

Zhejiang NHU Co., Ltd.

2021 Annual Report



April 2022

Section I Important Notes, Contents, and Definitions

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

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

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

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

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

Profit distribution proposal deliberated and approved by the meeting of the Board of Directors is as follows: Temporarily based on total shares of 2,563,842,524 shares [Note] as of March 31, 2022, the Company intends to distribute cash dividend of 7 yuan (tax included) and no bonus shares per 10 shares to all shareholders, and to distribute 2 shares per 10 shares by converting capital reserve to all shareholders.

Note: As of March 31, 2022, the Company's share capital totaled 2,578,394,760 shares, including repurchased share of 14,552,236 shares. According to the "Rules on Share Repurchase of Listed Companies", shares in the special account for repurchase of listed companies carry no right of profit distribution and conversion of capital reserve into share capital.

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

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

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Documents Available for Reference

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

Definitions

Abbreviations	Refers to	Contents of definitions
The Company, NHU	Refers to	ZHEJIANG NHU CO., LTD.
CSRC	Refers to	China Securities Regulatory Commission
CSRC, Zhejiang Office	Refers to	China Securities Regulatory Commission, Zhejiang Office
PPS	Refers to	Polyphenylene sulfide
PPA	Refers to	Poly phthalamide
VOC	Refers to	Volatile organic compound
NH-acid	Refers to	Taurine
HSE	Refers to	Healthy and safe environment
FV	Refers to	Vitamin B5
CNAS	Refers to	China National Accreditation Service for Conformity Assessment
DSC	Refers to	Differential Scanning Calorimetry
ARC	Refers to	Accelerating ratecalori meter
RC1e	Refers to	Reaction calorimeter

Section II Company Profile and Key Financial Indicators

I. Company profile

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

II. Contact information

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

III. Information disclosure and location

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

IV. Change of registration

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

V. Other relevant information

Accounting firm engaged by the Company

Name	Pan-China Certified Public Accountants LLP
Office address	Resources Building, 1366 Qianjiang Road, Jianggan District, Hangzhou 310020, China
Certified Public Accountants	滕培彬 (Teng Peibin), 朱丽丽 (Zhu Lili)

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

Applicable Not Applicable

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

Applicable Not Applicable

VI. Key accounting data and financial indicators

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

Yes No

Reason for retroactive adjustment or restatement

Other reasons

Items	Year 2021	Year 2020		YoY growth rate	Year 2019	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating revenue (yuan)	14,797,989,091.20	10,314,084,354.21	10,314,084,354.21	43.47%	7,660,412,519.26	7,660,412,519.26
Net profit attributable to shareholders of listed company (yuan)	4,324,150,263.31	3,563,759,939.48	3,563,759,939.48	21.34%	2,165,282,489.11	2,165,282,489.11
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss (yuan)	4,147,933,364.84	3,410,367,513.01	3,410,367,513.01	21.63%	1,934,679,280.23	1,934,679,280.23
Net cash flows from operating activities (yuan)	5,837,878,051.57	3,122,807,363.21	3,122,807,363.21	86.94%	2,106,765,618.26	2,106,765,618.26
Basic EPS (yuan/share)	1.68	1.66	1.38	21.74%	1.01	0.84
Diluted EPS (yuan/share)	1.68	1.66	1.38	21.74%	1.01	0.84
Weighted average ROE	21.07%	19.63%	19.63%	Increased by 1.44 percentage points	13.20%	13.20%

Items	Dec. 31, 2021	Dec. 31, 2020		YoY growth rate	Dec. 31, 2019	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (yuan)	34,692,165,111.88	30,897,007,799.54	30,897,007,799.54	12.28%	28,723,817,186.44	28,723,817,186.44
Net assets attributable to shareholders of listed company (yuan)	21,799,977,645.94	19,336,254,922.95	19,336,254,922.95	12.74%	17,010,913,336.77	17,010,913,336.77

Note: After the implementation of the Company's 2020 profit distribution plan, its share capital was increased from 2,148,662,300 shares to 2,578,394,760 shares. The above EPS of the comparative period was recalculated based on the adjusted share capital.

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

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

VIII. Key financial indicators by quarter

Unit: RMB Yuan

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	3,743,831,818.61	3,510,389,819.40	3,262,074,936.89	4,281,692,516.30
Net profit attributable to shareholders of listed company	1,136,774,983.04	1,271,724,150.46	957,591,164.57	958,059,965.24
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	1,090,734,420.46	1,188,720,235.17	922,007,774.31	946,470,934.90
Net cash flows from operating activities	1,076,704,398.64	1,194,453,083.13	1,559,667,008.75	2,263,200,889.07

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

Yes No

IX. Non-recurring profit or loss√ Applicable Not Applicable

Unit: RMB Yuan

Items	Year 2021	Year 2020	Year 2019	Remarks
Gains or losses on disposal of non-current assets, including write-off of provision for impairment	-61,427,624.58	-37,808,614.38	31,242,497.42	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	151,398,630.02	125,612,538.90	89,067,069.07	
Gains or losses on assets consigned to the third party for investment or management	57,777,633.53	106,249,559.87	154,280,805.13	
Net profit or loss on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		-4,136,941.61	-3,333,716.78	
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	48,751,702.84	6,293,430.49	-8,720,482.58	
Other non-operating revenue or expenditures	8,727,858.40	-11,107,533.03	4,462,321.94	
Less: Enterprise income tax affected	28,969,203.00	31,786,463.26	36,378,554.21	
Non-controlling interest affected (after tax)	42,098.74	-76,449.49	16,731.11	
Total	176,216,898.47	153,392,426.47	230,603,208.88	--

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

 Applicable Not Applicable

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

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

 Applicable Not Applicable

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

Section III Management Discussion and Analysis

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

The Company mainly operates in the fine chemical industry. Relying on the two core platforms of chemical and biology, it produces various functional chemicals, including nutrition, flavor and fragrance, new materials, and APIs. It has broad prospects in the future.

Nutrition: With the growth and aging of the global population, the improvement of people's living standards and their increased awareness of health, the demand for nutrition and health services and products keeps growing. The global nutrition market represented by vitamins and methionine maintains steady growth. Vitamins are trace organic substances essential to humans and animals. The market demand mainly comes from the downstream feed, food, medicine and other fields. The overall demand is growing steadily at a low speed. The supply concentration is high, and the market price has long-term cyclical fluctuations. As the largest producer of vitamins, China produced about 0.40 million tons of vitamins in 2021, a year-on-year increase of 3.70%, accounting for 81.80%¹ of global production. In 2021, the domestic downstream market demand grew steadily, and the vitamin market was relatively prosperous. As the first-limiting amino acid of non-grain protein, methionine has great economical effects on poultry, dairy cows, pigs and aquaculture. In 2021, the global production of feed amino acids (lysine, methionine, threonine and tryptophan) totaled around 5.62 million tons, with a slight increase from the same period last year. The total output of feed methionine in China was around 3.44 million tons, at a year-on-year increase of 9.90%. In 2021, the global DL-methionine 99% production capacity was around 2.03 million tons, with a slight increase over the same period of last year, while the domestic methionine production capacity was around 0.48 million tons, at a year-on-year increase of 13.10%. The global increase in methionine mainly came from China. The global output was around 1.60 million tons, at a year-on-year increase of 3.00%, and the domestic output was around 0.37 million tons, at a year-on-year increase of 22.90%, accounting for 23% of the global output, with an increase of 5 percentage points from last year. The global demand was around 1.50 million tons, with a year-on-year increase of 3.40%, and the domestic demand was around 0.39 million tons, with a year-on-year increase of 11.40%. In the recent five years, the development of China's methionine industry has accelerated, as a result, the production capacity and supply have tilted to the domestic market². With the continuous recovery of the global economy and the rapid economic development of emerging countries, the demand for meat has grown steadily, which leads to the steady growth of the global feed production. As a result, the demand for methionine is significantly increased.

Flavor and fragrance: After centuries of development, the global flavor and fragrance industry has gone through the era of the origin of fragrance, the era of bulk fragrance, the era of high-end fragrance, and the era of oligopoly³. The global market size has exceeded USD 30.00 billion and has been growing at a compound growth rate of 4%⁴ in recent years. In 2021, the market size of flavor and fragrance was estimated to be around USD 29.00 billion, and is expected to reach USD 37.30 billion in 2026, with a compound growth rate of 5.10%⁵. The growth of the flavor and fragrance market is mainly supported by the growing populations of emerging economies, such as China, India, Indonesia, South Korea, Brazil and South Africa. The industry is expected to continue to grow steadily in the future, and its future development prospects are promising.

¹ The "2021 Vitamin Market Annual Analysis Report" by BOYAR

² The "2021 Amino Acid Market Annual Analysis Report" by BOYAR

³ The "Analysis Report on China's Flavor and Fragrance Industry in 2021 - Industry Status Quo and Future Planning Analysis" by Insight and Info

⁴ Data from IAL Consulting Agency

⁵ MARKET and MARKET

https://www.marketsandmarkets.com/Market-Reports/flavors-fragrance-market-175163912.html#utm_source=Email&utm_medium=Mailgun-CH

New polymer materials: The “Guidelines under 14th Five-Year Plan and Vision for 2035” issued by the central government in 2020 pointed out that it is necessary to vigorously develop strategic emerging industries, accelerate the growth of a new generation of information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, green environmental protection, aerospace, marine equipment etc. According to the China Petroleum and Chemical Industry Federation, the value of global output of new chemical materials in 2019 reached USD 370.00 billion, and is expected to reach USD 480.00 billion by 2025, with a compound growth rate of 4.40% from 2019 to 2025. From an international perspective, as a strategic and fundamental industry, the development of the new material industry has become an important symbol for measuring the economic and technological strength of a country or region. Under the background of a new round of scientific and technological revolution and industrial revolution, new technologies and new industries continue to generate huge demand for new materials. Breakthroughs in new material technologies and emergence of new materials and new substance structures continually increasing the supplies. The global new material industry is on the track of rapid growth.

From a domestic perspective, China is experiencing a period of strategic transformation, and the strategic demand for new materials is more prominent, providing a rare historical opportunity for the development of the new material industry. However, in the R&D and production of advanced and high-end materials, there are still problems such as lack of innovation lack of coordination between innovation chain and industrial chain, lack of a risk-proof system covering the innovation chain, industrial chain and supply chain, etc., which fails to fully satisfy the needs of China’s economy and social development. China still has a long way to go in the road of new materials⁶. Benefiting from the huge domestic demand, the rapid development of new technologies and the support of national policies, some products broke through the key technology barriers, which provides us with a broad space for growth.

APIs: API is the pillar industry of the domestic pharmaceutical industry and one of the key industries supported by government. At present, China is the world’s largest producer and exporter of APIs. Due to the supply imbalance caused by the pandemic and other factors, some European and American countries are also advocating to engaging in the API manufacturing, but it is foreseeable that in the wave of market globalization, the production advantages of APIs will still be concentrated in emerging countries such as China. China is a major producer and exporter of bulk APIs, and its production technology has reached the international advanced level. Most of the APIs are exported to foreign countries for processing into characteristic APIs and preparations. Due to the uncertainty caused by the global Covid-19 pandemic, the export of major API producing countries such as India and Italy is under pressure. As APIs are rigid demand, Chinese API companies have certain advantages in the global competition.

Challenges always come with opportunities. We all know that China announced that it would reach carbon peak by 2030 and be carbon neutral by 2060 (known as double carbon target 3060). To reach the target, China is making solid progress to control the total volume and intensity of carbon emissions. The National Development and Reform Commission issued the Plan for Improving the Dual Control System of Energy Consumption Intensity and Total Volume, proposing to improve the dual control system, with a focus on the control of fossil energy consumption. The Comprehensive Work Plan on Energy Saving and Emission Reduction under the 14th Five-Year Plan proposes that by 2025, the national energy consumption per unit of GDP shall be reduced by 13.50% compared with 2020. Affected by the “double carbon target and dual control system”, the procurement of basic chemical raw materials faces challenges of rising cost, limited procurement channels, etc. The Company also faces challenges in project approval and power supply. In the future, the Company will ensure the supply of raw materials and inventory reserves by developing more qualified suppliers and choosing more green and sustainable products as raw materials. Besides, the Company insists on technological transformation and equipment innovation, strengthens end-of-line management, to achieve energy conservation and emission reductions.

⁶ “The 14th Five-Year Plan for the Development of New Materials Industry in Zhejiang Province”

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

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

1. Main products and applications

Nutrition: The Company's vitamin products, as the main business, have a substantial market share, with a prominent position in the industry and obvious brand advantages. It is in a leading position in both domestic and overseas markets. Its main products include vitamin E, vitamin A, vitamin C, methionine, vitamin D3, biotin, coenzyme Q10, carotenoids, etc. They are mainly used in feed additives and nutrition supplements of food, beverages, health food, etc. The Company actively implements the serialized and differentiated development of nutrition, and continuously improves the competitiveness of its products by optimizing the processing line and tackling key issues. In addition, through internal integration and external cooperation, it embraces the ideology of open cooperation. It actively deploys cutting-edge biotechnology, and builds the Company's "Bio+" platform. During the reporting period, for the Company's second phase of methionine 250,000 tons/year project, 100,000-ton equipment was running steadily, with cost and quality continuously improved, and the 150,000-ton equipment was constructed according to schedule, and the overall process was under control.

Flavor and fragrance: At present, the main fragrance products target the global market, in which, the products are competitive, with a high market share and relatively stable market structure. The main products include linalool, citral, and cis-3-hexenol series, and methyl dihydrojasmonate, raspberry ketone and ligustral, which are widely used in personal care, cosmetic and food fields. Relying on the two major technology platforms of chemical synthesis and biological fermentation, the Company continuously enriches the varieties of fragrance products to meet the changing market demands. During the reporting period, the project with an annual output of 5,000 tons of menthol was constructed on schedule, and the project progress was under control.

New polymer materials: The Company focuses on the development of high molecular polymers and key intermediates, and appropriately develops downstream applications of materials according to the principles of integration and serialization. The entire industry chain of PPS from raw materials to high molecular polymers, then through modifying processing to special fibers has enabled the Company as the only company in China that can stably produce fiber grade, injection molding grade, extrusion grade and coating grade PPS. The main products include PPS and PPA. They are mainly used in electronic and electrical, automotive, environmental protection, etc. During the reporting period, the third-phase project with an annual output of 7,000 tons of PPS was put into construction.

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

2. Main business models

(1) Procurement model

The Company has always been adhering to the procurement principle of "fairness, transparency and optimal cost", and adopts a combination of long-term strategic cooperation and open competitive procurement, and makes best use of market trend analysis, to ensure the stable supply of the Company's strategic materials. The Company pays attention to source procurement, and continuously

promotes the removal of intermediate links in the supply chain to reduce procurement costs; the Company implements transparent procurement, and launches information systems such as procurement platform, supplier and bidding management system, etc. to make the procurement process more transparent, standardized and efficient, which promotes the healthy development of the supply chain and reduces costs and increases efficiency for the Company's operations.

(2) Production model

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

(3) Sales model

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

3. Key performance drivers

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

During the reporting period, in the face of the raging Covid-19 epidemic and the more complex international economic situation, the Company coordinated the epidemic control and business development, actively responded to market changes, adjusted sales strategies, strengthened supply chain scheduling, and reasonably arranged production plans to ensure its product supply, and strive to create value for customers and the society. Moreover, the Company continued to increase investment in R&D and technological upgrading. The development and construction of new projects and new products were carried out in an orderly manner, whereas the refined operation of existing products promoted the sales price and quantity, which promoted the Company's sales performance. The improvement of the Company's performance was in line with the development pattern of the industry.

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

III. Core competitiveness analysis

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

1. Corporate culture

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

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

2. R&D

Adhering to the R&D philosophy of “demand-orientated, internal integration and external cooperation”, the Company invested greatly in R&D activities. The R&D investments accounted for more than 5% of the operating revenue for many years in a row. It has built the innovative R&D system spanning from basic research, engineering development, process optimization to product application development. With its focus on the development of common, critical and forward-looking technologies in the chemicals industry, the Company has developed and mastered a number of key technologies that have a strategic impact on economic development and has promoted the transformation and upgrading of the industry. The Company cooperates closely with famous research institutes and universities at home and abroad, such as Zhejiang University, Chinese Academy of Sciences, Jiangnan University, China Agricultural University, Zhejiang University of Technology, CysBio biotechnology company of Denmark, and organizes and utilizes global basic scientific research resources to jointly develop forward-looking studies and application field researches on chemicals. As the core of the Company’s technology innovation, the Company’s research institute has biomedical laboratories, supercritical reaction laboratories, engineering equipment research centers and other laboratories, equipped with 600M NMR with cryoprobes and other world-leading scientific research instruments and equipment. Its achievements of domestic leading technologies such as supercritical reaction, high vacuum distillation, and continuous reaction have made it a nationally recognized enterprise technology center, national post-doctoral scientific research workstation, and national model academician and expert workstation. During the reporting period, the Company’s key R&D projects were steadily implemented as planned, and the innovation achievements were recognized by the society. The project of “Key Innovation and Industrialization Technology for Tailoring Supported Catalysts in the Micro-nano Dimension “ won the first prize of Zhejiang Province Technology Invention Award of 2020. Intellectual property work was continuously progressed forward, and 88 patents were authorized. The full-process patent layout of key products was completed.

3. Production management

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

4. Process and equipment

The Company values highly the effective combination of process and equipment. It has a process and equipment research institute, and cooperates with famous engineering companies and scientific research institutes at home and abroad. Through the introduction, digestion, absorption and re-innovation of advanced technologies, the Company improves the overall level of its process and equipment. The Company is dedicated to the R&D of process and equipment towards larger scale, better airtightness, greater continuity, and higher level of automation, aiming to save energy and reduce emissions, to improve productivity and product quality,

to increase the intrinsic safety of production process, to lower production costs, and to improve the level of automation. Currently, the Company has developed various efficient reaction and separation platforms including continuous reaction, high vacuum distillation, continuous extraction, continuous crystallization, efficient filtration, simulated moving bed separation, microchannel and micro-interface reaction with respect to specific processes, and remarkable results have been achieved in continuous transformation of reaction, vapor-liquid-solid heterogeneous reaction, and separation of air sensitive and heat sensitive materials through continuous improvement of large-size equipment.

5. Talent

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

6. Brand

The Company follows the “integrity first” guideline, and has always regarded serving customers and creating industry value with customers as the goal of the Company. Through technological innovation, the Company continuously provides customers with safe and high-quality products, as well as efficient and satisfactory services. After years of development and accumulation, the Company has been awarded many honorary titles in the global fine chemical industry, such as one of top ten feed additive brands in China, one of the largest vitamin feed additive companies in China, etc. Good reputation in market has laid a solid foundation for the Company’s healthy and long-term development.

IV. Main business analysis

1. Introduction

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

2. Revenue and cost

(1) Operating revenue

Unit: RMB Yuan

Items	Year 2021		Year 2020		YoY growth rate
	Amount	% to total	Amount	% to total	
Total	14,797,989,091.20	100%	10,314,084,354.21	100%	43.47%
By industry					
Pharmaceutical chemicals	13,786,221,640.74	93.16%	9,513,390,811.51	92.24%	44.91%

Items	Year 2021		Year 2020		YoY growth rate
	Amount	% to total	Amount	% to total	
Others	1,011,767,450.46	6.84%	800,693,542.70	7.76%	26.36%
By product					
Nutrition	11,127,987,778.92	75.20%	7,152,084,881.08	69.34%	55.59%
Flavor and fragrance	2,238,700,529.12	15.13%	1,955,729,401.52	18.96%	14.47%
New polymer materials	873,994,673.98	5.90%	722,638,797.47	7.01%	20.94%
Others	557,306,109.18	3.77%	483,631,274.14	4.69%	15.23%
By region					
Domestic sales	7,123,812,423.17	48.14%	4,536,018,908.08	43.98%	57.05%
Overseas sales	7,674,176,668.03	51.86%	5,778,065,446.13	56.02%	32.82%
By sales model					
Direct sales	11,477,870,900.52	77.56%	8,167,791,726.07	79.19%	40.53%
Agent sales	3,320,118,190.68	22.44%	2,146,292,628.14	20.81%	54.69%

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

√ Applicable □ Not Applicable

Unit: RMB Yuan

Items	Operating revenue	Operating cost	Gross rate	Growth rate of operating revenue	Growth rate of operating cost	Growth rate of gross rate
By industry						
Pharmaceutical chemicals	13,786,221,640.74	7,524,635,557.32	45.42%	44.91%	78.62%	Decreased by 10.30%
Others	1,011,767,450.46	687,657,388.95	32.03%	26.36%	33.64%	Decreased by 3.71%
By product						
Nutrition	11,127,987,778.92	5,893,700,909.97	47.04%	55.59%	95.20%	Decreased by 10.74%
Flavor and fragrance	2,238,700,529.12	1,295,613,509.31	42.13%	14.47%	48.78%	Decreased by 13.34%
By region						
Domestic sales	7,123,812,423.17	4,304,266,719.31	39.58%	57.05%	88.37%	Decreased by 10.04%
Overseas sales	7,674,176,668.03	3,908,026,226.96	49.08%	32.82%	60.02%	Decreased by 8.65%

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

□ Applicable √ Not Applicable

(3) Whether the Company's goods sales income is greater than service income√ Yes No

By industry	Items	Unit	Year 2021	Year 2020	YoY growth rate
Pharmaceutical chemicals	Sales	Tons	560,201.79	241,247.40	132.21%
	Production	Tons	581,022.52	255,477.31	127.43%
	Stock	Tons	55,141.48	34,320.75	60.67%
Others	Sales	Tons	20,323.14	17,519.90	16.00%
	Production	Tons	18,857.92	18,059.16	4.42%
	Stock	Tons	2,848.33	4,313.55	-33.97%

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

√ Applicable Not Applicable

- a. The YoY growth rates of sales, production and stock of chemical industry were over 30%, mainly due to the joint effect of following factors: a. Increased downstream demand for products such as vitamin E and methionine; and b. increased production of amino acid products
- b. The YoY growth rate of stock of others was under -30%, mainly due to decrease in stock of PPS products whose sales increased with growing market demand.

(4) The performance of major sales contracts and major purchase contracts signed by the Company during the reporting period Applicable Not Applicable**(5) Composition of operating cost**

By industry and product

Unit: RMB Yuan

By industry	Items	Year 2021		Year 2020		YoY growth rate
		Amount	% to total	Amount	% to total	
Chemical industry	Cost of main operations	7,438,277,802.68	90.57%	4,152,975,659.63	87.85%	79.11%
Others	Cost of main operations	686,701,505.46	8.36%	512,070,058.95	10.83%	34.10%

Unit: RMB Yuan

By product	Items	Year 2021		Year 2020		YoY growth rate
		Amount	% to total	Amount	% to total	
Nutrition	Cost of main operations	5,810,172,906.75	70.75%	2,959,568,683.97	62.61%	96.32%
Flavor and fragrance	Cost of main operations	1,292,783,757.89	15.74%	869,842,533.19	18.40%	48.62%
New materials	Cost of main operations	592,371,747.63	7.21%	445,892,384.85	9.43%	32.85%
Others	Cost of main operations	429,650,895.87	5.23%	389,742,116.57	8.24%	10.24%

Remarks

None.

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

√ Yes □ No

Entities	Equity acquisition method
浙江新和成尼龙材料有限公司 (Zhejiang NHU Nylon Materials Co., Ltd.*)	Investment and establishment
NHU Singapore PTE. LTD.	Investment and establishment

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

□ Applicable √ Not Applicable

(8) Major customers and major suppliers

Major customers

Total sales amount (yuan) of top 5 customers	2,631,845,264.42
Proportion to the total balance of annual sales amount (%)	17.79%
Proportion of related party transaction to the total balance of annual sales amount (%)	0.00%

Top 5 customers

No.	Customers	Sales amount (yuan)	Proportion to the total balance of sales amount (%)
1	Client A	1,090,633,930.45	7.37%
2	Client B	553,597,741.99	3.74%
3	Client C	417,521,095.52	2.83%
4	Client D	353,717,339.50	2.39%
5	Client E	216,375,156.96	1.46%
Total	--	2,631,845,264.42	17.79%

Remarks on other information of major customers

□ Applicable √ Not Applicable

Major suppliers

Total purchase amount (yuan) of top 5 suppliers	927,110,934.55
Proportion to the total balance of annual purchase amount (%)	11.47%
Proportion of related party transaction to the total balance of annual purchase amount (%)	0.00%

Top 5 suppliers

No.	Suppliers	Purchase amount (yuan)	Proportion to the total balance of purchase amount (%)
1	Supplier A	270,477,214.33	3.35%
2	Supplier B	189,798,840.70	2.35%
3	Supplier C	187,488,797.04	2.32%

* The English name is for identification purpose only.

No.	Suppliers	Purchase amount (yuan)	Proportion to the total balance of purchase amount (%)
4	Supplier D	148,816,101.63	1.84%
5	Supplier E	130,529,980.85	1.61%
Total	--	927,110,934.55	11.47%

Remarks on other information of major suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB Yuan

Items	Year 2021	Year 2020	YoY growth rate	Remarks on significant changes
Selling expenses	107,037,085.96	312,957,940.58	-65.80%	It was mainly due to freight and insurance fees included in operating cost under the revised revenue standard during the reporting period.
Administrative expenses	423,584,417.67	422,853,851.25	0.17%	
Financial expenses	269,968,353.24	304,543,014.49	-11.35%	
R&D expenses	782,661,708.54	545,562,375.72	43.46%	It was mainly due to increase of remuneration of R&D department and direct input materials into its projects during the reporting period.

4. R&D input

Applicable Not Applicable

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
Development on synthetic process of NH acid products	To develop new products, so as to realize mass production of NH acid with competitive cost	Under construction	To realize mass production of NH acid with competitive cost	It is expected to enrich the product chain and the industrial chain of the Company and improve the comprehensive competitiveness.
Joint production period of caronic anhydride and vince lactam	To develop a preparation method for medical intermediates	Under construction	To realize industrialization of caronic anhydride and vince lactam production	It is expected to extend the industrial chain layout, enhance the Company's ability in the field of API, and protect human life and health.
R&D of new synthesis process of menthol	To develop new menthol products and realize industrialization of menthol	Under construction	To realize industrialization of menthol	It is expected to realize the localization of menthol products, enhance the Company's position in the field of fragrances, and promote the upgrading of domestic nursing, food industry, pharmacy and other downstream industries.
Research on the process of FV products	To develop new FV products, realize industrialization of FV products and further enrich the product chain of the Company	The pilot-scale experiment is completed	To prepare FV products with continuous process or partial continuous process	It is expected to further enhance the Company's overall position and impact resistance in the vitamin market.
Innovation and industrialization of synthetic process of	To research on and develop synthetic process of perfluorohexyl octane	The pilot-scale experiment is completed	To research and develop synthetic process of perfluorohexyl octane and	It is expected to expand API businesses of the Company, and improve the

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
halothane series eye medicine	and perfluorobutyl pentane, and conduct magnification design and debugging		perfluorobutyl pentane, conduct magnification design and debugging, and expand business cooperation relationships	competitiveness.
Development of liquid methionine products	To broaden the market, develop new liquid methionine products, and realize the industrialization of liquid methionine products	Under pilot-scale experiment	To realize the industrialization of liquid methionine products	It is expected to enrich the Company's product categories, form industrial complementarity with solid methionine products, and meet the differentiated needs of customers.
Preparation of adiponitrile by butadiene method and its industrialization	Chemical synthesis of adiponitrile and its industrialization	Under pilot-scale experiment	R&D of adiponitrile product technology and realization of production technology localization of adiponitrile product	It is expected to help the Company break through the technical barrier of adiponitrile, become the first domestic company to master this technology, break the monopoly of foreign companies, and promote the development of domestic related industries
Precise development and industrial application of high-performance hydrogenation catalyst	To research on the precise design, synthesis and mechanism of high-performance selective hydrogenation catalysts for selective hydrogenation of unsaturated ketone and triple bond involving chemical synthesis of vitamin E and vitamin A, and to realize its industrial application	During its application in mass production	To realize the Company's precise regulation of nano-metal in hydrogenation catalyst, and significantly improve activity, selectivity and stability of catalysts	It is expected to enhance the comprehensive competitiveness of products
Research on the development and application of high-safety nutrient products	To develop high- safety fat-soluble vitamin and carotenoid preparations and research on the effect and mechanism of their application in downstream premix, feeds and animals (in vitro and in vivo).	During its application in mass production	To research on the application effect of newly developed ethoxyquinoline-free vitamin and carotenoid preparation products in premix and feeds, and their bioutilization effect in different animal fields. Establish feed processing platform and breeding test base for pilot-scale experiments, so as to evaluate the application effect of high-safety vitamin and carotenoid.	It is expected to improve the Company's independent research and development level in the development and application of pharmaceutical products, so as to lay a solid product foundation for consolidation of the European feed products market.
Research on drug quality standards and technical services for analysis and testing	To establish relevant standards and detection methods for synthetic intermediates; to carry out research on preparation, separation and purification of trace impurities, determine impurity structure, etc.	As the Company has obtained the CNAS laboratory accreditation certificate, it is currently able to support the research on analytical technologies inside and outside the Company.	To provide analytical technology services for enterprises, establish analytical technology development, and assist in products development	It is expected to provide a full range of analysis and testing services for the Company's innovation of products and technologies, and help solve key technical problems in production and in the R&D process.
Research on safety risk of fine chemical reaction	Establish safety assessment laboratory which is equipped with calorimetry equipment	Safety and environmental protection laboratory is established, which	To improve the safety assurance technology of chemical production and storage process. To carry out	It is expected to improve the essential safety level of enterprises and effectively prevent accidents.

Main R&D projects	Purposes	Progress	Targets to be fulfilled	Expected effect on the Company's future development
	(DSC, ARC, RC1e, etc.) and analysts, carry out kinetic and thermodynamic analysis on related materials and chemical reaction process, and when necessary, carry out amplification and debugging procedures on corresponding processes	enables the issue of process safety evaluation report that meets the requirements of safety supervision department.	process optimization for the relatively-high risks of the process, so as to essentially reduce the risk of the reaction process.	
Research on development and application of crystallization technology	To systematically research on the influencing factors of each product in the crystallization process, find out the optimal crystallization process parameter, realize the controllability of crystal products in aspects including particle size distribution, appearance, crystal shape, and solve actual production problems through production debugging in the workshop	The Company is able to conduct analysis and research on crystallization thermodynamics, kinetics and polycrystal type, and has development ability of cooling and other three crystallization processes as well as the development ability of continuous crystallization process.	To systematically research on the crystallization process of existing and developing products, and support to solve practical production problems.	It is expected to achieve product quality improvement through the innovation and development of crystallization process, so as to meet the needs of different customers and Improve the market competitiveness of products.
Research on strain development and modification	To research on the strain transformation of the Company's existing products	The Company has formed the ability of strain modification	To research on strain modification of the existing products, so as to improve the competitiveness of product process	It is expected to continuously improve the process competitiveness of existing products, so as to improve the Company's position in the fermentation industry

Details of R&D personnel

Items	Year 2021	Year 2020	Percentage of change
Number of R&D personnel (persons)	2,368	1,962	20.69%
% to total employees	21.92%	19.43%	Increased by 2.49 percentage points
Educational background structure	—	—	—
Doctor	58	38	52.63%
Master	605	484	25.00%
Bachelor	1,189	971	22.45%
Junior college	367	326	12.58%
Technical secondary school, high school and below	149	143	4.20%
Total	2,368	1,962	20.69%
Age structure	—	—	—
Below 30 years old	1,169	907	28.89%
30-40 years old	894	819	9.16%
Over 40 years old	305	236	29.24%
Total	2,368	1,962	20.69%

Details of R&D input

Items	Year 2021	Year 2020	Percentage of change
R&D input amount (yuan)	782,661,708.54	545,562,375.72	43.46%
% to total operating revenue	5.29%	5.29%	0.00%
Capitalized amount (yuan)	0.00	0.00	0.00%
% to total R&D input	0.00%	0.00%	0.00%

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

5. Cash flows

Unit: RMB Yuan

Items	Year 2021	Year 2020	YoY growth rate
Subtotal of cash inflows from operating activities	15,585,137,046.52	10,804,599,576.68	44.25%
Subtotal of cash outflows from operating activities	9,747,258,994.95	7,681,792,213.47	26.89%
Net cash flows from operating activities	5,837,878,051.57	3,122,807,363.21	86.94%
Subtotal of cash inflows from investing activities	1,969,695,872.13	4,068,475,319.50	-51.59%
Subtotal of cash outflows from investing activities	5,361,464,680.21	4,262,105,699.60	25.79%
Net cash flows from investing activities	-3,391,768,808.08	-193,630,380.10	-1,651.67%
Subtotal of cash inflows from financing activities	7,383,209,509.05	7,470,348,792.97	-1.17%
Subtotal of cash outflows from financing activities	8,727,832,760.73	8,846,567,487.61	-1.34%
Net cash flows from financing activities	-1,344,623,251.68	-1,376,218,694.64	2.30%
Net increase of cash and cash equivalents	1,045,230,762.14	1,455,748,960.67	-28.20%

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

Applicable Not Applicable

The YoY growth rate of net cash flows from operating activities was 86.94%, which was mainly due to increase of sales during the reporting period leading to increase of collection of relevant payments for goods.

The YoY growth rate of net cash flows from investing activities was -1,651.67%, which was mainly due to decrease of financial products arising from redemption upon maturity, and increase of cash payment for construction in progress during the reporting period.

The YoY growth rate of cash and cash equivalents was -28.20%, which was mainly due to decrease of financial products arising from redemption upon maturity, and increase of cash payment for construction in progress during the reporting period.

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

Applicable Not Applicable

V. Non-main business analysis

Applicable Not Applicable

Unit: RMB Yuan

Items	Amount	% to total profit before tax	Reason for balance	Whether has continuity
Investment income	127,969,715.41	2.54%	It was mainly due to gains on financial products and profit generated by the associates during the reporting period.	No
Gains on changes in fair value	37,863,705.44	0.75%	It was mainly due to changes in fair value of forward foreign exchange settlement during the reporting period.	No
Credit impairment loss	-50,043,349.49	-0.99%	It was mainly due to bad debts accrued in accounts receivable.	No
Assets impairment loss	-54,250,408.9	-1.08%	It was mainly due to losses arising from provision for impairment made on each asset in accordance with assets impairment principles.	No
Gains on asset disposal	-1,544,436.08	-0.03%	It was mainly due to disposal of fixed assets.	No
Non-operating revenue	12,287,842.84	0.24%	It was mainly due to indemnity income.	No
Non-operating expenditures	64,603,824.24	1.28%	It was mainly due to gains on retirement of assets and donation expenditures during the reporting period.	No
Other income	152,380,704.67	3.03%	It was mainly due to government grants received during the reporting period.	No

VI. Assets and liabilities analysis

1. Significant changes in asset composition

Unit: RMB Yuan

Items	Dec. 31, 2021		Jan. 1, 2021		Percentage of change	Remarks on significant changes
	Amount	% to total	Amount	% to total		
Cash and bank balances	5,952,909,626.94	17.16%	4,927,657,236.24	15.95%	1.21%	
Held-for trading financial assets	1,250,736,359.24	3.61%	852,227,964.70	2.76%	0.85%	
Accounts receivable	2,755,168,573.14	7.94%	1,930,930,930.01	6.25%	1.69%	
Inventories	3,193,657,367.16	9.21%	3,117,042,558.78	10.09%	-0.88%	
Other current assets	895,782,268.87	2.58%	1,777,569,473.96	5.75%	-3.17%	
Long-term equity investments	351,327,625.75	1.01%	343,378,891.18	1.11%	-0.10%	
Fixed assets	14,318,919,487.82	41.27%	13,914,151,215.54	45.03%	-3.76%	
Construction in progress	2,984,835,072.82	8.60%	1,325,545,420.56	4.29%	4.31%	
Right-of-use assets	3,123,637.11	0.01%	3,113,997.88	0.01%	0.00%	
Short-term borrowings	1,403,332,827.92	4.05%	2,363,525,192.53	7.65%	-3.60%	

Items	Dec. 31, 2021		Jan. 1, 2021		Percentage of change	Remarks on significant changes
	Amount	% to total	Amount	% to total		
Contract liabilities	61,135,258.36	0.18%	56,302,537.11	0.18%	0.00%	
Non-current liabilities to be due within one year	2,029,499,509.43	5.85%	1,275,980,921.58	4.13%	1.72%	
Long-term borrowings	5,148,811,786.49	14.84%	4,136,875,354.33	13.39%	1.45%	
Lease liabilities	2,936,868.15	0.01%	3,021,369.62	0.01%	0.00%	

Proportion of foreign assets to total assets is comparatively high

Applicable Not Applicable

2. Assets and liabilities at fair value

Applicable Not Applicable

Unit: RMB Yuan

Items	Opening balance	Gains on changes in fair value	Accumulated changes in fair value included in equity	Provision for impairment made in the current period	Amount purchased during the reporting period	Amount sold during the reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (derivative financial assets excluded)	850,000,000.00				1,250,000,000.00	850,000,000.00		1,250,000,000.00
2. Derivative financial assets	2,227,964.70	-1,491,605.46						736,359.24
Subtotal of financial assets	852,227,964.70	-1,491,605.46			1,250,000,000.00	850,000,000.00		1,250,736,359.24
Total	852,227,964.70	-1,491,605.46			1,250,000,000.00	850,000,000.00		1,250,736,359.24
Financial liabilities	0.00	0.00			0.00	0.00		0.00

Remarks on other changes

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

Yes No

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

(1) Closing of cash and bank balances included deposits of 238,372,088.71 yuan pledged and not on demand for payments, which was with use restrictions.

