condition for the First Vesting Period of the Initial Grant of the Company's 2021 Restricted Stock Incentive Plan*. The Board of Directors agreed to reserve 0.5449 million Restricted Shares II to 34 eligible employees at the price of RMB 49.70/share on October 27, 2022 as the reservation grant date. It agreed to adjust the initial grant price of 2021 Restricted Stock Incentive Plan to RMB 24.227/share (25.06-0.833) due to the Company's 2021 equity distribution. It agreed to cancel the restricted shares that have been granted but have not been vested to the target employees who have left the Company or failed the performance assessment, and the number of canceled shares is 211,116. It agreed that the Company shall handle matters related to the vesting of the first vesting period of the initial grant in accordance with the relevant provisions of the 2021 Restricted Stock Incentive Plan. As of November 2, 2022, 146 employees have deposited their vested funds into the RMB account opened by the Company in Weifang Branch of Industrial and Commercial Bank of China, with a total amount of RMB 22,670,360.71. On

November 3, 2022, Shangkuai Certified Public Accountants (Special General Partnership) issued the capital verification report (SKSBZ (2022) No. 10496), which examined the contribution of the employees that met the vesting conditions in the first vesting period of the initial grant of the Company's 2021 Restricted Stock Incentive Plan. The Company has gone through the registration procedures of the vested restricted shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The vested restricted shares have been listed and circulated since November 11, 2022.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

Section IV. Financial Report

I. Audit Report

Whether the Half-Year Report is audited

Yes No

The Company's Half-Year Report has not been audited.

II. Financial Statements

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

1. Consolidated balance sheet

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

June 30, 2023

Unit: RMB

Item	June 30, 2023	Sunday, January 1, 2023
Current assets:		
Monetary funds	3,018,411,282.62	3,793,952,509.17
Deposit reservation for balance		
Lending to banks and other financial institutions		
Financial assets held for trading	6,000,000.00	8,542,688.56
Derivative financial assets		
Notes receivable	5,912,000.00	59,112,584.14
Accounts receivable	3,287,524,818.96	3,201,703,461.53
Receivables financing	6,334,400.00	680,000.00
Pre-payments	146,609,647.23	75,294,804.30
Premium receivable		
Re-insurance accounts receivable		
Reserves for re-insurance contract receivable		
Other receivables	38,487,138.08	33,525,890.70
Including.: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreement		
Inventory	1,976,775,097.38	1,657,230,533.12
Contracted assets		
Assets held for sale		
Non-current assets that mature within one year		
Other current assets	243,827,667.90	184,823,557.40

Total current assets	8,729,882,052.17	9,014,866,028.92
Non-current assets:		
Disbursed loans and advances		
Debt investments		
Other debt investment		
Long-term receivables		
Long-term equity investment	1,445,053.58	1,669,386.12
Other equity instrument investment		
Other non-current financial assets		
Investment real estate	8,824,263.39	9,136,334.57
Fixed assets	1,869,545,419.38	1,691,830,176.47
Construction in progress	353,971,956.88	360,840,138.91
Productive biological assets		
Oil and gas assets		
Assets with rights of use	19,554,548.38	15,379,959.49
Intangible assets	224,590,805.08	226,245,165.26
Development expenditure		
Goodwill	94,866,025.56	94,866,025.56
Long-term deferred expenses	27,936,332.15	31,898,939.40
Deferred income tax assets	91,500,093.08	82,525,991.91
Other non-current assets	123,037,977.46	69,616,034.81
Total non-current assets	2,815,272,474.94	2,584,008,152.50
Total assets	11,545,154,527.11	11,598,874,181.42
Current liabilities:		
Short-term loan	876,089,187.53	404,206,509.66
Borrowings from the central bank		
Borrowing from banks and financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities	152,824,431.47	122,183,523.97
Notes payable	2,640,518,227.50	3,367,152,536.58
Accounts payable	952,970,793.78	753,042,513.89
Advance receipts		254,920.26
Contract liability	61,745,776.50	46,035,630.83
Financial assets sold for repurchase		
Deposits and interbank deposits received		
Amount received from agency trading of securities		
Amount received from agency underwriting of securities		
Payroll payable	148,315,681.67	191,738,722.30
Taxes payable	108,299,806.49	106,896,314.07

