

Zhejiang NHU Company Ltd.

2021 Semi-Annual Report



August, 2021

Section I Important Notes, Contents and Definitions

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

Hu Baifan, the Company's legal representative, Shi Guanqun, the person in charge of finance and accounting work, and Wang Xiaobi, the person in charge of accounting institution (Accounting Officer) hereby declare and warrant that the financial statements in the semi-annual report are authentic, accurate and complete.

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

Profit distribution proposal of semi-annual report or proposal on capitalization of capital reserves reviewed by the Board of Directors in the reporting period: The Company will not distribute cash dividend, distribute bonus shares, or distribute shares from capital reserve during the current reporting period.

Note:

This document is a translated version of the Chinese version 2021 Semi-Annual Report (“2021 年半年度报告”), and the published announcements in the Chinese version shall prevail. The complete published Chinese 2021 semi-Annual Report maybe obtained at www.cninfo.com.cn.

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Definitions

Item	Refers To	Definitions
Company, the Company and NHU	Refers To	Zhejiang NHU Company Ltd.
CSRC	Refers To	China Securities Regulatory Commission
Zhejiang Securities Regulatory Bureau	Refers To	Zhejiang Regulatory Bureau of China Securities Regulatory Commission
PPS	Refers To	Polyphenylene sulfide
PPA	Refers To	Poly phthalamide
COD	Refers To	chemical oxygen demand
NOX	Refers To	nitrogen oxides
SO ₂	Refers To	Sulphur dioxide
VOC	Refers To	volatile organic compound
Xinchang Vitamins	Refers To	Xinchang NHU Vitamins Co., Ltd.
Zhejiang VYS	Refers To	Zhejiang Vityesun Animal Nutrition And Health Co., Ltd.
Boao Lidu	Refers To	Qionghai Boao Lidu Real Estate Co., Ltd.
NHU Import & Export	Refers To	Zhejiang NHU Import&Export Co., Ltd.
Shangyu Bio-Chem	Refers To	Shangyu NHU Bio-Chem Co., Ltd.
Zhejiang Pharmaceutical	Refers To	Zhejiang NHU Pharmaceutical Co., Ltd.
Zhejiang Special Materials	Refers To	Zhejiang NHU Construction Material Co., Ltd.
Shandong Pharmaceutical	Refers To	Shandong NHU Pharmaceutical Co., Ltd.
Shandong Vitamins	Refers To	Shandong NHU Vitamins Co., Ltd.
Shandong Jinghua	Refers To	Shandong NHU Fine Chemical Science and Technology CO., LTD.
Shandong Amino-acids	Refers To	Shandong NHU Amino-acids Co., Ltd.
Shandong Holding	Refers To	Shandong NHU Holdings Co., Ltd.
Heilongjiang Biological Technology	Refers To	Heilongjiang NHU Biotechnology Co., Ltd.
NHU (Hong Kong)	Refers To	NHU (HONGKONG) TRADING COMPANY LIMITED

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 (If any)	NHU		
Company Name in Foreign Language (If any)	ZHEJIANG NHU COMPANY LTD.		
Company Abbreviation in Foreign Language (If any)	NHU		
Legal Representative	Hu Baifan		

II. Contact Person and Contact Information

Item	Board Secretary	Securities Affairs Representative
Name	Shi Guanqun	Zeng Shuying
Contact Address	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang P.R.China	No.418 Xinchang Dadao West Road, Xinchang, Zhejiang P.R.China
Tel.	(0575)86017157	(0575)86017157
Fax	(0575)86125377	(0575)86125377
E-mail	sgq@cnhu.com	002001@cnhu.com

III. Other Information

1. Company's Contact Information

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

Applicable Not applicable

The Company's registered address, office address, postal code, website and e-mail address have not changed during the reporting period, which can be found in the 2020 Annual Report.

2. Information Disclosure and Location

Whether information disclosure and location has changed during the reporting period

Applicable Not applicable

The name of the Company's selected information disclosure newspaper, the URL of the website designated by the CSRC where the semi-annual report is posted, and the place where the Company's semi-annual report is available have not changed during the reporting period, which can be found in the 2020 Annual Report.