(2) Closing balance of receivables financing included 131,943,711.14 yuan pledged for bank acceptance and not on demand for payments, which was with use restrictions.

(3) Closing balance of notes receivable included 236,268,835.12 yuan pledged for bank acceptance and not on demand for payment, which was with use restrictions.

(4) Closing carrying amount of fixed assets included 79,957,441.31 yuan mortgaged to the bank for borrowings, which was with use restrictions.

(5) Closing carrying amount of intangible assets included 9,463,498.51 yuan mortgaged to the bank for borrowings, which was with use restrictions.

VII. Investment status analysis

1. Overall information

Applicable Not Applicable

Investments during the reporting period (yuan)	Investments of the preceding period (yuan)	Percentage of change
2,489,162,047.36	1,677,781,310.34	48.36%

2. Significant equity investments made during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

4. Investments in financial assets

(1) investments in securities

Applicable Not Applicable

There is no investment in securities during the reporting period.

(2) Investments in derivatives

Applicable Not Applicable

Unit: RMB 0,000 yuan

Counterparty	Related party relationship	Whether related party transaction	Categories of derivative investments	Initial investments	Date of commencement	Date of termination	Opening balance	Amount purchased during the reporting period	Amount sold during the reporting period	Provision for impairment (if any)	Closing balance	Proportion of investments to net assets	Profit or loss during the reporting period
Bank	Non-related party	No	Structured forward contracts	9,753.7	7/20/2020	2/24/2021	2,459.6		2,459.6				27.8
Bank	Non-related party	No	Forward contracts	4,802.49	12/15/2020	3/25/2021	4,802.49		4,802.49				144.94
Bank	Non-related party	No	Structured forward contracts	19,803	12/22/2020	3/25/2021	19,803		19,803				-26.56
Bank	Non-related party	No	Structured forward contracts	19,686.44	12/30/2020	2/22/2021	13,116.48		13,116.48				0
Bank	Non-related party	No	Structured forward contracts	15,744.4	12/30/2020	1/25/2021	10,487.2		10,487.2				0
Bank	Non-related party	No	Structured forward contracts	9,840.25	12/30/2020	1/25/2021	6,554.5		6,554.5				0
Bank	Non-related party	No	Structured forward contracts	39,361.13	1/6/2021	1/19/2021		39,361.13	39,361.13				9.93
Bank	Non-related party	No	Structured forward contracts	9,251.42	2/9/2021	2/18/2021		9,251.42	9,251.42				2.76
Bank	Non-related party	No	Structured forward contracts	3,186.36	1/8/2021	2/22/2021		3,186.36	3,186.36				14.72

Counterparty	Related party relationship	Whether related party transaction	Categories of derivative investments	Initial investments	Date of commencement	Date of termination	Opening balance	Amount purchased during the reporting period	Amount sold during the reporting period	Provision for impairment (if any)	Closing balance	Proportion of investments to net assets	Profit or loss during the reporting period
Bank	Non-related party	No	Structured forward contracts	41,085	1/8/2021	3/26/2021		41,085	41,085				121.16
Bank	Non-related party	No	Forward contracts	12,923.7	1/13/2021	1/25/2021		12,923.7	12,923.7				-4.9
Bank	Non-related party	No	Forward contracts	8,768.32	1/13/2021	3/26/2021		8,768.32	8,768.32				19.2
Bank	Non-related party	No	Forward contracts	7,117	1/14/2021	1/29/2021		7,117	7,117				24.86
Bank	Non-related party	No	Structured forward contracts	32,624	1/28/2021	3/25/2021		32,624	32,624				119.51
Bank	Non-related party	No	Structured forward contracts	25,468	1/28/2021	5/25/2021		25,468	25,468				243.99
Bank	Non-related party	No	Structured forward contracts	32,516	2/5/2021	3/26/2021		32,516	32,516				32.8
Bank	Non-related party	No	Structured forward contracts	19,485	2/19/2021	3/15/2021		19,485	19,485				36.6
Bank	Non-related party	No	Forward contracts	12,625.6	2/23/2021	4/26/2021		12,625.6	12,625.6				213.3
Bank	Non-related party	No	Forward contracts	38,986.4	2/26/2021	5/17/2021		38,986.4	38,986.4				60.67
Bank	Non-related party	No	Forward contracts	13,088.15	3/8/2021	5/25/2021		13,088.15	13,088.15				122.14
Bank	Non-related party	No	Forward contracts	3,293.25	4/1/2021	4/26/2021		3,293.25	3,293.25				55.17
Bank	Non-related party	No	Forward contracts	3,293.8	4/1/2021	4/26/2021		3,293.8	3,293.8				55.72
Bank	Non-related party	No	Forward contracts	17,233.23	4/7/2021	8/25/2021		17,233.23	17,233.23				201.67
Bank	Non-related party	No	Forward contracts	3,117.63	4/9/2021	4/26/2021		3,117.63	3,117.63				-11.25
Bank	Non-related party	No	Forward contracts	9,431.22	4/19/2021	6/25/2021		9,431.22	9,431.22				129.22
Bank	Non-related party	No	Forward contracts	12,948	4/30/2021	5/25/2021		12,948	12,948				168
Bank	Non-related party	No	Structured forward contracts	16,246.8	4/30/2021	7/26/2021		16,246.8	16,246.8				123.2
Bank	Non-related party	No	Forward contracts	19,397.1	5/13/2021	7/26/2021		19,397.1	19,397.1				92.58
Bank	Non-related party	No	Forward contracts	15,812.5	5/18/2021	11/22/2021		15,812.5	15,812.5				779.39
Bank	Non-related party	No	Forward contracts	12,815	6/4/2021	6/25/2021		12,815	12,815				-66.8
Bank	Non-related party	No	Forward contracts	19,270.25	6/7/2021	7/26/2021		19,270.25	19,270.25				-111.78
Bank	Non-related party	No	Forward contracts	1,553.69	6/15/2021	6/25/2021		1,553.69	1,553.69				17.65
Bank	Non-related party	No	Forward contracts	5,448.24	6/15/2021	7/26/2021		5,448.24	5,448.24				114.02
Bank	Non-related party	No	Forward contracts	19,290.9	6/17/2021	6/25/2021		19,290.9	19,290.9				-31.87
Bank	Non-related party	No	Forward contracts	4,527.6	6/22/2021	6/25/2021		4,527.6	4,527.6				18.97
Bank	Non-related party	No	Forward contracts	6,175.4	6/30/2021	8/25/2021		6,175.4	6,175.4				98.39
Bank	Non-related party	No	Structured forward contracts	8,410.93	7/14/2021	7/21/2021		8,410.93	8,410.93				2.14
Bank	Non-related party	No	Forward contracts	6,154.8	7/2/2021	8/25/2021		6,154.8	6,154.8				75.42
Bank	Non-related party	No	Forward contracts	40,329.3	7/7/2021	9/24/2021		40,329.3	40,329.3				266.61
Bank	Non-related party	No	Forward contracts	7,776.91	7/8/2021	7/29/2021		7,776.91	7,776.91				27.6
Bank	Non-related party	No	Forward contracts	4,573.64	7/22/2021	7/28/2021		4,573.64	4,573.64				-17.5
Bank	Non-related party	No	Forward contracts	13,037.2	7/27/2021	8/25/2021		13,037.2	13,037.2				113.47

Counterparty	Related party relationship	Whether related party transaction	Categories of derivative investments	Initial investments	Date of commencement	Date of termination	Opening balance	Amount purchased during the reporting period	Amount sold during the reporting period	Provision for impairment (if any)	Closing balance	Proportion of investments to net assets	Profit or loss during the reporting period
Bank	Non-related party	No	Forward contracts	9,738.34	8/10/2021	8/27/2021		9,738.34	9,738.34				39.64
Bank	Non-related party	No	Forward contracts	3,247.25	8/19/2021	8/25/2021		3,247.25	3,247.25				16.33
Bank	Non-related party	No	Forward contracts	15,301.4	8/16/2021	10/22/2021		15,301.4	15,301.4				292.5
Bank	Non-related party	No	Forward contracts	3,813.49	8/30/2021	8/31/2021		3,813.49	3,813.49				7.14
Bank	Non-related party	No	Forward contracts	3,850.25	9/7/2021	10/27/2021		3,850.25	3,850.25				158.95
Bank	Non-related party	No	Forward contracts	10,353.85	9/28/2021	10/22/2021		10,353.85	10,353.85				121.32
Bank	Non-related party	No	Forward contracts	6,476.25	9/30/2021	10/22/2021		6,476.25	6,476.25				70.2
Bank	Non-related party	No	Forward contracts	2,247.69	10/19/2021	11/24/2021		2,247.69	2,247.69				100.08
Bank	Non-related party	No	Forward contracts	10,470.6	10/25/2021	12/27/2021		10,470.6	10,470.6				423.33
Bank	Non-related party	No	Forward contracts	743.18	10/25/2021	10/26/2021		743.18	743.18				5.14
Bank	Non-related party	No	Forward contracts	3,201.65	11/5/2021	11/23/2021		3,201.65	3,201.65				17.13
Bank	Non-related party	No	Forward contracts	12,801.5	11/5/2021	12/23/2021		12,801.5	12,801.5				69.41
Bank	Non-related party	No	Forward contracts	1,921.69	11/11/2021	11/24/2021		1,921.69	1,921.69				9.34
Bank	Non-related party	No	Structured forward contracts	26,270.5	11/19/2021	11/23/2022		26,270.5	12,870.5		13,400	0.62%	128.13
Bank	Non-related party	No	Forward contracts	3,615.1	11/30/2021	12/23/2021		3,615.1	3,615.1				16.32
Bank	Non-related party	No	Forward contracts	6,376.62	12/2/2021	12/27/2021		6,376.62	6,376.62				18.11
Bank	Non-related party	No	Forward contracts	22,427.09	12/9/2021	3/24/2022		22,427.09	6,477.54		15,949.55	0.73%	73.89
Bank	Non-related party	No	Forward contracts	3,193.15	12/10/2021	12/23/2021		3,193.15	3,193.15				14.59
Bank	Non-related party	No	Forward contracts	10,835.78	12/17/2021	12/30/2021		10,835.78	10,835.78				30.68
Total				783,139.13	--	--	57,223.27	703,508.85	731,382.57		29,349.55	1.35%	4,875.17
Fund source				Self-owned fund									
Conditions of involved lawsuits (if applicable)				None									
Disclosure date of the Board of Directors announcement for the approval of derivatives investment (if any)				March 31, 2021									
Disclosure date of the general meeting of shareholders announcement for the approval of derivatives investment (if any)				Not Applicable									
Remarks on risk analysis and control measures for holding derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				In order to prevent exchange rate risks, the Company and its subsidiaries carried out derivative instrument businesses. The Company and its subsidiaries strictly implemented the Management Measures on Foreign Exchange Hedging Business.									
In the case of changes in market prices or fair value of invested derivatives during the reporting period, the analysis on fair value of derivatives shall disclose the specific methods for their uses, and the setting of relevant assumptions and parameters				Floating income from changes in fair value of the invested derivatives amounted to 9.37 million yuan at the beginning of the reporting period; floating income from changes in fair value of the invested derivatives amounted to 37.86 million yuan at the end of the reporting period.									
Remarks on whether there were significant changes in the accounting policies and specific accounting principles for the Company's derivatives during the reporting period compared to the previous reporting period				Not Applicable									
Special opinions of independent directors on the Company's derivatives investment and risk control				The Company has formulated the Management Measures on Foreign Exchange Hedging Business to strengthen internal control, implement risk prevention measures, improve the level of operation and management, and formulate specific operating procedures for foreign exchange hedging business. The Company has performed analysis on the feasibility of carrying out foreign exchange hedging business, which indicated that in general, it is feasible to carry out foreign exchange hedging, for it can effectively reduce the risk of exchange rate fluctuations, and help stabilize the profit level. The contents of and review procedures for the event comply with relevant laws, regulations, normative documents, the Articles of Association, etc., and would not damage the interests of the Company and other shareholders. We all agree that the Company shall carry out foreign exchange hedging business this time.									

5. Use of raised funds

√ Applicable □ Not Applicable

(1) Overall use of raised funds

√ Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Year of fund-raising	Way of fund-raising	Total amount raised	Amount used in the current period	Accumulated amount of raised funds used	Total raised funds with changes in uses during the reporting period	Accumulated amount of raised funds with changes in uses during the reporting period	Proportion of raised funds with changes in uses to total raised funds	Total raised funds not yet used	Purposes of raised funds not yet used and the whereabouts	Raised funds being idle for over two years
Year 2017	Private placement of shares	486,707.55	43,721.70	208,744.63	0	0	0.00%	277,962.92	Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits	0
Total	--	486,707.55	43,721.70	208,744.63	0	0	0.00%	277,962.92	--	0

Remarks on overall use of raised funds

The Company's raised funds used in previous years amounted to 1,650.23 million yuan, the net amount of interest on cash in bank received in previous years less handling charges amounted to 48.53 million yuan, gains on financial products and structured deposits received in previous years amounted to 429.13 million yuan, and the net expenditure on financial products and structured deposits purchased in previous years amounted to 3,550.00 million yuan; the raised funds actually used in 2021 amounted to 437.22 million yuan, the net amount of interest on cash in bank received in 2021 less handling charges amounted to 3.22 million yuan, gains on financial products and structured deposits received in 2021 amounted to 145.53 million yuan, and the net recovery from financial products and structured deposits purchased in 2021 amounted to 1,100.00 million yuan; the accumulated amount of the raised funds used amounted to 2,087.45 million yuan, the accumulated net amount of interest on cash in bank received less handling charges amounted to 51.75 million yuan, the accumulated amount of gains on financial products and structured deposits received amounted to 574.66 million yuan, and net expenditure on financial products and structured deposits purchased amounted to 2,450.00 million yuan. As of December 31, 2021, the balance of the special account for raised funds amounted to 956.03 million yuan (including the net amount of interest on cash in bank less handling charges, gains on financial products and structured deposits received on an accumulated basis).

(2) Committed projects with raised funds

√ Applicable □ Not Applicable

Unit: RMB 0,000 yuan

Committed investment projects and over-raised funds whereabouts	Whether changed (including partial changed)	Total committed investment in raised funds	Total amount after adjustment (1)	Input during the reporting period	Accumulated input as of the period end (2)	Investment progress as of the period end (3)=(2)/(1)	Date of reaching designed usable conditions	Benefit realized in the reporting period	Whether the expected benefit is reached	Whether there was significant changes in feasibility of the project
Committed investment projects										
Methionine project with annual output of 0.25 million tons	No	486,707.55	486,707.55	43,721.7	208,744.63	42.89%	Partially reached the designed usable conditions	34,677.91	Yes	No
Subtotal	--	486,707.55	486,707.55	43,721.7	208,744.63	--	--	34,677.91	--	--
Over-raised funds whereabouts										
No										
Total	--	486,707.55	486,707.55	43,721.7	208,744.63	--	--	34,677.91	--	--
Conditions of and reasons for not meeting the planned schedule or estimated	Pursuant to the results deliberated and approved by the eighth meeting of the eighth session of Board of Directors and the seventh meeting of the eighth session of the Board of Supervisors dated October 27, 2021, the Company intended to adjust the date when the methionine project with annual output of 0.25 million tons reaches the designed usable conditions from the originally planned									

revenue (by specific project)	December 2021 to June 2023, with other contents remaining unchanged. Main reasons: Due to the impact of the COVID-19 and the macro economy, the construction progress of the project's infrastructure has been delayed, the procurement and delivery time of some equipment and materials has been extended, the installation and commissioning of equipment has been delayed, and the overall progress of the investment projects with raised funds has slowed down, which jointly resulted in the postponement of delivery of the projects. Currently, the 100,000-ton production line of the project has been completed and is in normal operation, and the 150,000-ton production line is under construction.
Remarks on significant changes in feasibility of projects	None.
Amount, purposes and progress of use of over-raised funds	Not Applicable
Changes in implementation locations of investment projects with raised funds	Not Applicable
Adjustment on the implementation method of investment projects with raised funds	Not Applicable
Preliminary investment and replacement of investment projects with raised funds	Applicable Preliminary investment amounted to 36.06 million yuan, and the replacement of raised funds is completed.
Temporary replenishment of working capital with idle raised funds	Not Applicable
Amount of and reasons for the balance of raised funds in the implementation of projects	Not Applicable
Uses and whereabouts of unused raised funds	Deposited in special accounts for raised funds, used to purchase bank financial products, deposited as structured deposits
Problems or other situations in the use and disclosure of raised funds	None.

(3) Change of projects with raised funds

Applicable Not Applicable

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

VIII. Sale of major assets and equities

1. Sale of major assets

Applicable Not Applicable

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

2. Significant sale of equities

Applicable Not Applicable

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

IX. Major entities controlled or invested by the Company

√ Applicable □ Not Applicable

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

Unit: RMB Yuan

Entities	Categories	Major businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
山东新和成维生素有限公司 (Shandong NHU Vitamins Co., Ltd.*)	Subsidiary	Production and sales of feed additives	500 million yuan	3,507,972,008.78	1,992,132,835.76	2,625,693,553.55	1,211,515,560.60	1,042,888,638.98
上虞新和成生物化工有限公司 (Shangyu NHU Bio-Chem Co., Ltd.*)	Subsidiary	Production and sales of feed additives	50 million yuan	4,913,490,480.90	3,400,763,066.05	2,002,380,570.38	967,077,107.49	833,335,883.42
山东新和成药业有限公司 (Shandong NHU Pharmaceutical Co., Ltd.*)	Subsidiary	Production and sales of fragrances	586 million yuan	2,953,376,286.76	2,434,882,978.21	2,625,306,028.72	842,187,235.59	690,705,685.57
山东新和成氨基酸有限公司 (Shandong NHU Amino-acids Co., Ltd.*)	Subsidiary	Production and sales of methionine	930 million yuan	5,979,372,615.23	4,723,128,397.93	2,876,669,426.09	737,319,015.03	647,803,095.88

Remarks on major holding investees

The Company's methionine project with annual output of 250,000 tons included the 100,000-ton equipment officially put into operation in October 2020. In 2021, the production and sales of methionine was increased compared to the preceding period, and the sales revenue and net profit of Shandong NHU Amino-acids Co., Ltd. was increased compared to the preceding period.

Details of acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not Applicable

Subsidiaries	Method for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
Zhejiang NHU Nylon Materials Co., Ltd.	Investment and establishment	No significant effect at the beginning of the period.
NHU Singapore PTE. LTD.	Investment and establishment	No significant effect at the beginning of the period.

X. Structured entities controlled by the Company

□ Applicable √ Not Applicable

XI. Outlook for the future development of the Company

1. The Company's development strategy

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

* The English names are for identification purpose only.

chain and promote the sustainable and high-quality development. Meanwhile, it will actively seek opportunities for its functional chemicals in strategic emerging industries such as the plant protection industry, new energy industry, energy conservation and environmental protection industry, and information industry.

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

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

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

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

2. Business plan of the Company

In 2022, the Company will follow the guideline of "development guided by strategy, green and intelligent operation, strengthening functional management, and improving business performance", and closely focus on the strategic planning goals. It will work hard to expand new product markets, release existing product stocks, implement strategic projects, and improve management efficiency. The Company will unite every force to ensure its steady development, with key focus on the following work.

(1) It will strengthen strategic leadership, improve strategic management, promote the implementation of strategic projects, and improve product layout. Following the strategic goals and annual business plans, it will implement the whole-process management of strategic projects; following the requirements of strategic planning, and the development strategy of integration, serialization and synergy, it will take the opportunity to break through the technology bottleneck, and accelerate the implementation of new strategic projects with focus on the progress of major projects.

(2) It will keep on innovation and create new advantages for development. Based on the platforms of "chemical+" and "biology+", it will increase the introduction of talents and technologies, explore forward-looking industries, and promote the R&D and reserve of green safety technology. It will integrate product research, technical research, scale-up design and production debugging more closely to improve product promotion efficiency, and continue to enhance the capacity building of scientific research platforms, in order to assist the efficient implementation of technology R&D, pilot verification, scale-up design, and technical transformation projects. It will strengthen intellectual property risk avoidance and response, and better the patent layout of new strategic products.

(3) It will focus on green and low-carbon development, and promote the establishment of an energy and carbon resource management system. It will comprehensively analyze the far-reaching impact of the double carbon target on production and operation, apply for development quota, and comprehensively promote the construction of an energy management system. It will strengthen the research on the trend of macro policies, continue to improve the carbon emission control system, and promote the implementation of the concept of green development.

(4) It will deepen the empowerment of digital intelligence and promote the transformation of traditional management to intelligent operation. Based on the pilot experience of digital projects, it will realize the promotion and further application of intelligent factory

systems. It will also promote the construction of data governance system and intelligent manufacturing system, and gradually realize the transformation from traditional production to intelligent operation.

(5) It will strengthen functional management and improve management level. Using digital management as the powerful tool, it will make the best use of the functional departments, and strengthen system construction and standard setting. It will continuously improve the management level, and at the same time improve the operating risk management and control, so as to ensure the sustainable and healthy development of the Company.

3. Possible risks

(1) Macroeconomic risks

Affected by the complex and volatile international environment and the recurrence of the global Covid-19 pandemic, the global economy is facing many uncertainties. The Company will pay close attention to the evolution of the pandemic and its impact on the macroeconomy and the industry, actively respond to the impact of the pandemic, so as to ensure the steady development.

(2) Industry and market competition risks

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

(3) Risks of raw material price fluctuation

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

(4) Exchange rate and trade risks

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

(5) Risks of changes in environmental protection policies

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

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

√ Applicable □ Not Applicable

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
April 9, 2021	Not applicable	Others	Others	Investors who attended the Company's online annual performance presentation in 2020	Answer questions from investors	Please refer to the Investor Relations Activities Record Sheet as at April 9, 2021 published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
April 21, 2021	Meeting room of the Company	Field research	Institution	<p>1. 睿郡资产 Wisdomshire Asset (刘力 Liu Li);</p> <p>2. 中信资管 Citic Asset Management (罗四维 Luo Siwei);</p> <p>3. 长江证券 Changjiang Securities (张俊 Zhang Jun & 马太 Ma Tai);</p> <p>4. 中信产业基金 Citic PE (李国洪 Li Guohong);</p> <p>5. 招商证券 China Merchants Securities (曹承安 Cao Chengan);</p> <p>6. 天风证券 TF Securities (李辉 Li Hui);</p> <p>7. 申万宏源 Shenwan Hongyuan Securities (宋涛 Song Tao & 胡双 Hu Shuang);</p> <p>8. 敦和投资 DH Investment (梁作强 Liang Zuoqiang);</p> <p>9. 中信证券 Citic Securities (赵芳芳 Zhao Fangfang & 李鸿钊 Li Hongzhao)</p> <p>10. 华泰资产 Huatai Asset Management (杨林夕 Yang Linxi);</p> <p>11. 开源证券 Kaiyuan Securities (吉金 Ji Jin & 金益腾 Jin Yiteng)</p> <p>12. 锐意资本 Brilland Capital (肖辉 Xiao Hui);</p> <p>13. 鹏泰投资 Pengtai Investment (祝凯伦 Zhu Kailun);</p> <p>14. 睿远基金 Foresight Fund (钟明 Zhong Ming);</p> <p>15. 国盛证券 Guosheng Securities (杜鹏 Du Peng);</p> <p>16. 中银国际 BOC International (余嫫嫫 Yu Yuanyuan);</p> <p>17. 国信证券 Guosen Securities (张玮航 Zhang Weihang);</p> <p>18. 中泰化工 Zhongtai Chemical (夏文奇 Xia Wenqi);</p> <p>19. 光大证券 Everbright Securities (吴裕 Wu Yu);</p> <p>20. 中金公司 CICC (肖亚平 Xiao Yaping);</p> <p>21. 毓盛资本 GS Capital (李飞翔 Li Feixiang);</p> <p>22. 瑞银资管 UBS Asset Management (陈梅清 Chen Meiqing);</p> <p>23. 华宝投资 Hwabao Investment (董书成 Dong Shucheng);</p> <p>24. 华安基金 HuaAn Funds (张瑞 Zhang Rui);</p> <p>25. 华泰保兴 Huatai Baoxing Fund Management (黄佳丽 Huang Jiali);</p> <p>26. 博道基金 Broad Fund (王伟淼 Wang Jiamiao);</p> <p>27. 浙商基金 Zheshang Fund (景徽 Jing Hui);</p> <p>28. 建信基金 CCB Principal Asset Management (刘克飞 Liu Kefei);</p> <p>29. 交银施罗德 Bocom Schroders (张明晓 Zhang Mingxiao);</p> <p>30. 永禧投资 Winshero Investment (王超 Wang Chao);</p> <p>31. 和谐汇一 Visione Asset (赵辰 Zhao Chen);</p> <p>32. 兴业证券 Industrial Securities (刘梦岚 Liu Menglan);</p> <p>33. 阳光资管 Sunshine Asset Management (马敦超 Ma Dunchao);</p> <p>34. 星石投资 StarRock Investment (向仕杰 Xiang Shijie);</p> <p>35. 中再资产 China Re Asset (孙博睿 Sun Borui);</p> <p>36. 遂玖投资 Suijiu Investment (吕连杰 Lyu Lianjie);</p> <p>37. 安信证券 Essence Securities (黄翔 Huang Xiang);</p> <p>38. 兴银基金 Xingyin Fund (袁作栋 Yuan Zuodong);</p> <p>39. 塔基资产 Tagee Asset Management (魏博 Weibo);</p> <p>40. 重阳投资 Chongyang Investment (贺建青 He Jiaqing);</p> <p>41. 东方证券 Orient Securities (袁帅 Yuan Shuai);</p> <p>42. 山东明湖投资 Shandong Minghu Investment (王东民 Wang Dongmin);</p> <p>43. 深圳正圆投资 Zhengyuan Investment (张萍 Zhang Ping);</p> <p>44. 洪仁投资 Hongren Investment</p>	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet as at April 21, 2021 published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				(张凯驰 Zhang Kaichi); 45. 大众进出口 Dazhong Import and Export (威昕 Qi Xin); 46. 北京鸿澄投资 HC Capital (陈寿 Chen Qian); 47. 环懿投资 Universal Wisdom Investment (杨伟 Yang Wei); 48. 沅京资本 Funding Capital Management (李正强 Li Zhengqiang); 49. 明世伙伴基金 DIB Asset Management (霍霄 Huo Xiao & 胡戛 Hu Yu); 50. 德淞咨询 Desong Consulting (邬欣雷 Wu Xinlei); 51. 汇丰前海 HSBC Qianhai Securities (沈科 Shen Ke); 52. 深圳红筹投资 Hongchou Investment (王羽 Wang Yu); 53. Citic Securities (刘沛显 Liu Peixian); 54. 中国人寿 China Life (吴颖 Wu Ying); 55. 北京磐沣 Beijing Panfeng Investment Management (杨涛 Yang Tao); 56. 乐中投资 Lezhong Investment Management (程勇 Cheng Yong & 朱崧智 Zhu Yunzhi); 57. 李焕玲 Li Huanling, etc.		
July 1, 2021	Meeting room of the Company	Field research	Institution	1. TF Securities (Li Hui); 2. Wisdomshire Asset (Liu Li); 3. CICC (Xiao Yaping); 4. Orient Securities (Yuan Shuai); 5. 明泽投资 Mingze Capital (常先通 Chang Xiantong & 韩玉玲 Han Yuling); 6. 盘京投资 Panjing Investment (张奇 Zhang Qi); 7. 长城证券 Great Wall Securities (张玉龙 Zhang Yulong); 8. 胜帮投资 Shengbang Investment (刘倩倩 Liu Qianqian & 黄杰 Huang Jie); 9. 华安证券 HuaAn Securities (王强峰 Wang Qiangfeng); 10. Chongyang Investment (贺建青 He Jianqing); 11. 景林资产 Greenwoods Asset (蒋文超 Jiang Wenchao); 12. 华夏基金 China Asset Management (杨晋 Yang Jin); 13. 兴银理财 Xingyin Fund Management (陈亚龙 Chen Yalong); 14. 海螺创投 Conch Venture Capital (陆陈伟 Lu Chenwei); 15. 国海富兰克林 Franklin Templeton Sealand Fund (徐荔蓉 Xu Lirong & 张琼刚 Xiang Qionggang & 杜飞 Du Fei & 刘晓 Liu Xiao & 刘磊 Liu Lei)	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet as at July 1, 2021 published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.
September 14, 2021	Others	Telephone communication	Institution	1. Centerline Investment Management (BenXu); 2. Fenghe Asia F&H Fund Management (叶涛 Ye Tao); 3. 同犇资管 Tongben Investment (何先畅 He Xianchang); 4. 湘禾投资 Xiang He Capital (罗林 Luo Lin); 5. TX Capital (Edward Choi); 6. 兴聚资管 Xingju Asset Management (刘力 Liu Li); 7. 和聚投资 Heju Investment (麦士荣 Mai Turong); 8. 楹联基金 Yinglian Fund (应振洲 Ying Zhenzhou); 9. 大成基金 Dacheng Fund (廖书迪 Liao Shudi); 10. 涌峰资管 Topfund Investment Management (李莉芳 Li Lifanng); 11. 淡水泉 Springs Capital (王凡 Wang Fan); 12. Chongyang Investment (贺建青 He Jianqing); 13. 东方基金 Orient Fund Management (房建威 Fang Jianwei); 14. 宸鑫资管 Chenxin Asset Management (施雨辰 Shi Yuchen); 15. 睿石投资 Cityreits Investment Management (才典 Cai Dian); 16. 锐意资管 Brilliant Asset Management (Xiao Hui); 17. 东吴基金 Soochow Asset Management (徐峥 Xu Ceng); 18. 行健资管 Zeal Asset Management (张韬 Zhang Tao); 19. 富国基金 Fullgoal Fund Management (沈衡 Shen Heng); 20. Hongchou Investment (唐亮 Tang Liang); 21. 广发基金 GF Fund Management (王琪 Wang Qi); 22. 金之灏基金 J.Z.H. Fund (陈飞云 Chen Feiyun); 23. 国投瑞银基金 UBS SDIC Fund Management (马少章 Ma Shaozhang); 24. 武当资管 Wudang Asset Management (汪平 Wang Ping); 25. 杭州昊晟投资 Hangzhou Haosheng Investment Management (吕露 Lyu Lu); 26. 熙山资管 Xishan Investment Management (余继刚 Yu Jigang); 27. 恒安保险 HengAn Insurance (斯华	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet as at September 14, 2021 published at the website http://irm.cninfo.com.cn/ssessgs/S002001 for details.

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				景 Si Huajing); 28. 太平基金 Taiping Fund Management (Xia Wenqi); 29. 华宝基金 Hwabao WP Fund Management (Dong Shucheng); 30. 太平养老 Taiping Pension (姚宏福 Yao Hongfu & 庄晋 Zhuang Jin); 31. 华杉瑞联基金 Huashan Ruilian Fund (田春姝 Tian Chunshu); 32. 泰康资管 Taikang Asset Management (刘忠卫 Liu Zhongwei); 33. 华商基金 Huashang Fund Management (黄露禾 He Luhe); 34. 泰信基金 First-trust Fund Management (刘雨馨 Liu Yuxin); 35. Huatai Asset Management (Yang Linxi); 36. TF Securities (Li Hui); 37. 万联证券 Wanlian Securities (高翔 Gao Xiang); 38. 慎知资管 ShenZhi Asset (陈增博 ChenZengbo); 39. 交银基金 BoCom Schroders Fund (张明晓 Zhang Mingxiao); 40. 昭融匯利 Top Alpha Investment (李智慧 Li Zhihui); 41. 景顺长城基金 Invesco Great Wall Fund Management (高田昊 Gao Tianhao); 42. 兴全基金 AEGON-INDUSTRIAL Fund (徐留明 Xu Liuming); 43. 和德资管 Hede Asset Management (张特 Zhang Te); 44. 磐耀资管 Panyao Capital (葛立法 Ge Lifa); 45. 莲盛投资 Liansheng Investment Management (肖耀勃 Xiao Yaobo); 46. Sunshine Asset Management (黄抒雁 Huang Shuyan & 马敦超 Ma Dunchao); 47. 诺安基金 Lion fund (赵森 Zhao Sen); 48. 谦信投资 Kenshin Capital (宋喆 Song Zhe); 49. 银华基金股份 Yinhua Fund Management (罗婷 Luo Ting); 50. 鹏华基金 Penghua Fund Management (丁冯佳 Ding Fengjia & 谢书英 Xie Shuying); 51. 前海人寿 Foresea Life (贾宇博 Jia Yubo); 52. 英睿财富 Yingrui Fortune (张丹阳 Zhang Danyang); 53. 长信基金 Chang Xin Asset Management (唐卓菁 Tang Zhuojing); 54. 瑞民资管 Rui Min Fund (匡立春 Kuang Lichun & 黄晓坤 Huang Xiaokun); 55. Foresight Fund (朱璘); 56. 旌安资管 Jingan Investment (李泽恺 Li Zekai); 57. 百勋资管 Baixun Investment (陈卿云 Chen Qingyun); 58. 巽升资管 Xuncent Asset (沈杰 Shen Jie); 59. 保银资管 Pinpoint Asset Management (林建军 Lin Jianjun); 60. 英睿资管 Enreach International Capital Management (马智琴 Ma Zhiqin); 61. 呈瑞资管 Crassets Investment (刘青林 Liu Qinglin); 62. 中农理财 CHAMPGC Asset Management (公晓晖 Gong Xiaohui); 63. 复霈资管 Fupei Investment (韩守晖 Han Shouhui); 64. 中国人保 PICC (曾沐崴 Zeng Shuwei); 65. 名禹资管公司 Mingyu Fund (王友红 Wang Youhong); 66. Citic Asset Management (杨大志 Yang Dazhi); 67. 摩根士丹利 Morgan Stanley (吕洪良 Lyu Hongliang); 68. 兴业资管 Industrial Asset Management (陈亚龙 Chen Yalong & 庄伟彬 Zhuang Weibin); 69. 银河基金 Galaxy Asset Management (石磊 Shi Lei & 姚雯薏 Yao Wenyi & 祝建辉 Zhu Jianhui); 70. 汇添富基金 China Universal Asset Management (谭志强 Tan Zhiqiang & 林小伟 Lin Xiaowei); 71. 精至资产 Finest Asset Management (黄登峰 Huang Dengfeng & 杨文凡 Yang Wenfan & 陈鸿 Chen Hong)		
November 17, 2021	Meeting room of the Company	Field research	Institution	1. Shenwan Hongyuan Securities (宋涛 Song Tao & 胡双 Hu Shuang); 2. 东北证券 Northeast Securities (陈俊杰 Chen Junjie & 伍豪 Wu Hao); 3. 南方基金 Southern Fund (郑勇 Zheng Yong); 4. 瑞民投资 Rui Min Investment (黄晓坤 Huang Xiaokun & 匡立春 Kuang Lichun); 5. 财通证券 Caitong Securities (朱乾栋 Zhu Qiandong); 6. Winshero Investment (王超 Wang Chao); 7. TF	Introduce the operating conditions of the Company and answer questions from investors	Please refer to the Investor Relations Activities Record Sheet as at November 17, 2021 published at the website http://irm.cninfo.com.cn/ssessgs/S0020

Date of reception	Reception site	Way of reception	Type of visitor	Visitors	Major contents of conversation and information provided	Index for basic information of the investigation
				Securities (Li Hui); 8. 精致投资 Finest Investment (Chen Hong & Huang Dengfeng); 9. 浙商证券 Zhesang Securities (Zhang Yulong); 10. Orient Securities (Yuan Shuai); 11. Kaiyuan Securities (Jin Yiteng & Jijin); 12. Hwabao Investment (Dong Shucheng & 杨奇 Yang Qi); 13. 弘毅远方 Hony Horizon Fund (黄振东 Huang Zhendong); 14. Hongchou Investment (王羽 Wang Yu); 15. 正心谷 Loyal Valley Capital (施航 Shi Hang); 16. 胜邦投资 Shenbon Enterprise Investment (刘倩倩 Liu Qianqian); 17. Changjiang Securities (张俊 Zhang Jun); 18. 申万研究所 SWS Research (余玉君 Yu Yujun & 张静含 Zhang Jinghan); 19. 申万投资 SWS Investment (袁鹏 Yuan Peng); 20. 银叶投资 Silver Leaf Investments (李悦 Li Yue); 21. Everbright Securities (赵乃迪 Zhao Naidi & 周家诺 Zhou Jianuo & 蔡嘉豪 Cai Jiahao)		01 for details.