Other payables	49,868,036.50	43,899,535.81
Including: Interests payable		
Dividends payable		
Charges and commissions payable		
Re-insurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	18,162,644.34	21,399,902.40
Other current liabilities	9,982,526.09	59,862,778.90
Total current liabilities	5,018,777,111.87	5,116,672,888.67
Non-current liabilities:		
Provision for insurance contracts		
Long-term loan	13,310,070.68	17,176,777.87
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liability	8,130,954.80	8,595,962.05
Long-term payables		
Long-term payroll payable		
Accrued liabilities		
Deferred income	12,734,728.21	13,755,569.25
Deferred income tax liabilities	57,815,289.02	55,449,975.77
Other non-current liabilities		
Total non-current liabilities	91,991,042.71	94,978,284.94
Total liabilities	5,110,768,154.58	5,211,651,173.61
Owner's equity:		
Share capital	277,115,744.00	277,115,744.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,325,170,983.98	2,301,293,600.92
Less: Treasury stock		
Other comprehensive income	12,636,477.48	5,821,782.13
Special reserve	30,725,411.73	19,551,007.62
Surplus reserve	158,674,657.07	158,674,657.07
General risk reserve		
Undistributed profit	3,394,500,514.88	3,421,808,374.82
Total owners' equity attributed to parent company	6,198,823,789.14	6,184,265,166.56
Minority shareholder's interest	235,562,583.39	202,957,841.25
Total owner's equity	6,434,386,372.53	6,387,223,007.81
Total liabilities and owners' equity	11,545,154,527.11	11,598,874,181.42

Legal Representative:
Wicky Wang

Chief Accountant in Charge:
Xing Bingpeng

Chief of Accounting Institution:
Zhang Baolin

2. Parent company balance sheet

Unit: RMB

Item	June 30, 2023	Sunday, January 1, 2023
Current assets:		
Monetary funds	1,733,906,250.08	2,592,754,067.74
Financial assets held for trading		
Derivative financial assets		
Notes receivable	6,434,400.00	74,053,690.88
Accounts receivable	3,129,360,255.67	3,001,894,514.80
Receivables financing		600,000.00
Pre-payments	79,651,212.49	43,980,754.21
Other receivables	1,181,912,625.41	991,789,825.67
Including.: interest receivable		
Dividends receivable		
Inventory	494,302,755.59	622,588,496.95
Contracted assets		
Assets held for sale		
Non-current assets that mature within one year		
Other current assets	61,399,944.80	47,282,239.64
Total current assets	6,686,967,444.04	7,374,943,589.89
Non-current assets:		
Debt investments		
Other debt investment		
Long-term receivables		
Long-term equity investment	618,371,260.53	613,683,635.19
Other equity instrument investment		
Other non-current financial assets		
Investment real estate		
Fixed assets	859,870,724.17	763,503,751.45
Construction in progress	232,381,612.63	216,753,391.79
Productive biological assets		
Oil and gas assets		
Assets with rights of use	11,403,579.17	12,297,044.43
Intangible assets	40,388,041.35	41,495,120.64
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	41,074,471.53	40,034,826.92
Other non-current assets	50,899,043.76	38,667,219.91
Total non-current assets	1,854,388,733.14	1,726,434,990.33
Total assets	8,541,356,177.18	9,101,378,580.22