IV. Key Accounting Data and Financial Indicators

Whether the Company needs performed retroactive adjustment or restatement of accounting data in prior years or not

Yes No

Retroactive adjustment or restatement of reasons

Consolidated under the Same Control

Item	The Current Reporting Period	The Same Period of the Previous Year		Increase/Decrease of the Current Reporting Period Compared with the Same Period of the Previous Year
		Before adjustment	After adjustment	After adjustment
Operating Revenue (RMB)	7,254,221,638.01	5,290,274,214.99	5,303,165,502.25	36.79%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	2,408,499,133.50	2,211,899,379.72	2,208,930,277.20	9.03%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	2,279,454,655.63	2,114,837,105.23	2,114,837,105.23	7.78%
Net Cash Flow Generated by Operational Activities (RMB)	2,271,157,481.77	1,147,083,367.93	1,127,560,220.11	101.42%
Basic Earnings per Share (RMB/Share)	0.93	0.86 [Note]	0.86 [Note]	8.14%
Diluted Earnings per Share (RMB/Share)	0.93	0.86 [Note]	0.86 [Note]	8.14%
Weighted Average ROE	12.02%	12.44%	12.31%	Decrease 0.29 percentage point
Item	At the End of the Current Reporting Period	At the End of the Previous Year		Increase/Decrease at the End of the Current Reporting Period Compared with the End of the Previous Year
		Before adjustment	After adjustment	After adjustment

Total Assets (RMB)	33,647,974,809.91	30,897,007,799.54	30,897,007,799.54	8.90%
Net Assets Attributable to Shareholders of the Listed Company (RMB)	20,231,380,128.84	19,336,254,922.95	19,336,254,922.95	4.63%

Note: Shaoxing Rossence Material Technology Co.,Ltd and Shaoxing Qinjin New Materials Co., Ltd. were included in the scope of the Company's consolidated statements on September 1, 2020, and Weifang Jinghe Real Estate Co., Ltd was included in the scope of the Company's consolidation on November 1, 2020, and the Company made retroactive adjustments to the relevant financial statement data.

[Note] After the implementation of the Company's profit distribution plan for 2020, the Company's share capital increased from 2,148,662,300.00 shares to 2,578,394,760.00 shares, and the above earnings per share for the same period of the previous year was recalculated based on the adjusted share capital.

V. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

There is no difference in net profits and net assets of this financial report between International Financial Reporting Standards (IFRS) and China Accounting Standards in the reporting period

2. Differences between the net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese accounting standards

Applicable Not applicable

There is no difference in net profits and net assets of this financial report between Overseas Accounting Standards and China Accounting Standards in the reporting period.

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

Applicable Not applicable

Unit: RMB

Item	Amount
Profits or losses from disposal of non-current assets (including the write-off for the accrued impairment of assets)	1,065,564.79
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company and issued in the quota or quantity based on the national standards)	76,380,676.96
Gains or losses from investment or asset management entrusted to others	29,617,969.78
Profits and losses resulting from the changes in fair value for	23,301,029.03

holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company	
Non-operating revenue and expenses other than the above	9,566,525.91
Less: Impact of income tax	10,887,288.60
Total	129,044,477.87

For items defined as non-recurring gains and losses according to the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, or non-recurring gains and losses items listed in the said document defined as recurring ones, please specify the reasons.

Applicable Not applicable

In the reporting period, the Company did not define any non-recurring gains and losses items defined and listed in the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, as recurring gains and losses items.

Section III Management Discussion and Analysis

I. The Principal Business of the Company during the Reporting Period

NHU is a national high-tech enterprise focusing on the production and sales of nutritional health products and new polymer materials. It has been innovating and developing around the business fields of nutritional products, aroma chemicals, and new polymer materials, and striving to build “chemical+” and “biological+” platforms. It has been constantly enriching its products category and developing functional chemicals. NHU adheres to the customer-oriented philosophy, takes customers as the center to create value, providing solutions for over 100 countries and regions across the world, continuously improving quality of human life with high-quality, healthy and green products, and creating sustainable value with win-win development. With leading technologies, scientific management and sincere services, NHU has become a world-renowned supplier of vitamins and a large national manufacturer of aroma chemicals.