Section IV Corporate Governance

I. Basic information

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

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

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

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

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

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

6. About information disclosure and transparency: The Company designates the secretary of the Board of Directors to be responsible for information disclosure and receiving visits and inquiries from shareholders, and designates Securities Times, Shanghai Securities News, China Securities Journal, and Cninfo (<http://www.cninfo.com.cn>) as the designated newspapers and websites for the

Company's information disclosure; Complying with relevant laws and regulations and the requirements of the Company's "Information Disclosure Management System", the Company discloses relevant information in a true, accurate, complete and timely manner to ensure that all shareholders have equal access to information.

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

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

Yes No

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

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

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

1. Independence of business

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

2. Independence of personnel

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

3. Independence of assets

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

4. Independence of finance

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

5. Independence of organization

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

controlling shareholder's institutions act on behalf of the Company.

III. Horizontal competition

Applicable Not applicable

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

1. General meeting of shareholders

Session	Type of meetings	Proportion of participating investors	Meeting date	Disclosure date	Resolutions
General meeting of shareholders of 2020	Annual general meeting of shareholders	54.00%	April 21, 2021	April 22, 2021	10 proposals including the "Annual Work Report of the Board of Directors of 2020" were deliberated and approved. Please refer to Announcement No. 2021-019 disclosed on http://www.cninfo.com.cn for details.

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

Applicable Not applicable

V. Directors, supervisors and senior executives

1. Basic information

Name	Position	Status	Gender	Age	Commencement date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	number of shares increased in the current period (shares)	number of shares decreased in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease
Hu Baifan	Chairman	Incumbent	Male	60	2/26/1999	9/15/2023	9,667,915	1,000	0	1,933,583	11,602,498	Conversion of capital reserve into share capital
胡柏剡 (Hu Baishan)	Vice Chairman, President	Incumbent	Male	55	2/26/1999	9/15/2023	10,136,062	0	0	2,027,212	12,163,274	Conversion of capital reserve into share capital
Shi Guanqun	Director, Vice President, CFO, Secretary of the Board	Incumbent	Male	51	2/26/1999	9/15/2023	7,276,277	0	0	1,455,255	8,731,532	Conversion of capital reserve into share capital
王学闻 (Wang Xuewen)	Director, Vice President	Incumbent	Male	53	2/26/1999	9/15/2023	6,165,230	0	0	1,233,046	7,398,276	Conversion of capital reserve into share capital
王正江 (Wang Zhengjiang)	Director	Incumbent	Male	53	4/12/2008	9/15/2023	318,750	0	0	63,750	382,500	Conversion of capital reserve into share capital
周贵阳 (Zhou Guiyang)	Director	Incumbent	Male	47	4/20/2011	9/15/2023	114,752	0	0	22,950	137,702	Conversion of capital reserve into share capital
俞柏金 (Yu Baijin)	Director	Incumbent	Male	55	9/15/2020	9/15/2023	0	0	0	0	0	
黄灿 (Huang Can)	Independent Director	Incumbent	Male	43	7/12/2017	9/15/2023	0	0	0	0	0	
金赞芳 (Jin Zhanfang)	Independent Director	Incumbent	Female	46	7/12/2017	9/15/2023	0	0	0	0	0	
朱剑敏 (Zhu Jianmin)	Independent Director	Incumbent	Female	58	7/12/2017	9/15/2023	0	0	0	0	0	
季建阳 (Ji Jianyang)	Independent Director	Incumbent	Male	43	9/15/2020	9/15/2023	0	0	0	0	0	

Name	Position	Status	Gender	Age	Commencement date of service	Termination date of service	Number of shares held at the beginning of the period (shares)	number of shares increased in the current period (shares)	number of shares decreased in the current period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease
石方彬 (Shi Fangbin)	Chairman of the Board of Supervisors	Incumbent	Female	46	9/15/2020	9/15/2023	0	0	0	0	0	
吕国锋 (Lyu Guofeng)	Supervisor	Incumbent	Male	50	9/15/2020	9/15/2023	0	0	0	0	0	
俞宏伟 (Yu Hongwei)	Supervisor	Incumbent	Male	51	9/15/2020	9/15/2023	0	0	0	0	0	
严宏岳 (Yan Hongyue)	Supervisor	Incumbent	Male	52	9/15/2020	9/15/2023	0	0	0	0	0	
陈召峰 (Chen Zhaofeng)	Supervisor	Incumbent	Male	45	9/15/2020	9/15/2023	0	0	0	0	0	
郑根士 (Zheng Gentu)	Vice President	Incumbent	Male	60	9/29/2018	1/31/2022	0	0	0	0	0	
Total	--	--	--	--	--	--	33,678,986	1,000	0	6,735,796	40,415,782	--

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

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

2. Profiles of directors, supervisors and senior executives

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

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

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

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

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

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

Zhou Guiyang (Bachelor's degree) currently serves as the Director of the Company and General Manager of 浙江新和成特种材料有限公司 (Zhejiang NHU Special Materials Co., Ltd.*). He used to be the Deputy General Manager of Shangyu NHU Bio-Chem Co., Ltd.

Yu Baijin (Bachelor's degree) currently serves as the Director of the Company and General Manager of 黑龙江新和成生物科技有限公司 (Heilongjiang NHU Biotechnology Co., Ltd.*). He used to be the Chairman of 浙江广义实业有限公司 (Zhejiang Guangyi Industrial Co., Ltd.*) and 浙江新柴集团有限公司 (Zhejiang Xinchai Group Co., Ltd.*).

Huang Can (Doctor of Management, Independent Director) is a professor of Zhejiang University. He currently serves as the

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Independent Director of 浙江运达风电股份有限公司 (Zhejiang Windey Co., Ltd.*) and 甘肃上峰水泥股份有限公司 (Gansu Shangfeng Cement Co., Ltd.*).

Jin Zhanfang (Doctor of Environmental Engineering, Independent Director) is a professor of Zhejiang University of Technology. She currently serves as the Independent Director of 浙江菲达环保科技股份有限公司 (Zhejiang Feida Environmental Science & Technology Co., Ltd.*) and 浙江景兴纸业股份有限公司 (Zhejiang Jingxing Paper Joint Stock Co., Ltd.*).

Zhu Jianmin (Master's degree, Independent Director) currently serves as the Deputy General Manager and CFO of 每日互动股份有限公司 (Merit Interactive Co., Ltd.*).

Ji Jianyang (Master's degree, Independent Director) currently serves as the Partner of 北京观韬中茂（杭州）律师事务所 (Beijing Guantao Zhongmao (Hangzhou) Law Firm*) and the Independent Director of 浙江金固股份有限公司 (Zhejiang Jingu Co., Ltd.*).

Shi Fangbin (Bachelor's degree) currently serves as the Chairman of the Company's Board of Supervisors, and CFO of 新和成控股集团有限公司 (NHU Holding Group Co., Ltd.*). She used to be the Director of Financial Department, Director of Audit Department and Director of Board Office of the Company.

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

Yu Hongwei (Bachelor's degree) currently serves as the Supervisor of the Company, General Manager of Shandong Industrial Park and General Manager of Shandong NHU Vitamins Co., Ltd. and 山东新和成精化科技有限公司 (Shandong NHU Fine Chemical Science and Technology Co., Ltd.*). He used to be the Deputy Chief Engineer of 浙江巨化集团有限公司 (Zhejiang Juhua Group Co., Ltd.*).

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

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

Zheng Gentu (Master's degree) currently serves as the Assistant to President of the Company. He used to be the Director and General Manager of 浙江开尔新材料股份有限公司 (Zhejiang Kaier New Materials Co., Ltd.*).

Directors, supervisors and senior executives that serve in shareholders

√ Applicable □ Not applicable

Name of persons	Name of shareholders	Position in shareholders	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from shareholders
Hu Baifan	NHU Holding Group Co., Ltd.	Chairman, General Manager	11/11/2011	11/26/2023	No
Hu Baishan	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/26/2023	No
Shi Guanqun	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/26/2023	No
Wang Xuewen	NHU Holding Group Co., Ltd.	Director	11/11/2011	11/26/2023	No

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Name of persons	Name of shareholders	Position in shareholders	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from shareholders
Shi Fangbin	NHU Holding Group Co., Ltd.	CFO	9/15/2020	11/26/2023	Yes
Remarks	None				

Directors, supervisors and senior executives that serve in other entities

√ Applicable □ Not applicable

Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
Hu Baifan	浙江耕读投资有限公司 (Zhejiang Gengdu Investment Co., Ltd.)*	Executive Director and General Manager	9/4/2015	To date	No
Hu Baifan	新昌县和丽投资有限公司 (Xinchang Heli Investment Co., Ltd.)*	Director	1/3/2017	To date	No
Hu Baifan	安丰创业投资有限公司 (Safe & Rich Venture Capital Co., Ltd.)*	Director	2/28/2008	To date	No
Hu Baifan	杭州通衡浙商投资管理有限公司 (THE Investment Management Co., Ltd.)*	Director	9/21/2015	To date	No
Hu Baifan	新昌勤进投资有限公司 (Xinchang Qinjin Investment Co., Ltd.)*	Chairman and General Manager	6/10/2015	To date	No
Hu Baifan	浙江新昌农村商业银行股份有限公司 (Xinchang Rural Commercial Bank Co., Ltd.)*	Director	1/26/2005	To date	No
Hu Baifan	杭州福膜新材料科技股份有限公司 (Hangzhou Foremost Material Technology Co., Ltd.)*	Director	10/29/2019	10/28/2022	No
Hu Baifan	北京福元医药股份有限公司 (Beijing Winsunny Pharmaceutical Co., Ltd.)*	Director	5/16/2019	5/15/2022	No
Hu Baifan	绍兴越秀教育发展有限公司 (Shaoxing Yuexiu Education Development Co., Ltd.)*	Chairman and General Manager	12/5/2016	6/9/2023	No
Hu Baifan	浙江汇贤创业投资有限公司 (Zhejiang Huixian Venture Capital Co., Ltd.)*	Executive Director	3/16/2017	To date	No
Hu Baifan	浙江和丰投资有限公司 (Zhejiang Hefeng Investment Co., Ltd.)*	Executive Director	4/20/2018	To date	No
Hu Baifan	北京和成地产控股有限公司 (NHU Real Estate Holding Co., Ltd.)*	Director	12/2/2010	3/19/2023	No
Hu Baifan	新昌县和成置业有限公司 (Xinchang County NHU Real Estate Co., Ltd.)*	Director	3/20/2017	To date	No
Hu Baishan	浙江新赛科药业有限公司 (Zhejiang Second Pharma Co., Ltd.)*	Director	9/15/2017	12/20/2024	No
Hu Baishan	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	To date	No
Shi Guanqun	Xinchang Heli Investment Co.,	Chairman	11/30/2012	To date	No

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Name of persons	Name of other entities	Position in other entities	Commencement date of service	Termination date of service	Whether receive emoluments and allowances from other entities
	Ltd.				
Shi Guanqun	Xinchang Qinjin Investment Co., Ltd.	Director	6/10/2015	To date	No
Shi Guanqun	Shaoxing Yuexiu Education Development Co., Ltd.	Director	12/5/2016	To date	No
Shi Guanqun	NHU Real Estate Holding Co., Ltd.	Director	12/2/2010	3/19/2023	No
Shi Guanqun	浙江璟实置业有限公司 (Zhejiang Jingshi Real Estate Co., Ltd.)*	Director	9/22/2020	9/21/2023	No
Shi Guanqun	浙江德力装备有限公司 (Zhejiang Deli Equipment Co., Ltd.)*	Director	10/24/2016	10/27/2024	No
Shi Guanqun	Beijing Winsunny Pharmaceutical Co., Ltd.	Director	5/16/2019	5/15/2022	No
Shi Guanqun	Xinchang County NHU Real Estate Co., Ltd.	Director	3/20/2017	To date	No
Zhou Guiyang	帝斯曼新和成工程材料(浙江)有限公司 (DSM NHU Engineering Materials (Zhejiang) Co., Ltd.)*	Vice Chairman	1/7/2016	To date	No
Zhou Guiyang	浙江赛亚化工材料有限公司 (Zhejiang Saiya Chemical Materials Co., Ltd.)*	Director	1/3/2017	5/7/2023	No
Huang Can	Gansu Shangfeng Cement Co., Ltd.	Independent Director	5/7/2019	5/5/2022	Yes
Huang Can	Zhejiang Windey Co., Ltd.	Independent Director	5/12/2016	5/12/2022	Yes
Jin Zhanfang	Zhejiang Jingxing Paper Joint Stock Co., Ltd.	Independent Director	6/19/2017	9/29/2023	Yes
Jin Zhanfang	Zhejiang Feida Environmental Science & Technology Co., Ltd.	Independent Director	6/8/2018	9/10/2024	Yes
Ji Jianyang	Zhejiang Jingu Co., Ltd.	Independent Director	10/16/2020	10/16/2023	Yes
Ji Jianyang	浙江丰立智能科技股份有限公司 (Zhejiang Fore Intelligent Technology Co., Ltd.)*	Independent Director	12/15/2020	12/15/2023	Yes
Ji Jianyang	浙江优全护理用品科技股份有限公司 (Zhejiang Uniquality Care Products Technology Co., Ltd.)*	Independent Director	3/3/2020	11/15/2024	Yes
Zhu Jianmin	Merit Interactive Co., Ltd.	Deputy General Manager, CFO	6/22/2016	5/30/2022	Yes
Shi Fangbin	Zhejiang Jingshi Real Estate Co., Ltd.	Chairman	9/22/2020	9/21/2023	No
Shi Fangbin	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Supervisor	1/7/2016	To date	No
Shi Fangbin	Zhejiang Saiya Chemical Materials Co., Ltd.	Supervisor	1/3/2017	5/7/2023	No
Shi Fangbin	Zhejiang Second Pharma Co., Ltd.	Supervisor	12/21/2012	12/21/2021	No
Shi Fangbin	绍兴璟和酒店管理有限公司 (Shaoxing Jinghe Hotel Management Co., Ltd.)*	Director	5/27/2021	5/26/2024	No
Shi Fangbin	Zhejiang Deli Equipment Co., Ltd.	Director	10/28/2021	10/27/2024	No

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

√ Applicable □ Not applicable

Please refer to item “XII. Penalties and rectification” under “Section VI Significant Events” for details.

3. Emoluments of directors, supervisors and senior executives

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

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

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

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

Unit: RMB 0,000 yuan

Name	Position	Gender	Age	Status	Total pre-tax emoluments received from the Company	Whether receive emoluments from related parties of the Company
Hu Baifan	Chairman	Male	60	Incumbent	647.48	No
Hu Baishan	Vice Chairman, President	Male	55	Incumbent	388.60	No
Shi Guanqun	Director, Vice President, CFO, Secretary of the Board	Male	51	Incumbent	186.45	No
Wang Xuewen	Director, Vice President	Male	53	Incumbent	285.26	No
Wang Zhengjiang	Director	Male	53	Incumbent	245.92	No
Zhou Guiyang	Director	Male	47	Incumbent	110.25	No
Yu Baijin	Director	Male	55	Incumbent	141.82	No
Huang Can	Independent Director	Male	43	Incumbent	10	No
Jin Zangfang	Independent Director	Female	46	Incumbent	10	No
Zhu Jianmin	Independent Director	Female	58	Incumbent	10	No
Ji Jianyang	Independent Director	Male	43	Incumbent	10	No
Shi Fangbin	Chairman of the Board of Supervisor	Female	46	Incumbent	0	Yes
Lu Guofeng	Supervisor	Male	50	Incumbent	114.52	No
Yu Hongwei	Supervisor	Male	51	Incumbent	167.43	No
Yan Hongyue	Supervisor	Male	52	Incumbent	121.20	No
Chen Zhaofeng	Supervisor	Male	45	Incumbent	69.38	No
Zheng Gentu	Vice President	Male	60	Incumbent	118.94	No
Total	--	--	--	--	2,637.25	--

VI. Directors' performance of duties during the reporting period

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

Session	Meeting date	Disclosure date	Resolutions
The fifth meeting of the eighth session of Board of Directors	3/29/2021	3/31/2021	19 proposals including the "Annual Work Report of the Board of Directors of 2020" were deliberated and approved. Please refer to Announcement No. 2021-005 disclosed on http://www.cninfo.com.cn for details.
The sixth meeting of the eighth session of Board of Directors	4/27/2021	N/A	The "First Quarterly Report of 2021" was deliberated and approved.
The seventh meeting of the eighth session of Board of Directors	8/18/2021	8/20/2021	4 proposals including the "Semi-annual Report of Board of Directors of 2020 and Summary" were deliberated and approved. Please refer to Announcement No. 2021-023 disclosed on http://www.cninfo.com.cn for details.
The eighth meeting of the eighth session of Board of Directors	10/27/2021	10/29/2021	4 proposals including the "Third Quarterly Report of 2021" were deliberated and approved. Please refer to Announcement No. 2021-032 disclosed on http://www.cninfo.com.cn for details.
The ninth meeting of the eighth session of Board of Directors	12/24/2021	12/27/2021	3 proposals including the "Proposal on Foreign Investments and Signing of Letter of Intent for Cooperative Joint Venture" were deliberated and approved. Please refer to Announcement No. 2021-039 disclosed on http://www.cninfo.com.cn for details.

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

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

Remarks on failure to attend two consecutive board meetings in person

N/A

3. Directors' objections to relevant matters of the Company

Whether directors have raised objections to relevant matters of the Company

Yes No

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

4. Other remarks on directors' performance of duties

Whether the directors' recommendation on the Company were adopted

Yes No

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

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

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

Name of committees	Members	Number of meetings held	Meeting date	Content of meeting	Important comments and suggestions made	Other performance of duties	Details of dispute (if any)
The eighth session of Remuneration and Assessment Committee	Ji Jianyang, Hu Baishan, Huang Can, Zhu Jianmin, Shi Guanqun	1	4/7/2021	The "Remuneration Plan of NHU Management Team for the Term from 2021 to 2023" was deliberated and approved.			
The eighth session of Audit Committee	Zhu Jianmin, Jin Zanfeng, Shi Guanqun	3	4/20/2021	3 proposals including "Summary of Internal Audit for the First Quarter of 2021 and Work Plan for the Second Quarter of 2021", "Report on Special Audit of the Deposit and Use of Raised Funds from January to March 2021" and "First Quarterly Report of 2021" were deliberated and approved.			
			8/12/2021	3 proposals including "Summary of Internal Audit for the Half Year of 2021 and Work Plan for the Third Quarter of 2021", "Report on Special Audit of the Deposit and Use of Raised Funds for the Half Year of 2021" and "Semi-annual Report of 2021" were deliberated and approved.			
			10/21/2021	3 proposals including "Summary of Internal Audit for the Third Quarter of 2021 and Work Plan for the Fourth Quarter of 2021", "Report on Special Audit of the Deposit and Use of Raised Funds from January to September 2021" and "Third Quarterly Report of 2021" were deliberated and approved.			

VIII. Work of the Board of Supervisors

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

Yes No

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

IX. Employees

1. Number of employees, professional workforce and education level

Number of active employees of the parent company at the end of the reporting period	1,845
Number of active employees of major subsidiaries at the end of the reporting period	8,960
Total number of active employees at the end of the reporting period	10,805

Total number of employees receiving remuneration in the current period	10,805
Number of retired cadres and employees whose expenses borne by the parent company and major subsidiaries	0
Professional workforce	
Categories	Number
Production staff	7,288
Sales staff	142
Technical staff	2,368
Finance staff	103
Administrative staff	904
Total	10,805
Education level	
Categories	Number
Doctoral degree	65
Master's degree	854
Bachelor's degree	3,085
Associate degree	3,866
High school education, secondary vocational school education or below	2,935
Total	10,805

2. Remuneration policy

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

3. Training program

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

4. Labor outsourcing

Applicable Not applicable

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

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

Applicable Not applicable

Pursuant to the 2020 profit distribution plan deliberated and approved by the general meeting of 2020 date April 21, 2021, based on total shares of 2,148,662,300 shares as of December 31, 2020, the Company distributed cash dividend of 7.00 yuan (tax included) per 10 shares and distributed 2 shares per 10 shares by converting capital reserve to all shareholders. Such plan had been completed on May 19, 2021.

Special remarks on cash dividend policy	
Whether it complies with the Articles of Association or the resolution of the general meeting:	Yes
Whether the criteria and proportion of dividends are clear and unambiguous:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and responsibilities and played their due roles:	Yes
Whether small and medium-sized shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
In case of changes or adjustments of the cash dividend policy, whether the conditions and procedures are compliant and transparent:	N/A

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

Applicable Not applicable

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

Applicable Not applicable

Number of bonus shares for every 10 shares (shares)	0
Dividends for every 10 shares (yuan) (tax included)	7.00
Number of shares increased for every 10 shares (shares)	2
Equity base for distribution proposal (shares)	2,563,842,524
Amount of cash dividends (yuan) (tax included)	1,794,689,766.80
Amount of cash dividends by other methods (such as share repurchase) (yuan)	320,360,784.48
Total cash dividends (including those by other methods) (yuan)	2,115,050,551.28
Profit available for distribution (yuan)	5,886,750,011.71
Proportion of total cash dividends (including those by other methods) to total profit distribution	100%
Details on cash dividend	
If the Company is in growth stage and there are major capital expenditure arrangements, the proportion of cash dividends in this profit distribution shall be at least 20%.	
Details on proposals on profit distribution or conversion of capital reserve into share capital	
Temporarily based on total shares of 2,563,842,524 shares [Note] as at March 31, 2022, the Company intends to distribute cash dividend of 7 yuan (tax included) and no bonus shares per 10 shares to all shareholders, and to distribute 2 shares per 10 shares by converting capital reserve to all shareholders.	

Note: As of March 31, 2022, the Company's share capital totaled 2,578,394,760 shares, including repurchased share of 14,552,236 shares. According to the "Rules on Share Repurchase of Listed Companies", shares in the special account for repurchase of listed companies carry no right of profit distribution and conversion of capital reserve into share capital.

If the Company's total share capital was changed due to the conversion of convertible bonds into shares, share repurchase, equity incentive exercise, refinancing and issuing new shares to the public before the implementation of the distribution plan, the total distribution amount shall be adjusted with distribution proportion unchanged.

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

Applicable Not applicable

1. Equity incentive

Not applicable.

Equity incentives received by directors and senior executives of the Company

Applicable Not applicable

Assessment mechanism and incentives for senior executives

Not applicable.

2. Implementation of employee stock ownership plans

Applicable Not applicable

All active employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total shares held	Changes	Proportion to total share capital of the Company	Sources of fund to implement the plan
Directors, supervisors, senior executives of the Company, and regular employees of the Company and its holding subsidiaries or wholly-owned subsidiaries who meet the criteria	681	10,131,522	N/A	0.39%	Legal remuneration of the employees, self-raised funds and other methods permitted by laws and administrative regulations

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Proportion to total share capital of the Company
Hu Baishan, Shi Guanqun, Wang Xuewen, Wang Zhengjiang, Zhou Guiyang, Yu Baijin, Shi Fangbin, Lyu Guofeng, Yu Hongwei, Yan Hongyue, Chen Zhaofeng, Zheng Gentu	Directors, supervisors and senior executives	257,455	1,334,431	0.05%

Changes in asset management agency during the reporting period

Applicable Not applicable

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

Applicable Not applicable

Exercise of shareholders' rights during the reporting period

Pursuant to the "Third Phase of Employee Stock Ownership Plan (Draft)", such plan voluntarily waives the voting rights of holding shares in the general meeting of the Company, while shares acquired through the employee stock ownership plan carry no voting

rights in the general meeting. During the reporting period, the employee stock ownership plan did not exercise the voting rights of holding shares in the general meeting, but still enjoyed the right to profit distribution.

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

Applicable Not applicable

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

Applicable Not applicable

Pursuant to the second meeting of holders of the third phase of employee stock ownership plan in manner of voting by correspondence dated June 9, 2021, Mr. 邱金倬 (Qiu Jinzhuo) was elected as a member of the management committee of the third phase of employee stock ownership plan and together with Ms. 张丽英 (Zhang Liying), Mr. 董小方 (Dong Xiaofang), Mr. 张广利 (Zhang Guangli) and Ms. 张莉瑾 (Zhang Lijin), who were elected at the first meeting of holders, formed the management committee, with the duration of such plan as the term of office.

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

Applicable Not applicable

Termination of employee stock ownership plan during the reporting period

Applicable Not applicable

Other remarks

1. On May 19, 2021, the Company implemented the annual equity distribution of 2020, and the shares held by the third phase of employee stock ownership plan were transferred from 8,442,935 shares to 10,131,522 shares after the transfer, with the proportion to total share capital of the Company unchanged.

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

3. Other employee incentive programs

Applicable Not applicable

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

1. Construction and implementation of internal control system

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

During the reporting period, the Company improved its own system construction and optimized the existing internal control management system on a continuous basis, so as to strengthen each internal control process; it improved the internal control process manual, incorporated the content of enterprise internal control risk prevention, division of responsibility and authority, assignment of task matters, etc. into the internal control process description, covering the work process design of 17 types of internal controls (including funds, procurement, inventories, sales, fixed assets, engineering projects, etc.). It also assessed the potential risks to ensure the effective operation of the internal control system.

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

Yes No

XIII. Management control in subsidiaries during the reporting period

Name of subsidiaries	Integration plan	Progress of integration	Problems encountered in integration	Solutions adopted	Progress of solutions	Follow-up solutions
Zhejiang NHU Nylon Materials Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
NHU Singapore PTE. LTD.	N/A	N/A	N/A	N/A	N/A	N/A

IV. Internal control self-assessment report or auditor's report on internal control**1. Internal control self-assessment report**

Date of report	April 15, 2022	
Full text of report	Please refer to the "Internal Control Self-Assessment Report of 2021 of Zhejiang NHU Co., Ltd." disclosed on http://www.cninfo.com.cn on April 15, 2022 for details.	
Proportion of the total assets of entities included in the assessment scope to the total assets in the Company's consolidated financial statements	100.00%	
Proportion of the operating revenue of entities included in the assessment scope to the operating revenue in the Company's consolidated financial statements	100.00%	
Criteria for identifying deficiencies		
Categories	Financial reporting	Non-financial reporting
Qualitative criteria	Indicators of material deficiencies in financial reporting include: 1) fraud by directors, supervisors and senior executives; 2) correction of published financial reports by the Company; 3) discovery by the auditor of a material misstatement in the current financial report that was not detected by internal control in the course of operation; and 4) ineffective monitoring of internal control by the Company. Indicators of significant deficiencies in financial reporting include: 1) failure to select and apply accounting policies in accordance with CASBEs; 2) failure to establish anti-fraud procedures and controls; and 3) individual or multiple deficiencies in the financial reporting process that, although not meeting the criteria for determining a significant deficiency, affect the objective of integrity and accuracy. General deficiencies in financial reporting are control deficiencies other than the above-mentioned material and significant deficiencies.	The following circumstances are identified as indicators of material deficiencies, while others are respectively identified as indicators of significant deficiencies or general deficiencies according to the degree of impact: 1) lack of democratic or scientific decision-making procedures, leading to decision-making errors; 2) violation of laws and regulations, such as environmental pollution, failure to report or disclose information in accordance with regulations; 3) loss of executives or technical personnel in key positions; 4) internal control evaluation stating that material or significant deficiencies have not been rectified; 5) lack of system control or systemic failure in important businesses.
Quantitative criteria	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the potential misstatement is less than 20% of the overall materiality.	The Company uses 5% of profit before tax as the overall materiality of the financial statements. A material deficiency is identified when the potential misstatement is greater than or equal to the overall materiality. A significant deficiency is identified when the potential misstatement is less than the overall materiality but greater than or equal to 20% of the overall materiality. A general deficiency is identified when the potential misstatement is less than 20% of the overall materiality.

Number of material deficiencies in internal control over financial reporting	0
Number of material deficiencies in internal control over non-financial reporting	0
Number of significant deficiencies in internal control over financial reporting	0
Number of significant deficiencies in internal control over non-financial reporting	0

2. Auditor's report on internal control

Applicable Not applicable

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

Not applicable.

Section V Environmental and Social Responsibilities

I. Major environmental issues

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

√ Yes □ No

Name	Name of main pollutants and pollutant characteristics ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
The Company	COD	Sewer connection	1	Plant area	147mg/L	500mg/L	16.7t	≤189.5t/a	No
The Company	NH3-N	Sewer connection	1	Plant area	1.7mg/L	35mg/L	0.22t	≤13.28t/a	No
The Company	SO ₂	Filtered discharge	1	Plant area	4mg/m ³	50mg/m ³	0.1t	≤8.612t/a	No
The Company	NO _x	Filtered discharge	1	Plant area	36mg/m ³	50mg/m ³	0.7t	≤28t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	COD	Sewer connection	1	Plant area	286.291mg/L	500mg/L	222.11t	≤447.4t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	NH3-N	Sewer connection	1	Plant area	19.706mg/L	35mg/L	15.288t	≤31.318t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	TN	Sewer connection	1	Plant area	32.022mg/L	70mg/L	24.843t	≤62.637t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	NO _x	Filtered discharge	1	Plant area	25.16mg/m ³	200mg/m ³	10.751t	≤12.96t/a	No
Shangyu NHU Bio-Chem Co., Ltd.	VOC	Filtered discharge	1	Plant area	31.4mg/m ³	100mg/m ³	13.417t	≤217.182t/a	No
浙江新和成药业有限公司 (Zhejiang NHU Pharmaceutical Co., Ltd. ²)	COD	Sewer connection	1	Plant area	286.291mg/L	500mg/L	145.336t	≤292.37t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NH3-N	Sewer connection	1	Plant area	19.706mg/L	35mg/L	10.006t	≤20.467t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	TN	Sewer connection	1	Plant area	32.022mg/L	70mg/L	16.254t	≤40.932t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	VOC	Filtered discharge	2	Plant area	10.7mg/m ³	100mg/m ³	5.786t	≤167.9t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NO _x	Filtered discharge	1	Plant area	31.26mg/m ³	200mg/m ³	4.105t	≤8.64t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NO _x	Filtered discharge	1	Plant area	50.21mg/m ³	300mg/m ³	20.544t	≤28.08t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	NO _x	Filtered discharge	1	Plant area	34.533mg/m ³	50mg/m ³	4.257t	≤65.85t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	SO ₂	Filtered discharge	1	Plant area	0.22mg/m ³	200mg/m ³	0.029t	≤0.039t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	SO ₂	Filtered discharge	1	Plant area	3.515mg/m ³	50mg/m ³	1.438t	≤37.94t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	SO ₂	Filtered discharge	1	Plant area	2.652mg/m ³	200mg/m ³	0.327t	≤91.42t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	1.34mg/m ³	15mg/m ³	0.176t	≤0.304t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	2mg/m ³	30mg/m ³	0.817t	≤8.42t/a	No
Zhejiang NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	1	Plant area	2.701mg/m ³	20mg/m ³	0.333t	≤77.597t/a	No
Zhejiang NHU Special Materials Co., Ltd.	PM	Filtered discharge	2	Plant area	3.1mg/m ³	5mg/m ³	0.710t	≤17.73t/a	No
Zhejiang NHU Special Materials Co., Ltd.	SO ₂	Filtered discharge	2	Plant area	5mg/m ³	35mg/m ³	1.430t	≤67.92t/a	No
Zhejiang NHU Special Materials Co., Ltd.	NO _x	Filtered discharge	2	Plant area	26.8mg/m ³	50mg/m ³	8.555t	≤83.28t/a	No
Zhejiang NHU Special Materials Co., Ltd.	VOC	Filtered discharge	1	Plant area	7mg/m ³	60mg/m ³	1.212t	≤69.72t/a	No
Zhejiang NHU Special Materials Co., Ltd.	COD	Sewer connection	1	Plant area	270mg/L	500mg/L	84.478t	≤182.1t/a	No

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

² The English name is for identification purpose only.

Name	Name of main pollutants and pollutant characteristics ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Zhejiang NHU Special Materials Co., Ltd.	NH3-N	Sewer connection	1	Plant area	18mg/L	35mg/L	5.632t	≤12.747t/a	No
Zhejiang NHU Special Materials Co., Ltd.	TN	Sewer connection	1	Plant area	33mg/L	70mg/L	10.325t	≤25.494t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	PM	Filtered discharge	5	Plant area	1.37mg/m ³	10mg/m ³	1.413t	≤5.761t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	SO ₂	Filtered discharge	4	Plant area	0.073mg/m ³	50mg/m ³	1.193t	≤4.006t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	5	Plant area	12.1mg/m ³	100mg/m ³	9.349t	≤75.513t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	VOC	Filtered discharge	3	Plant area	16.3mg/m ³	60mg/m ³	6.02t	≤28.481t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	COD	Sewer connection	1	Plant area	591mg/L	1000mg/L	275t	≤599.43t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	NH3-N	Sewer connection	1	Plant area	18.7mg/L	100mg/L	8.17t	≤59.95t/a	No
Shandong NHU Pharmaceutical Co., Ltd.	TN	Sewer connection	1	Plant area	40.4mg/L	120mg/L	18.4t	≤72.07t/a	No
山东新和成药业有限公司热电分公司 (Thermal Power Branch of Shandong NHU Pharmaceutical Co., Ltd. ^{*)}	PM	Filtered discharge	1	Plant area	0.62mg/m ³	5mg/m ³	1.82t	≤10.51t/a	No
Thermal Power Branch of Shandong NHU Pharmaceutical Co., Ltd.	SO ₂	Filtered discharge	1	Plant area	9.52mg/m ³	35mg/m ³	25t	≤73.61t/a	No
Thermal Power Branch of Shandong NHU Pharmaceutical Co., Ltd.	NOx	Filtered discharge	1	Plant area	22.7mg/m ³	50mg/m ³	62.1t	≤105.16t/a	No
Shandong NHU Amino-acids Co., Ltd.	SO ₂	Filtered discharge	4	Plant area	5.1975mg/m ³	50mg/m ³	10.916t	≤92.59t/a	No
Shandong NHU Amino-acids Co., Ltd.	NOx	Filtered discharge	3	Plant area	40.03mg/m ³	100mg/m ³	47.743t	≤230.77t/a	No
Shandong NHU Amino-acids Co., Ltd.	PM	Filtered discharge	5	Plant area	1.77mg/m ³	10mg/m ³	2.16t	≤21.19t/a	No
Shandong NHU Amino-acids Co., Ltd.	VOC	Filtered discharge	4	Plant area	7.76mg/m ³	60mg/m ³	42.64t	≤123.27t/a	No
Shandong NHU Amino-acids Co., Ltd.	VOC	Unorganized	/	Plant area	/	/	/	/	No
Shandong NHU Amino-acids Co., Ltd.	COD	Sewer connection	1	Plant area	417mg/L	1000mg/L	176.69t	≤592.22t/a	No
Shandong NHU Amino-acids Co., Ltd.	NH3-N	Sewer connection	1	Plant area	7.73mg/L	100mg/L	3.2t	≤59.222t/a	No
Shandong NHU Amino-acids Co., Ltd.	TN	Sewer connection	1	Plant area	50.33mg/L	120mg/L	21.6t	≤70.38t/a	No
Shandong NHU Vitamins Co., Ltd.	VOC	Filtered discharge	3	Plant area	2.15mg/m ³	60mg/m ³	1.08t	≤173.53t/a	No
Shandong NHU Vitamins Co., Ltd.	VOC	Unorganized	/	Plant area	/	/	1.08t	≤173.53t/a	No
Shandong NHU Vitamins Co., Ltd.	SO ₂	Filtered discharge	2	Plant area	22.51mg/m ³	50mg/m ³	4.81t	≤50.65t/a	No
Shandong NHU Vitamins Co., Ltd.	NOx	Filtered discharge	4	Plant area	51.96mg/m ³	100mg/m ³	28.15t	≤73.66t/a	No
Shandong NHU Vitamins Co., Ltd.	PM	Filtered discharge	5	Plant area	1.88mg/m ³	10mg/m ³	0.946t	≤7.42t/a	No
Shandong NHU Vitamins Co., Ltd.	COD	Sewer connection	1	Plant area	348mg/L	2000mg/L	108.105t	≤1140t/a	No
Shandong NHU Vitamins Co., Ltd.	NH3-N	Sewer connection	1	Plant area	21.6mg/L	100mg/L	4.948t	≤57t/a	No
Shandong NHU Vitamins Co., Ltd.	TN	Sewer connection	1	Plant area	69.6mg/L	120mg/L	16.638t	≤68.4t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	2	Plant area	11.8mg/m ³	30mg/m ³	7.46t	≤43.812t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	4	Plant area	27.57mg/m ³	200mg/m ³	7.46t	≤43.812t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	PM	Filtered discharge	1	Plant area	41.67mg/m ³	120mg/m ³	7.46t	≤43.812t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	SO ₂	Filtered discharge	2	Plant area	22.1mg/m ³	200mg/m ³	28.617t	≤142.33t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	SO ₂	Filtered discharge	4	Plant area	167.47mg/m ³	850mg/m ³	28.617t	≤142.33t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	SO ₂	Filtered discharge	1	Plant area	67.3mg/m ³	550mg/m ³	28.617t	≤142.33t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	NOx	Filtered discharge	1	Plant area	57.04mg/m ³	250mg/m ³	28.4t	≤99.11t/a	No

* The English name is for identification purpose only.