Current liabilities:		
Short-term loan	463,838,842.02	147,040,732.40
Financial liabilities held for trading		
Derivative financial liabilities	113,947,521.60	116,668,962.10
Notes payable	2,015,942,310.08	2,722,206,699.86
Accounts payable	879,961,539.21	669,901,497.16
Advance receipts		3,984.00
Contract liability	25,495,280.37	42,531,647.79
Payroll payable	97,979,811.16	127,910,809.91
Taxes payable	17,841,744.65	28,993,999.52
Other payables	139,241,838.63	172,095,494.72
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	17,286,995.67	19,530,820.50
Other current liabilities	3,403,181.31	74,169,590.61
Total current liabilities	3,774,939,064.70	4,121,054,238.57
Non-current liabilities:		
Long-term loan		3,813,993.66
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liability	3,167,273.07	6,794,107.92
Long-term payables		
Long-term payroll payable		
Accrued liabilities		
Deferred income	1,677,406.70	1,880,107.78
Deferred income tax liabilities	36,875,360.10	35,125,488.43
Other non-current liabilities		
Total non-current liabilities	41,720,039.87	47,613,697.79
Total liabilities	3,816,659,104.57	4,168,667,936.36
Owner's equity:		
Share capital	277,115,744.00	277,115,744.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	2,332,189,054.34	2,307,349,954.34
Less: Treasury stock		
Other comprehensive income		
Special reserve	7,812,108.54	
Surplus reserve	158,674,657.07	158,674,657.07
Undistributed profit	1,948,905,508.66	2,189,570,288.45
Total owner's equity	4,724,697,072.61	4,932,710,643.86
Total liabilities and owners' equity	8,541,356,177.18	9,101,378,580.22

3. Consolidated income statement

Unit: RMB

Item	First half year of 2023	First half year of 2022
I. Gross Operating Income	5,043,502,704.02	7,778,575,013.04
Including: Operating income	5,043,502,704.02	7,778,575,013.04
Interest income		
Premium earned		
Handling charges and commissions income		
II. Total Operating Costs	4,366,319,713.41	6,556,877,860.64
Including: Costs of business	3,994,055,439.67	6,135,158,335.89
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		
Net withdrawal of reserve for insurance responsibility contracts		
Expenditures of policy dividend		
Re-insurance expense		
Taxes and surcharges	12,172,999.44	12,667,931.96
Sales expenses	150,264,768.24	124,826,972.72
Management expenses	228,737,334.76	199,428,267.71
R&D expenditures	126,654,808.20	243,492,424.68
Financial expenses	-145,565,636.90	-158,696,072.32
Including: Interest expenses	18,521,750.06	8,019,680.18
Interest income	25,979,037.84	22,929,043.59
Add: Other incomes	5,541,198.21	4,590,599.65
Income from investment ("—" for loss)	-138,011,157.94	15,566,659.92
Including: Income from investment in associated enterprises and joint ventures	-224,332.54	-254,676.13
Income recognized at termination of financial assets measured at amortized cost		
Foreign exchange gain ("-" for loss)		
Net exposure hedging income ("-" for loss)		
Income from changes in fair value ("-" for loss)	-29,696,287.71	-99,157,570.00
Credit impairment losses ("-" for	7,648,337.17	-98,767,238.19

loss)		
Asset impairment losses ("-" for loss)	-3,911,947.90	774,443.37
Gains from asset disposal ("-" for loss)	-442,817.59	
III. Operating Profit ("-" for loss)	518,310,314.85	1,044,704,047.15
Add: Non-operating income	6,288,109.44	8,616,238.16
Less: Non-operating expenses	6,560,502.52	19,900,077.04
IV. Total Profit Before Tax ("-" for total losses)	518,037,921.77	1,033,420,208.27
Less: Income tax expenses	66,302,826.32	126,584,766.47
V. Net Profit ("-" for net loss)	451,735,095.45	906,835,441.80
(I) Classification by business continuity		
1. Net profit from continuing operations ("-" for net loss)	451,735,095.45	906,835,441.80
2. Net profit from discontinued operations ("-" for net loss)		
(II) Classification by ownership		
1. Net profit attributable to shareholders of the parent company (net loss marked with "-")	424,390,802.78	887,649,644.42
2. Profit and loss of minority shareholders (net loss marked with "-")	27,344,292.67	19,185,797.38
VI. Net Amount after Tax of Other Comprehensive Income	15,286,792.86	4,616,670.08
Net amount of other comprehensive income after tax attributed to the owners of parent company	6,814,695.35	4,515,189.87
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes due to re-measurement on defined benefit plan		
2. Other comprehensive income that cannot be converted into profit and loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Other		
(ii) Other comprehensive income that will be reclassified into profit and loss	6,814,695.35	4,515,189.87
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value for other investment on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment		