I. Main Products and Applications

Nutritional products: NHU’s main vitamin products include vitamin E, vitamin A, vitamin C, DL-methionine, vitamin D3, Vitamin H ,coenzyme Q10 and astaxanthin, which are mainly used as feed and food additives to enhance animal health and boost profit of breeding industry, as well as to provide the energy and nutrition needed for human being. NHU’s vitamin products, as the main business, have a substantial market share, with a prominent industrial position, famous brand advantages, and the market standing of leading domestically and being well-known globally.

Aroma chemicals: NHU’s main aroma chemical products include : linalool, citral, and cis-3-hexenol series, and methyl dihydrojasmonate, raspberry ketone and ligustral, covering fragrance and flavor market. Its main aroma chemical products currently focus on the global market, with strong competitiveness, a high market share and relatively stable market structure.

New polymer materials: NHU’s main new material products include PPS and PPA, which are characterized by high temperature resistance, corrosion resistance and strong stability. At present, PPS series products have successfully entered the mainstream market application fields such as automobiles, electronic appliances and environmental protection.

II. Major Operations during the Reporting Period

During the reporting period, the Company has been actively taking countermeasures to seize market opportunities and maintain a positive growth trend in production and operation facing the continuous impact of the global pandemic and changes in the market. Compared with the corresponding period of last year, in the first half of 2021, NHU has achieved RMB 7,254,221,638.01 operating income, with an increase of 36.79%; RMB 2,811,545,441.60 total profit, with an increase of 9.82%; and RMB 2,408,499,133.50 net

profit attributable to the shareholders of the listed company, with an increase of 9.03%.

1. Collaborations to ensure the orderly progress of production and operation. During the report period, the market department of NHU adjusted sales strategy based on the market situation in a timely manner. The production, procurement and other functional departments worked closely with the sales department to improve the response to customers' demand. By establishing strategic cooperation with shipping companies and predicting the market and locking space in advance, NHU has ensured to the stable delivery of products during special periods. And by establishing a key raw material database for weekly follow-up, implement strategic reserves, strategic purchases and other forms, NHU has ensured to the stable supply of bulk raw materials. All such measures guaranteed the stable operation of sales business.

2. Promoting the construction of key projects and research subject orderly. During the report period, NHU have been improving the quality and efficiency of its products and their competitiveness through process optimization and internal tapping; NHU' s 100,000-ton plant of the 250,000-ton-per-year DL-methionine phase II project, the biofermentation project (Phase I) and other new projects were in stable production; NHU' s 150,000-ton plant of the 250,000-ton-per-year DL-methionine phase II project was on schedule and the overall progress was under control. NHU has been steadily advancing other key R&D topics according to the planned nodes, with its innovative achievements recognized by the society. The project of “The Key Innovation and Industrialization Technology for Tailoring Supported Catalysts in the Micro-nano dimension” won the first prize of Technological Invention in Zhejiang Province in 2020.

3. Continuously consolidating the management foundation and improving management efficiency. During the reporting period, NHU gave full play to the advantages of overall capital operation to ensure the funds required for operation, project construction and investment. At the same time, NHU also optimized the process information system, sorted out and optimized core business processes to improve operational efficiency, launched the equipment integrity management system, promoted the HSE management system pilot and intelligent manufacturing system construction, optimized the company organization, promoted the rotation and training mechanism, and innovated an efficient salary and performance management model to stimulate the initiative of each level.

There was not any significant change on NHU' s main business and business model during the reporting period.