Name	Name of main pollutants and pollutant characteristics ¹	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Executive pollutant discharge standard	Total amount of discharge	Total verified amount of discharge	Excessive discharge or not
Heilongjiang NHU Biotechnology Co., Ltd.	NO _x	Filtered discharge	1	Plant area	82.03mg/m ³	200mg/m ³	28.4t	≤99.11t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	NO _x	Filtered discharge	5	Plant area	73.66mg/m ³	240mg/m ³	28.4t	≤99.11t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	VOC	Filtered discharge	1	Plant area	41.64mg/m ³	150mg/m ³	11.089t	≤118.8t/a	No
Heilongjiang NHU Biotechnology Co., Ltd.	COD	Sewer connection	1	Plant area	143.88mg/L	350mg/L	587.723t	/	No
Heilongjiang NHU Biotechnology Co., Ltd.	NH ₃ -N	Sewer connection	1	Plant area	6.85mg/L	35mg/m ³	14.494t	/	No
Heilongjiang NHU Biotechnology Co., Ltd.	TP	Sewer connection	1	Plant area	2.92mg/L	50mg/L	8.958t	/	No

Construction and operation of pollution prevention and control facilities

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

Wastewater treatment: The Company has a complete sewage treatment system, with a wastewater collection system for production sewage, domestic sewage, initial rainwater and accident water to separate the clean water and rainwater from the sewage. The waste pool is sealed with a cover, and all the waste gases are effectively collected and eventually incinerated, which effectively reduces the emission of waste gas.

Waste gas treatment: The Company adopts the self-developed nitrogen sealing system to effectively reduce the waste gas emission; it uses different pretreatment technologies according to the composition and nature of different waste gases, and introduces advanced foreign waste gas treatment devices to strengthen its waste gas treatment capacity. The Company carries out regular waste gas leak detection and repair (LDAR) every year to effectively supervise and reduce unorganized waste gases. The Company actively upgrades coal-fired thermal oil furnaces via the “coal to gas” conversion, introduces natural gas boilers, carries out low-NO_x transformation, and adds SNCR denitrification facilities to the terminal to actively carry out NO_x treatment. The Company operates and maintains the facilities of odor evaluation system, focuses all monitoring points and monitoring data on a daily basis, conducts trend analysis, tracking feedback on the reasons for data exceeding the standard in a timely manner, so as to basically realize that the odor can be warned, traced and evaluated.

Solid waste disposal: The Company has a standardized temporary storage warehouse for hazardous wastes and hazardous waste incineration devices. The solid wastes entrusted for external treatment are transferred in strict accordance with the “Management Measures for the Transfer of Hazardous Wastes Using Quintuplicate Vouchers” and entrusted to qualified units for treatment.

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

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

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

On November 16, 2021, Shandong NHU Amino-acids Co., Ltd. obtained the EIA approval for the “Methionine Industry Chain Extension Project with Annual Output of 0.25 million Tons” with the document numbered Wei Huan Shen Zi [2021] B16.

On December 13, 2021, Shandong NHU Amino-acids Co., Ltd. reapplied for a pollutant discharge permit, which related to a new project of the “Methionine Industry Chain Extension Project with Annual Output of 0.25 million Tons”.

Heilongjiang NHU Biotechnology Co., Ltd. finished the environmental protection acceptance for the completion of part of the second phase project of Heilongjiang Suihua NHU Biological Fermentation Industrial Park.

On April 8, 2021, Shandong NHU Pharmaceutical Co., Ltd. passed the verification, assessment and acceptance of cleaner production and received the government document of approval.

On August 8, 2021, Shandong NHU Vitamins Co., Ltd. obtained the record-filing receipt of the “Post-Evaluation Report on the Waste Incinerators of Waste Gas, Wastewater, and Solid Waste” with the document numbered Wei Bin Huan Ping Bei An [2021] 1.

On August 11, 2021, Shandong NHU Vitamins Co., Ltd. reapplied for a pollutant discharge permit and a hazardous waste license.

On December 25, 2021, Shandong NHU Vitamins Co., Ltd. passed the preparation of cleaner production assessment report.

Environmental emergency response plan

In accordance with the “Administrative Measures for the Record-filing of Environmental Emergency Response Plans of Enterprises and Public Institutions (Trial)”, Shandong NHU Pharmaceutical Co., Ltd. formulated the “Environmental Emergency Response Plan of Shandong NHU Pharmaceutical Co., Ltd.” based on its actual situation, and filed and submitted to Weifang Bureau of Ecology and Environment, Binhai Sub-bureau in May 2021, obtaining the record-filing receipt numbered 370703-2021-046-H.

On December 10, 2021, Shandong NHU Vitamins Co., Ltd. obtaining the record-filing receipt numbered 370-703-2021-150-M for its environmental emergency response plan.

Heilongjiang NHU Biotechnology Co., Ltd. completed the revision of the “Environmental Emergency Response Plan of Heilongjiang NHU Biotechnology Co., Ltd.” according to the construction and commissioning of new projects in a timely manner, and filed and submitted to Suihua Bureau of Ecology and Environment in April 2021, obtaining the record-filing receipt numbered 231200-2021-001-H.

Environmental self-monitoring program

The Company has strong pollutant discharge monitoring and management abilities, and it can inform the departments of environmental protection administration and the public of monitoring information in a timely manner. The Company has developed a self-testing program, which covers the indicators of organized waste gas, unorganized waste gas, groundwater, etc. Meanwhile, the Company has entrusted a third-party testing agency to perform regular monitoring.

The Company has disclosed its environmental information on the platforms of environmental information management system of key provincial and municipal pollutant discharging units in strict accordance with requirements at national, provincial, municipal and county levels on enterprise environmental information disclosure.

Administrative penalties for environmental problems during the reporting period

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

Other environmental information that should be disclosed

None.

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

Applicable Not applicable

The Company reduces the proportion of purchased steam by using scraps and other wastes to produce steam by itself; it improves the energy recovery efficiency through the steam boiler waste heat recovery project; the Company adopts carbon dioxide emissions per 10,000 yuan of output value as the significant indicator of processing route of new products and environmental feasibility assessment, applies green technology in the research and development of new products, and improves atomic efficiency, so as to reduce carbon dioxide emissions from raw material consumption at source.

Other information related to environmental protection

None.

II. Social responsibilities

Please refer to the announcement disclosed on <http://www.cninfo.com.cn> on April 15, 2022 for the full text of the “Social Responsibility Report of 2021”.

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

None.

Section VI Significant Events

I. Commitment performance

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

√ Applicable □ Not Applicable

Commitments	Parties making commitments	Types of commitments	Content of commitments	Time of commitment	Term of commitment	Performance
Commitments to shares reform	None	None	None		None	None
Commitments made in reports on acquisition and changes in equity	None	None	None		None	None
Commitments made in asset restructuring	None	None	None		None	None
Commitments made in IPO or refinancing	NHU Holding Group Co., Ltd. and 张平一 (Zhang Pingyi), 石程 (Shi Cheng), 袁益中 (Yuan Yizhong), Hu Baishan, Shi Guanqun, Wang Xuewen, 崔欣荣 (Cui Xinrong), 王旭林 (Wang Xulin)	Commitments on horizontal competition, related party transactions and occupation of funds	The signing of “Commitment on No Engagement in Horizontal Competition” and commitments on no engagement in business activities result in horizontal competition with operations of the Company after listing	June 25, 2004	Long-term	Strictly performed
	Hu Baifan; Hu Baishan; Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The Company’s directors, senior executives committed to perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and shareholders, and make the following commitments in accordance with the relevant provisions of the CSRC for the full performance of measures on filling immediate returns: 1. not to transfer benefits to other entities or individuals without compensation or on unfair terms, and not to use other means to harm benefits of the Company; 2. to impose restrictions on duty consumption of member of the Board of Directors and senior executives; 3. not to use assets of the Company to engage in investment or consumption activities not related to duty performance; 4. to link remuneration	January 12, 2017	Long-term	Strictly performed

			system formulated by the Board of Directors or remuneration committee to the implementation of measures on filling immediate returns; 5. to link vesting conditions of equity incentive to be published in the future to the implementation of measures on filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to interfere in the Company's business and management activities in excess of authority; not to encroach on benefits of the Company; to perform measures on filling immediate returns in a practical way.	January 12, 2017	Long-term	Strictly performed
Commitments to equity incentive	None	None	None		None	None
Other commitments to minority shareholders of the Company	None	None	None		None	None
Whether commitments are performed on time	Yes					
If commitment performance is not fulfilled on time, please explain detailed reasons for it and the next work plans.						Not applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

III. Illegal external guarantees

Applicable Not Applicable

There is no illegal external guarantee during the reporting period.

IV. Explanations by the Board of Directors on the latest "Modified Auditor's Report"

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

The Company has adopted the “CASBE 21 – Leases” revised by the Ministry of Finance (the “revised lease standard”) since January 1, 2021. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the cumulative impact arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings and other related financial statement items at the beginning of the reporting period. Please refer to item “V. Significant accounting policies and estimates” under “Section X Financial Report” for details.

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

Applicable Not Applicable

Please refer to item “IV (6) Whether the consolidation scope has changed during the reporting period” under “Section III Management Discussion and Analysis” for details.

VIII. Engagement and dismissal of accounting firms

Domestic accounting firms engaged currently

Name	Pan-China Certified Public Accountants LLP
Remuneration (thousand yuan)	2,100.00 (tax included)
Continuous years for audit services	21 years
Certified Public Accountants	Teng Peibin, Zhu Lili
Certified Public Accountants’ continuous years for audit services	2 years for Teng Peibin and 1 year for Zhu Lili

Whether to engage another accounting firm instead in the current period

Yes No

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

Applicable Not Applicable

IX. Delisting after disclosure of the annual report

Applicable Not Applicable

X. Matters related to bankruptcy and restructuring

Applicable Not Applicable

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

XI. Significant lawsuits and arbitration

Applicable Not Applicable

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

XII. Penalties and rectification

Applicable Not Applicable

Name	Position	Causes	Types of investigation and penalties	Conclusions (if any)	Disclosure date	Disclosure reference
Zhu Jianmin	Independent director	An employee surnamed Li of Merit Interactive Co., Ltd. falsified several sales contracts and related settlement documents between the company and its customers by forging seals. Merit Interactive Co., Ltd. failed to timely discover the falsity of the above contracts and businesses, recognized the related sales revenues and prepare financial statements accordingly, resulting in false recording of its Third Quarterly Report and Annual Report of 2019, First Quarterly Report, Semi-Annual Report, and Third Quarterly Report of 2020. Merit Interactive Co., Ltd. was suspected of violating laws and regulations in information disclosure and was investigated by CSRC. Zhu Jianmin, an independent director of the Company, was the then deputy general manager and chief financial officer of Merit Interactive Co., Ltd.	Filed for investigation or administrative penalties by CSRC	On October 18, 2021, CSRC, Zhejiang Office issued the "Written Decision of Administrative Penalty" ([2021] No.19) and considered Li Li, the then-manager of data enhancement department of Internet service business group of Merit Interactive Co., Ltd. falsified several sales contracts and related settlement documents between the company and its customers by forging seals. Merit Interactive Co., Ltd. failed to timely discover the falsity of the above contracts and businesses, recognized the related sales revenues and prepare financial statements accordingly, resulting in false recording of its Third Quarterly Report and Annual Report of 2019, First Quarterly Report, Semi-Annual Report, and Third Quarterly Report of 2020.. The action of Merit Interactive Co., Ltd. mentioned above violated article 63 of the 2005 Securities Law and paragraph 2 of article 78 of the 2019 Securities Law, which constituted a violation of information disclosure under paragraph 2 of article 197 of the 2019 Securities Law. Zhu Jianmin the then deputy general manager and chief financial officer who was in charge of financial work, failed to ensure the truthfulness, accuracy and completeness of the company's information disclosure and was the person in charge directly responsible for the information disclosure violation. Zhu Jianmin was given a warning and fined RMB 800,000 yuan according to paragraph 2 of article 197 of the 2019 Securities Law.	Not applicable	Not applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

3. Related party transactions in joint external investments

Applicable Not Applicable

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

4. Related party creditor's rights and debts

Applicable Not Applicable

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

5. Transactions with related financial companies

Applicable Not Applicable

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

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

Applicable Not Applicable

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

7. Other significant related party transactions

Applicable Not Applicable

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

XV. Significant contracts and performance

1. Matters of trusteeship, contracting and leases

(1) Trusteeship

Applicable Not Applicable

There is no trusteeship during the reporting period.

(2) Contracting

Applicable Not Applicable

There is no contracting during the reporting period.

(3) Leases

Applicable Not Applicable

There is no lease during the reporting period.

2. Significant guarantees

√ Applicable □ Not Applicable

Unit: RMB 0,000 yuan

External guarantees by the Company and its subsidiaries to third parties (guarantees to subsidiaries are excluded)										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Total amount of guarantees approved during the reporting period (A1)				0	Total amount actually guaranteed during the reporting period (A2)			0		
Total amount of guarantees approved at the end of the reporting period (A3)				0	Total amount actually guaranteed at the end of the reporting period (A4)			0		
The Company's guarantees to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Actual amount guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantees (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
NHU (Hong Kong) Trading Co., Ltd.	12/28/2018	123,000	5/14/2019	9,563.55	Joint and several liability guarantee			5/14/2019 - 5/13/2021	Yes	No
Heilongjiang NHU Biotechnology Co., Ltd.	12/28/2018	200,000	6/24/2019	200,000	Joint and several liability guarantee			6/24/2019 - 12/31/2023	No	No
Shandong NHU Vitamins Co., Ltd.	12/28/2018	90,000	11/29/2019	50,000	Joint and several liability guarantee			11/29/2019 - 12/21/2023	No	No
Shangyu NHU Bio-Chem Co., Ltd.	12/28/2018	17,000	2/28/2020	17,000	Joint and several liability guarantee			2/28/2020 - 2/27/2021	Yes	No
Zhejiang NHU Imports & Exports Co., Ltd.	5/21/2020	15,000	6/30/2020	10,000	Joint and several liability guarantee			6/30/2020 - 9/13/2021	Yes	No
Shandong NHU Pharmaceutical Co., Ltd.	5/21/2020	20,000	6/22/2020	10,000	Joint and several liability guarantee			6/22/2020 - 6/21/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	7/15/2020	7,219.72	Joint and several liability guarantee			7/15/2020 - 6/18/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	7/30/2020	7,219.72	Joint and several liability guarantee			7/30/2020 - 7/14/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	9/7/2020	51,005.6	Joint and several liability guarantee			9/7/2020 - 9/7/2023	No	No

NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	9/22/2020	54.77	Joint and several liability guarantee			9/22/2020 - 1/10/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	9/24/2020	5,100.56	Joint and several liability guarantee			9/24/2020 - 5/21/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	12/31/2020	92.83	Joint and several liability guarantee			12/31/2020 - 5/20/2021	Yes	No
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	5/21/2020	50,000	3/24/2021	50,000	Joint and several liability guarantee			3/24/2021 - 12/25/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	5/21/2020	120,000	4/6/2021	82.06	Joint and several liability guarantee			4/6/2021 - 7/30/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	4/21/2021	120,000	6/18/2021	7,219.72	Joint and several liability guarantee			6/18/2021 - 6/17/2022	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/21/2021	120,000	6/21/2021	64.74	Joint and several liability guarantee			6/21/2021 - 10/30/2021	Yes	No
NHU (Hong Kong) Trading Co., Ltd.	4/21/2021	120,000	7/16/2021	7,219.72	Joint and several liability guarantee			7/16/2021 - 7/14/2022	No	No
Heilongjiang NHU Biotechnology Co., Ltd.	4/21/2021	40,000	8/26/2021	37,000	Joint and several liability guarantee			8/26/2021 - 12/21/2025	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/21/2021	120,000	9/8/2021	78.26	Joint and several liability guarantee			9/8/2021 - 1/30/2022	No	No
Zhejiang NHU Imports & Exports Co., Ltd.	4/21/2021	10,000	9/22/2021	10,000	Joint and several liability guarantee			9/22/2021 - 5/31/2022	No	No
NHU (Hong Kong) Trading Co., Ltd.	4/21/2021	120,000	12/9/2021	60.73	Joint and several liability guarantee			12/9/2021 - 5/30/2022	No	No
新昌新和成维生素有限公司 (Xinchang NHU Vitamins Co., Ltd.)*	4/21/2021	40,000	12/16/2021	29,000	Joint and several liability guarantee			12/16/2021 - 12/25/2026	No	No
Total amount of guarantees approved for subsidiaries during the reporting period (B1)			455,000		Total amount actually guaranteed for subsidiaries during the reporting period (B2)					140,725.23
Total amount of guarantees approved for subsidiaries at the			806,005.6		Total amount actually guaranteed for subsidiaries at the end of the reporting period					441,584.03

* The English name is for identification purpose only.

end of the reporting period (B3)				(B4)						
Guarantees by subsidiaries to subsidiaries										
Guaranteed parties	Announcement date of disclosure of amount guaranteed	Amount guaranteed	Actual commencement date	Amount actually guaranteed	Types of guarantees	Collaterals (if any)	Counter guarantee (if any)	Period of guarantee	Whether the guarantee is mature	Whether guarantee for related parties
Total amount of guarantees approved for subsidiaries during the reporting period (C1)				0	Total amount actually guaranteed for subsidiaries during the reporting period (C2)					0
Total amount of guarantees approved for subsidiaries at the end of the reporting period (C3)				0	Total amount actually guaranteed for subsidiaries at the end of the reporting period (C4)					0
Total amount guaranteed by the Company (namely sum of the above three items)										
Total amount of guarantees approved during the reporting period (A1+B1+C1)				455,000	Total amount actually guaranteed during the reporting period (A2+B2+C2)					140,725.23
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)				806,005.6	Total amount actually guaranteed at the end of the reporting period (A4+B4+C4)					441,584.03
Proportion of the amount actually guaranteed (A4+B4+C4) to net assets of the Company										20.26%
Including:										
Balance of guarantees for shareholders, the actual controller and its related parties (D)										0
Balance of debt guarantee directly or indirectly for guaranteed parties with debt to asset ratio exceeding 70% (E)										362,584.03
The amount of the total amount guaranteed exceeding 50% of net assets (F)										0
Total amount guaranteed of three items above (D+E+F)										362,584.03
Remarks on unexpired guarantee contracts with guarantee liabilities incurred or evidence indicating the possibility of undertaking joint liquidation liabilities during the reporting period (if applicable)										None
Remarks on external guarantee in violation of provisions (if applicable)										None

3. Entrusted cash assets management

(1) Entrusted financing

Applicable Not Applicable

Entrusted financing during the reporting period

Unit: RMB 0,000 yuan

Types	Source of entrusted funds	Entrusted amount	Unexpired balance	Amount overdue and not recovered	Impairment amount accrued for financial products overdue and not recovered
Bank financial products	Raised funds	362,000	245,000	0	0
Total		362,000	245,000	0	0

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

Applicable Not Applicable

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

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

There is no entrusted loan during the reporting period.

4. Other significant contracts

Applicable Not Applicable

There is no other significant contract during the reporting period.

XVI. Other significant events

Applicable Not Applicable

Pursuant to the “Proposal on Share Repurchase” deliberated and approved by the seventh meeting of the eighth session of the Board of Directors dated August 18, 2021, the Company was agreed to repurchase part of public shares through centralized bidding transactions with self-owned funds for the purpose of equity incentive plan or employee stock ownership plan. The repurchase amount in this time ranged from 300.00 million yuan (inclusive) to 600.00 million yuan (inclusive), and the price should not exceed 41.00 yuan (inclusive) per share. The specific amount of shares to be repurchased and the proportion to the total shares are subject to the amount of shares actually repurchased at the expiration of the repurchase period. The implementation period of share repurchase should not exceed 12 months since the approval date of general meeting of shareholders. As of December 28, 2021, the Company has repurchased 10,988,369 shares through centralized bidding transactions using special securities account for repurchase, accounting for 0.4262% of total shares. The highest price of shares was 30.03 yuan per share while the lowest price was 26.15 yuan per share, and the accumulated transaction amount was 320,335,151.32 yuan (transaction fees excluded). Such repurchase complied with relevant laws and regulations, as well as the repurchase plan of the Company. Please refer to relevant announcements published in the media designated by the Company or the website <http://www.cninfo.com.cn> for details.

XVII. Significant events of subsidiaries of the Company

Applicable Not Applicable

Section VII Movements in Shares and Conditions of Shareholders

I. Movements in shares

1. Details

Unit: Shares

Items	Before		Movements					After	
	Quantity	% to total	Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	Quantity	% to total
I. Restricted shares	27,821,505	1.29%			5,051,846	-2,561,517	2,490,329	30,311,834	1.18%
1. Held by other domestic parties	27,821,505	1.29%			5,051,846	-2,561,517	2,490,329	30,311,834	1.18%
Including: Held by domestic legal persons	27,821,505	1.29%			5,051,846	-2,561,517	2,490,329	30,311,834	1.18%
II. Unrestricted shares	2,120,840,795	98.71%			424,680,614	2,561,517	427,242,131	2,548,082,926	98.82%
1. RMB ordinary shares	2,120,840,795	98.71%			424,680,614	2,561,517	427,242,131	2,548,082,926	98.82%
III. Total	2,148,662,300	100.00%			429,732,460	0	429,732,460	2,578,394,760	100.00%

Reason for movements

√ Applicable □ Not Applicable

1. On March 15, 2021, non-restricted shares were increased by 2,562,267 shares in total due to unlocking of the restricted shares held by the former seventh-session director Cui Xinrong and the former supervisor Ye Yueheng, Qiu Jinzhuo, 梁晓东 (Liang Xiaodong), who had left their post for over six months.

2. Pursuant to the “Proposal on Equity Allocation Plan of 2020”, based on total shares of 2,148,662,300 shares as at May 19, 2021, the Company increased 429,732,460 shares at 2 shares per 10 shares by converting capital reserve to all shareholders. After the increase, the total share capital amounted to 2,578,394,760 shares.

3. On July 15, 2021, the Chairman of the Board Hu Baifan increased his shares by 1,000 shares, including restricted shares of 750 shares.

Approval on movements in shares

√ Applicable □ Not Applicable

Pursuant to the “Proposal on Profit Distribution Plan of 2020” deliberated and approved by the general meeting of 2020, the Company was permitted to increase 429,732,460 shares at 4 shares per 10 shares by converting capital reserve to all shareholders. After the increase, the total share capital amounted to 2,578,394,760 yuan.

Transfer of shares

□ Applicable √ Not Applicable

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

√ Applicable □ Not Applicable

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

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

Applicable Not applicable

2. Movement in restricted shares

Applicable Not applicable

Unit: Shares

Shareholders	Opening balance	Increase	Decrease due to unlocking	Closing balance	Reason for restriction	Date of unlocking
Cui Xinrong	2,083,962		2,083,962	0	100% locked up since the executive had left the post for six months	3/15/2021
Ye Yueheng	191,250		191,250	0	100% locked up since the executive had left the post for six months	3/15/2021
Qiu Jinzhuo	95,805		95,805	0	100% locked up since the executive had left the post for six months	3/15/2021
Liang Xiaodong	191,250		191,250	0	100% locked up since the executive had left the post for six months	3/15/2021
Hu Baifan	7,250,936	1,450,937	0	8,701,873	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Hu Baishan	7,602,046	1,520,409	0	9,122,455	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Shi Guanqun	5,457,208	1,091,441	0	6,548,649	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Wang Xuewen	4,623,922	924,785	0	5,548,707	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Wang Zhengjiang	239,062	47,812	0	286,874	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Zhou Guiyang	86,064	17,212	0	103,276	Locked up for the shares are held by the executive	75% of total shares held by the executive are locked up on an annual basis.
Total	27,821,505	5,052,596	2,562,267	30,311,834	--	--

II. Issuance and listing of securities

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

Applicable Not Applicable

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

√ Applicable □ Not Applicable

Pursuant to the “Proposal on Equity Allocation Plan of 2020”, based on total shares of 2,148,662,300 shares as at May 19, 2021, the Company increased 429,732,460 shares at 2 shares per 10 shares by converting capital reserve to all shareholders. After the increase, the total share capital amounted to 2,578,394,760 shares.

3. Existing shares held by internal employees

□ Applicable √ Not Applicable

III. Shareholders and actual controllers

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

Unit: Shares

Shareholders	Nature of shareholders	Holding proportion	Quantity of shares at the end of the reporting period	Movements during the reporting period	Quantity of restricted shares	Quantity of unrestricted shares	Shares pledged, marked or frozen	
							Condition	Quantity
Total shareholders of ordinary shares at the end of the reporting period	78,234	Total shareholders at the month end prior to the disclosure date of annual report	64,016	Total shareholders of preferred shares with voting rights restored at the end of the reporting period (if any)	0	Total shareholders of preferred shares with voting rights restored at the month end prior to the disclosure date of annual report (if any)	0	0
Shareholders with holding proportion over 5% or the top 10 shareholders with largest holding proportions								
NHU Holding Group Co., Ltd.	Domestic non-state-owned legal person	48.55%	1,251,903,644	208,650,607	0	1,251,903,644		
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.87%	73,893,329	16,341,514	0	73,893,329		
上海重阳战略投资有限公司 (Shanghai Chongyang Strategic Investment Co., Ltd.)* — Chongyang Strategic Huizhi Fund	Others	1.75%	45,060,167	10,480,229	0	45,060,167		
National Social Security Fund No.112 Portfolio	Others	1.08%	27,786,092	17,596,993	0	27,786,092		
National Social Security Fund No.503 Portfolio	Others	0.78%	20,000,000	2,999,986	0	20,000,000		

* The English name is for identification purpose only.

Kuwait Investment Authority	Overseas legal person	0.59%	15,318,702	15,318,702	0	15,318,702		
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Qizhou Fund	Others	0.51%	13,164,209	7,664,109	0	13,164,209		
Hu Baishan	Domestic natural person	0.47%	12,163,274	2,027,212	9,122,455	3,040,819		
北京源峰私募基金管理合伙企业(有限合伙)(Beijing Yuanfeng Private Equity Fund Management Partnership (LP)*) — Yuanfeng Value Private Equity Investment Fund	Others	0.46%	11,977,187	-7,012,634	0	11,977,187		
重阳集团有限公司 (Chongyang Group Co., Ltd.*)	Domestic non-state-owned legal person	0.45%	11,635,159	1,939,193	0	11,635,159		
Strategic investors or ordinary legal persons that became one of the top 10 shareholders due to the allotment of new shares	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund became one of the top 10 shareholders due to its participation in private placement of shares in 2017.							
Remarks on relationships or concerted action of the above shareholders	The above shareholder Hu Baishan is the director of NHU Holding Group Co., Ltd. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in “Administration of the Takeover of Listed Companies Procedures”.							
Remarks on proxy voting and waiver of voting right of the above shareholders	None							
Special remarks on top 10 shareholders with special repurchase accounts (if any)	Not applicable							
Top 10 shareholders with unrestricted shares								
Shareholders	Quantity of unrestricted shares at the end of the reporting period	Category of shares						
		Category	Quantity					
NHU Holding Group Co., Ltd.	1,251,903,644	RMB ordinary shares	1,251,903,644					
Hong Kong Securities Clearing Company Limited	73,893,329	RMB ordinary shares	73,893,329					
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund	45,060,167	RMB ordinary shares	45,060,167					
National Social Security Fund No.112 Portfolio	27,786,092	RMB ordinary shares	27,786,092					
National Social Security Fund No.503 Portfolio	20,000,000	RMB ordinary shares	20,000,000					
Kuwait Investment Authority	15,318,702	RMB ordinary shares	15,318,702					
Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Qizhou Fund	13,164,209	RMB ordinary shares	13,164,209					

* The English names are for identification purpose only.

Beijing Yuanfeng Private Equity Fund Management Partnership (LP) — Yuanfeng Value Private Equity Investment Fund	11,977,187	RMB ordinary shares	11,977,187
Chongyang Group Co., Ltd.	11,635,159	RMB ordinary shares	11,635,159
The Company—Employee stock ownership plan phase III	10,131,522	RMB ordinary shares	10,131,522
Remarks on proxy voting and waiver of voting right of the above shareholders	The above shareholder Hu Baishan is the director of NHU Holding Group Co., Ltd. The Company does not know whether other shareholders have relationships and whether they are persons acting in concert as defined in “Administration of the Takeover of Listed Companies Procedures”.		
Remarks on top 10 shareholders of ordinary shares participating in securities margin trading (if any)	Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Huizhi Fund holds 45,060,106 shares through client account of collateral securities for margin trading of 国泰君安证券股份有限公司 (Guotai Junan Securities Co., Ltd.*); Shanghai Chongyang Strategic Investment Co., Ltd. — Chongyang Strategic Qizhou Fund holds 13,164,133 shares through client account of collateral securities for margin trading of 国金证券股份有限公司 (Sinolink Securities Co., Ltd.*); Beijing Yuanfeng Private Equity Fund Management Partnership (LP) — Yuanfeng Value Private Equity Investment Fund holds 5,988,587 shares through client account of collateral securities for margin trading of 华泰证券股份有限公司 (Huatai Securities Co., Ltd.*); Chongyang Group Co., Ltd. holds 11,634,955 shares through client account of collateral securities for margin trading of 招商证券股份有限公司 (China Merchants Securities Co., Ltd.*).		

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

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

Yes No

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

2. Controlling shareholders

Nature of shareholders: Natural person holding

Category of shareholders: Legal person

Holding shareholders	Legal representative/ Head of the entity	Date of establishment	Unified social credit code	Main business scope
NHU Holding Group Co., Ltd.	Hu Baifan	2/14/1989	91330624146424869T	Industrial investments, goods import and export; production and sales of chemical products, pharmaceutical intermediates, chemical materials
Equity conditions of other domestic and overseas listed companies that the holding shareholders control or participate in during the reporting period	Not applicable			

Changes of holding shareholders during the reporting period

Applicable Not applicable

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

* The English names are for identification purpose only.

3. Actual controllers and persons acting in concert

Nature of actual controller: Domestic natural persons

Category of actual controller: Natural persons

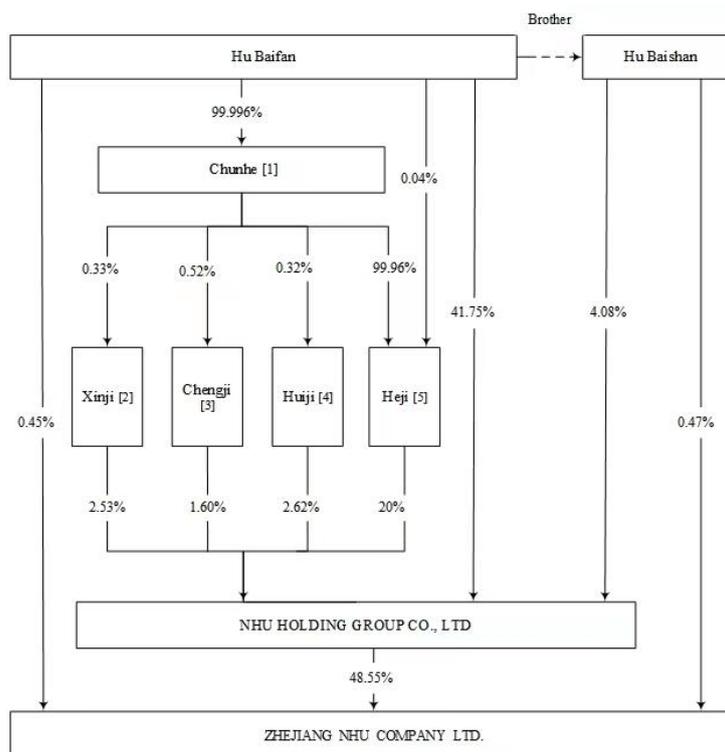
Actual controller	Relationship with the actual controller	Nationality	Whether has permanent residence in other countries or regions
Hu Baifan	Self	China	No
Hu Baishan	Person acting in concert (including the following forms: agreement, relatives, common control)	China	No
Main occupation and position	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

Changes of actual controller within the reporting period

Applicable Not applicable

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

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



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

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

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

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IV. Actual implementation of share repurchase during the reporting period

Actual progress of share repurchase

Applicable Not applicable

Date of proposal disclosure	Quantity of shares to be repurchased	% to total	Amount of shares to be repurchased	Repurchase period	Purposes	Quantity of repurchased shares (unit: shares)	Proportion of repurchased shares to the underlying shares involved in the equity incentive plan (if any)
8/24/2021	7,317,073 shares - 14,634,146 shares	0.28% - 0.57%	RMB 300 million - 600 million	8/18/2021 - 8/17/2022	The shares are to be repurchased for equity incentive plan or employee stock ownership plan. If the Company fails to utilize the shares within 36 months since the repurchase for the above purposes, the unused portion will be cancelled.	10,988,369	Not applicable

Implementation progress of shareholding reduction for shares repurchased through centralized bidding

Applicable Not applicable

Section VIII Preferred Shares

Applicable Not applicable

The Company has no preferred shares during the reporting period.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Audit Opinion	Standard unqualified opinion
Date of Auditor's Report	April 13, 2022
Accounting Firm	Pan-China Certified Public Accountants LLP
Number of Auditor's Report	PCCPAAR [2022] No. 2358
Signatory Certified Public Accountants	Teng Peibin, Zhu Lili

Auditor's Report

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

I. Audit Opinion

We have audited the accompanying financial statements of Zhejiang NHU Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. Basis for Audit Opinion

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

III. Key Audit Matters

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

(I) Revenue recognition

1. Key audit matters

Please refer to item V 20, VII 39 and XV 1 of this section for details.

The Company is mainly engaged in manufacturing and sales of nutrition, flavor and fragrance, new polymer materials, etc. In 2021, the operating revenue amounted to 14,797.99 million yuan.