of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation	6,814,695.35	4,515,189.87
7. Other		
Net amount of other comprehensive income after tax attributed to minority shareholders	8,472,097.51	101,480.21
VII. Total Comprehensive Income	467,021,888.31	911,452,111.88
Total comprehensive income attributed to parent company owners	431,205,498.13	892,164,834.29
Total comprehensive income attributed to minority shareholders	35,816,390.18	19,287,277.59
VIII. Earnings per Share:		
(i) Basic earnings per share	1.53	3.21
(ii) Diluted earnings per share	1.52	3.19

For business combination under the same control in the current period, the net profit of the merged party before the business combination is RMB , and the net profit of the merged party in the previous period is RMB.

Legal Representative:
Wicky Wang

Chief Accountant in Charge:
Xing Bingpeng

Chief of Accounting Institution:
Zhang Baolin

4. Income statement of the parent company

Unit: RMB

Item	First half year of 2023	First half year of 2022
I. Operating income	3,752,460,171.54	6,414,486,718.24
Less: operating cost	3,176,969,600.08	5,191,428,307.39
Taxes and surcharges	4,240,898.12	2,548,683.71
Sales expenses	73,912,445.93	69,525,789.04
Management expenses	101,070,285.87	109,163,204.00
R&D expenditures	106,993,024.19	213,486,818.39
Financial expenses	-76,293,760.31	-167,574,330.91
Including: Interest expenses	5,146,390.60	6,357,100.62
Interest income	19,349,574.45	19,057,187.42
Add: Other incomes	1,683,129.45	4,306,552.29
Income from investment ("—" for loss)	-130,089,232.64	16,120,580.19
Including: Income from investment in associated enterprises and joint ventures	-224,332.54	-254,676.13
Income recognized at termination of financial assets measured at amortized cost		
Net exposure hedging income ("-" for loss)		
Income from changes in fair value ("-" for loss)	2,721,440.50	-38,819,835.00
Credit impairment losses ("-" for loss)	-1,199,960.04	-53,508,563.24

Asset impairment losses ("-" for loss)	721,452.06	797,439.50
Gains from asset disposal ("-" for loss)		
II. Operating profit (loss marked with "-")	239,404,506.99	924,804,420.36
Add: Non-operating income	2,352,570.26	1,280,365.61
Less: Non-operating expenses	3,167,383.13	13,295,880.00
III. Total profit (total loss marked with "-")	238,589,694.12	912,788,905.97
Less: Income tax expenses	27,555,811.19	126,123,765.94
IV. Net profit (Net loss marked with "-")	211,033,882.93	786,665,140.03
(I) Net profit from continuing operations (net loss marked with "-")	211,033,882.93	786,665,140.03
(II) Net profit from discontinued operations (net loss marked with "-")		
V. Other comprehensive income, net of taxes		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes due to re-measurement on defined benefit plan		
2. Other comprehensive income that cannot be converted into profit and loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Other		
(ii) Other comprehensive income that will be reclassified into profit and loss		
1. Other comprehensive income that can be converted to profit or loss under the equity method		
2. Changes in fair value for other investment on bonds		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedge reserve		
6. Difference of foreign currency financial statement translation		
7. Other		
VI. Total comprehensive income	211,033,882.93	786,665,140.03
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	First half year of 2023	First half year of 2022
I. Cash Flows Generated from Operating Activities:		
Cash received from sales of goods and services	5,209,507,192.15	6,461,114,700.99
Net increase in deposit from customers and interbank		
Net increase in borrowing from central bank		
Net increase in borrowings from other financial institutions		
Cash receipts from premiums under direct insurance contracts		
Net cash receipts from re-insurance business		
Net cash receipts from policyholders' deposits and investments		
Cash receipts from interest, handling fees and commissions		
Net increase in capital borrowed from banks and other financial institutions		
Net increase in repurchase business capital		
Net cash received from securities trading brokerage		
Cash receipts from tax refunds	366,285,872.74	504,323,580.24
Cash received relating to other operating activities	37,137,117.11	35,384,695.17
Subtotal of cash inflow in business activities	5,612,930,182.00	7,000,822,976.40
Cash payments for goods acquired and services received	5,149,241,199.50	5,369,548,166.64
Net increase in customer loans and advances		
Net increase in deposits in central bank and interbank		
Cash payments for original insurance contract claims		
Net increase in lending funds from banks and other financial institutions		
Cash payments for interest, fee and commission		
Cash payments for insurance policyholder dividends		
Cash payments to employees and on behalf of employees	355,664,363.13	265,666,321.40
Cash payments for taxes	153,361,010.96	261,291,821.04