II. Core Competitiveness Analysis

1. Advantages of Corporate Culture and the Management Team. The Company advocates the purpose of “creating wealth, achieving employees and benefiting society”, the values of “new, harmony, union”, the operation philosophy of “wealth creation, balance and sustainability”, the corporate spirit of “seeking truth, innovation, quality and efficiency”, innovates and improves its management, thereby guaranteeing the stable development of the enterprise. Under the influence of the “teacher culture”, the Company advocates that the sage is the teacher, the competent is the teacher, being modest, and educating carefully. The human

resource management is transformed into the human resource business support service. The talent supply chain construction and the leader team construction are effectively promoted. Business and professional leading talents are recruited and undergraduates are systematically trained and reserved by introducing the business-oriented and specialty-oriented talents. The talent cultivation measures such as employee assignment, project training and work shift are extensively implemented. A talent team which is pioneering, innovative, pragmatic and efficient and an excellent management team which is long-term, stable and with high sense of responsibility are developed, promoting continuous, healthy and rapid development of the Company.

2. Advantages of Technical Resources and Technology Research and Development The Company insists on the research and development philosophy of “demand-oriented, internal and external integration”, integrates global resources, and closely cooperates with famous domestic and foreign research institutes and universities such as Zhejiang University, Chinese Academy of Sciences, Jiangnan University, China Agricultural University, Zhejiang University of Technology, and CysBio biotechnology company of Denmark to jointly conduct prospective studies and application field studies on chemicals. The Company has developed research and development institutes such as state-recognized enterprise technology center, national-level post-doctoral scientific research workstation, and national model academician and expert workstation, set up laboratories such as bio-pharmaceutical laboratory, supercritical reaction laboratory and engineering equipment research center, equipped cutting-edge research and development instruments such as 600M NMR with cryoprobes, and mastered leading domestic technologies such as supercritical reaction, high vacuum distillation and continuous reaction.

3. Advantages of processes and equipment. The Company values effective combination of processes and equipment, has set up the process equipment research institute to cooperate with domestic and foreign famous engineering companies and scientific research institutes. The Company keeps improving the quality of processes and equipment from all rounds through introduction, digestion, absorption and re-innovation of advanced technologies. The Company is dedicated to large-scale, airtight, continuous and automated transformation of equipment in process and equipment research and development, to save energy, reduce emissions, improve the labor productivity and product quality, increase the intrinsic safety of the production process, lower the cost and 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.

4. Brand Advantages The Company insists on “good faith”, and has set the goals of serving the customers and creating industry values together with the customers for years. The Company consistently provides the customers with secure and superior products as

well as efficient and satisfactory services through technical innovation. After years of development and accumulation, the Company has been awarded several honorary titles in the global fine chemical industry, such as one of top ten feed additive brands in China and one of large-scale vitamin feed additive enterprises in China. The favorable reputation in the market has laid a solid foundation for the healthy and persistent development of the Company.

III. Main Business Analysis

Refer to “I. The Principal Business of the Company during the Reporting Period”

Year-on-year changes in key financial data

Unit: RMB

Item	The Current Reporting Period	The Same Period of the Previous Year	Year-on-year increase or decrease	Reasons for Changes
Operating Income	7,254,221,638.01	5,303,165,502.25	36.79%	Mainly due to the increase in sales volume of vitamin E and DL-methionine products.
Operating Cost	3,755,325,045.02	2,143,809,060.49	75.17%	Mainly due to the increase in sales volume of vitamin E and DL-methionine products and adjusting freight and transportation premium into operating costs for implementing the new income standard.
Sales Expenses	55,479,574.90	132,057,487.52	-57.99%	Mainly due to the impact of the implementation of the new income standard, adjusting freight and transportation premium into operating costs.
Administration Expenses	187,505,914.10	183,896,476.30	1.96%	Mainly due to the increase in depreciation.
Financial Expenses	144,530,139.09	76,306,971.80	89.41%	Mainly due to the increase in loan interests and the increase in foreign exchange losses which caused by the fluctuation in foreign exchange rate.
Income Tax Expense	394,709,861.22	345,891,461.03	14.11%	Mainly due to the increase of taxable income
Research and Development Expense	351,532,764.55	219,152,938.63	60.41%	Mainly due to the increase of material inputs and salary
Net Cash Flow Generated by Operating	2,271,157,481.77	1,127,560,220.11	101.42%	Mainly due to the increase of accordance with operating income growth, meanwhile sales collection increases during the