Pursuant to sales contracts between the Company and its customers, sales of products are performance obligations satisfied at a point in time. Revenue from domestic sales is recognized when the Company has delivered goods to the customer as agreed by contract and has obtained delivery note signed by the customer, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Revenue from overseas sales is recognized

when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Real estate sales are performance obligations satisfied at a point in time. Revenue from real estate sales is recognized when the Company has delivered house property to the customer as agreed by contract and has obtained the acceptance receipts signed by the customer, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

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

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

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

(II) Existence and integrity of cash and bank balances

1. Key audit matters

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

At the balance sheet date, the Company's cash and bank balances amounted to 5,952.91 million yuan, which is one of the main assets of the Company. As the amount of cash and bank balances is significant, the existence and integrity of cash and bank balances have significant influence on financial statements, we have identified existence and integrity of cash and bank balances as a key audit matter.

2. Responsive audit procedures

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

- (1) We obtained understandings of key internal controls related to management of cash and bank balances, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked integrity of bank accounts in combination with detail tests based on "List of Opened Bank Settlement Accounts" obtained;

(3) We obtained and checked bank statements and bank reconciliation statements, and performed confirmation procedures on balance of bank accounts;

(4) We checked bank statements and bank journals, performed bidirectional tests on bank statements of significant accounts, and checked the transactions with large amounts;

(5) We checked the original documents of time deposit, and checked whether cash and bank balances have been pledged in combination with enterprise credit reports;

(6) We reviewed interest income, and checked whether interest income was consistent with the amount of cash and bank balances; and

(7) We checked whether information related to cash and bank balances had been presented appropriately in the financial statements.

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

1. Key audit matters

Please refer to item V 13, 14, VII 12 and 13 of this section for details.

As of December 31, 2021, the Company's carrying amount of fixed assets and construction in progress totals 17,303.75 million yuan, which is one of the major assets of the Company.

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

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

2. Responsive audit procedures

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

(1) We obtained understandings of key internal controls related to fixed assets and construction in progress, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We checked the accuracy of capitalization amount in combination with the audit of bank borrowings;

(3) We checked acceptance reports related to construction projects or project progress reports, payment documents of construction schedule payments, etc. by sampling method, and decided whether the time point of construction in progress transferred to fixed assets was reasonable;

(4) We checked purchase invoices, insurance policy of sales contracts, delivery lists etc. of fixed assets such as outsourcing machinery, and reviewed the accuracy of their costs;

(5) We obtained supporting documents related to construction in progress increased in the current period, including project application, construction loan contracts, construction contracts, invoices, purchase application for construction materials, payment bills, manufacturing agreements etc., and checked whether their costs and accounting treatment were correct;

(6) We assessed the reasonableness of economic useful lives and residual value of fixed assets estimated by the Management in combination with conditions of the industry; and

(7) We checked whether information related to fixed assets and construction in progress had been presented appropriately in the financial statements.

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

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

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

II. Financial statements

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

1. Consolidated balance sheet

Prepared by Zhejiang NHU Co., Ltd.

December 31, 2021

Unit: RMB Yuan

Items	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	5,952,909,626.94	4,927,657,236.24
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	1,250,736,359.24	852,227,964.70
Derivative financial assets		
Notes receivable	349,145,316.03	332,064,366.59
Accounts receivable	2,755,168,573.14	1,930,930,930.01
Receivables financing	182,891,179.65	295,393,346.17
Advances paid	78,969,960.60	116,063,557.59
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance reserve receivable		
Other receivables	254,497,248.13	178,610,951.64
Including: Interest receivable		

Items	December 31, 2021	December 31, 2020
Dividend receivable	7,159,278.00	
Financial assets under reverse repo		
Inventories	3,193,657,367.16	3,117,042,558.78
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	895,782,268.87	1,777,569,473.96
Total current assets	14,913,757,899.76	13,527,560,385.68
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	351,327,625.75	343,378,891.18
Other equity instrument investments	22,998,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	14,318,919,487.82	13,914,151,215.54
Construction in progress	2,984,835,072.82	1,325,545,420.56
Productive biological assets		
Oil & gas assets		
Right-of-use assets	3,123,637.11	
Intangible assets	1,521,729,757.66	1,407,067,129.87
Development expenditures		
Goodwill		
Long-term prepayments	18,591,707.06	13,369,412.48
Deferred tax assets	55,805,191.95	65,143,706.00
Other non-current assets	501,076,584.40	277,793,490.68
Total non-current assets	19,778,407,212.12	17,369,447,413.86
Total assets	34,692,165,111.88	30,897,007,799.54
Current liabilities:		
Short-term borrowings	1,403,332,827.92	2,363,525,192.53
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	694,124,946.73	497,644,517.23
Accounts payable	1,435,966,427.76	1,463,728,316.04
Advances received		
Contract liabilities	61,135,258.36	56,302,537.11
Financial liabilities under repo		
Absorbing deposit and interbank deposit		

Items	December 31, 2021	December 31, 2020
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	370,609,333.07	322,646,061.45
Taxes and rates payable	420,743,262.69	268,864,472.38
Other payables	56,712,103.36	129,839,228.89
Including: Interest payable		
Dividend payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,029,499,509.43	1,275,888,293.32
Other current liabilities	5,133,310.10	4,956,463.49
Total current liabilities	6,477,256,979.42	6,383,395,082.44
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	5,148,811,786.49	4,136,875,354.33
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,936,868.15	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	1,063,699,676.16	873,066,181.34
Deferred tax liabilities	135,751,304.31	99,839,731.45
Other non-current liabilities		
Total non-current liabilities	6,351,199,635.11	5,109,781,267.12
Total liabilities	12,828,456,614.53	11,493,176,349.56
Equity:		
Share capital	2,578,394,760.00	2,148,662,300.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	4,121,063,080.96	4,560,522,556.84
Less: Treasury shares	320,360,784.48	
Other comprehensive income	-1,614,172.31	27,803,829.31
Special reserve	12,692,218.51	9,550,346.85
Surplus reserve	1,289,197,380.00	1,074,331,150.00
General risk reserve		
Undistributed profit	14,120,605,163.26	11,515,384,739.95
Total equity attributable to the parent company	21,799,977,645.94	19,336,254,922.95
Non-controlling interest	63,730,851.41	67,576,527.03

Items	December 31, 2021	December 31, 2020
Total equity	21,863,708,497.35	19,403,831,449.98
Total liabilities & equity	34,692,165,111.88	30,897,007,799.54

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Wang Xiaobi

2. Parent company balance sheet

Unit: RMB Yuan

Items	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	4,319,521,960.26	2,790,740,377.97
Held-for-trading financial assets	200,000,000.00	851,949,945.63
Derivative financial assets		
Notes receivable	349,145,316.03	332,064,366.59
Accounts receivable	746,349,980.29	704,086,691.03
Receivables financing		
Advances paid	203,802,390.93	1,631,550.49
Other receivables	3,095,039,415.47	4,247,680,763.92
Including: Interest receivable		
Dividend receivable	7,159,278.00	
Inventories	442,360,365.52	566,205,506.19
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	552,376,721.31	552,859,738.36
Total current assets	9,908,596,149.81	10,047,218,940.18
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	8,054,952,017.02	6,372,637,172.92
Other equity instrument investments	22,998,147.55	22,998,147.55
Other non-current financial assets		
Investment property		
Fixed assets	674,187,271.03	737,784,631.31
Construction in progress	1,396,104.03	
Productive biological assets		
Oil & gas assets		
Right-of-use assets	2,952,929.08	
Intangible assets	113,952,307.99	105,425,506.93
Development expenditures		
Goodwill		
Long-term prepayments	4,266,859.15	5,919,401.23
Deferred tax assets	33,889,948.73	42,345,228.44

Items	December 31, 2021	December 31, 2020
Other non-current assets	2,311,441.46	7,202,988.32
Total non-current assets	8,910,907,026.04	7,294,313,076.70
Total assets	18,819,503,175.85	17,341,532,016.88
Current liabilities:		
Short-term borrowings	582,373,105.49	1,243,628,965.48
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	464,150,033.90	155,953,161.50
Accounts payable	84,472,375.02	100,374,347.92
Advances received		
Contract liabilities	13,839,278.19	8,494,783.78
Employee benefits payable	88,415,827.18	82,688,797.50
Taxes and rates payable	60,253,580.60	33,578,246.55
Other payables	15,631,151.00	15,543,517.50
Including: Interest payable		
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,238,333,387.67	635,930,890.44
Other current liabilities	1,799,106.15	1,104,321.89
Total current liabilities	2,549,267,845.20	2,277,297,032.56
Non-current liabilities:		
Long-term borrowings	2,935,717,876.76	2,209,521,076.40
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,924,244.46	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	15,164,020.12	18,884,041.56
Deferred tax liabilities	20,547,468.08	13,011,703.03
Other non-current liabilities		
Total non-current liabilities	2,974,353,609.42	2,241,416,820.99
Total liabilities	5,523,621,454.62	4,518,713,853.55
Equity:		
Share capital	2,578,394,760.00	2,148,662,300.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,861,393,399.57	4,300,852,875.45
Less: Treasury shares	320,360,784.48	
Other comprehensive income	506,954.43	506,954.43

Items	December 31, 2021	December 31, 2020
Special reserve		
Surplus reserve	1,289,197,380.00	1,074,331,150.00
Undistributed profit	5,886,750,011.71	5,298,464,883.45
Total equity	13,295,881,721.23	12,822,818,163.33
Total liabilities & equity	18,819,503,175.85	17,341,532,016.88

3. Consolidated income statement

Unit: RMB Yuan

Items	Year 2021	Year 2020
I. Total operating revenue	14,797,989,091.20	10,314,084,354.21
Including: Operating revenue	14,797,989,091.20	10,314,084,354.21
Interest income		
Premiums earned		
Revenue from handling charges and commission		
II. Total operating cost	9,927,169,339.91	6,427,974,430.00
Including: Operating cost	8,212,292,946.27	4,727,264,003.94
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	131,624,828.23	114,793,244.02
Selling expenses	107,037,085.96	312,957,940.58
Administrative expenses	423,584,417.67	422,853,851.25
R&D expenses	782,661,708.54	545,562,375.72
Financial expenses	269,968,353.24	304,543,014.49
Including: Interest expenses	337,753,271.80	249,052,551.92
Interest income	164,418,967.90	42,376,836.40
Add: Other income	152,380,704.67	121,321,220.19
Investment income (or less: losses)	127,969,715.41	160,154,552.44
Including: Investment income from associates and joint ventures	59,304,344.04	57,689,812.69
Gains from derecognition of financial assets at amortized cost		
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	37,863,705.44	9,369,917.28
Credit impairment loss	-50,043,349.49	-4,095,147.32
Assets impairment loss	-54,250,408.90	-12,369,945.69
Gains on asset disposal (or less: losses)	-1,544,436.08	3,744,385.58
III. Operating profit (or less: losses)	5,083,195,682.34	4,164,234,906.69

Items	Year 2021	Year 2020
Add: Non-operating revenue	12,287,842.84	1,942,296.14
Less: Non-operating expenditures	64,603,824.24	56,285,459.79
IV. Profit before tax (or less: total loss)	5,030,879,700.94	4,109,891,743.04
Less: Income tax	690,514,446.51	532,664,232.53
V. Net profit (or less: net loss)	4,340,365,254.43	3,577,227,510.51
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	4,340,365,254.43	3,577,227,510.51
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company	4,324,150,263.31	3,563,759,939.48
2. Net profit attributable to non-controlling shareholders	16,214,991.12	13,467,571.03
VI. Other comprehensive income after tax	-37,096,882.86	-8,335,210.90
Items attributable to the owners of the parent company	-29,418,001.62	-9,962,055.86
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-29,418,001.62	-9,962,055.86
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-29,418,001.62	-9,962,055.86
7. Others		
Items attributable to non-controlling shareholders	-7,678,881.24	1,626,844.96
VII. Total comprehensive income	4,303,268,371.57	3,568,892,299.61
Items attributable to the owners of the parent company	4,294,732,261.69	3,553,797,883.62
Items attributable to non-controlling shareholders	8,536,109.88	15,094,415.99
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.68	1.38
(II) Diluted EPS (yuan per share)	1.68	1.38

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

Legal representative: Hu Baifan Officer in charge of accounting: Shi Guanqun Head of accounting department: Wang Xiaobi

4. Parent company income statement

Unit: RMB Yuan

Items	Year 2021	Year 2020
I. Operating revenue	4,554,078,901.38	3,914,694,978.67
Less: Operating cost	3,235,286,634.28	2,520,745,377.84
Taxes and surcharges	28,779,899.07	23,325,274.17
Selling expenses	26,691,429.90	34,157,186.47
Administrative expenses	154,022,840.72	138,393,238.02
R&D expenses	216,563,446.14	185,233,909.72
Financial expenses	45,975,949.63	151,091,514.33
Including: Interest expenses	179,393,799.37	153,182,358.41
Interest income	144,933,772.10	25,270,283.02
Add: Other income	43,875,430.64	39,377,993.84
Investment income (or less: losses)	1,535,436,661.17	1,278,065,859.75
Including: Investment income from associates and joint ventures	60,097,137.98	57,147,042.17
Gains from derecognition of financial assets at amortized cost		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	11,815,408.19	926,797.97
Credit impairment loss	58,950,663.78	-2,985,835.52
Assets impairment loss	-52,176,656.64	-8,731,005.06
Gains on asset disposal (or less: losses)	-1,332,803.02	-23,489.80
II. Operating profit (or less: losses)	2,443,327,405.76	2,168,378,799.30
Add: Non-operating revenue	5,010,140.26	32,523.34
Less: Non-operating expenditures	1,500,375.08	4,064,208.41
III. Profit before tax (or less: total loss)	2,446,837,170.94	2,164,347,114.23
Less: Income tax	139,622,202.68	157,078,255.68
IV. Net profit (or less: net loss)	2,307,214,968.26	2,007,268,858.55
(I) Net profit from continuing operations (or less: net loss)	2,307,214,968.26	2,007,268,858.55
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial		

Items	Year 2021	Year 2020
assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	2,307,214,968.26	2,007,268,858.55
VII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

5. Consolidated cash flow statement

Unit: RMB Yuan

Items	Year 2021	Year 2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	14,128,039,148.63	9,963,208,363.11
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	917,132,022.82	636,725,260.98
Other cash receipts related to operating activities	539,965,875.07	204,665,952.59
Subtotal of cash inflows from operating activities	15,585,137,046.52	10,804,599,576.68
Cash payments for goods purchased and services received	7,309,063,593.18	5,456,523,584.87
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	1,345,745,150.27	1,036,396,136.99
Cash payments for taxes and rates	783,199,680.00	712,390,345.50
Other cash payments related to operating activities	309,250,571.50	476,482,146.11
Subtotal of cash outflows from operating activities	9,747,258,994.95	7,681,792,213.47
Net cash flows from operating activities	5,837,878,051.57	3,122,807,363.21

Items	Year 2021	Year 2020
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		2,273,784.59
Cash receipts from investment income	145,185,573.83	136,028,766.52
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	24,510,298.30	56,302,768.39
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	1,800,000,000.00	3,873,870,000.00
Subtotal of cash inflows from investing activities	1,969,695,872.13	4,068,475,319.50
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	3,472,724,469.42	2,352,928,950.30
Cash payments for investments	83,904,479.79	19,705,719.78
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		74,433,508.94
Other cash payments related to investing activities	1,804,835,731.00	1,815,037,520.58
Subtotal of cash outflows from investing activities	5,361,464,680.21	4,262,105,699.60
Net cash flows from investing activities	-3,391,768,808.08	-193,630,380.10
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	7,383,209,509.05	7,379,136,085.77
Other cash receipts related to financing activities		91,212,707.20
Subtotal of cash inflows from financing activities	7,383,209,509.05	7,470,348,792.97
Cash payments for the repayment of borrowings	6,557,328,243.08	7,441,048,519.96
Cash payments for distribution of dividends or profits and for interest expenses	1,841,063,211.24	1,375,494,130.75
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	12,381,785.50	
Other cash payments related to financing activities	329,441,306.41	30,024,836.90
Subtotal of cash outflows from financing activities	8,727,832,760.73	8,846,567,487.61
Net cash flows from financing activities	-1,344,623,251.68	-1,376,218,694.64
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-56,255,229.67	-97,209,327.80
V. Net increase in cash and cash equivalents	1,045,230,762.14	1,455,748,960.67
Add: Opening balance of cash and cash equivalents	4,669,306,776.09	3,213,557,815.42
VI. Closing balance of cash and cash equivalents	5,714,537,538.23	4,669,306,776.09

6. Parent company cash flow statement

Unit: RMB Yuan

Items	Year 2021	Year 2020
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	5,109,886,806.38	4,271,109,080.89
Receipts of tax refund	79,006,050.97	90,400,700.96
Other cash receipts related to operating activities	196,474,615.50	67,743,551.55
Subtotal of cash inflows from operating activities	5,385,367,472.85	4,429,253,333.40

Items	Year 2021	Year 2020
Cash payments for goods purchased and services received	3,268,785,597.91	3,459,364,445.85
Cash paid to and on behalf of employees	281,446,896.19	235,542,732.63
Cash payments for taxes and rates	129,270,605.04	198,675,951.59
Other cash payments related to operating activities	114,356,348.57	107,913,610.24
Subtotal of cash outflows from operating activities	3,793,859,447.71	4,001,496,740.31
Net cash flows from operating activities	1,591,508,025.14	427,756,593.09
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		2,182,000.00
Cash receipts from investment income	1,382,569,901.85	1,066,822,932.23
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	2,862,302.06	4,525,917.26
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	2,974,222,044.69	4,421,643,617.82
Subtotal of cash inflows from investing activities	4,359,654,248.60	5,495,174,467.31
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	45,427,101.23	72,488,934.93
Cash payments for investments	1,672,800,000.00	943,000,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	1,286,337,315.10	2,187,072,657.51
Subtotal of cash outflows from investing activities	3,004,564,416.33	3,202,561,592.44
Net cash flows from investing activities	1,355,089,832.27	2,292,612,874.87
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	4,449,379,400.00	3,601,191,700.00
Other cash receipts related to financing activities		50,000,000.00
Subtotal of cash inflows from financing activities	4,449,379,400.00	3,651,191,700.00
Cash payments for the repayment of borrowings	3,772,893,927.30	3,850,779,227.27
Cash payments for distribution of dividends or profits and for interest expenses	1,686,503,402.65	1,241,069,586.61
Other cash payments related to financing activities	324,177,230.24	5,739,388.60
Subtotal of cash outflows from financing activities	5,783,574,560.19	5,097,588,202.48
Net cash flows from financing activities	-1,334,195,160.19	-1,446,396,502.48
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-13,812,643.89	-20,646,627.52
V. Net increase in cash and cash equivalents	1,598,590,053.33	1,253,326,337.96
Add: Opening balance of cash and cash equivalents	2,593,272,980.50	1,339,946,642.54
VI. Closing balance of cash and cash equivalents	4,191,863,033.83	2,593,272,980.50

7. Consolidated statement of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2021														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	2,148,662,300.00				4,560,522,556.84		27,803,829.31	9,550,346.85	1,074,331,150.00		11,515,384,739.95		19,336,254,922.95	67,576,527.03	19,403,831,449.98
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	2,148,662,300.00				4,560,522,556.84		27,803,829.31	9,550,346.85	1,074,331,150.00		11,515,384,739.95		19,336,254,922.95	67,576,527.03	19,403,831,449.98
III. Current period increase (or less: decrease)	429,732,460.00				-439,459,475.88	320,360,784.48	-29,418,001.62	3,141,871.66	214,866,230.00		2,605,220,423.31		2,463,722,722.99	-3,845,675.62	2,459,877,047.37
(I) Total comprehensive income							-29,418,001.62				4,324,150,263.31		4,294,732,261.69	8,536,109.88	4,303,268,371.57
(II) Capital contributed or withdrawn by owners						320,360,784.48							-320,360,784.48		-320,360,784.48
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others						320,360,784.48							-320,360,784.48		-320,360,784.48
(III) Profit distribution									214,866,230.00		-1,718,929,840.00		-1,504,063,610.00	-12,381,785.50	-1,516,445,395.50
1. Appropriation of surplus reserve									214,866,230.00		-214,866,230.00				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-1,504,063,610.00		-1,504,063,610.00	-12,381,785.50	-1,516,445,395.50
4. Others															
(IV) Internal carry-over within equity	429,732,460.00				-429,732,460.00										
1. Transfer of capital reserve to capital	429,732,460.00				-429,732,460.00										
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								3,141,871.66					3,141,871.66		3,141,871.66
1. Appropriation of current period								27,879,615.83					27,879,615.83		27,879,615.83
2. Application of current period								-24,737,744.17					-24,737,744.17		-24,737,744.17
(VI) Others					-9,727,015.88								-9,727,015.88		-9,727,015.88
IV. Balance at the end of current period	2,578,394,760.00				4,121,063,080.96	320,360,784.48	-1,614,172.31	12,692,218.51	1,289,197,380.00		14,120,605,163.26		21,799,977,645.94	63,730,851.41	21,863,708,497.35

Preceding period comparative

Unit: RMB Yuan

Items	Year 2020														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	2,148,662,300.00				4,709,068,757.66		37,765,885.17	5,337,505.56	951,844,916.62		9,158,233,971.76		17,010,913,336.77	52,482,111.04	17,063,395,447.81
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	2,148,662,300.00				4,709,068,757.66		37,765,885.17	5,337,505.56	951,844,916.62		9,158,233,971.76		17,010,913,336.77	52,482,111.04	17,063,395,447.81
III. Current period increase (or less: decrease)					-148,546,200.82		-9,962,055.86	4,212,841.29	122,486,233.38		2,357,150,768.19		2,325,341,586.18	15,094,415.99	2,340,436,002.17
(I) Total comprehensive income							-9,962,055.86				3,563,759,939.48		3,553,797,883.62	15,094,415.99	3,568,892,299.61
(II) Capital contributed or withdrawn by owners															
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others															
(III) Profit distribution									122,486,233.38		-1,196,817,383.38		-1,074,331,150.00		-1,074,331,150.00
1. Appropriation of surplus reserve									122,486,233.38		-122,486,233.38				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											-1,074,331,150.00		-1,074,331,150.00		-1,074,331,150.00
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								4,212,841.29					4,212,841.29		4,212,841.29
1. Appropriation of current period								13,350,385.03					13,350,385.03		13,350,385.03
2. Application of current period								-9,137,543.74					-9,137,543.74		-9,137,543.74
(VI) Others					-148,546,200.82						-9,791,787.91		-158,337,988.73		-158,337,988.73
IV. Balance at the end of current period	2,148,662,300.00				4,560,522,556.84		27,803,829.31	9,550,346.85	1,074,331,150.00		11,515,384,739.95		19,336,254,922.95	67,576,527.03	19,403,831,449.98

8. Parent company statements of changes in equity

Current period cumulative

Unit: RMB Yuan

Items	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,148,662,300.00				4,300,852,875.45		506,954.43		1,074,331,150.00	5,298,464,883.45		12,822,818,163.33
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,148,662,300.00				4,300,852,875.45		506,954.43		1,074,331,150.00	5,298,464,883.45		12,822,818,163.33
III. Current period increase (or less: decrease)	429,732,460.00				-439,459,475.88	320,360,784.48			214,866,230.00	588,285,128.26		473,063,557.90
(I) Total comprehensive income										2,307,214,968.26		2,307,214,968.26
(II) Capital contributed or withdrawn by owners						320,360,784.48						-320,360,784.48
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others						320,360,784.48						-320,360,784.48
(III) Profit distribution									214,866,230.00	-1,718,929,840.00		-1,504,063,610.00
1. Appropriation of surplus reserve									214,866,230.00	-214,866,230.00		
2. Appropriation of profit to owners										-1,504,063,610.00		-1,504,063,610.00
3. Others												
(IV) Internal carry-over within equity	429,732,460.00				-429,732,460.00							
1. Transfer of capital reserve to capital	429,732,460.00				-429,732,460.00							
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					-9,727,015.88							-9,727,015.88
IV. Balance at the end of current period	2,578,394,760.00				3,861,393,399.57	320,360,784.48	506,954.43		1,289,197,380.00	5,886,750,011.71		13,295,881,721.23

Preceding period comparative

Unit: RMB Yuan

Items	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	2,148,662,300.00				4,300,852,875.45		506,954.43		951,844,916.62	4,488,013,408.28		11,889,880,454.78
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	2,148,662,300.00				4,300,852,875.45		506,954.43		951,844,916.62	4,488,013,408.28		11,889,880,454.78
III. Current period increase (or less: decrease)									122,486,233.38	810,451,475.17		932,937,708.55
(I) Total comprehensive income										2,007,268,858.55		2,007,268,858.55
(II) Capital contributed or withdrawn by owners												
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others												
(III) Profit distribution									122,486,233.38	-1,196,817,383.38		-1,074,331,150.00
1. Appropriation of surplus reserve									122,486,233.38	-122,486,233.38		
2. Appropriation of profit to owners										-1,074,331,150.00		-1,074,331,150.00
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	2,148,662,300.00				4,300,852,875.45		506,954.43		1,074,331,150.00	5,298,464,883.45		12,822,818,163.33

III. Company profile

Zhejiang NHU Co., Ltd. (the “Company”) was jointly established by 新昌县合成化工厂 (Xinchang County Synthetic Chemical Plant*, renamed as NHU Holding Group Co., Ltd. on November 17, 2009) and 9 natural persons including Zhang Pingyi, Yuan Yizhong, Shi Cheng, Hu Baishan, Shi Guanqun, Wang Xuewen, 石三夫 (Shi Sanfu), Cui Xinrong, and Wang Xulin under the document of approval numbered Zhe Zheng Wei [1999] 9 issued by the former Securities Commission of the People’s Government of Zhejiang Province. Headquartered in Shaoxing City, Zhejiang Province, the Company was registered at Zhejiang Administration for Industry and Commerce on April 5, 1999. Currently, the Company holds a business license with unified social credit code of 91330000712560575G, with registered capital of 2,578,394,760.00 yuan, total share of 2,578,394,760 shares (each with par value of one yuan), of which, 30,311,834 shares are restricted outstanding shares, and 2,548,082,926 shares are unrestricted outstanding shares. The Company’s shares were listed on Shenzhen Stock Exchange on June 25, 2004.

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

The financial statements were approved and authorized for issue by the tenth meeting of the eighth session of the Board of Directors dated April 13, 2022.

The Company has brought 24 subsidiaries including Xinchang NHU Vitamins Co., Ltd., Zhejiang NHU Import & Export Co., Ltd., 浙江维尔新动物营养保健品有限公司 (Zhejiang Vityesun Animal Nutrition and Health Co., Ltd.*), etc. into the consolidation scope. Please refer to item VIII and IX of this section for details.

IV. Preparation basis of the financial statements

1. Preparation basis

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

2. The ability to continue as a going concern

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

V. Significant accounting policies and estimates

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

1. Statement of compliance

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

2. Accounting period

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

* The English names are for identification purpose only.

3. Operating cycle

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

4. Functional currency

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

6. Compilation method of consolidated financial statements

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

7. Recognition criteria of cash and cash equivalents

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

8. Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

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

translated into RMB at the approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

9. Financial instruments

1. Classification of financial assets and financial liabilities

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

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

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

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

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

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

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

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

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

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are

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

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

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

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

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

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

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

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

3. Recognition criteria and measurement method of financial assets transfer

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

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

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

4. Fair value determination method of financial assets and liabilities

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

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

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

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

5. Impairment of financial instruments

(1) Measurement and accounting treatment

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

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

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

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

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

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

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

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

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

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

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

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

1) Specific portfolios and method for measuring expected credit loss

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

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

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

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company

offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

10. Inventories

1. Classification of inventories

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

2. Accounting method for dispatching inventories:

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

3. Basis for determining net realizable value

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

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized with one-off method.

11. Contract assets, contract liabilities

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

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

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

12. Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the

financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

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

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

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

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

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

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

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

3. Subsequent measurement and recognition method of profit or loss

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

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

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted

for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as "bundled transaction" resulting in the Company's loss of control

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

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

2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

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

13. Fixed assets

(1) Recognition principles

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

(2) Depreciation method

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	7-35	5	13.57-2.71
General equipment	Straight-line method	5-10	5	19.00-9.50
Special equipment	Straight-line method	5-15	5	19.00-6.33
Transport facilities	Straight-line method	5-7	5	19.00-13.57

(3) Recognition basis, measurement and depreciation method of fixed assets leased in finance leases

None.

14. Construction in progress

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

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

15. Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

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

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

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

3. Capitalization rate and capitalized amount of borrowing costs

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

16. Intangible assets

(1) Measurement method, useful lives and impairment test

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

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

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

(2) Accounting policies on internal R&D expenditures

Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things,

the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

17. Impairment of part of long-term assets

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

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

18. Long-term prepayments

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

19. Employee benefits

(1) Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(2) Short-term employee benefits

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

(3) Post-employment benefits

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

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

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

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

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

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

Company may transfer those amounts recognized in other comprehensive income within equity.

(4) Termination benefits

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

(5) Other long-term employee benefits

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

20. Revenue

Accounting policies on revenue recognition and measurement

1. Revenue recognition principles

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

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

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

2. Revenue measurement principle

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

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable

consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

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

3. Revenue recognition method

(1) Revenue from sales of products

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

(2) Revenue from real estate sales

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

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

21. Government grants

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

2. Government grants related to assets

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

the period in which the disposal occurred.

3. Government grants related to income

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

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

5. Policy interest subvention

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

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

22. Deferred tax assets/Deferred tax liabilities

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

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

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

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

23. Leases

(1) Operating lease

1. The Company as lessee

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

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

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

(1) Right-of-use assets

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

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

(2) Lease liability

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

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

2. The Company as lessor

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

Operating lease

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

24. Work safety fund

The Company accrues work safety fund in accordance with the "Circular on Management Measures on the Accrual and Use of Work Safety Fund" numbered Cai Qi [2012] 16 by Ministry of Finance and State Administration of Work Safety. Standard work safety fund is included in the cost or current profit or loss, meanwhile accounted for under "special reserve". When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is

accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

25. Segment reporting

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

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

26. Accounting treatment related to share repurchase

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

27. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

Applicable Not Applicable

Contents and reasons	Approval process	Remarks
The Company has adopted the “CASBE 21 – Leases” revised by the Ministry of Finance (the “revised lease standard”) since January 1, 2021. Pursuant to regulations on convergence between original and revised standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the first adoption date shall be retrospectively adjusted into retained earnings and other comprehensive income at the beginning of the reporting period.	N/A	Please refer to Announcement No. 2021-027 disclosed on www.cninfo.com.cn on August 20, 2021 for details.

Changes in accounting policies arising from changes in CASBEs

1. The Company has adopted revised lease standard since January 1, 2021 (the “first adoption date”).

1) For the contract existed prior to the first adoption date, the Company does not reassess whether it is, or contains, a lease.

2) For lease contracts with the Company as lessee, the cumulative effect arising from adoption of the revised lease standard at the first adoption date shall be retrospectively adjusted into retained earnings and other related financial statement items at the beginning of the reporting period, and no adjustment shall be made on comparable information. The specific treatments are as follows:

For operating leases prior to the first adoption date, the Company measures lease liabilities at the present value of remaining lease payments, which are discounted using the incremental borrowing rate at the first adoption date, and measures right-of-use assets at the amount equivalent to lease liabilities through necessary adjustments based on prepaid leasing fees at the first adoption date.

At the first adoption date, pursuant to section V (17) of this section, the Company performs impairment test on right-of-use assets and conducts corresponding accounting treatments.

a. Main effects on the financial statements as at January 1, 2021 due to the adoption of the revised lease standard are as follows:

Unit: RMB Yuan

Items	Consolidated balance sheet		
	Dec. 31, 2020	Effect due to revised lease standard	Jan. 1, 2021
Right-of-use assets		3,113,997.88	3,113,997.88
Non-current liabilities due within one year	1,275,888,293.32	92,628.26	1,275,980,921.58
Lease liabilities		3,021,369.62	3,021,369.62

Unit: RMB Yuan

Items	Parent company balance sheet		
	Dec. 31, 2020	Effect due to revised lease standard	Jan. 1, 2021
Right-of-use assets		3,113,997.88	3,113,997.88
Non-current liabilities due within one year	635,930,890.44	92,628.26	636,023,518.70
Lease liabilities		3,021,369.62	3,021,369.62

The weighted average of the Company's incremental borrowing rates used for lease liabilities included in the balance sheet at the first adoption date is 4.75%.

b. Simplified approach is adopted for operating leases prior to the first adoption date.

a) For lease contracts completed within 12 months after the first adoption date, the Company adopts a simplified approach and does not recognize right-of-use assets and lease liabilities;

b) The Company applies a single discount rate to a portfolio of leases with similar characteristics when measuring lease liabilities;

The adoption of the above simplified approach has no significant effect on the Company's financial statements.

3) For lease contracts in which the Company as the lessor, the revised lease standard is adopted since the first adoption date.

2. The Company has adopted the "Interpretation of China Accounting Standards for Business Enterprises No. 14" issued by the Ministry of Finance in 2021 since January 26, 2021. Such change in accounting policies has no impact on the Company's financial statements.

3. The Company has adopted the regulations about disclosure of centralized fund management in the "Interpretation of China Accounting Standards for Business Enterprises No. 15" issued by the Ministry of Finance since December 31, 2021. Such change in accounting policies has no impact on the Company's financial statements.

(2) Significant changes in accounting estimates

Applicable Not Applicable

(3) Details on financial statement items at the beginning of the period adjusted due to the first adoption of the revised lease standard in 2021

Applicable Not Applicable

Whether it is necessary to adjust the opening balance of balance sheet items

Yes No

Consolidated balance sheet

Unit: RMB Yuan

Items	December 31, 2020	January 1, 2021	Adjustments
Current assets:			
Cash and bank balances	4,927,657,236.24	4,927,657,236.24	
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	852,227,964.70	852,227,964.70	
Derivative financial assets			
Notes receivable	332,064,366.59	332,064,366.59	
Accounts receivable	1,930,930,930.01	1,930,930,930.01	
Receivables financing	295,393,346.17	295,393,346.17	
Advances paid	116,063,557.59	116,063,557.59	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	178,610,951.64	178,610,951.64	
Including: Interest receivable			
Dividend receivable			
Financial assets under reverse repo			
Inventories	3,117,042,558.78	3,117,042,558.78	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	1,777,569,473.96	1,777,569,473.96	
Total current assets	13,527,560,385.68	13,527,560,385.68	
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	343,378,891.18	343,378,891.18	
Other equity instrument investments	22,998,147.55	22,998,147.55	
Other non-current financial assets			
Investment property			
Fixed assets	13,914,151,215.54	13,914,151,215.54	
Construction in progress	1,325,545,420.56	1,325,545,420.56	
Productive biological assets			
Oil & gas assets			
Right-of-use assets		3,113,997.88	3,113,997.88
Intangible assets	1,407,067,129.87	1,407,067,129.87	
Development expenditures			
Goodwill			

Items	December 31, 2020	January 1, 2021	Adjustments
Long-term prepayments	13,369,412.48	13,369,412.48	
Deferred tax assets	65,143,706.00	65,143,706.00	
Other non-current assets	277,793,490.68	277,793,490.68	
Total non-current assets	17,369,447,413.86	17,372,561,411.74	3,113,997.88
Total assets	30,897,007,799.54	30,900,121,797.42	3,113,997.88
Current liabilities:			
Short-term borrowings	2,363,525,192.53	2,363,525,192.53	
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	497,644,517.23	497,644,517.23	
Accounts payable	1,463,728,316.04	1,463,728,316.04	
Advances received			
Contract liabilities	56,302,537.11	56,302,537.11	
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	322,646,061.45	322,646,061.45	
Taxes and rates payable	268,864,472.38	268,864,472.38	
Other payables	129,839,228.89	129,839,228.89	
Including: Interest payable			
Dividend payable			
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	1,275,888,293.32	1,275,980,921.58	92,628.26
Other current liabilities	4,956,463.49	4,956,463.49	
Total current liabilities	6,383,395,082.44	6,383,487,710.70	
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	4,136,875,354.33	4,136,875,354.33	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		3,021,369.62	3,021,369.62
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	873,066,181.34	873,066,181.34	

Items	December 31, 2020	January 1, 2021	Adjustments
Deferred tax liabilities	99,839,731.45	99,839,731.45	
Other non-current liabilities			
Total non-current liabilities	5,109,781,267.12	5,112,802,636.74	3,021,369.62
Total liabilities	11,493,176,349.56	11,496,290,347.44	3,113,997.88
Equity:			
Share capital	2,148,662,300.00	2,148,662,300.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	4,560,522,556.84	4,560,522,556.84	
Less: Treasury shares			
Other comprehensive income	27,803,829.31	27,803,829.31	
Special reserve	9,550,346.85	9,550,346.85	
Surplus reserve	1,074,331,150.00	1,074,331,150.00	
General risk reserve			
Undistributed profit	11,515,384,739.95	11,515,384,739.95	
Total equity attributable to the parent company	19,336,254,922.95	19,336,254,922.95	
Non-controlling interest	67,576,527.03	67,576,527.03	
Total equity	19,403,831,449.98	19,403,831,449.98	
Total liabilities & equity	30,897,007,799.54	30,900,121,797.42	3,113,997.88

Remarks on adjustments

Pursuant to the “CASBE 21 – Leases” issued by the Ministry of Finance in 2018 (Cai Kuai [2018] No. 35), the Company has adopted the revised lease standard since January 1, 2021 and makes adjustments on related financial statement items.