Other cash payments relating to operating activities	365,000,290.62	418,123,207.90
Subtotal of cash outflow in business activities	6,023,266,864.21	6,314,629,516.98
Net cash flow from operating activities	-410,336,682.21	686,193,459.42
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		
Cash receipts from return on investments		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,512,492.93	4,292,092.61
Net cash receipts from disposal of subsidiary or any other business unit		
Other cash receipts relating to investing activities		9,566,659.92
Subtotal of cash inflow in investment activities	1,512,492.93	13,858,752.53
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	292,265,778.15	203,631,593.67
Cash payments for investment		6,000,000.00
Net increase in pledged loans		
Net cash payments to acquire subsidiary and other business units		6,684,696.80
Other cash payments relating to investment activities	134,596,269.02	
Subtotal of cash outflow in investment activities	426,862,047.17	216,316,290.47
Net cash flow in investment activities	-425,349,554.24	-202,457,537.94
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		2,554,868.00
Including: Cash received from investment of minority shareholder from subsidiary		2,554,868.00
Cash receipts from borrowings	643,103,333.82	562,562,107.20
Other cash receipts relating to financing activities	367,622,937.23	
Subtotal of cash inflow in financing activities	1,010,726,271.05	565,116,975.20
Cash repayments of borrowings	155,414,609.48	501,277,641.68
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	432,063,416.99	199,032,814.94
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid related to financing activities		835,379,200.31
Subtotal of cash outflow in financing activities	587,478,026.47	1,535,689,656.93

Net cash flow from financing activities	423,248,244.58	-970,572,681.73
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-3,282,371.18	-19,294,797.79
V. Net Increase in Cash and Cash Equivalents	-415,720,363.05	-506,131,558.04
Add: Beginning balance of cash and cash equivalents	2,076,062,785.79	2,032,302,255.51
VI. Closing Balance of Cash and Cash Equivalents	1,660,342,422.74	1,526,170,697.47

6. Cash flow statement of the parent company

Unit: RMB

Item	First half year of 2023	First half year of 2022
I. Cash Flows Generated from Operating Activities:		
Cash received from sales of goods and services	3,764,322,572.59	4,993,325,790.68
Cash receipts from tax refunds	282,124,895.16	355,797,866.11
Cash received relating to other operating activities	57,423,972.12	24,123,237.79
Subtotal of cash inflow in business activities	4,103,871,439.87	5,373,246,894.58
Cash payments for goods acquired and services received	3,769,545,098.51	4,065,491,627.06
Cash payments to employees and on behalf of employees	228,681,544.43	171,305,819.01
Cash payments for taxes	53,248,479.32	90,670,075.58
Other cash payments relating to operating activities	468,420,296.63	532,325,695.26
Subtotal of cash outflow in business activities	4,519,895,418.89	4,859,793,216.91
Net cash flow from operating activities	-416,023,979.02	513,453,677.67
II. Cash Flows from Investing Activities:		
Cash receipts from investment withdrawal		
Cash receipts from return on investments		
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	2,468,815.63	2,090,117.35
Net cash receipts from disposal of subsidiary or any other business unit		
Other cash receipts relating to investing activities		7,211,330.32
Subtotal of cash inflow in investment activities	2,468,815.63	9,301,447.67
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	211,451,033.47	127,255,705.50
Cash payments for investment		
Net cash payments to acquire		6,684,696.80