Item	The Current Reporting Period	The Same Period of the Previous Year	Year-on-year increase or decrease	Reasons for Changes
Activities				current reporting period
Net Amount of Cash Flow Generated by Investment Activities	-1,066,449,910.49	1,519,123,736.14	-170.20%	Mainly due to the decrease of the expired bank financial products in the current reporting period
Net Cash Flow Generated by Financing Activities	351,773,744.86	-649,397,506.59	154.17%	Mainly due to the increase of loans
Net Additions to Balance of Equivalents	1,512,856,721.48	2,027,758,341.46	-25.39%	Mainly due to the decrease in expired bank financial products

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

Applicable Not applicable

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

Operating Income Structure

Unit: RMB

Item	The Current Reporting Period		The Same Period of the Previous Year		Year-on-year increase or decrease
	Amount	Proportion in Operating Income	Amount	Proportion in Operating Income	
Total Revenue	7,254,221,638.01	100%	5,303,165,502.25	100%	36.79%
By Industry					
Pharmaceutical Chemicals	6,758,771,833.00	93.17%	4,943,797,504.30	93.22%	36.71%
Others	495,449,805.01	6.83%	359,367,997.95	6.78%	37.87%
By Product					
Nutritional Products	5,452,151,744.71	75.16%	3,720,891,315.66	70.16%	46.53%
Aroma Chemicals	1,126,980,745.24	15.53%	1,052,666,046.25	19.85%	7.06%
New Polymer Materials	418,367,560.13	5.77%	324,009,632.99	6.11%	29.12%
Others	256,721,587.93	3.54%	205,598,507.35	3.88%	24.87%
By Region					
Domestic Sales	3,295,559,229.13	45.43%	2,056,800,286.67	38.78%	60.23%

Export Sales	3,958,662,408.88	54.57%	3,246,365,215.58	61.22%	21.94%
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Industry, product, or region accounting for more than 10% of the Company's operating revenue or profit

Applicable Not applicable

Unit: RMB

Item	Operating Income	Operating Cost	Gross Margin	Increase or Decrease of Operating Revenue Compared with the Same Period of Last Year	Increase and Decrease of Operating Cost over the Same Period of Last Year	Increase or Decrease of Gross Margin Compared with the Same Period of Last Year
By Industry						
Pharmaceutical Chemicals	6,758,771,833.00	3,390,108,464.20	49.84%	36.71%	75.45%	Decrease 11.08 percentage point
By Product						
Nutritional Products	5,452,151,744.71	2,613,224,909.87	52.07%	46.53%	91.96%	Decrease 11.34 percentage point
Aroma Chemicals	1,126,980,745.24	625,409,670.40	44.51%	7.06%	37.41%	Decrease 12.25 percentage point
By Region						
Domestic Sales	3,295,559,229.13	1,898,486,520.10	42.39%	60.23%	111.80%	Decrease 14.29 percentage point
Export Sales	3,958,662,408.88	1,856,838,524.92	53.09%	21.94%	48.85%	Decrease 8.48 percentage point

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

Applicable Not applicable

Reasons for over 30% changes in related data on year-on-year basis

Applicable Not applicable

① By Industry: Compared with the corresponding period of last year, the operating revenue of pharmaceutical chemical industry is increased by 36.71%, the operating cost is increased by 75.45%, mainly due to the increase of the sales of vitamin E and DL-methionine.

② By Product: Compared with the corresponding period of last year, the operating revenue of nutrition is increased by 46.53%, the operating cost is increased by 91.96%, mainly due to the increase of the sales of vitamin E and DL-methionine. And mainly due to the increase of the sales, the operating cost of aroma chemicals is increased by 37.41% over the corresponding period of last year.

③ By Region: Mainly due to the sales increase of nutrition series products, the operating revenue in domestic business and the operating cost in domestic and foreign business are increased by more than 30%.