Parent company balance sheet

Unit: RMB Yuan

Items	December 31, 2020	January 1, 2021	Adjustments
Current assets:			
Cash and bank balances	2,790,740,377.97	2,790,740,377.97	
Held-for-trading financial assets	851,949,945.63	851,949,945.63	
Derivative financial assets			
Notes receivable	332,064,366.59	332,064,366.59	
Accounts receivable	704,086,691.03	704,086,691.03	
Receivables financing			
Advances paid	1,631,550.49	1,631,550.49	
Other receivables	4,247,680,763.92	4,247,680,763.92	
Including: Interest receivable			
Dividend receivable			
Inventories	566,205,506.19	566,205,506.19	
Contract assets			
Assets held for sale			
Non-current assets due within one year			

Items	December 31, 2020	January 1, 2021	Adjustments
Other current assets	552,859,738.36	552,859,738.36	
Total current assets	10,047,218,940.18	10,047,218,940.18	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	6,372,637,172.92	6,372,637,172.92	
Other equity instrument investments	22,998,147.55	22,998,147.55	
Other non-current financial assets			
Investment property			
Fixed assets	737,784,631.31	737,784,631.31	
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		3,113,997.88	3,113,997.88
Intangible assets	105,425,506.93	105,425,506.93	
Development expenditures			
Goodwill			
Long-term prepayments	5,919,401.23	5,919,401.23	
Deferred tax assets	42,345,228.44	42,345,228.44	
Other non-current assets	7,202,988.32	7,202,988.32	
Total non-current assets	7,294,313,076.70	7,297,427,074.58	3,113,997.88
Total assets	17,341,532,016.88	17,344,646,014.76	3,113,997.88
Current liabilities:			
Short-term borrowings	1,243,628,965.48	1,243,628,965.48	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	155,953,161.50	155,953,161.50	
Accounts payable	100,374,347.92	100,374,347.92	
Advances received			
Contract liabilities	8,494,783.78	8,494,783.78	
Employee benefits payable	82,688,797.50	82,688,797.50	
Taxes and rates payable	33,578,246.55	33,578,246.55	
Other payables	15,543,517.50	15,543,517.50	
Including: Interest payable			
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year	635,930,890.44	636,023,518.70	92,628.26
Other current liabilities	1,104,321.89	1,104,321.89	
Total current liabilities	2,277,297,032.56	2,277,389,660.82	
Non-current liabilities:			
Long-term borrowings	2,209,521,076.40	2,209,521,076.40	

Items	December 31, 2020	January 1, 2021	Adjustments
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		3,021,369.62	3,021,369.62
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	18,884,041.56	18,884,041.56	
Deferred tax liabilities	13,011,703.03	13,011,703.03	
Other non-current liabilities			
Total non-current liabilities	2,241,416,820.99	2,244,438,190.61	3,021,369.62
Total liabilities	4,518,713,853.55	4,521,827,851.43	3,113,997.88
Equity:			
Share capital	2,148,662,300.00	2,148,662,300.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	4,300,852,875.45	4,300,852,875.45	
Less: Treasury shares			
Other comprehensive income	506,954.43	506,954.43	
Special reserve			
Surplus reserve	1,074,331,150.00	1,074,331,150.00	
Undistributed profit	5,298,464,883.45	5,298,464,883.45	
Total equity	12,822,818,163.33	12,822,818,163.33	
Total liabilities & equity	17,341,532,016.88	17,344,646,014.76	3,113,997.88

Remarks on adjustments

Pursuant to the “CASBE 21 – Leases” issued by the Ministry of Finance in 2018 (Cai Kuai [2018] No. 35), the Company has adopted the revised lease standard since January 1, 2021 and makes adjustments on related financial statement items.

(4) Remarks on retrospective adjustments on comparable information of prior period due to the first adoption of the revised lease standard in 2021

Applicable Not Applicable

VI. Taxes

1. Main taxes and tax rates

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

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

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
Shangyu NHU Bio-Chem Co., Ltd.	15%
Shandong NHU Pharmaceutical Co., Ltd.	15%
Shandong NHU Vitamins Co., Ltd.	15%
Shandong NHU Amino-acids Co., Ltd.	15%
Zhejiang NHU Special Materials Co., Ltd.	15%
Heilongjiang NHU Biotechnology Co., Ltd.	15%
NHU EUROPE GmbH	15%
NHU PERFORMANCE MATERIALS GMBH	15%
Bardoterminal GmbH	15%
NHU Singapore PTE. LTD.	17%
Taxpayers other than the above-mentioned	25%

2. Tax preferential policies

According to the Hi-Tech Enterprise Certificate (GR202033003531) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, State Taxation Administration (STA), the Company is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2021.

According to the Hi-Tech Enterprise Certificate (GR201933005736) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Tax Service, STA, the subsidiary Shangyu NHU Bio-Chem Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2019 to 2021. It is subject to the rate of 15% for enterprise income tax in 2021.

According to the Hi-Tech Enterprise Certificate (GR202037001084) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Pharmaceutical Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2021.

According to the Hi-Tech Enterprise Certificate (GR202037000197) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance and Shandong Provincial Tax Service, STA, the subsidiary Shandong NHU Vitamins Co., Ltd. is accredited as a hi-tech enterprise and entitled to enjoy the tax preferential policy from 2020 to 2022. It is subject to the rate of 15% for enterprise income tax in 2021.

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

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

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

VII. Notes to items of consolidated financial statements

1. Cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Cash on hand	14,537.85	10,735.55
Cash in bank	5,684,842,466.04	4,669,296,040.54
Other cash and bank balances	268,052,623.05	258,350,460.15
Total	5,952,909,626.94	4,927,657,236.24
Including: Deposited overseas	38,739,302.11	21,518,199.53

Other remarks

(1) Other cash and bank balances

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deposit for bank acceptance	149,724,511.46	233,849,274.66
Deposit for letters of credit	86,212,564.30	23,350,000.00
Deposit for engineering labor costs	1,654,664.15	741,108.87
Deposit for construction safety	405,056.50	404,076.62
Deposit for ETC	16,500.00	6,000.00
Deposit for water fees	358,792.30	
Deposited investment fund	29,680,534.34	
Subtotal	268,052,623.05	258,350,460.15

2. Held-for-trading financial assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	1,250,736,359.24	852,227,964.70
Including: Financial products with guaranteed principal and floating income	1,250,000,000.00	850,000,000.00
Derivative financial assets	736,359.24	2,227,964.70
Total	1,250,736,359.24	852,227,964.70

3. Notes receivable

(1) Details on categories

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	349,145,316.03	332,064,366.59
Total	349,145,316.03	332,064,366.59

Unit: RMB Yuan

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

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion	
Including:					
Notes receivable with provision for bad debts made on a collective basis	332,064,366.59	100.00%			332,064,366.59
Including:					
Bank acceptance	332,064,366.59	100.00%			332,064,366.59
Total	332,064,366.59	100.00%			332,064,366.59

(2) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	236,268,835.12
Total	236,268,835.12

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

Unit: RMB Yuan

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	3,050,000.00	
Total	3,050,000.00	

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

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

Unit: RMB Yuan

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

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion	
Including:					
Accounts receivable with provision for bad debts made on a collective basis	2,037,464,941.46	100.00%	106,534,011.45	5.23%	1,930,930,930.01
Total	2,037,464,941.46	100.00%	106,534,011.45	5.23%	1,930,930,930.01

Accounts receivable with provision for bad debts made on a collective basis using age analysis method

Unit: RMB Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	2,899,884,561.24	144,994,228.10	5.00%
1-2 years	297,000.00	59,400.00	20.00%
2-3 years	203,200.00	162,560.00	80.00%
Over 3 years	2,011,870.80	2,011,870.80	100.00%
Total	2,902,396,632.04	147,228,058.90	--

Ages analysis:

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	2,899,884,561.24
1-2 years	297,000.00
2-3 years	203,200.00
Over 3 years	2,011,870.80
3-4 years	286,550.00
4-5 years	165,790.00
Over 5 years	1,559,530.80
Total	2,902,396,632.04

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	106,534,011.45	40,694,047.45				147,228,058.90

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

Unit: RMB Yuan

Debtors	Closing balance	Proportion to the total balance of receivables (%)	Closing balance of provision for bad debts
Client A	388,004,290.79	13.37%	19,400,214.54
Client B	313,899,385.63	10.82%	15,694,969.28
Client C	226,272,072.97	7.80%	11,313,603.65

Debtors	Closing balance	Proportion to the total balance of receivables (%)	Closing balance of provision for bad debts
Client D	122,191,892.27	4.21%	6,109,594.61
Client E	83,097,860.00	2.86%	4,154,893.00
Total	1,133,465,501.66	39.06%	

5. Receivables financing

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank acceptance	182,891,179.65	295,393,346.17
Total	182,891,179.65	295,393,346.17

Current increase/decrease and changes in fair value

√ Applicable □ Not applicable

Unit: RMB Yuan

Items	Closing balance					Provision for impairment
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	
Bank acceptance	182,891,179.65				182,891,179.65	
Total	182,891,179.65				182,891,179.65	

(Continued)

Unit: RMB Yuan

Items	Opening balance					Provision for impairment
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	
Bank acceptance	295,393,346.17				295,393,346.17	
Total	295,393,346.17				295,393,346.17	

Other remarks:

(1) Pledged notes at the balance sheet date

Unit: RMB Yuan

Items	Closing balance of pledged notes
Bank acceptance	131,943,711.14
Subtotal	131,943,711.14

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

Unit: RMB Yuan

Items	Closing balance derecognized
Bank acceptance	794,114,911.13
Subtotal	794,114,911.13

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

6. Advances paid**(1) Age analysis**

Unit: RMB Yuan

Ages	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	78,853,695.19	99.85%	115,835,410.14	99.81%
1-2 years	109,065.41	0.14%	108,449.06	0.09%
2-3 years	7,200.00	0.01%	34,278.04	0.03%
Over 3 years			85,420.35	0.07%
Total	78,969,960.60	--	116,063,557.59	--

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	16,704,666.71	21.15
Supplier B	10,560,902.65	13.37
Supplier C	6,461,700.00	8.18
Supplier D	5,237,238.93	6.63
Supplier E	5,002,888.54	6.34
Subtotal	43,967,396.83	55.67

7. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable	7,159,278.00	
Other receivables	247,337,970.13	178,610,951.64
Total	254,497,248.13	178,610,951.64

(1) Dividend receivable

Unit: RMB Yuan

Items/Investees	Closing balance	Opening balance
浙江春晖环保能源股份有限公司 (Zhejiang Chunhui Environmental Protection Energy Co., Ltd. *)	7,159,278.00	0.00
Total	7,159,278.00	0.00

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

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
Security deposits	136,459,247.48	126,960,566.33
Export tax refund	69,372,321.60	51,751,067.61

* The English name is for identification purpose only.

Nature of receivables	Closing book balance	Opening book balance
Receivables of returned equipment	45,213,200.00	
Refundable VAT	3,310,397.40	2,139,904.45
Employee petty cash	5,688,937.00	4,764,737.00
Temporary advance payment receivable	2,456,748.36	2,470,070.51
Others	653,640.31	584,839.49
Total	263,154,492.15	188,671,185.39

2) Provision for bad debts

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	573,660.51	1,522,658.59	7,963,914.65	10,060,233.75
Opening balance in the current period				
--Transferred to phase II	-179,053.77	179,053.77		
--Transferred to phase III		-1,075,165.33	1,075,165.33	
Provision made in the current period	2,521,270.72	89,668.05	3,145,349.50	5,756,288.27
Closing balance	2,915,877.46	716,215.08	12,184,429.48	15,816,522.02

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

 Applicable Not applicable

Ages analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	139,999,021.92
1-2 years	3,581,075.41
2-3 years	10,375,826.67
Over 3 years	109,198,568.15
3-4 years	6,990,477.95
4-5 years	227,173.58
Over 5 years	101,980,916.62
Total	263,154,492.15

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	10,060,233.75	5,756,288.27				15,816,522.02
Total	10,060,233.75	5,756,288.27				15,816,522.02

4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Weifang Municipal Bureau of Land and Resource, Binhai District Branch	Security deposits	97,900,000.00	Over 3 years	37.20%	
State Taxation Administration (Export tax refund receivable)	Export tax refund	69,372,321.60	Within 1 year	26.36%	
无锡华光锅炉股份有限公司 (Wuxi Huaguang Boiler Co., Ltd.)*	Receivables of returned equipment	17,280,000.00	Within 1 year	6.57%	864,000.00
Suihua Municipal Labor Security Supervision Detachment	Security deposits	400,000.00	1-2 years	3.84%	9,188,392.42
	Security deposits	3,000,490.53	2-3 years		
	Security deposits	6,708,000.00	Over 3 years		
杭州汽轮机股份有限公司 (Hangzhou Steam Turbine Co., Ltd.)*	Receivables of returned equipment	7,440,000.00	Within 1 year	2.83%	372,000.00
Total	--	202,100,812.13	--	76.80%	10,424,392.42

8. Inventories

(1) Details on categories

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount	Book balance	Provision for inventory write-down/ Provision for impairment of cost to fulfill a contract	Carrying amount
Raw materials	456,431,898.77	653,463.45	455,778,435.32	558,843,825.21	986,354.24	557,857,470.97
Work in process	1,008,021,313.66		1,008,021,313.66	820,838,241.10		820,838,241.10
Goods on hand	1,247,338,255.71	14,685,437.55	1,232,652,818.16	1,201,225,837.45	10,578,367.06	1,190,647,470.39
Development cost	197,045,414.10		197,045,414.10	294,084,933.10		294,084,933.10
Developed products	122,679,279.65		122,679,279.65	129,785,192.22		129,785,192.22
Goods dispatched	88,307,137.99		88,307,137.99	50,257,257.15		50,257,257.15
Materials on consignment for further processing	4,102,415.43		4,102,415.43	4,033,866.34		4,033,866.34
Packages	14,276,697.20		14,276,697.20	15,062,156.67		15,062,156.67
Low-value consumables	70,793,855.65		70,793,855.65	54,475,970.84		54,475,970.84
Total	3,208,996,268.16	15,338,901.00	3,193,657,367.16	3,128,607,280.08	11,564,721.30	3,117,042,558.78

* The English names are for identification purpose only.

(2) Inventories – Development cost

Unit: RMB Yuan

Items	Estimated total investment	Opening balance	Closing balance
Boao NHU Resort	550 million	33,575,305.88	33,723,820.73
Weifang NHU Town Phase II	398.53 million	260,509,627.22	163,321,593.67
Subtotal		294,084,933.10	197,045,414.40

(3) Inventories – Developed products

Unit: RMB Yuan

Items	Date of completion	Opening balance	Increase	Decrease	Closing balance
Boao NHU Resort Center	Dec. 2014	129,785,192.22	7,151,804.33	14,257,716.90	122,679,279.65
Subtotal		129,785,192.22	7,151,804.33	14,257,716.90	122,679,279.65

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

Unit: RMB Yuan

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Recovery/ Reversal	Others	
Raw materials	986,354.24			332,890.79		653,463.45
Goods on hand	10,578,367.06	25,275,549.36		21,168,478.87		14,685,437.55
Total	11,564,721.30	25,275,549.36		21,501,369.66		15,338,901.00

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

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

9. Other current assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Bank financial products and structured deposits	550,000,000.00	950,000,000.00
Prepaid VAT or input VAT to be credited	336,963,113.65	817,273,751.05
Prepaid enterprise income tax	5,070,275.22	5,193,417.21
Prepaid insurance premiums	3,727,306.74	5,056,905.47
Prepaid housing rents		12,335.78
Prepaid urban maintenance and construction tax	10,786.63	16,532.22
Prepaid education surcharge	6,472.01	9,919.36
Prepaid local education surcharge	4,314.62	6,612.87
Total	895,782,268.87	1,777,569,473.96

10. Long-term equity investments

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income/losses recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others			
I. Joint ventures												
II. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	199,358,330.80			60,097,137.98		-9,727,015.88	40,855,278.00				208,873,174.90	
Zhejiang Saiya Chemical Materials Co., Ltd.	98,309,710.69			5,533,827.30					54,679.83		103,898,217.82	
Zhejiang sanbo polymer Co., Ltd												
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.												
山东滨安职业培训学校有限公司 (Shandong Bin'an Vocational Training School Co., Ltd.) [Note]	6,391,064.12			-495,463.27							5,895,600.85	
CysBio ApS	39,319,785.57			-5,831,157.97					-827,995.42		32,660,632.18	
Subtotal	343,378,891.18			59,304,344.04		-9,727,015.88	40,855,278.00		-773,315.59		351,327,625.75	
Total	343,378,891.18			59,304,344.04		-9,727,015.88	40,855,278.00		-773,315.59		351,327,625.75	

Other remarks:

Note: It was formerly named as 山东滨安科技有限公司 (Shandong Bin'an Technology Co., Ltd. *), and was renamed as Shandong Bin'an Vocational Training School Co., Ltd. on December 15, 2021.

11. Other equity instrument investments

Unit: RMB Yuan

Items	Closing balance	Opening balance
Zhejiang Second Pharma Co., Ltd.	7,790,147.55	7,790,147.55
上海联创永津股权投资企业(有限合伙) (Shanghai NewMargin Yongjin Equity Enterprise (LP) *)	15,208,000.00	15,208,000.00
Total	22,998,147.55	22,998,147.55

12. Fixed assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Fixed assets	14,318,919,487.82	13,914,151,215.54
Total	14,318,919,487.82	13,914,151,215.54

(1) Details

Unit: RMB Yuan

Items	Buildings and structures	Generali equipment	Special equipment	Transport facilities	Total
I. Cost:					
1. Opening balance	5,471,048,302.28	148,005,902.83	12,294,355,532.66	25,738,968.49	17,939,148,706.26
2. Increase	836,601,746.21	41,934,813.54	769,353,236.08	1,122,543.76	1,649,012,339.59
(1) Acquisition	285,687,891.98	34,246,572.27	325,846,946.66	1,115,685.35	646,897,096.26
(2) Transferred in	294,766,526.21	7,688,241.27	443,506,289.42	6,858.41	745,967,915.31

* The English names are for identification purpose only.

Items	Buildings and structures	General equipment	Special equipment	Transport facilities	Total
from construction in progress					
(3) Transferred in from inventories	256,147,328.02				256,147,328.02
3. Decrease	14,245,770.31	4,030,191.07	103,102,272.08	1,768,165.93	123,146,399.39
(1) Disposal/ Scrapping	14,245,770.31	4,030,191.07	103,102,272.08	1,768,165.93	123,146,399.39
4. Closing balance	6,293,404,278.18	185,910,525.30	12,960,606,496.66	25,093,346.32	19,465,014,646.46
II. Accumulated depreciation					
1. Opening balance	522,190,479.09	84,230,573.73	3,401,522,313.16	16,291,440.70	4,024,234,806.68
2. Increase	163,902,276.56	18,682,829.26	1,002,411,067.77	1,993,170.08	1,186,989,343.67
(1) Accrual	163,902,276.56	18,682,829.26	1,002,411,067.77	1,993,170.08	1,186,989,343.67
3. Decrease	5,313,720.12	3,774,660.44	84,623,998.89	1,143,718.22	94,856,097.67
(1) Disposal/ Scrapping	5,313,720.12	3,774,660.44	84,623,998.89	1,143,718.22	94,856,097.67
4. Closing balance	680,779,035.53	99,138,742.55	4,319,309,382.04	17,140,892.56	5,116,368,052.68
III. Provision for impairment					
1. Opening balance	16,110.64	1,141.64	729,136.75	16,295.01	762,684.04
2. Increase	20,964,371.17	22,419.03	7,988,069.34		28,974,859.54
(1) Accrual	20,964,371.17	22,419.03	7,988,069.34		28,974,859.54
3. Decrease			10,437.62		10,437.62
(1) Disposal/ Scrapping			10,437.62		10,437.62
4. Closing balance	20,980,481.81	23,560.67	8,706,768.47	16,295.01	29,727,105.96
IV. Carrying amount					
1. Closing balance	5,591,644,760.84	86,748,222.08	8,632,590,346.15	7,936,158.75	14,318,919,487.82
2. Opening balance	4,948,841,712.55	63,774,187.46	8,892,104,082.75	9,431,232.78	13,914,151,215.54

(2) Fixed assets temporarily idle

Unit: RMB Yuan

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	47,473,208.51	26,497,772.70	20,975,435.81		
General equipment	3,238,827.27	2,524,446.75	22,419.03	691,961.49	
Special equipment	251,479,852.63	220,109,064.98	8,488,091.95	22,882,695.70	
Subtotal	302,191,888.41	249,131,284.43	29,485,946.79	23,574,657.19	

(3) Fixed assets leased out under operating leases

Unit: RMB Yuan

Items	Closing carrying amount
Buildings and structures	24,307,887.52
Subtotal	24,307,887.52

(4) Fixed assets with certificate of titles being unsettled

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	1,250,034,807.78	Relevant procedures have not yet been completed.
Subtotal	1,250,034,807.78	

13. Construction in progress

Unit: RMB Yuan

Items	Closing balance	Opening balance
Construction in progress	2,984,835,072.82	1,325,545,420.56
Total	2,984,835,072.82	1,325,545,420.56

(1) Details

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shandong Industrial Park Project phase I	30,856,442.13		30,856,442.13	4,682,266.37		4,682,266.37
Hongweisu project	367,528,650.61		367,528,650.61	125,379,657.49		125,379,657.49
Auxiliary materials supporting project of Heilongjiang NHU Biological Fermentation Industrial Park				62,373,927.07		62,373,927.07
Heilongjiang Xinhao Project phase II	83,453,010.80		83,453,010.80	24,493,344.31		24,493,344.31
Methionine project with annual output of 0.25 million tons	90,355,454.04		90,355,454.04	16,754,982.19		16,754,982.19
Shandong Industrial Park 615 Project				215,871,416.04		215,871,416.04
Shandong Industrial Park 617A Project	1,718,828.38		1,718,828.38	71,756,558.71		71,756,558.71
Shandong Industrial Park 603 Project				47,927,444.49		47,927,444.49
Shandong Industrial Park MH Project				16,423,904.95		16,423,904.95
Shangyu Industrial Park PPS Project	341,096,363.93		341,096,363.93	43,358,686.84		43,358,686.84
Shandong Industrial Park TMB Project	1,173,527,758.16		1,173,527,758.16	448,565,055.49		448,565,055.49
Renovation and upgrading project of biochemical workshop				58,503,795.45		58,503,795.45
Daming Life and Health Industry Project	228,847,778.44		228,847,778.44			
Shandong Industrial Park 603 project phase II	3,019,859.02		3,019,859.02			
616 Joint Production Project	393,488,496.81		393,488,496.81			
Other piecemeal projects	270,942,430.50		270,942,430.50	189,454,381.16		189,454,381.16
Total	2,984,835,072.82		2,984,835,072.82	1,325,545,420.56		1,325,545,420.56

(2) Changes in significant projects

Unit: RMB Yuan

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance	Accumulated input to budget	Completion percentage	Accumulated amount of borrowing cost capitalization	Including: Amount of borrowing cost capitalization in current period	Annual capitalization rate	Fund source
Shandong Industrial Park Project phase I	311,600.00	4,682,266.37	35,283,588.83	7,833,859.50	1,275,553.57	30,856,442.13	84.71%	99.00%	87,993,003.25			Others
Hongweisu project	47,822.98	125,379,657.49	242,148,993.12			367,528,650.61	76.85%	80.00%	1,840,275.00	1,840,275.00	4.05%	Others
Auxiliary materials supporting project of Heilongjiang NHU Biological Fermentation Industrial Park	8,739.61	62,373,927.07	13,054,460.73	75,428,387.80			86.31%	100.00%				Others
Heilongjiang Xinhao Project phase II	10,746.25	24,493,344.31	58,959,666.49			83,453,010.80	77.66%	80.00%				Others
Methionine project with annual output of 0.25 million tons	536,984.22	16,754,982.19	80,293,926.62	6,693,454.77		90,355,454.04	38.86%	45.00%				Raised funds
Shandong Industrial Park 615 Project [Note 1]		215,871,416.04			215,871,416.04							Others
Shandong Industrial Park 617A Project	8,500.00	71,756,558.71	1,718,828.38	58,322,544.91	13,434,013.80	1,718,828.38	86.44%	90.00%				Others
Shandong Industrial Park 603 Project	9,728.03	47,927,444.49	47,391,517.14	95,318,961.63			97.99%	100.00%				Others
Shandong Industrial Park MH Project [Note 2]		16,423,904.95			16,423,904.95							Others
Shangyu Industrial Park PPS Project	70,900.00	43,358,686.84	297,737,677.09			341,096,363.93	48.11%	50.00%				Others
Shandong Industrial Park TMB Project	123,160.59	448,565,055.49	741,286,863.95	16,324,161.28		1,173,527,758.16	96.61%	100.00%	7,718,970.51	7,718,970.51	4.28%	Others
Renovation and upgrading project of biochemical workshop	6,911.00	58,503,795.45	6,289,505.68	64,793,301.13			93.75%	100.00%				Others
Daming Life and Health Industry Project	45,772.07		228,847,778.44			228,847,778.44	63.75%	80.00%				Others
Shandong Industrial Park 603 Project phase II	8,983.60		3,019,859.02			3,019,859.02	3.36%	5.00%				Others
616 Joint Production Project	77,213.69		393,488,496.81			393,488,496.81	50.96%	55.00%				Others
Total	1,267,062.04	1,136,091,039.40	2,149,521,162.30	324,714,671.02	247,004,888.36	2,713,892,642.32	--	--	97,552,248.76	9,559,245.51		--

Note 1: Shandong Industrial Park 615 Project cannot reach the designed usable conditions due to changes of planning. In the current period, equipment available for use amounting to 160,764,472.56 yuan was transferred into 616 Joint Production Project, assets amounting to 2,787,450.02 yuan were disposed, and the remaining part amounting to 52,319,493.46 yuan was retired.

Note 2: Shandong Industrial Park MH Project was included into 616 Joint Production Project for accounting after the latter was established.

14. Right-of-use assets

Unit: RMB Yuan

Items	Buildings and structures	Total
I. Cost		
1. Opening balance	3,113,997.88	3,113,997.88
2. Increase	292,642.27	292,642.27
(1) Leased in	292,642.27	292,642.27
3. Decrease		
4. Closing balance	3,406,640.15	3,406,640.15
II. Accumulated depreciation		
1. Opening balance		
2. Increase	283,003.04	283,003.04
(1) Accrual	283,003.04	283,003.04
3. Decrease		
4. Closing balance	283,003.04	283,003.04
III. Carrying amount		
1. Closing balance	3,123,637.11	3,123,637.11
2. Opening balance	3,113,997.88	3,113,997.88

Note: Please refer to item V 27 (1) of this section for details on the difference between the opening balance and the closing balance of the preceding period (i.e. December 31, 2020).

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

Unit: RMB Yuan

Items	Land use right	Patent right	Non-patented technology	Software	Total
I. Cost					
1. Opening balance	1,535,867,143.93	15,634,893.87	1,880,000.00	24,620,367.22	1,578,002,405.02
2. Increase	135,472,652.16	12,444,620.84	470,000.00	1,176,700.46	149,563,973.46
(1) Acquisition	135,472,652.16	12,444,620.84	470,000.00	1,176,700.46	149,563,973.46
3. Closing balance	1,671,339,796.09	28,079,514.71	2,350,000.00	25,797,067.68	1,727,566,378.48
II. Accumulated amortization					
1. Opening balance	156,112,743.86	1,297,796.00	41,777.78	13,482,957.51	170,935,275.15
2. Increase	31,271,003.28	1,586,615.16	167,111.10	1,876,616.13	34,901,345.67
(1) Accrual	31,271,003.28	1,586,615.16	167,111.10	1,876,616.13	34,901,345.67
3. Closing balance	187,383,747.14	2,884,411.16	208,888.88	15,359,573.64	205,836,620.82
III. Carrying amount					-
1. Closing balance	1,483,956,048.95	25,195,103.55	2,141,111.12	10,437,494.04	1,521,729,757.66
2. Opening balance	1,379,754,400.07	14,337,097.87	1,838,222.22	11,137,409.71	1,407,067,129.87

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

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

Unit: RMB Yuan

Items	Carrying amount	Reasons for unsettlement
Land use right	135,590,077.30	Relevant procedures have not yet been completed.
Subtotal	135,590,077.30	

16. Goodwill**(1) Cost**

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Business combination	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,307,297.60				231,534.80	2,075,762.80
Total	2,307,297.60				231,534.80	2,075,762.80

(2) Provision for impairment

Unit: RMB Yuan

Investees or events resulting in goodwill	Opening balance	Increase		Decrease		Closing balance
		Accrual	Translation reserve	Disposal	Translation reserve	
Bardoterminal GmbH	2,307,297.60				231,534.80	2,075,762.80
Total	2,307,297.60				231,534.80	2,075,762.80

Note: Current decrease refers to translation reserve.

17. Long-term prepayments

Unit: RMB Yuan

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Decoration fees	13,230,866.20	925,144.78	3,777,100.31		10,378,910.67
Site leveling fees	48,664.80		16,221.60		32,443.20
Afforestation fees	89,881.48		89,881.48		
Catalysts		9,499,764.99	1,319,411.80		8,180,353.19
Total	13,369,412.48	10,424,909.77	5,202,615.19		18,591,707.06

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

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	65,402,828.30	11,004,917.24	41,096,831.73	6,778,514.76
Unrealized profit from internal transactions	116,662,766.83	17,499,415.02	180,352,009.29	28,516,508.65
Deferred income	143,266,156.26	21,489,923.45	132,441,298.90	19,866,194.83

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Difference in depreciation of fixed assets	38,739,574.92	5,810,936.24	66,549,918.38	9,982,487.76
Total	364,071,326.31	55,805,191.95	420,440,058.30	65,143,706.00

(2) Deferred tax liabilities before offset

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Difference due to one-off pre-tax deduction of fixed assets	513,284,381.91	89,042,045.24	391,333,594.21	71,800,274.33
Profit before tax of NHU (Hong Kong) Trading Co., Ltd.	311,395,060.48	46,709,259.07	184,979,768.52	27,746,965.28
Changes in fair value of held-for-trading financial instruments, derivative financial instruments			1,949,945.63	292,491.84
Total	824,679,442.39	135,751,304.31	578,263,308.36	99,839,731.45

(3) Deferred tax assets or liabilities after offset

Unit: RMB Yuan

Items	Closing balance of deferred tax assets offset by deferred tax liabilities	Closing balance of deferred tax assets/liabilities after offset	Opening balance of deferred tax assets offset by deferred tax liabilities	Opening balance of deferred tax assets/liabilities after offset
Deferred tax assets		55,805,191.95		65,143,706.00
Deferred tax liabilities		135,751,304.31		99,839,731.45

(4) Details of unrecognized deferred tax assets

Unit: RMB Yuan

Items	Closing balance	Opening balance
Deductible temporary difference	381,427,135.81	253,988,934.04
Deductible losses	976,794,270.71	428,660,231.59
Total	1,358,221,406.52	682,649,165.63

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

Unit: RMB Yuan

Maturity years	Closing balance	Opening balance	Remarks
Year 2026	3,312,384.19	3,312,384.19	
Year 2027	11,527,268.52	11,527,269.04	
Year 2028	38,888,442.26	38,888,442.26	
Year 2029	104,197,877.04	104,129,305.33	
Year 2030	260,165,696.64	270,802,830.77	
Year 2031	558,702,602.06		
Total	976,794,270.71	428,660,231.59	--

19. Other non-current assets

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Pollution emission trading fees	1,611,305.24		1,611,305.24	14,447,447.94		14,447,447.94
Payments for coal quota	65,896,000.00		65,896,000.00	68,296,000.00		68,296,000.00
Prepayments for long-term assets	433,569,279.16		433,569,279.16	195,050,042.74		195,050,042.74
Total	501,076,584.40		501,076,584.40	277,793,490.68		277,793,490.68

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

Unit: RMB Yuan

Items	Closing balance	Opening balance
Guaranteed borrowings		10,013,902.78
Credit borrowings	1,383,332,827.92	2,225,474,073.09
Credit and pledged borrowings		100,000,000.00
Pledged and guaranteed borrowings		28,037,216.66
Credit and guaranteed borrowings	20,000,000.00	
Total	1,403,332,827.92	2,363,525,192.53

21. Notes payable

Unit: RMB Yuan

Categories	Closing balance	Opening balance
Bank acceptance	694,124,946.73	497,644,517.23
Total	694,124,946.73	497,644,517.23

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

Unit: RMB Yuan

Items	Closing balance	Opening balance
Materials and labor costs	658,235,707.69	567,395,890.15
Payments for engineering and equipment	777,730,720.07	896,332,425.89
Total	1,435,966,427.76	1,463,728,316.04

23. Contract liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Payments for goods received in advance	61,135,258.36	56,302,537.11
Total	61,135,258.36	56,302,537.11

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

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	322,646,061.45	1,424,679,325.78	1,376,716,054.16	370,609,333.07
II. Post-employment benefits – defined contribution plan		76,328,654.93	76,328,654.93	
Total	322,646,061.45	1,501,007,980.71	1,453,044,709.09	370,609,333.07

(2) Details of short-term employee benefits

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	259,201,281.23	1,248,471,547.31	1,190,271,242.90	317,401,585.64
2. Employee welfare fund		82,518,675.71	82,518,675.71	
3. Social insurance premium		43,165,402.73	43,165,402.73	
Including: Medicare premium		38,047,525.90	38,047,525.90	
Occupational injuries premium		2,948,069.88	2,948,069.88	
Maternity premium		2,169,806.95	2,169,806.95	
4. Housing provident fund		41,250,117.58	41,250,117.58	
5. Trade union fund and employee education fund	63,444,780.22	9,273,582.45	19,510,615.24	53,207,747.43
Total	322,646,061.45	1,424,679,325.78	1,376,716,054.16	370,609,333.07

(3) Details of defined contribution plan

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium		73,480,864.56	73,480,864.56	
2. Unemployment insurance premium		2,847,790.37	2,847,790.37	
Total		76,328,654.93	76,328,654.93	

25. Taxes and rates payable

Unit: RMB Yuan

Items	Closing balance	Opening balance
VAT	45,928,799.96	30,247,041.09
Enterprise income tax	324,899,257.88	197,310,396.17
Individual income tax withheld for tax authorities	3,749,309.86	1,951,726.31
Urban maintenance and construction tax	3,686,070.96	1,971,609.80
Land appreciation tax	15,244,826.82	14,519,045.43
Housing property tax	15,577,742.83	13,209,123.23
Land use tax	8,351,133.07	8,067,682.42
Education surcharge (local education surcharge)	3,273,420.39	1,537,328.96
Stamp duty	32,700.92	7,902.60
Local water conservancy construction fund		39,142.74

Items	Closing balance	Opening balance
Environmental protection tax		3,473.63
Total	420,743,262.69	268,864,472.38

26. Other payables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Other payables	56,712,103.36	129,839,228.89
Total	56,712,103.36	129,839,228.89

1) Categorized by nature

Unit: RMB Yuan

Items	Closing balance	Opening balance
Security deposits	32,961,596.12	23,102,033.05
Temporary receipts payable	11,425,312.83	9,575,676.08
Earnest money for housing purchase (Boao NHU Resort Center)	100,000.00	1,893,256.00
Payments for equity transfer		83,904,479.79
Call loans		3,243,666.67
Others	12,225,194.41	8,120,117.30
Total	56,712,103.36	129,839,228.89

27. Non-current liabilities due within one year

Unit: RMB Yuan

Items	Closing balance	Opening balance
Long-term borrowings due within one year	2,029,254,131.97	1,275,888,293.32
Lease liabilities due within one year	245,377.46	92,628.26
Total	2,029,499,509.43	1,275,980,921.58

Note: Please refer to item V 27 of this section for details on the difference between the opening balance and the closing balance of the preceding period (i.e. December 31, 2020).