subsidiary and other business units		
Other cash payments relating to investment activities	129,864,900.10	
Subtotal of cash outflow in investment activities	341,315,933.57	133,940,402.30
Net cash flow in investment activities	-338,847,117.94	-124,638,954.63
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash receipts from borrowings	461,930,020.30	537,298,543.01
Other cash receipts relating to financing activities	353,486,465.55	
Subtotal of cash inflow in financing activities	815,416,485.85	537,298,543.01
Cash repayments of borrowings	155,066,307.66	484,121,908.51
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	424,716,774.32	186,164,085.10
Other cash paid related to financing activities		827,999,095.56
Subtotal of cash outflow in financing activities	579,783,081.98	1,498,285,089.17
Net cash flow from financing activities	235,633,403.87	-960,986,546.16
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	13,876,340.98	41,943,162.31
V. Net Increase in Cash and Cash Equivalents	-505,361,352.11	-530,228,660.81
Add: Beginning balance of cash and cash equivalents	1,201,820,433.48	1,386,833,245.64
VI. Closing Balance of Cash and Cash Equivalents	696,459,081.37	856,604,584.83

7. Consolidated statement of changes in owners' equity

Amount in the current period

Unit: RMB

Item	First half year of 2023													Minority shareholder's interest	Total owner's equity	
	Equity attributed to owners of the parent company											Subtotal				
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Other			
Preferred shares	Perpetual bonds	Other														

I. Balance at the end of the previous year:	277,115,744.00				2,301,293,600.92		5,821,782.13	19,551,007.62	158,674,657.07		3,421,808,374.82		6,184,265,166.56	202,957,841.25	6,387,223,007.81
Add: Changes in accounting policies															
Correction of errors from previous period															
Business combination under common control															
Other															
II. Opening balance of the current year	277,115,744.00				2,301,293,600.92		5,821,782.13	19,551,007.62	158,674,657.07		3,421,808,374.82		6,184,265,166.56	202,957,841.25	6,387,223,007.81
III. Changes in Current Period (“-” for decrease)					23,877,383.06		6,814,695.35	11,174,404.11			-27,307,859.94		14,558,622.58	32,604,742.14	47,163,364.72
(I) Total comprehensive income							6,814,695.35				424,390,802.78		431,205,498.13	35,816,390.18	467,021,888.31
(II) Capital contribution and reduction by owners					23,877,383.06								23,877,383.06		23,877,383.06
1. Ordinary shares invested by owners															

2. Capital contributed from other equity instrument holders																					
3. Amounts of share-based payments recognized in owners' equity					23,877,383.06														23,877,383.06		23,877,383.06
4. Other																					
(III) Profit distribution																					
1. Appropriation of surplus reserve																					
2. Appropriation of general risk reserve																					
3. Distribution to owners (or shareholders)																					
4. Other																					
(IV) Internal carry-over of owners' equity																					
1. Capital reserve converted into capital (or share capital)																					
2. Surplus reserve converted into capital (or share capital)																					

		Preferred shares	Perpetual bonds	Other											
I. Balance at the end of the previous year:	276,180,000.00				2,226,848,878.76		-6,390,755.46	14,783,485.63	158,674,657.07		2,238,628,036.71		4,908,724,302.71	134,379,479.89	5,043,103,782.60
Add: Changes in accounting policies															
Correction of errors from previous period															
Business combination under common control															
Other															
II. Opening balance of the current year	276,180,000.00				2,226,848,878.76		-6,390,755.46	14,783,485.63	158,674,657.07		2,238,628,036.71		4,908,724,302.71	134,379,479.89	5,043,103,782.60
III. Changes in Current Period (“-” for decrease)					26,111,749.99		4,515,189.87	3,627,767.47			657,591,704.42		691,846,411.75	19,365,688.72	711,212,100.47
(I) Total comprehensive income							4,515,189.87				887,649,644.42		892,164,834.29	19,287,277.59	911,452,111.88
(II) Capital contribution and reduction by owners					26,111,749.99								26,111,749.99		26,111,749.99