IV. Non-main Business Analysis

□ Applicable √ Not applicable

V. Analysis of Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

Item	At the End of the Current Reporting Period		At the End of the Previous Year		Proportion Increase and Decrease	Statement on Significant Changes
	Amount	Proportion to Total Assets	Amount	Proportion to Total Assets		
Cash and Bank Balances	6,412,612,895.26	19.06%	4,927,657,236.24	15.95%	Increase 3.11 percentage point	Increase in net cash flow generated by operating activities
Accounts Receivable	2,502,876,087.12	7.44%	1,930,930,930.01	6.25%	Increase 1.19 percentage point	Increase in accordance with operating income growth
Inventories	3,522,689,642.11	10.47%	3,117,042,558.78	10.09%	Increase 0.38 percentage point	No significant change
Fixed Assets	13,752,889,539.13	40.87%	13,914,151,215.54	45.03%	Decrease 4.16 percentage point	No significant change
Long-term Equity Investment	358,710,928.96	1.07%	343,378,891.18	1.11%	Decrease 0.04 percentage point	No significant change
Construction in progress	2,295,793,123.43	6.82%	1,325,545,420.56	4.29%	Increase 2.53 percentage point	Mainly due to the increase of the investment in Shandong Industrial Park Project TMB and Shangyu Industrial Park Project PPS
Right-of-use	5,015,022.59	0.01%	0	0.00%	Increase 0.01	Impact of the implementation of

Assets					percentage point	the new lease standard in 2021
Short-term Borrowings	2,398,007,852.59	7.13%	2,363,525,192.53	7.65%	Decrease 0.52 percentage point	No significant change
Contract Liabilities	44,962,287.54	0.13%	56,302,537.11	0.18%	Decrease 0.05 percentage point	No significant change
Long-term Borrowings	5,794,842,788.03	17.22%	4,136,875,354.33	13.39%	Increase 3.83 percentage point	increase in loans
Lease Liabilities	5,398,990.60	0.02%	0	0.00%	Increase 0.02 percentage point	Impact of the implementation of the new lease standard in 2021

2. Major overseas assets

√ Applicable □ Not applicable

Asset Specifics	Causes	Asset Size	Location	Operation Mode	Control Measures to Safeguard Asset Security	Earnings	The Proportion of Overseas Assets to the Company's Net Assets	Whether there is a Significant Impairment Risk
NHU EUROPE GmbH	Establishment	824,800,061.59	Lüneburg, Germany	Trading enterprises	Appoint directors and hire accounting firms to audit the annual financial report to ensure the safety of assets.	15,167,263.78	0.61%	No
NHU Performance Materials GmbH	Establishment	25,054,953.10	Lüneburg, Germany	Trading enterprises	Appoint directors and hire accounting firms to audit the annual financial report	1,556,597.70	0.05%	No

					to ensure the safety of assets.			
Bardoterminal GmbH	Subsidiaries acquired through business combinations not under common control	14,086,901.27	Luneburg, Germany	The transportation and warehousing sector	Appoint directors and hire accounting firms to audit the annual financial report to ensure the safety of assets.	1,838,318.55	0.06%	No

3. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	At the Beginning of the Reporting Period	Changes in Fair Value Gains and Losses in the Current Period	Cumulative Fair Value Changes in Equity	Impairment Loss of the Reporting Period	Purchase Amount of the Reporting Period	Sales Amount of the Reporting Period	Other Variations	At the End of the Reporting Period
Financial Assets								
1. Trading Financial Assets (excluding derivative financial assets)	850,000,000.00				1,320,000,000.00	850,000,000.00		1,320,000,000.00
2. Derivative Financial Assets	2,227,964.70	4,198,235.42						6,426,200.12
Financial Assets Subtotal	852,227,964.70	4,198,235.42			1,320,000,000.00	850,000,000.00		1,326,426,200.12
Total	852,227,964.70	4,198,235.42			1,320,000,000.00	850,000,000.00		1,326,426,200.12

Are there any significant changes in the measurement attributes of the company's main assets during the reporting period?