28. Other current liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Output VAT to be recognized	5,133,310.10	4,956,463.49
Total	5,133,310.10	4,956,463.49

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

Unit: RMB Yuan

Items	Closing balance	Opening balance
Mortgaged borrowings	37,669,008.56	49,635,844.80
Guaranteed borrowings	945,155,611.12	1,175,331,152.79
Credit borrowings	4,165,987,166.81	2,911,908,356.74
Total	5,148,811,786.49	4,136,875,354.33

30. Lease liabilities

Unit: RMB Yuan

Items	Closing balance	Opening balance
Unpaid lease payments	4,331,618.17	4,557,047.64
Less: Unrealized financing expenses	1,394,750.02	1,535,678.02
Total	2,936,868.15	3,021,369.62

Note: Please refer to item V 27 of this section for details on the difference between the opening balance and the closing balance of the preceding period (i.e. December 31, 2020).

31. Deferred income

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	873,066,181.34	275,798,900.00	85,165,405.18	1,063,699,676.16	The Company received government grants related to assets, which were amortized based on the depreciation progress of corresponding assets.
Total	873,066,181.34	275,798,900.00	85,165,405.18	1,063,699,676.16	--

Details of government grants

Unit: RMB Yuan

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Special funds for Biological Fermentation Industrial Park Project	476,914,860.00			49,336,020.00			427,578,840.00	Related to assets
Special funds for enterprise development (Shandong Vitamins)	84,635,251.75			9,672,600.20			74,962,651.55	Related to assets
Special funds for joint production project of Xinhao Thermal Power	35,547,916.69			3,774,999.96			31,772,916.73	Related to assets
Technical renovation for green deep processing of 2019	34,260,000.00						34,260,000.00	Related to assets
Special funds for enterprise development (Amino Acid)	38,950,549.48	8,000,000.00		1,145,604.36			45,804,945.12	Related to assets
Subsidies for land leveling of Shandong	29,026,913.28			718,189.44			28,308,723.84	Related to assets
Enterprise development funds of Shandong	19,285,039.00			437,814.12			18,847,224.88	Related to assets

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
PPS construction project with annual output of 10,000 tons	13,238,499.92			1,826,000.04			11,412,499.88	Related to assets
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	11,400,000.00			2,850,000.00			8,550,000.00	Related to assets
Enterprise development funds of Advanced Manufacturing Industrial Park	8,690,037.83			198,251.76			8,491,786.07	Related to assets
Effective industrial input expansion of 2016	7,022,400.00			957,600.00			6,064,800.00	Related to assets
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	5,351,785.70			1,427,142.84			3,924,642.86	Related to assets
Fiscal subsidies for low-rent housing	6,339,417.24			240,857.16			6,098,560.08	Related to assets
Subsidies from land transfer fees of Shandong dormitory	5,123,252.66			250,231.57			4,873,021.09	Related to assets
Subsidies for inputs in biochemical infrastructure of Shangyu	4,898,735.72			317,771.88			4,580,963.84	Related to assets
Construction project of public testing service platform	4,000,000.00			999,999.96			3,000,000.04	Related to assets
Subsidies for infrastructure supporting fees	8,275,875.00			797,625.00			7,478,250.00	Related to assets
Compensation for resource conservation and environmental protection projects of 2017	3,840,000.00			480,000.00			3,360,000.00	Related to assets
Subsidies for new materials, land and infrastructure construction	3,242,880.00			810,720.00			2,432,160.00	Related to assets
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	2,679,299.82			539,228.52			2,140,071.30	Related to assets
Subsidies for RTO Project	1,666,666.86			399,999.96			1,266,666.90	Related to assets
Special subsidies for development of marine economy of 2017	2,000,000.00						2,000,000.00	Related to assets
Special subsidies for high-quality development of manufacturing industry	2,109,286.90			304,957.20			1,804,329.70	Related to assets
Enterprise development fund (Shandong Fine Chemical)	52,224,561.00						52,224,561.00	Related to assets
Special funds for Taishan industry leading talents		7,400,000.00					7,400,000.00	Related to assets
Food security control and emergency facilities project		25,080,000.00		209,000.00			24,871,000.00	Related to assets
Policy incentives for industrial production projects of 2020		25,000,000.00		786,778.65			24,213,221.35	Related to assets
Special funds for Heilongjiang Biological Fermentation Industrial Park Project		111,810,000.00					111,810,000.00	Related to assets
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone		27,728,800.00		3,473,383.27			24,255,416.73	Related to assets
Subsidies for upgrading coal-fired boilers of 2017		260,000.00		37,142.88			222,857.12	Related to assets
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County		495,000.00		29,464.25			465,535.75	Related to assets
Special funds for technical renovation		20,500,000.00		330,396.63			20,169,603.37	Related to assets
Incentives for investment promotion		25,000,000.00		17,858.29			24,982,141.71	Related to assets

Items	Opening balance	Increase	Grants included into non-operating revenue	Grants included into other income	Grants offsetting relevant cost	Other changes	Closing balance	Related to assets/income
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021		4,875,100.00					4,875,100.00	Related to assets
Special funds for supporting advanced manufacturing industry and modern service industry		19,650,000.00					19,650,000.00	Related to assets
Other piecemeal subsidies	12,342,952.49			2,795,767.24			9,547,185.25	Related to assets
Total	873,066,181.34	275,798,900.00		85,165,405.18			1,063,699,676.16	

Note: Please refer to item VII 59 of this section for details on government grants included in profit or loss.

32. Share capital

Unit: RMB Yuan

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	2,148,662,300.00			429,732,460.00		429,732,460.00	2,578,394,760.00

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

Pursuant to the 2020 profit distribution plan deliberated and approved by the general meeting of 2020, based on total shares of 2,148,662,300 shares as at December 31, 2020, the Company increased shares at 2 shares per 10 shares by converting capital reserve to all shareholders. After the increase, the total share capital amounted to 2,578,394,760 yuan. Such capital increase had been verified by Pan-China Certified Public Accountants LLP, and a Capital Verification Report numbered PCCPACVR [2021] 234 was issued thereon.

33. Capital reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	4,277,237,673.92		429,732,460.00	3,847,505,213.92
Other capital reserve	283,284,882.92		9,727,015.88	273,557,867.04
Total	4,560,522,556.84		439,459,475.88	4,121,063,080.96

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

Current decrease of capital premium (share premium) was due to conversion of capital reserve to share capital. Please refer to item VII 32 of this section for details. Current decrease of other capital reserve was due to changes in the Company's proportionate share in net assets of the associate Zhejiang Chunhui Environmental Protection Energy Co., Ltd. arising from capital increase made by individual investors.

34. Treasury shares

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares		320,360,784.48		320,360,784.48
Total		320,360,784.48		320,360,784.48

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

Current increase of treasury shares was due to the repurchase of public shares by the Company for the purpose of equity incentive plan and employee stock ownership plan.

35 Other comprehensive income (OCI)

Unit: RMB Yuan

Items	Opening balance	Current period cumulative						Closing balance
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
Items not to be reclassified subsequently to profit or loss	27,803,829.31	-37,096,882.86				-29,418,001.62	-7,678,881.24	-1,614,172.31
Including: Other comprehensive income to be transferred to profit or loss under equity method	506,954.43							506,954.43
Translation reserves	27,296,874.88	-37,096,882.86				-29,418,001.62	-7,678,881.24	-2,121,126.74
Total	27,803,829.31	-37,096,882.86				-29,418,001.62	-7,678,881.24	-1,614,172.31

36. Special reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	9,550,346.85	27,879,615.83	24,737,744.17	12,692,218.51
Total	9,550,346.85	27,879,615.83	24,737,744.17	12,692,218.51

37. Surplus reserve

Unit: RMB Yuan

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,074,331,150.00	214,866,230.00		1,289,197,380.00
Total	1,074,331,150.00	214,866,230.00		1,289,197,380.00

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

Current increase was due to the appropriation of statutory surplus reserve at 10% of the net profit generated by the parent company, which may cease when the appropriation of statutory surplus reserve is accumulated up to 50% of the registered capital.

38. Undistributed profit

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Opening balance	11,515,384,739.95	9,158,233,971.76
Add: Net profit attributable to owners of the parent company	4,324,150,263.31	3,563,759,939.48
Less: Appropriation of statutory surplus reserve	214,866,230.00	122,486,233.38
Dividend payable on ordinary shares	1,504,063,610.00	1,074,331,150.00
Others		9,791,787.91
Closing balance	14,120,605,163.26	11,515,384,739.95

Other remarks:

Pursuant to the 2020 profit distribution plan deliberated and approved by the general meeting of 2020, based on total shares of 2,148,662,300 shares as of December 31, 2020, the Company distributed cash dividend of 7.00 yuan (tax included) per 10 shares to all shareholders. Cash dividend distributed totaled 1,504,063,610.00 yuan.

39. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	14,647,980,675.91	8,124,979,308.14	10,230,925,578.36	4,665,045,718.58
Other operations	150,008,415.29	87,313,638.13	83,158,775.85	62,218,285.36
Total	14,797,989,091.20	8,212,292,946.27	10,314,084,354.21	4,727,264,003.94
Including: Revenue from contracts with customers	14,795,863,202.58	8,211,656,091.12	10,313,379,331.85	4,726,763,036.02

Whether the lower of audited net profit before deducting non-recurring profit or loss and that after deducting non-recurring profit or loss is negative?

Yes No

Details of revenue:

Unit: RMB Yuan

Categories of contracts	Total
By operating region	
Including: Domestic	7,121,686,534.55
Overseas	7,674,176,668.03
Subtotal	14,795,863,202.58
By product	
Including: Nutrition	11,127,987,778.92
Flavor and fragrance	2,238,700,529.12
New materials	873,994,673.98
Others	555,180,220.56
Subtotal	14,795,863,202.58
By revenue recognition time	
Including: Goods (transferred at a point in time)	14,795,863,202.58
Subtotal	14,795,863,202.58
By sales channel	
Including: Direct sales	11,475,745,011.90
Agent sales	3,320,118,190.68
Subtotal	14,795,863,202.58

Information related to performance obligations:

None.

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

As of December 31, 2021, revenue corresponding to performance obligations for which the Company has entered into contracts but

not yet performed or fulfilled amounted to 3,023,570,072.19 yuan, of which, 3,023,570,072.19 yuan is expected to be recognized as revenue in 2022.

40. Taxes and surcharges

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	30,312,419.65	29,198,412.36
Education surcharge (local education surcharge)	27,571,975.04	26,384,789.31
Land appreciation tax	1,487,064.65	569,089.05
Stamp duty	5,571,964.17	3,803,865.23
Housing property tax	36,023,723.71	25,702,227.37
Land use tax	29,553,065.04	28,110,810.83
Vehicle and vessel use tax	35,481.54	32,998.67
Environmental protection tax	1,069,134.43	991,051.20
Total	131,624,828.23	114,793,244.02

41. Selling expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Handling charges, freight and insurance fees		200,763,871.66
Sales commission and customs declaration charges	15,913,870.35	37,778,102.90
Advertising and promotion expenses, business entertainment expenses	8,131,154.24	7,330,825.13
Employee benefits	57,976,469.34	48,690,106.45
Office expenses, business traveling expenses	15,428,583.10	11,621,637.87
Others	9,587,008.93	6,773,396.57
Total	107,037,085.96	312,957,940.58

42. Administrative expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Employee benefits	201,712,221.78	214,752,624.21
Office expenses, business traveling expenses	59,903,319.54	63,620,806.74
Taxes	9,628,608.33	9,282,039.35
Depreciation, amortization of intangible assets	88,011,620.25	64,923,789.85
Business entertainment expenses	21,149,038.92	17,678,602.63
Insurance premiums	15,035,969.98	10,758,291.77
Consulting fees	15,521,872.12	13,253,853.76
Others	12,621,766.75	28,583,842.94
Total	423,584,417.67	422,853,851.25

43. R&D expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Direct input	291,075,726.28	183,593,482.21
Employee benefits	344,464,922.47	257,824,436.43
Depreciation, amortization of intangible assets	51,416,050.04	38,566,126.15
Office expenses, business traveling expenses	47,138,539.85	18,739,316.57
Outsourcing expenses	24,718,470.93	23,824,873.91
Others	23,847,998.97	23,014,140.45
Total	782,661,708.54	545,562,375.72

44. Financial expenses

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest expenses	337,753,271.80	249,052,551.92
Less: Interest income	164,418,967.90	42,376,836.40
Losses on foreign exchange (or less: gains)	86,391,384.65	82,411,129.59
Others	10,242,664.69	15,456,169.38
Total	269,968,353.24	304,543,014.49

45. Other income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Government grants related to assets [Note]	85,165,405.18	46,559,530.37
Government grants related to income [Note]	66,054,648.19	73,856,347.35
Refund of handling fees for withholding individual income tax	1,160,651.30	905,342.47
Total	152,380,704.67	121,321,220.19

Note: Please refer to item VII 59 of this section for details on government grants included in other income.

46. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	59,304,344.04	57,689,812.69
Investment income from disposal of financial instruments	10,887,997.40	-3,076,486.79
Including: Financial assets classified as at fair value through profit or loss	12,582,646.77	1,211,398.15
Financial liabilities classified as at fair value through profit or loss	-1,694,649.37	-4,287,884.94
Interest income from discounted notes	-259.56	-708,333.33
Investment income from bank financial products and structured deposits	57,777,633.53	106,249,559.87
Total	127,969,715.41	160,154,552.44

47. Gains on changes in fair value

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	39,426,345.82	11,724,972.46
Including: Gains on changes in fair value arising from financial assets classified as at fair value through profit or loss	39,426,345.82	11,724,972.46
Held-for-trading financial liabilities	-1,562,640.38	-2,355,055.18
Including: Gains on changes in fair value arising from financial liabilities classified as at fair value through profit or loss	-1,562,640.38	-2,355,055.18
Total	37,863,705.44	9,369,917.28

48. Credit impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Bad debts	-50,043,349.49	-4,095,147.32
Total	-50,043,349.49	-4,095,147.32

49. Assets impairment loss

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-25,275,549.36	-12,369,945.69
Impairment loss of fixed asset	-28,974,859.54	
Total	-54,250,408.90	-12,369,945.69

50. Gains on asset disposal

Unit: RMB Yuan

Sources	Current period cumulative	Preceding period comparative
Gains on disposal of non-current assets	-1,544,436.08	3,744,385.58
Total	-1,544,436.08	3,744,385.58

51. Non-operating revenue

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Indemnity income	11,227,600.39	1,148,712.35	11,227,600.39
Gains on damage or retirement of non-current assets	12,775.00		12,775.00
Others	1,047,467.45	793,583.79	1,047,467.45
Total	12,287,842.84	1,942,296.14	12,287,842.84

52. Non-operating expenditures

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	2,003,374.90	12,025,637.84	2,003,374.90
Losses on damage or retirement of non-current assets [Note]	59,895,963.50	41,552,999.96	59,895,963.50
Local water conservancy construction fund		703,398.76	
Others	2,704,485.84	2,003,423.23	2,704,485.84
Total	64,603,824.24	56,285,459.79	64,603,824.24

Note: It included 52,319,493.46 yuan as losses on scrapping of construction in progress, as Shandong Industrial Park 615 Project cannot reach the designed usable conditions due to changes of planning.

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

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	645,264,359.60	513,114,239.32
Deferred income tax expenses	45,250,086.91	19,549,993.21
Total	690,514,446.51	532,664,232.53

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB Yuan

Items	Current period cumulative
Profit before tax	5,030,879,700.94
Income tax expenses based on statutory/applicable tax rate	754,631,955.14
Effect of different tax rate applicable to subsidiaries	-5,052,076.69
Effect of prior income tax reconciliation	-2,381,352.00
Effect of non-taxable income	-9,720,778.97
Effect of non-deductible costs, expenses and losses	9,378,437.39
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-5,790,832.98
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	71,388,881.46
Tax deduction of investments in special equipment for environmental protection, energy and water conservation and safety production purposes	-4,481,359.34
Effect of tax rate changes on opening balance of deferred tax assets/liabilities	946,543.44
Effect of extra deduction of R&D expenses	-118,404,970.94
Income tax expenses	690,514,446.51

54. Other comprehensive income

Please refer to item VII 35 of this section for details.

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

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Interest income from cash in bank	164,418,967.90	42,376,836.40
Receipt of government grants	335,719,965.91	139,491,325.41
Recovery of temporary borrowings and security deposits	10,265,762.72	9,519,261.10
Receipt of temporary receipts payable	4,711,009.18	2,511,261.50
Other receipts and net current accounts	24,850,169.36	10,767,268.18
Total	539,965,875.07	204,665,952.59

(2) Other cash payments related to operating activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
R&D expenditures in the form of cash	95,705,009.75	65,578,330.93
Handling charges, freight and insurance fees		199,589,254.76
Office expenses and business traveling expenses	107,041,859.39	75,242,444.61
Advertising and promotion expenses, business entertainment expenses	29,280,193.16	25,009,427.76
Sales commission and customs declaration charges	15,913,870.35	37,778,102.90
Insurance expenses	13,706,371.25	11,366,760.02
Consulting fees	15,521,872.12	13,253,853.76
Other payments and net current accounts	32,081,395.48	48,663,971.37
Total	309,250,571.50	476,482,146.11

(3) Other cash receipts related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Redemption of financial products	1,800,000,000.00	3,850,000,000.00
Recovery of deposits for contingent options		4,780,000.00
Recovery of land bond		19,090,000.00
Total	1,800,000,000.00	3,873,870,000.00

(4) Other cash payments related to investing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for losses on forward foreign exchange settlement		15,037,520.58
Payments for purchase of financial products and structured deposits	1,800,000,000.00	1,800,000,000.00
Payments for land bond	4,835,731.00	
Total	1,804,835,731.00	1,815,037,520.58

(5) Other cash receipts related to financing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Recovery of cash and bank balances pledged for borrowings		85,412,707.20
Recovery of swap margin for borrowing interest		2,800,000.00
Receipt of call loans		3,000,000.00
Total		91,212,707.20

(6) Other cash payments related to financing activities

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Payments for bank financing handling charges	3,786,203.45	4,555,462.31
Payments of handling charges for issuing letters of guarantee for borrowings	1,600,495.28	3,152,912.84
Repayments of principal and interest of leases	389,323.20	
Repurchase of treasury shares	320,360,784.48	
Repayments of call loans and interest	3,304,500.00	22,184,386.28
Payments of guarantee fees		132,075.47
Total	329,441,306.41	30,024,836.90

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

Unit: RMB Yuan

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	4,340,365,254.43	3,577,227,510.51
Add: Provision for assets impairment loss	104,293,758.39	-16,465,093.01
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,186,989,343.67	831,274,849.16
Depreciation of right-of-use assets	283,003.04	
Amortization of intangible assets	34,901,345.67	32,642,629.85
Amortization of long-term prepayments	5,202,615.19	1,695,355.76
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	1,544,436.08	-3,744,385.58
Fixed assets retirement loss (Less: gains)	59,883,188.50	41,552,999.96
Losses on changes in fair value (Less: gains)	-37,863,705.44	-9,369,917.28
Financial expenses (Less: gains)	338,987,833.23	343,115,287.01
Investment losses (Less: gains)	-127,969,715.41	-160,154,552.44
Decrease of deferred tax assets (Less: increase)	9,338,514.05	-1,019,795.07
Increase of deferred tax liabilities (Less: decrease)	35,911,572.86	20,569,788.28
Decrease of inventories (Less: increase)	-358,037,685.76	-960,709,136.37

Supplement information	Current period cumulative	Preceding period comparative
Decrease of operating receivables (Less: increase)	-520,188,422.82	-614,676,296.13
Increase of operating payables (Less: decrease)	761,094,844.23	36,655,277.27
Others	3,141,871.66	4,212,841.29
Net cash flows from operating activities	5,837,878,051.57	3,122,807,363.21
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Cash at the end of the period	5,714,537,538.23	4,669,306,776.09
Less: Cash at the beginning of the period	4,669,306,776.09	3,213,557,815.42
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	1,045,230,762.14	1,455,748,960.67

(2) Composition of cash and cash equivalents

Unit: RMB Yuan

Items	Closing balance	Opening balance
I. Cash	5,714,537,538.23	4,669,306,776.09
Including: Cash on hand	14,537.85	10,735.55
Cash in bank on demand for payment	5,684,842,466.04	4,669,296,040.54
Other cash and bank balances on demand for payment	29,680,534.34	
II. Cash and cash equivalents at the end of the period	5,714,537,538.23	4,669,306,776.09

Remarks:

Closing balance of cash and bank balances amounted to 5,952,909,626.94 yuan, including deposit for bank acceptance of 149,724,511.46 yuan, deposit for letters of credit of 86,212,564.30 yuan, deposit for engineering labor costs of 1,654,664.15 yuan, deposit for ETC of 16,500.00 yuan, deposit for water fees of 358,792.30 yuan and deposit for construction safety of 405,056.50 yuan, which was not cash and cash equivalents.

Opening balance of cash and bank balances amounted to 4,927,657,236.24 yuan, including deposit for bank acceptance of 233,849,274.66 yuan, deposit for letters of credit of 23,350,000.00 yuan, deposit for engineering labor costs of 741,108.87 yuan, deposit for ETC of 6,000.00 yuan and deposit for construction safety of 404,076.62 yuan, which was not cash and cash equivalents.

57. Assets with title or use right restrictions

Unit: RMB Yuan

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	238,372,088.71	Please refer to supplement information to the cash flow statement of this section for details.
Notes receivable	236,268,835.12	Please refer to notes to notes receivable of this section for details.
Fixed assets	79,957,441.31	Mortgaged for bank borrowings.
Intangible assets	9,463,498.51	Mortgaged for bank borrowings.
Receivables financing	131,943,711.14	Please refer to notes to receivables financing of this section for details.
Total	696,005,574.79	--

58. Monetary items in foreign currencies**(1) Details**

Unit: RMB Yuan

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances	--	--	555,718,818.48
Including: USD	75,657,949.45	6.3757	482,372,388.31
EUR	7,437,675.19	7.2197	53,697,783.57
HKD	1,378,911.45	0.8176	1,127,398.00
JPY	333,610,456.00	0.0554	18,482,019.26
SGD	8,315.00	4.7179	39,229.34
Accounts receivable	--	--	2,076,349,690.20
Including: USD	289,293,258.85	6.3757	1,844,447,030.45
EUR	32,120,816.62	7.2197	231,902,659.75
Other receivables			5,793,484.57
Including: EUR	798,865.14	7.2197	5,767,566.65
HKD	31,700.00	0.8176	25,917.92
Short-term borrowings			434,229,656.08
Including: EUR	60,145,110.75	7.2197	434,229,656.08
Accounts payable			35,195,736.73
Including: USD	109,474.60	6.3757	697,977.21
EUR	4,778,281.58	7.2197	34,497,759.52
Other payables			9,990,081.52
Including: USD	1,528,509.72	6.3757	9,745,319.42
EUR	31,020.10	7.2197	223,955.82
HKD	25,448.00	0.8176	20,806.28
Long-term borrowings			37,669,008.56
Including: EUR	5,217,531.00	7.2197	37,669,008.56
Non-current liabilities due within one year			7,091,159.85
Including: EUR	961,662.00	7.2197	6,942,911.14
HKD	181,321.81	0.8176	148,248.71

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

√ Applicable □ Not applicable

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

59. Government grants

(1) Government grants related to assets

Unit: RMB Yuan

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Special funds for Biological Fermentation Industrial Park Project	476,914,860.00		49,336,020.00	427,578,840.00	Other income	Pursuant to the document numbered Sui Jing Kai Guan [2018] 55
Special funds for enterprise development (Shandong Vitamins)	84,635,251.75		9,672,600.20	74,962,651.55	Other income	
Special funds for joint production project of Xinhao Thermal Power	35,547,916.69		3,774,999.96	31,772,916.73	Other income	Pursuant to the document numbered Sui Jing Kai Guan Wei Han [2018] 123
Technical renovation for green deep processing of 2019	34,260,000.00			34,260,000.00	Other income	Pursuant to the document numbered Zhe Fa Gai Mi [2019] 127
Special funds for enterprise development (Amino Acid)	38,950,549.48	8,000,000.00	1,145,604.36	45,804,945.12	Other income	Pursuant to the documents numbered Wei Bin Cai Zhi Zi [2018] 40 and Wei Bin Cai Jin Yu [2021] 44
Subsidies for land leveling of Shandong	29,026,913.28		718,189.44	28,308,723.84	Other income	
Enterprise development funds of Shandong	19,285,039.00		437,814.12	18,847,224.88	Other income	Pursuant to the documents numbered Wei Bin Cai Zhi Zi [2014] 513, Wei Bin Cai Zhi Zi [2016] 194 and Wei Bin Cai Zhi Zi [2017] 307
PPS construction project with annual output of 10,000 tons	13,238,499.92		1,826,000.04	11,412,499.88	Other income	
Subsidies for PPS resin with annual output of 5,000 tons and PPS composite materials with annual output of 6,000 tons	11,400,000.00		2,850,000.00	8,550,000.00	Other income	

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Enterprise development funds of Advanced Manufacturing Industrial Park	8,690,037.83		198,251.76	8,491,786.07	Other income	
Effective industrial input expansion of 2016	7,022,400.00		957,600.00	6,064,800.00	Other income	
Funds for key thematic projects of industrial revitalization and technical renovation of 2012	5,351,785.70		1,427,142.84	3,924,642.86	Other income	Special funds for new cephalosporin antibiotics project with annual output of 10 tons according to the document numbered Zhe Cai Qi [2012] 276 issued by Department of Finance of Zhejiang Province and Economy and Informatization Commission of Zhejiang Province
Fiscal subsidies for low-rent housing	6,339,417.24		240,857.16	6,098,560.08	Other income	
Subsidies from land transfer fees of Shandong dormitory	5,123,252.66		250,231.57	4,873,021.09	Other income	
Subsidies for inputs in biochemical infrastructure of Shangyu	4,898,735.72		317,771.88	4,580,963.84	Other income	
Construction project of public testing service platform	4,000,000.00		999,999.96	3,000,000.04	Other income	
Subsidies for infrastructure supporting fees	8,275,875.00		797,625.00	7,478,250.00	Other income	
Compensation for resource conservation and environmental protection projects of 2017	3,840,000.00		480,000.00	3,360,000.00	Other income	
Subsidies for new materials, land and infrastructure construction	3,242,880.00		810,720.00	2,432,160.00	Other income	
Special fiscal funds for revitalization of the substantial economy (transformation of traditional industries) of 2017	2,679,299.82		539,228.52	2,140,071.30	Other income	Pursuant to the document numbered Xin Cai Qi [2019] 151
Subsidies for RTO Project	1,666,666.86		399,999.96	1,266,666.90	Other income	Pursuant to the document numbered Wei Cai Qi Zhi [2014] 207
Special subsidies for development of marine economy of 2017	2,000,000.00			2,000,000.00		Pursuant to the document numbered Shang Yu Cai Jian [2018] 12
Special subsidies for high-quality development of manufacturing industry	2,109,286.90		304,957.20	1,804,329.70	Other income	Pursuant to the document numbered Xin Jing Xin [2020] 79
Enterprise development fund (Shandong Fine Chemical)	52,224,561.00			52,224,561.00		Pursuant to the document numbered Wei Bin Cai Zhi Zi

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
						[2020] 34
Special funds for Taishan industry leading talents project		7,400,000.00		7,400,000.00		Pursuant to the documents numbered Lu Zheng Ban Zi [2021] 13, Lu Zu Zi [2021] 24, Wei Bin Cai Xing Zhi Zi [2021] 1, and Wei Cai Xing Zhi [2021] 16
Food security control and emergency facilities project – investment plan within budget of the central government of 2020		25,080,000.00	209,000.00	24,871,000.00	Other income	Pursuant to the document numbered Hei Fa Gai Tou Zi [2020] 542
Policy incentives for industrial production projects of 2020		25,000,000.00	786,778.65	24,213,221.35	Other income	Pursuant to the document numbered Hei Cai Zhi (Chan Ye) [2020] 558
Special funds for Heilongjiang Biological Fermentation Industrial Park Project		111,810,000.00		111,810,000.00		
Incentives for enterprises settling in Industrial Collaborative Innovation Center by Hangzhou Bay Shangyu Economic and Technological Development Zone		27,728,800.00	3,473,383.27	24,255,416.73	Other income	
Subsidies for upgrading coal-fired boilers of 2017		260,000.00	37,142.88	222,857.12	Other income	Pursuant to the document numbered Xin Cai Jian [2018] 204
Subsidies for low-nitrogen transformation of gas-fired boilers of Xinchang County		495,000.00	29,464.25	465,535.75	Other income	Pursuant to the document numbered Xin Huan Yu [2018] 25
Special funds for technical renovation		20,500,000.00	330,396.63	20,169,603.37	Other income	
Incentives for investment promotion		25,000,000.00	17,858.29	24,982,141.71	Other income	Pursuant to the document numbered Wei Bin Cai Gong Zhi Zi [2021] 14
Special fiscal supporting funds for high-quality development (investment projects) of manufacturing industry of Xinchang County of 2021		4,875,100.00		4,875,100.00	Other income	Pursuant to the document numbered Xin Jing Xin [2021] 50
Special investment plan within budget of the central government for supporting advanced manufacturing industry and modern service of 2021		19,650,000.00		19,650,000.00	Other income	Pursuant to the document numbered Fa Gai Tou Zi [2021] 1117
Other piecemeal subsidies - investment plan within budget of the central government of 2020	12,342,952.49		2,795,767.24	9,547,185.25	Other income	

Items	Opening balance of deferred income	Increase	Amortization	Closing balance of deferred income	Amortization presented under	Remarks
Subtotal	873,066,181.34	275,798,900.00	85,165,405.18	1,063,699,676.16		

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

Unit: RMB Yuan

Items	Amount	Presented under	Remarks
Government reward	18,306,370.00	Other income	Related to income
Other subsidies	38,268,540.45	Other income	Related to income
Special subsidies	9,479,737.74	Other income	Related to income
Subtotal	66,054,648.19		

(3) Fiscal interest subvention

Unit: RMB Yuan

Items	Opening balance of deferred income	Increase	Amounts carried forward	Closing balance of deferred income	Amounts carried forward presented under	Remarks
Fiscal interest subvention		178,576.65	178,576.65		Financial expenses	
Subtotal		178,576.65	178,576.65			

(4) In the current period, government grants included into profit or loss totaled 151,398,630.02 yuan.**VIII. Changes in the consolidation scope****1. Changes in the consolidation scope due to other reasons**

Unit: RMB Yuan

Companies	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
Zhejiang NHU Nylon Materials Co., Ltd.	Establishment	November 9, 2021		
NHU Singapore PTE. LTD.	Establishment	November 6, 2021	12,800,000.00	100.00%

IX. Interest in other entities**1. Interest in subsidiaries****(1) Composition of the group**

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

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
山东新和成控股有限公司 (Shandong NHU Holdings Co., Ltd.)	Weifang, Shandong	Weifang, Shandong	Service	100.00%		Establishment
Shandong NHU Vitamins Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Manufacturing		100.00% [Note 2]	Establishment
Heilongjiang NHU Biotechnology Co., Ltd.	Suihua, Heilongjiang	Suihua, Heilongjiang	Manufacturing	100.00%		Establishment
NHU Singapore PTE. LTD.	Singapore	Singapore	Trade	100.00%		Establishment

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

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

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

(2) Significant not wholly-owned subsidiaries

Unit: RMB Yuan

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
NHU EUROPE GmbH	49.00%	16,214,991.12	12,381,785.50	63,730,851.41

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

Unit: RMB Yuan

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
NHU EUROPE GmbH	860,365,259.01	95,891,993.02	956,257,252.03	788,525,281.39	37,669,008.56	826,194,289.95

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
NHU EUROPE GmbH	557,333,673.19	109,005,921.19	666,339,594.38	478,792,469.90	49,635,844.80	528,428,314.70

Unit: RMB Yuan

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
NHU EUROPE GmbH	1,655,950,052.91	33,091,818.61	-7,679,716.03	72,448,446.07	1,695,307,096.25	27,484,838.84	30,804,930.61	27,888,174.39

* The English name is for identification purpose only.

2. Interest in joint venture or associates

(1) Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in joint ventures or associates
				Direct	Indirect	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	34.0918%		Equity method
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	40.00%		Equity method
Zhejiang Saiya Chemical Materials Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	49.00%		Equity method

(2) Main financial information of significant joint ventures

Unit: RMB Yuan

Items	Closing balance/Current period cumulative			Opening balance/Preceding period comparative		
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Zhejiang Saiya Chemical Materials Co., Ltd.
Current assets	293,596,545.38	68,240,155.87	71,896,100.56	315,880,629.16	46,855,677.24	45,646,530.22
Non-current assets	559,076,086.33	13,956,368.94	157,938,616.58	455,644,920.86	14,760,235.10	175,471,429.07
Total assets	852,672,631.71	82,196,524.81	229,834,717.14	771,525,550.02	61,615,912.34	221,117,959.29
Current liabilities	199,269,854.33	97,736,253.17	15,537,056.20	167,519,267.96	74,217,481.09	19,238,056.31
Non-current liabilities	40,724,142.33		2,459,280.00	22,544,241.63		2,804,190.00
Total liabilities	239,993,996.66	97,736,253.17	17,996,336.20	190,063,509.59	74,217,481.09	22,042,246.31
Equity attributable to shareholders of parent company	612,678,635.05	-15,539,728.36	211,838,380.94	581,462,040.43	-12,601,568.75	199,075,712.98
Proportionate share in net assets	208,873,174.90	-6,215,891.34	103,800,806.66	199,358,330.80	-5,040,627.50	97,547,099.36
- Goodwill			762,611.33			762,611.33
- Unrealized profit in internal trading			665,200.17			
Accumulated unrecognized losses		-6,215,891.34			-5,040,627.50	
Carrying amount of investments in associates	208,873,174.90		103,898,217.82	199,358,330.80		98,309,710.69
Operating revenue	474,138,506.11	112,672,114.30	248,551,895.41	311,051,317.66	53,650,355.15	176,311,795.62
Net profit	163,208,658.71	-2,938,159.61	11,439,773.30	174,601,374.25	-14,922,845.82	4,781,275.08
Total comprehensive income	163,208,658.71	-2,938,159.61	11,439,773.30	174,601,374.25	-14,922,845.82	4,781,275.08
Dividend from associates received in the current period	40,855,278.00			12,960,000.00		

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

Unit: RMB Yuan

	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures:	--	--
Proportionate shares in the following items	--	--
Associates:	--	--
Total carrying amount of investments	38,556,233.03	45,710,849.69
Proportionate shares in the following items	--	--
-- Net profit	-4,562,583.45	-889,348.68

	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
-- Total comprehensive income	-4,562,583.45	-889,348.68

X. Risks related to financial instruments

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

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

(I) Credit risk

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

1. Credit risk management practice

(1) Evaluation method of credit risk

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

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

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

(2) Definition of default and credit-impaired assets

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

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

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to

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

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

4. Exposure to credit risk and concentration of credit risk

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

(1) Cash and bank balances

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

(2) Receivables

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

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2021, the Company has certain concentration of credit risk, and 39.06 % (December 31, 2020: 35.19%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

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

(II) Liquidity risk

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

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

Financial liabilities classified based on remaining time period till maturity

Unit: RMB Yuan

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	8,581,398,746.38	9,052,182,029.59	3,703,590,391.97	4,728,643,204.24	619,948,433.38
Notes payable	694,124,946.73	694,124,946.73	694,124,946.73		
Accounts payable	1,435,966,427.76	1,435,966,427.76	1,435,966,427.76		
Other payables	56,712,103.36	56,712,103.36	56,712,103.36		
Lease liabilities	3,182,245.62	4,721,702.39	402,749.99	476,190.48	3,842,761.92
Subtotal	10,771,384,469.85	11,243,707,209.83	5,890,796,619.81	4,729,119,394.72	623,791,195.30

(Continued)

Unit: RMB Yuan

Items	December 31, 2020				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	7,776,288,840.18	8,221,866,812.16	3,874,954,917.32	4,176,224,771.56	170,687,123.28
Notes payable	497,644,517.23	497,644,517.23	497,644,517.23		
Accounts payable	1,463,728,316.04	1,463,728,316.04	1,463,728,316.04		
Other payables	129,839,228.89	129,839,228.89	129,839,228.89		
Lease liabilities					
Subtotal	9,867,500,902.34	10,313,078,874.32	5,966,166,979.48	4,176,224,771.56	170,687,123.28

(III) Market risk

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

1. Interest risk

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

As of December 31, 2021, balance of borrowings with interest accrued at floating interest rate totaled 8,581,398,746.38 yuan (December 31, 2020: 7,776,288,840.18 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit before tax and equity will not be significantly affected.