1. Ordinary shares invested by owners														
2. Capital contributed from other equity instrument holders														
3. Amounts of share-based payments recognized in owners' equity				26,111,749.99								26,111,749.99		26,111,749.99
4. Other														
(III) Profit distribution										-230,057,940.00		-230,057,940.00		-230,057,940.00
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Distribution to owners (or shareholders)										-230,057,940.00		-230,057,940.00		-230,057,940.00
4. Other														
(IV) Internal carry-over of owners' equity														

IV. Balance at the end of the current period	276,180,000.00				2,252,960,628.75		-1,875,565.59	18,411,253.10	158,674,657.07		2,896,219,741.13		5,600,570,714.46	153,745,168.61	5,754,315,883.07
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8. Statement of changes in owner's equity of the parent company

Amount in the current period

Unit: RMB

Item	First half year of 2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at the end of the previous year:	277,115,744.00				2,307,349,954.34				158,674,657.07	2,189,570,288.45		4,932,710,643.86
Add: Changes in accounting policies												
Correction of errors from previous period												
Other												
II. Opening balance of the current year	277,115,744.00				2,307,349,954.34				158,674,657.07	2,189,570,288.45		4,932,710,643.86
III. Changes in Current Period (“-” for decrease)					24,839,100.00			7,812,108.54		-240,664,779.79		-208,013,571.25
(I) Total comprehensive income										211,033,882.93		211,033,882.93
(II) Capital contribution and reduction by owners					24,839,100.00							24,839,100.00

1. Ordinary shares invested by owners												
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in owners' equity					24,839,100.00							24,839,100.00
4. Other												
(III) Profit distribution										-451,698,662.72		-451,698,662.72
1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										-451,698,662.72		-451,698,662.72
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												

2. Surplus reserve converted into capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Special reserves								7,812,108.54				7,812,108.54
1. Withdrawal in the current period								13,682,770.35				13,682,770.35
2. Use in the current period								-5,870,661.81				-5,870,661.81
(VI) Other												
IV. Balance at the end of the current period	277,115,744.00				2,332,189,054.34			7,812,108.54	158,674,657.07	1,948,905,508.66		4,724,697,072.61

Amount in the previous period

Unit: RMB

Item	First half year of 2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Other	Total owner's equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at the end of the previous year:	276,180,000.00				2,232,516,427.23				158,674,657.07	1,348,003,539.08		4,015,374,623.38
Add: Changes in accounting policies												
Correction of errors from previous period												
Other												
II. Opening balance of the current year	276,180,000.00				2,232,516,427.23				158,674,657.07	1,348,003,539.08		4,015,374,623.38
III. Changes in Current Period (“-” for decrease)					26,111,749.99			1,769,970.69		556,607,200.03		584,488,920.71
(I) Total comprehensive income										786,665,140.03		786,665,140.03
(II) Capital contribution and reduction by owners					26,111,749.99							26,111,749.99

1. Ordinary shares invested by owners												
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in owners' equity					26,111,749.99							26,111,749.99
4. Other												
(III) Profit distribution										-230,057,940.00		-230,057,940.00
1. Appropriation of surplus reserve												
2. Distribution to owners (or shareholders)										-230,057,940.00		-230,057,940.00
3. Other												
(IV) Internal carry-over of owners' equity												
1. Capital reserve converted into capital (or share capital)												

2. Surplus reserve converted into capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Special reserves								1,769,970.69				1,769,970.69
1. Withdrawal in the current period								9,246,109.98				9,246,109.98
2. Use in the current period								-7,476,139.29				-7,476,139.29
(VI) Other												
IV. Balance at the end of the current period	276,180,000.00				2,258,628,177.22			1,769,970.69	158,674,657.07	1,904,610,739.11		4,599,863,544.09

In the case of any deviation from the explanations presented hereof, the 2022 Annual Report in Chinese version shall prevail.

Company name: Shandong Weifang Rainbow Chemical Co., Ltd.

Legal representative: _____

Wicky Wang

Date of signature: September 5, 2023