Yes No

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

- (1) The right of use of RMB 230,449,397.69 various cash deposits in monetary fund is restricted due to pledge.
- (2) The right of use of RMB8,890,529.21 receivables for financing is restricted due to pledge for issuing bank acceptance bill.
- (3) The right of use of RMB431,546,440.19 notes receivable is restricted due to being pledged for issuing bank acceptance bill.
- (4) The right of use of RMB 86,062,988.84 fixed assets is restricted due to being mortgaged to the bank for Loan.
- (5) The right of use of RMB10,074,981.26 intangible assets is restricted due to being mortgaged to the bank for Loan.

VI. Investment analysis**1. Overview**

Applicable Not applicable

Investment In The Reporting Period (RMB)	Investment Over The Corresponding Period Of Last Year(RMB)	Rate Of Change
1,118,444,545.53	710,039,301.37	57.52%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments underway during the reporting period

Applicable Not applicable

4. Financial assets investment**(1) Securities investment**

Applicable Not applicable

No such case as securities investment during the reporting period.

(2) Derivatives investment

√ Applicable □ Not applicable

Unit: ten thousand RMB

Counterparty	Relation with Related Party	Whether it is a Related Transaction	Types of Derivatives Investment	Initial Amount of Derivatives Investment	Starting Date	Termination Date	Investment Amount at the Beginning of the Period	Amount Purchased during the Reporting Period	Amount Sold during the Reporting Period	Amount of Provision for Impairment Accrued (if any)	Investment Amount at the End of the Period	Proportion of Investment Amount in the Company's net Assets at End of the Reporting Period	Actual Profit and Loss During the Reporting Period
Bank	Non-related party	No	Structured Forward Contracts	9,753.70	July 20, 2020	February 24, 2021	2,459.60		2,459.60				9.48
Bank	Non-related party	No	Forward Contracts	4,802.49	December 15, 2020	March 25, 2021	4,802.49		4,802.49				81.84
Bank	Non-related party	No	Structured Forward Contracts	19,803.00	December 22, 2020	March 25, 2021	19,803.00		19,803.00				-46.41
Bank	Non-related party	No	Structured Forward Contracts	19,686.44	December 30, 2020	February 22, 2021	13,116.48		13,116.48				
Bank	Non-related party	No	Structured Forward Contracts	15,744.40	December 30, 2020	January 25, 2021	10,487.20		10,487.20				
Bank	Non-related party	No	Structured Forward Contracts	9,840.25	December 30, 2020	January 25, 2021	6,554.50		6,554.50				

	party		Forward Contracts		er 30, 2020	2021							
Bank	Non-related party	No	Structured Forward Contracts	39,361.13	January 6, 2021	January 19, 2021		39,361.13	39,361.13				9.93
Bank	Non-related party	No	Structured Forward Contracts	9,251.42	February 9, 2021	February 18, 2021		9,251.42	9,251.42				2.76
Bank	Non-related party	No	Structured Forward Contracts	3,186.36	January 8, 2021	February 22, 2021		3,186.36	3,186.36				-5.69
Bank	Non-related party	No	Structured Forward Contracts	41,085.00	January 8, 2021	March 26, 2021		41,085.00	41,085.00				111.66
Bank	Non-related party	No	Forward Contracts	12,923.70	January 13, 2021	January 25, 2021		12,923.70	12,923.70				-157.9
Bank	Non-related party	No	Forward Contracts	8,768.32	January 13, 2021	March 26, 2021		8,768.32	8,768.32				10.58
Bank	Non-related party	No	Forward Contracts	7,117.00	January 14, 2021	January 29, 2021		7,117.00	7,117.00				-77.88
Bank	Non-related party	No	Structured Forward Contracts	32,624.00	January 28, 2021	March 25, 2021		32,624.00	32,624.00				143.27
Bank	Non-related party	No	Structured Forward Contracts	25,468.00	January 28, 2021	May 25, 2021		25,468.00	25,468.00				138.41