2. Foreign currency risk

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

Please refer to item VII 58 of the notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

XI. Fair value disclosure**1. Details of fair value of assets and liabilities at fair value at the balance sheet date**

Unit: RMB Yuan

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
1. Held-for-trading financial assets and other non-current financial assets		736,359.24	1,250,000,000.00	1,250,736,359.24
Financial assets classified as at fair value through profit or loss		736,359.24	1,250,000,000.00	1,250,736,359.24

Items	Fair value as at the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Financial products with guaranteed principal and floating income			1,250,000,000.00	1,250,000,000.00
Derivative financial assets		736,359.24		736,359.24
2. Receivables financing			182,891,179.65	182,891,179.65
3. Other equity instrument investments			22,998,147.55	22,998,147.55
Total liabilities at recurring fair value measurement		736,359.24	1,455,889,327.20	1,456,625,686.44

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

Fair value was determined at forward exchange rate published by 中国银行股份有限公司 (Bank of China Limited*) at the balance sheet date.

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

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

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

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

XII. Related parties and related party transactions

1. Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
NHU Holding Group Co., Ltd.	Xinchang, Zhejiang	Manufacturing	120.00 million	48.55%	48.55%

Remarks on the parent company

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

2. Subsidiaries of the Company

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

3. Joint ventures and associates of the Company

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

* The English name is for identification purpose only.

4. Other related parties of the Company

Related parties	Relationships with the Company
大连保税区新旅程国际贸易有限公司 (Synchem International Co., Ltd.)* [Note]	Its shareholder is the actual controller of the Company
北京福元医药股份有限公司 (Beijing Winsunny Pharmaceutical Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
浙江爱生药业有限公司 (Zhejiang Asen Pharmaceutical Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
新昌县禾春绿化有限公司 (Xinchang County Hechun Greening Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
福元药业有限公司 (Front Pharmaceutical PLC.)*	Controlled by NHU Holding Group Co., Ltd.
Xinchang County NHU Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
绥化和成置业有限公司 (Suihua NHU Real Estate Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
潍坊和成置业有限公司 (Weifang NHU Real Estate Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
琼海和悦物业服务服务有限公司 (Qionghai Heyue Property Services Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
琼海博鳌和悦酒店管理有限公司 (Qionghai Boao Holliyard Hotel Management Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
绍兴和悦物业服务服务有限公司 (Shaoxing Heyue Property Services Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
绍兴上虞和成置业有限公司 (Shaoxing Shangyu NHU Real Estate Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
上海纳岩新材料科技有限公司 (Shanghai Rossence Advanced Material Technology Co., Ltd.)*	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Jingshi Real Estate Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Yuexiu Education Development Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
浙江越秀外国语学院 (Zhejiang Yuexiu University of Foreign Languages)*	Controlled by NHU Holding Group Co., Ltd.
绍兴福膜新材料有限公司 (Shaoxing Formost Material Co., Ltd.)*	Its shareholder is the actual controller of the Company
黑龙江昊天玉米开发有限公司 (Heilongjiang Haotian Corn Development Co., Ltd.)*	Non-controlling shareholders of subsidiaries

Other remarks

Note: On November 4, 2021, the entity controlled by the actual controller of the Company withdrew from Synchem International Co., Ltd.

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

5. Related party transactions

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

Purchase of goods and receiving of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Zhejiang Deli Equipment Co., Ltd.	Purchase of goods	91,325,844.40	90,000,000.00	Yes	55,382,554.92
	Receiving of services	84,619.46			4,424.78
Zhejiang Chunhui	Purchase of steam	69,512,700.69	70,200,000.00	No	59,039,785.77

* The English names are for identification purpose only.

Related parties	Content of transaction	Current period cumulative	Transaction limit approved	Whether exceeds transaction limit	Preceding period comparative
Environmental Protection Energy Co., Ltd.	Waste disposal service fees	229,665.43			133,030.80
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchase of goods	173,706,742.56	175,000,000.00	No	142,845,498.21
Zhejiang Asen Pharmaceutical Co., Ltd.	Purchase of goods	2,035,921.32			2,039,879.70
Xinchang County Hechun Greening Co., Ltd.	Purchase of goods	7,990,317.44	13,670,000.00	No	11,980,644.40
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Catering and accommodation services	123,967.00			99,630.00
Qionghai Heyue Property Services Co., Ltd.	Property management	653,877.42			816,689.09
Shaoxing Heyue Property Services Co., Ltd.	Property management	375,868.30			225,748.73
Xinchang County NHU Real Estate Co., Ltd.	Catering and accommodation services	1,000,524.16			937,487.04
Heilongjiang Haotian Corn Development Co., Ltd.	Purchase of goods	1,123,079.89			
Shaoxing Shangyu NHU Real Estate Co., Ltd.	Maintenance funds	644,538.00			982,207.96
Shandong Bin'an Vocational Training School Co., Ltd.	Receiving of services	1,512,911.01			
Shaoxing Yuexiu Education Development Co., Ltd.	Receiving of services	4,561.63			
长白山保护开发区和悦酒店管理有限公司 (Changbai Mountain Protection and Development Zone Heyue Hotel Management Co., Ltd. *)	Catering and accommodation services	140,000.00			
Zhejiang Yuexiu University of Foreign Languages	Receiving of services	24,733.44			
Subtotal		350,489,872.15	348,870,000.00		274,487,581.40

Sale of goods and rendering of services

Unit: RMB Yuan

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Synchem International Co., Ltd.	Pharmaceutical intermediates	164,095,134.62	113,624,941.20
Front Pharmaceutical PLC.	Test fees	203,097.35	
Beijing Winsunny Pharmaceutical Co., Ltd.	Test fees	141,509.43	6,018.87
Zhejiang Asen Pharmaceutical Co., Ltd.	Pharmaceutical intermediates, test fees	476,759.56	566,371.68
Zhejiang Deli Equipment Co., Ltd.	Scrapped materials	117,269.93	
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	New materials	78,620,470.09	39,183,650.98
	Hazardous waste disposal fees	6,914.41	
	Labor costs, etc.	64,377.36	575.22
	Utilities fees	1,139,072.54	609,215.80
Shandong Bin'an Vocational Training School Co., Ltd.	Scrapped materials	20,609.89	
	Management service fees	226,415.09	
Heilongjiang Haotian Corn Development Co., Ltd.	Raw materials		258,816.65
	Thermal power		237,532.11

* The English name is for identification purpose only.

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
	Glucose mother solution	1,371,282.65	
Shaoxing Formost Material Co., Ltd.	Utilities fees		15,976.75
	New materials		11,221.23
Shanghai Rossence Advanced Material Technology Co., Ltd.	Composite materials		534,513.28
Total		246,482,912.92	155,048,833.77

(2) Related party leases

The Company as the lessor:

Unit: RMB Yuan

Lessees	Types of assets leased	Lease income recognized in the current period	Lease income recognized in preceding period
Qionghai Boao Holliyard Hotel Management Co., Ltd.	Land use right and buildings		60,000.00
Zhejiang Deli Equipment Co., Ltd.	Land use right and buildings	77,064.23	31,192.66
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use right and buildings	601,412.47	384,481.07
NHU Holding Group Co., Ltd.	Land use right and buildings	16,513.76	27,522.94
Weifang NHU Real Estate Co., Ltd.	Land use right and buildings	21,428.57	
Zhejiang Jingshi Real Estate Co., Ltd.	Land use right and buildings	41,100.92	

The Company as the lessee:

Unit: RMB Yuan

Lessors	Types of assets leased	Lease expenses recognized in the current period	Lease expenses recognized in preceding period
NHU Holding Group Co., Ltd.	Land use right and buildings	1,712,675.89	1,811,812.80

(3) Related party guarantees

The Company as guaranteed parties

Unit: RMB Yuan

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
NHU Holding Group Co., Ltd.	500,000,000.00	January 23, 2019	December 21, 2023	No
	200,000,000.00	July 31, 2020	July 18, 2022	No
	200,000,000.00	July 31, 2020	June 15, 2022	No
	300,000,000.00	November 17, 2020	November 16, 2022	No
	500,000,000.00	December 3, 2020	September 21, 2025	No
	200,000,000.00	January 20, 2021	January 19, 2023	No
	100,000,000.00	April 14, 2021	April 12, 2023	No
Subtotal	2,000,000,000.00			

(4) Key management's emoluments

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	26,372,671.30	18,690,000.00

(5) Other related party transactions

1. Call loans from related parties

At the beginning of the period, the Company shall pay Weifang NHU Real Estate Co., Ltd. principal of 3,000,000.00 yuan and interest of 243,666.67 yuan. According to the agreed interest rate, the Company shall pay fund occupation fees of 60,833.33 yuan in the current period. As of December 31, 2021, both the principal and interest have been settled.

2. Purchase of fixed assets

(1) The Company's subsidiary Shangyu NHU Bio-Chem Co., Ltd. purchased commercial housing totaling 46,009,338.00 yuan from Shaoxing Shangyu NHU Real Estate Co., Ltd. to provide and improve accommodation for employees. The above assets had been assessed by 坤元资产评估有限公司 (Canwin CPVs Ltd.*) and an Asset Appraisal Report (CWAAR [2020] No. 449) was issued thereon. The entity paid 27,605,603.00 yuan in 2020, and paid 18,403,735.00 yuan as well as supplementary payments for difference of dormitory area of 635,800.46 yuan in 2021. As of the balance sheet date, the commercial housing has been delivered to the entity.

(2) The Company's subsidiary Zhejiang NHU Pharmaceutical Co., Ltd. purchased commercial housing totaling 46,005,580.00 yuan from Shaoxing Shangyu NHU Real Estate Co., Ltd. to provide and improve accommodation for employees. The above assets had been assessed by Canwin CPVs Ltd. and an Asset Appraisal Report (CWAAR [2020] No. 447) was issued thereon. The entity paid 27,603,348.00 yuan in 2020, and paid 18,402,232.00 yuan as well as supplementary payments for difference of dormitory area of 701,325.61 yuan in 2021. As of the balance sheet date, the commercial housing has been delivered to the entity.

(3) The Company's subsidiary Zhejiang NHU Special Materials Co., Ltd. purchased commercial housing totaling 76,324,329.00 yuan from Shaoxing Shangyu NHU Real Estate Co., Ltd. to provide and improve accommodation for employees. The above assets had been assessed by Canwin CPVs Ltd. and an Asset Appraisal Report (CWAAR [2020] No. 448) was issued thereon. The entity paid 45,794,597.00 yuan in 2020, and paid 30,529,732.00 yuan in 2021. As of the balance sheet date, the commercial housing has been delivered to the entity.

(4) The Company's subsidiary Heilongjiang NHU Biotechnology Co., Ltd. purchased commercial housing, parking spots, etc. totaling 10,559,633.00 yuan to provide and improve accommodation for employees. The above assets had been assessed by Canwin CPVs Ltd. and an Asset Appraisal Report (CWAAR [2020] No. 450) was issued thereon. As of the balance sheet date, the commercial housing and parking spots have been delivered to the entity.

3. Others

(1) Owners of 博鳌度假中心公寓 (Boao Resort Center Apartment*) entrusted serviced apartments to Qionghai Boao Holliyard Hotel Management Co., Ltd. for operation and management.

(2) In the current period, NHU EUROPE GmbH sold products amounting to 110,207,977.84 yuan to Client C. At the end of the period, balance of accounts receivable amounted to 6,343,958.26 yuan.

* The English names are for identification purpose only.

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

Unit: RMB Yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Synchem International Co., Ltd.	27,012,516.04	1,350,625.80	24,564,693.12	1,228,234.66
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	26,166,564.42	1,308,328.22	18,972,791.53	948,639.58
Subtotal		53,179,080.46	2,658,954.02	43,537,484.65	2,176,874.24
Other receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	20,000.00	1,000.00	80,000.00	80,000.00
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	18,862.50	943.13		
Subtotal		38,862.50	1,943.13	80,000.00	80,000.00
Other non-current assets	Shaoxing Shangyu NHU Real Estate Co., Ltd.			101,003,548.00	
	Zhejiang Deli Equipment Co., Ltd.	45,362,374.00			
Subtotal		45,362,374.00		101,003,548.00	

(2) Balance due to related parties

Unit: RMB Yuan

Items	Related parties	Closing book balance	Opening book balance
Accounts payable	Zhejiang Deli Equipment Co., Ltd.	29,272,703.74	7,314,438.78
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	5,185,881.68	7,449,905.70
	Zhejiang Saiya Chemical Materials Co., Ltd.	2,640,661.94	115.04
	Xinchang County Hechun Greening Co., Ltd.		1,943,036.80
	Suihua NHU Real Estate Co., Ltd.		10,374,865.03
	Zhejiang Second Pharma Co., Ltd.	6,408.00	
	Qionghai Heyue Property Services Co., Ltd.	300,000.00	
Subtotal		37,405,655.36	27,082,361.35
Contract liabilities	Zhejiang Deli Equipment Co., Ltd.	13,009.64	13,009.64
	Zhejiang Asen Pharmaceutical Co., Ltd.		1,858.41
Subtotal		13,009.64	14,868.05
Other payables	Zhejiang Deli Equipment Co., Ltd.	443,500.00	3,500.00
	Xinchang County Hechun Greening Co., Ltd.	13,102.77	480.00
	Weifang NHU Real Estate Co., Ltd.		87,148,146.46
Subtotal		456,602.77	87,152,126.46
Other current liabilities	Zhejiang Deli Equipment Co., Ltd.	1,691.25	

Items	Related parties	Closing book balance	Opening book balance
Subtotal		1,691.25	

XIII. Commitments and contingencies

1. Significant commitments

Significant commitments as at the balance sheet date

(I) Significant commitments

1. Forward exchange settlement contracts

Pursuant to “ISDA 2002 MASTER AGREEMENT” entered into between the Company and Bank of China (Hong Kong) Limited, as of December 31, 2021, details of the Company’s unsettled forward exchange settlement contracts are as follows:

Currencies	Nominal amount	Agreed exchange rate	Settlement date
EUR	2,000,000.00	7.2010	January 20, 2022
	5,000,000.00	7.2415	January 20, 2022
	2,000,000.00	7.2420	January 20, 2022
	3,000,000.00	7.2640	February 22, 2022
	5,000,000.00	7.2520	February 22, 2022
	5,000,000.00	7.2700	March 24, 2022
Subtotal	22,000,000.00		

2. Letters of guarantee issued but undue

As of December 31, 2021, the undue letters of guarantee issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Type of L/G	Amount	Conditions for issuing
中国银行股份有限公司新昌支行 (Bank of China Limited Xinchang Sub-branch [*])	The Company	Performance guarantee	USD 122,750.00	Occupying credit line
		Performance guarantee	USD 95,260.00	Occupying credit line
汇丰银行(中国)有限公司杭州分行 (HSBC Bank (China) Company Limited Hangzhou Branch [*])	The Company	Financing guarantee	EUR 10,000,000.00	Occupying credit line
		Financing guarantee	EUR 10,000,000.00	Occupying credit line

3. Letters of credit issued but undue

As of December 31, 2021, the undue letters of credit issued by the Company and its subsidiaries are as follows:

Issuing banks	Applicants	Balance of L/C	Conditions
Bank of China Limited Xinchang Sub-branch	The Company	USD 28,790.70	Occupying credit line
		USD 29,189.70	Occupying credit line
		USD 226,620.60	Occupying credit line
		USD 11,286.00	Occupying credit line
招商银行股份有限公司杭州分行 (China Merchants Bank Co., Ltd. Hangzhou Branch [*])	The Company	130,000,000.00	Occupying credit line
Bank of China Limited Xinchang Sub-branch	Zhejiang NHU Import & Export Co., Ltd.	USD 294,000.00	Occupying credit line
中国建设银行股份有限公司潍坊滨海支行 (China Construction Bank Corporation Weifang Binhai Sub-branch [*])	Shandong NHU Pharmaceutical Co., Ltd.	EUR 1,096,000.00	Occupying credit line
		USD 77,400.00	Occupying credit line

^{*} The English names are for identification purpose only.

Issuing banks	Applicants	Balance of L/C	Conditions
中国银行潍坊滨海支行 (Bank of China Limited Weifang Binhai Sub-branch [*])	Shandong NHU Amino-acids Co., Ltd.	EUR 1,855,000.00	Deposit of 14,942,418.00 yuan
		EUR 1,501,150.00	Deposit of 12,000,000.00 yuan
中国银行股份有限公司上虞支行 (Bank of China Limited Shangyu Sub-branch [*])	Zhejiang NHU Special Materials Co., Ltd.	JPY 220,000,000.00	Deposit of JPY 220,000,000.00
		JPY 2,696,400.00	Deposit of JPY 2,696,400.00
		USD 62,900.00	Deposit of USD 62,900.00
		USD 461,580.00	Deposit of USD 461,580.00
		USD 6,522,499.20	Deposit of USD 6,522,499.20
交通银行绍兴新昌支行 (Bank of Communications Co., Ltd. Shaoxing Xinchang Sub-branch [*])	The Company	CNY 20,000,000.00	Deposit of 2,000,000.00 yuan

4. The “notes pool” business

Pursuant to the “Notes Pool Service Agreement on Yuntong Account of Bank of Communications” entered into between the Company and 交通银行股份有限公司 (Bank of Communications Co., Ltd.^{*}), the Company pledged and endorsed bank acceptance to the depositary bank, forming a pledged notes pool; the Company also opened a notes pool deposit account to provide guarantee for the credit granted under the note pledge and to deposit the pledged bank acceptance for payments. The available credit line for pledge is the sum of pledged notes and the actual balance of deposit account less pledged notes used. As stipulated in the agreement, the sum of pledged notes and the balance of deposit account shall not be less than the pledged amount used for issuing notes. Pursuant to the “Notes Pool Cooperation Agreement” entered into among the Company, its subsidiaries Shangyu NHU Bio-Chem Co., Ltd., Zhejiang NHU Pharmaceutical Co., Ltd., Zhejiang NHU Special Materials Co., Ltd., 绍兴裕辰新材料有限公司 (Shaoxing Yuchen New Materials Co., Ltd.^{*}), Shandong NHU Pharmaceutical Co., Ltd., Shandong NHU Vitamins Co., Ltd., Shandong NHU Amino-acids Co., Ltd., Heilongjiang NHU Biotechnology Co., Ltd., Shandong NHU Fine Chemical Science and Technology Co., Ltd., 黑龙江新昊热电有限公司 (Heilongjiang Xinhao Thermal Power Co., Ltd.^{*}), Xinchang NHU Vitamins Co., Ltd., Zhejiang Vityesun Animal Nutrition and Health Co., Ltd. and 浙商银行股份有限公司 (China Zheshang Bank Co., Ltd.^{*}), the Company pledged assets pool or notes pool for guarantee, and opened a notes deposit account to pay deposits at a certain percentage, with no specific agreement on the amount of deposits. As of December 31, 2021, balance of pledged bank acceptance amounted to 368,212,546.26 yuan, deposits of notes pool in China Zheshang Bank Co., Ltd. amounted to 102,061,887.99 yuan.

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

(II) As of the balance sheet date, the Company has no significant contingencies to be disclosed.

XIV. Events after the balance sheet date

1. Profit distribution

Unit: RMB Yuan

Profit or dividend planned to be distributed	1,794,689,766.80
Profit or dividend approved to be distributed	1,794,689,766.80

2. Others

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

^{*} The English names are for identification purpose only

XV. Other significant events

1. Segment information

(1) Identification basis and accounting policies for reportable segments

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

(2) Financial information of reportable segments

Unit: RMB Yuan

Items	Pharmaceutical chemicals	Others	Inter-segment offsetting	Total
Revenue from main operations	13,849,752,754.47	1,102,338,139.50	304,110,218.06	14,647,980,675.91
Cost of main operations	7,602,032,783.42	827,056,742.78	304,110,218.06	8,124,979,308.14
Total assets	33,053,825,742.39	2,566,771,327.95	928,431,958.46	34,692,165,111.88
Total liabilities	12,515,959,435.08	1,240,929,137.91	928,431,958.46	12,828,456,614.53

2. Leases

1. The Company as lessee

(1) Please refer to item VII 14 of this section for details on right-of-use assets.

(2) Please refer to item V 23 of this section for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Unit: RMB Yuan

Items	Current period cumulative
Expense relating to short-term leases	1,841,763.55
Total	1,841,763.55

(3) Profit or loss and cash flows related to leases

Unit: RMB Yuan

Items	Current period cumulative
Interest expenses on lease liabilities	153,023.91
Total cash outflows related to leases	2,323,174.93

(4) Please refer to item X of this section for details on maturity analysis of lease payments and related liquidity risk management.

2. The Company as lessor

Operating lease

(1) Lease income

Unit: RMB Yuan

Items	Current period cumulative
Lease income	2,125,888.62

(2) Assets leased out under operating leases

Please refer to item VII 12 of this section for details on fixed assets leased out under operating leases.

(3) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Unit: RMB Yuan

Remaining years	Closing balance
Within 1 year	833,000.00
1-2 years	696,000.00
2-3 years	310,000.00
Total	1,839,000.00

3. Others

(I) Employee stock ownership plan

Pursuant to proposals related to employee stock ownership plan including the “Third Phase of Employee Stock Ownership Plan (Draft) of Zhejiang NHU Co., Ltd. and Summary” deliberated and approved by the third meeting of the eighth session of Board of Directors and the second meeting of the eighth session of the Board of Supervisors dated October 26, 2020 and the second extraordinary general meeting of 2020 dated November 11, 2020, the Company was agreed to implement the third phase of employee stock ownership plan.

Purchase of the Company’s shares totaling 8,442,935 shares in the third phase of employee stock ownership plan was finished on February 26, 2021 through bidding in secondary market, accounting for 0.39% of total shares, with transaction amount totaling 303,710,918.74 yuan and average transaction price of 35.97 yuan per share. On May 19, 2021, holding shares in the third phase of employee stock ownership plan increased to 10,131,522 shares after the Company’s annual equity distribution of 2020, accounting for 0.39% of total current shares. As regulated by the third phase of employee stock ownership plan, lock-up period of shares in the employee stock ownership plan covers 12 months since the announcement date of purchase completion (i.e., from February 27, 2021 to February 26, 2022). Therefore, the lock-up period has expired on February 26, 2022. The duration of employee stock ownership plan shall not exceed 24 months since the approval date of general meeting of shareholders (i.e., from November 11, 2020 to November 11, 2022).

(II) Progress of share repurchase

Pursuant to the “Proposal on Share Repurchase” deliberated and approved by the seventh meeting of the eighth session of the Board of Directors dated August 18, 2021, the Company was agreed to repurchase part of public shares through centralized bidding transactions with self-owned funds for the purpose of equity incentive plan or employee stock ownership plan. The repurchase amount in this time ranged from 300.00 million yuan (inclusive) to 600.00 million yuan (inclusive), and the price should not exceed 41.00 yuan (inclusive) per share.

As of December 31, 2021, the Company has repurchased 10,988,369 shares through centralized bidding transactions using special securities account for repurchase, accounting for 0.4262% of total shares. The highest price of shares was 30.03 yuan per share while the lowest price was 26.15 yuan per share, and the accumulated transaction amount was 320,335,151.32 yuan (transaction fees excluded). Such repurchase complied with relevant laws and regulations, as well as the repurchase plan of the Company.

(III) Foreign investments and signing of letters of intent on cooperative joint venture

Pursuant to the “Proposal on Foreign Investments and Signing of Letter of Intent on Cooperative Joint Venture” deliberated and approved by the ninth meeting of the eighth session of Board of Directors dated December 24, 2021, the Company was agreed to sign the “Letter of Intent on Cooperative Joint Venture” with 中国石油化工股份有限公司镇海炼化分公司 (Sinopec Zhenhai Refining & Chemical Company^{*}, hereinafter referred to as “ZRCC”) to jointly establish a joint venture as the implementing subject of a methionine production facility, with total investment amount of 3.00 billion yuan.

^{*} The English name is for identification purpose only.

The Company and ZRCC jointly invested a methionine production facility in Zhenhai District, Ningbo City with estimated total investment amount of 3.00 billion yuan. The joint venture they jointly established is responsible for production and sales of methionine products. The registered capital of the joint venture accounts for 30% of the total investment amount, which is contributed in the form of cash. The holding proportion of both parties is tentatively set at 50%. The Board of Directors of the joint venture consists of 4 directors, with each party having the right to appoint two directors. The management personnel of the joint venture shall consist of personnel from the Company and ZRCC.

(IV) Purchase of financial products using raised funds

Pursuant to the “Proposal on Using Part of Idle Raised Funds for Cash Management” deliberated and approved by the general meeting of 2020 dated April 21, 2021, the Company was agreed to use idle raised funds not exceeding 3.57 billion yuan (inclusive) to purchase short-term principal-guaranteed financial products with high security and liquidity for a period not exceeding 12 months from the date of approval by the general meeting of 2020 to the date of the general meeting of 2021 on a rolling basis, on the premise that the investment projects of raised funds are not influenced. As of December 31, 2021, the actual balance of financial products and structured deposits purchased using idle raised funds amounted to 2.45 billion yuan.

XVI. Notes to main items of parent company financial statements

1. Accounts receivable

(1) Details on categories

Unit: RMB Yuan

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion		Amount	% to total	Amount	Provision proportion	
Including:										
Receivables with provision made on a collective basis	785,631,558.20	100.00%	39,281,577.91	5.00%	746,349,980.29	741,143,885.29	100.00%	37,057,194.26	5.00%	704,086,691.03
Total	785,631,558.20	100.00%	39,281,577.91	5.00%	746,349,980.29	741,143,885.29	100.00%	37,057,194.26	5.00%	704,086,691.03

Provision made on a collective basis using age analysis method

Unit: RMB Yuan

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Within 1 year	785,631,558.20	39,281,577.91	5.00%
Total	785,631,558.20	39,281,577.91	--

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	785,631,558.20
Total	785,631,558.20

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/ Reversal	Write-off	Others	
Provision made on a collective basis	37,057,194.26	2,224,383.65				39,281,577.91
Total	37,057,194.26	2,224,383.65				39,281,577.91

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

Unit: RMB Yuan

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Client 1	533,759,020.53	67.94%	26,687,951.03
Client 2	66,425,426.16	8.46%	3,321,271.31
Client 3	30,027,727.46	3.82%	1,501,386.37
Client 4	25,492,000.00	3.24%	1,274,600.00
Client 5	10,874,000.00	1.38%	543,700.00
Total	666,578,174.15	84.84%	--

2. Other receivables

Unit: RMB Yuan

Items	Closing balance	Opening balance
Dividend receivable	7,159,278.00	
Other receivables	3,087,880,137.47	4,247,680,763.92
Total	3,095,039,415.47	4,247,680,763.92

(1) Dividend receivable**1) Details on categories**

Unit: RMB Yuan

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

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

Unit: RMB Yuan

Nature of receivables	Closing book balance	Opening book balance
Security deposits	100,300,037.50	98,617,037.50
Export tax refund	10,812,822.80	2,982,236.49
Employee petty cash	3,148,937.00	3,754,737.00
Temporary advance payment receivable	178,933.01	178,933.01
Call loans	3,131,287,854.18	4,361,194,541.67
Others	495,303.74	472,076.44

Nature of receivables	Closing book balance	Opening book balance
Total	3,246,223,888.23	4,467,199,562.11

2) Provision for bad debts

Unit: RMB Yuan

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	218,136,891.03	546,150.58	835,756.58	219,518,798.19
Opening balance in the current period	—	—	—	—
--Transferred to phase II	-32,913.50	32,913.50		
--Transferred to phase III		-151,437.98	151,437.98	
Provision made in the current period	-61,341,384.86	-295,972.10	462,309.53	-61,175,047.43
Closing balance	156,762,592.67	131,654.00	1,449,504.09	158,343,750.76

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

 Applicable Not applicable

Age analysis

Unit: RMB Yuan

Ages	Book balance
Within 1 year (inclusive)	3,146,064,676.16
1-2 years	658,270.00
2-3 years	757,189.90
Over 3 years	98,743,752.17
3-4 years	64,977.95
4-5 years	126,657.60
Over 5 years	98,552,116.62
Total	3,246,223,888.23

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

Provisions made in the current period:

Unit: RMB Yuan

Categories	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery/Reversal	Write-off	Others	
Portfolio grouped by ages	219,518,798.19		61,175,047.43			158,343,750.76
Total	219,518,798.19		61,175,047.43			158,343,750.76

4) Details of the top 5 debtors with largest balances

Unit: RMB Yuan

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Heilongjiang NHU Biotechnology Co., Ltd.	Call loans	759,064,539.08	Within 1 year	23.38%	37,953,226.95
Shandong NHU Fine Chemical Science and Technology Co., Ltd.	Call loans	527,873,315.10	Within 1 year	16.26%	26,393,665.76

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Shandong NHU Amino-acids Co., Ltd.	Call loans	500,000,000.00	Within 1 year	15.40%	25,000,000.00
Shandong NHU Vitamins Co., Ltd.	Call loans	393,000,000.00	Within 1 year	12.11%	19,650,000.00
Zhejiang NHU Special Materials Co., Ltd.	Call loans	367,000,000.00	Within 1 year	11.31%	18,350,000.00
Total	--	2,546,937,854.18	--	78.46%	127,346,892.71

3. Long-term equity investments

Unit: RMB Yuan

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	7,846,078,842.12		7,846,078,842.12	6,173,278,842.12		6,173,278,842.12
Investments in associates and joint ventures	208,873,174.90		208,873,174.90	199,358,330.80		199,358,330.80
Total	8,054,952,017.02		8,054,952,017.02	6,372,637,172.92		6,372,637,172.92

(1) Investments in subsidiaries

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Xinchang NHU Vitamins Co., Ltd.	49,407,990.15	100,000,000.00				149,407,990.15	
Zhejiang NHU Import & Export Co., Ltd.	13,500,000.00					13,500,000.00	
琼海博鳌丽都置业有限公司 (Qionghai Boao Lidu Real Estate Co., Ltd.*)	54,020,492.00					54,020,492.00	
Zhejiang Vityesun Animal Nutrition and Health Co., Ltd.	5,000,000.00					5,000,000.00	
Shangyu NHU Bio-Chem Co., Ltd.	414,100,091.44					414,100,091.44	
NHU (Hong Kong) Trading Co., Ltd.	16,406,160.00					16,406,160.00	
Zhejiang NHU Pharmaceutical Co., Ltd.	480,000,000.00					480,000,000.00	
Zhejiang NHU Special Materials Co., Ltd.	554,844,108.53					554,844,108.53	

* The English name is for identification purpose only.

Investees	Opening carrying amount	Increase/Decrease				Closing carrying amount	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		
Shandong NHU Amino-acids Co., Ltd.	2,900,000,000.00	1,000,000,000.00				3,900,000,000.00	
Shandong NHU Holdings Co., Ltd.	786,000,000.00		586,000,000.00			200,000,000.00	
Heilongjiang NHU Biotechnology Co., Ltd.	900,000,000.00	400,000,000.00				1,300,000,000.00	
Shandong NHU Pharmaceutical Co., Ltd.		586,000,000.00				586,000,000.00	
Shandong NHU Fine Chemical Science and Technology Co., Ltd.		160,000,000.00				160,000,000.00	
Zhejiang NHU Nylon Materials Co., Ltd.							
NHU Singapore PTE. LTD.		12,800,000.00				12,800,000.00	
Total	6,173,278,842.12	2,258,800,000.00	586,000,000.00			7,846,078,842.12	

(2) Investments in associates and joint ventures

Unit: RMB Yuan

Investees	Opening carrying amount	Increase/Decrease								Closing carrying amount	Closing balance of provision for impairment	
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others			
I. Associates												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	199,358,330.80			60,097,137.98		-9,727,015.88	40,855,278.00				208,873,174.90	
Zhejiang Sanpo Polymer Co., Ltd.												
Subtotal	199,358,330.80			60,097,137.98		-9,727,015.88	40,855,278.00				208,873,174.90	
Total	199,358,330.80			60,097,137.98		-9,727,015.88	40,855,278.00				208,873,174.90	

4. Operating revenue/Operating cost

Unit: RMB Yuan

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	4,490,464,824.38	3,190,769,298.95	3,894,400,776.08	2,510,546,533.77
Other operations	63,614,077.00	44,517,335.33	20,294,202.59	10,198,844.07
Total	4,554,078,901.38	3,235,286,634.28	3,914,694,978.67	2,520,745,377.84
Including: Revenue from contracts with customers	4,550,933,427.10	3,233,713,897.14	3,911,746,924.63	2,519,286,947.15

Details of revenue

Unit: RMB Yuan

Categories of contracts	Total
By operating region	
Including: Domestic	2,323,586,403.31
Overseas	2,227,347,023.79
Subtotal	4,550,933,427.10
By product	
Including: Nutrition	4,490,464,824.38
Others	60,468,602.72
Subtotal	4,550,933,427.10
By revenue recognition time	
Including: Transferred at a point in time	4,550,933,427.10
Subtotal	4,550,933,427.10

Information related to performance obligations:

None.

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

As of December 31, 2021, revenue corresponding to performance obligations for which the Company has entered into contracts but not yet performed or fulfilled amounted to 616,538,878.73 yuan, of which, 616,538,878.73 yuan is expected to be recognized as revenue in 2022.

5. Investment income

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	60,097,137.98	57,147,047.58
Investment income from long-term equity investments under cost method	1,289,000,000.00	955,025,000.00
Investment income from disposal of financial instruments	384,955.72	2,417,028.91
Including: Financial assets classified as at fair value through profit or loss	1,292,607.39	2,911,524.03
Financial liabilities classified as at fair value through profit or loss	-907,651.67	-494,495.12
Interest income from call loans	142,819,103.02	172,513,666.92
Investment income from bank financial products and structured deposits	43,135,464.45	90,963,116.34
Total	1,535,436,661.17	1,278,065,859.75

XVII. Supplementary information**1. Schedule of non-recurring profit or loss**√ Applicable Not applicable

Unit: RMB Yuan

Items	Amount	Remarks
Gains on disposal of non-current assets	-61,427,624.58	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity or quota based on certain standards)	151,398,630.02	
Gains on assets consigned to the third party for investment or management	57,777,633.53	
Gains or losses on changes in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets and held-for-trading financial liabilities, excluding those arising from hedging business related to operating activities	48,751,702.84	
Other non-operating revenue or expenditures	8,727,858.40	
Less: Enterprise income tax affected	28,969,203.00	
Non-controlling interest affected	42,098.74	
Total	176,216,898.47	--

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

 Applicable Not applicable

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

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

 Applicable Not applicable**2. ROE and EPS**

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	21.07%	1.68	1.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	20.21%	1.61	1.61

3. Differences in accounting data under Chinese accounting standards and overseas accounting standards**(1) Difference in net profit and net assets in financial statements disclosed respectively under IFRS Standards and Chinese accounting standards** Applicable Not applicable**(2) Difference in net profit and net assets in financial statements disclosed respectively under overseas accounting standards and Chinese accounting standards** Applicable Not applicable