Bank	Non-related party	No	Structured Forward Contracts	32,516.00	February 5, 2021	March 26, 2021		32,516.00	32,516.00				93.00
Bank	Non-related party	No	Structured Forward Contracts	19,485.00	February 19, 2021	March 15, 2021		19,485.00	19,485.00				22.70
Bank	Non-related party	No	Forward Contracts	12,625.60	February 23, 2021	April 26, 2021		12,625.60	12,625.60				207.75
Bank	Non-related party	No	Forward Contracts	38,986.40	February 26, 2021	May 17, 2021		38,986.40	38,986.40				-58.70
Bank	Non-related party	No	Forward Contracts	13,088.15	March 8, 2021	May 25, 2021		13,088.15	13,088.15				88.86
Bank	Non-related party	No	Forward Contracts	3,293.25	April 1, 2021	April 26, 2021		3,293.25	3,293.25				13.87
Bank	Non-related party	No	Forward Contracts	3,293.80	April 1, 2021	April 26, 2021		3,293.80	3,293.80				14.41
Bank	Non-related party	No	Forward Contracts	17,233.23	April 7, 2021	August 25, 2021		17,233.23	10,910.75		6,322.48	0.31%	263.29
Bank	Non-related party	No	Forward Contracts	3,117.63	April 9, 2021	April 26, 2021		3,117.63	3,117.63				41.43
Bank	Non-related party	No	Forward Contracts	9,431.22	April 19, 2021	June 25, 2021		9,431.22	9,431.22				94.72
Bank	Non-related party	No	Forward Contracts	12,948.00	April 30, 2021	May 25, 2021		12,948.00	12,948.00				-31.00
Bank	Non-related party	No	Structured Forward	16,250.20	April 30, 2021	July 26, 2021		16,250.20	9,711.20		6,539.00	0.32%	263.97

			Contracts										
Bank	Non-related party	No	Forward Contracts	19,397.10	May 13, 2021	July 26, 2021		19,397.10	12,923.60		6,473.50	0.32%	229.07
Bank	Non-related party	No	Forward Contracts	15,812.50	May 18, 2021	November 22, 2021		15,812.50	7,854.50		7,958.00	0.39%	277.65
Bank	Non-related party	No	Forward Contracts	12,815.00	June 4, 2021	June 25, 2021		12,815.00	12,815.00				100.60
Bank	Non-related party	No	Forward Contracts	19,270.25	June 7, 2021	July 26, 2021		19,270.25	12,802.00		6,468.25	0.32%	99.98
Bank	Non-related party	No	Forward Contracts	1,553.69	June 15, 2021	June 25, 2021		1,553.69	1,553.69				-0.71
Bank	Non-related party	No	Forward Contracts	5,448.24	June 15, 2021	July 26, 2021		5,448.24			5,448.24	0.27%	72.51
Bank	Non-related party	No	Forward Contracts	19,290.90	June 17, 2021	June 25, 2021		19,290.90	19,290.90				223.34
Bank	Non-related party	No	Forward Contracts	4,527.60	June 22, 2021	June 25, 2021		4,527.60	4,527.60				77.56
Bank	Non-related party	No	Forward Contracts	6,175.40	June 30, 2021	August 25, 2021		6,175.40			6,175.40	0.31%	15.75
Total				545,974.37	--	--	57,223.27	466,344.09	478,182.49		45,384.87	2.24%	2,330.10
Sources of Funds for Derivatives Investment				Self-owned funds									
Litigation Involved (if applicable)				N/A									
Disclosure Date of Board of Directors' Announcement on the Approval of Derivatives Investment (if any)				March 31, 2021									

Disclosure Date of Shareholder Meeting's Announcement on the Approval of Derivatives Investment (if any)	Not applicable.
Risk Analysis and Description of Control Measures for Derivatives Positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	To prevent exchange rate risk, the Company and its subsidiaries have carried out derivative business, and the Company and its subsidiaries strictly implement the Rules and Regulations for the Administration of Foreign Exchange Hedging Business
Changes in Market Prices or Product Fair Value of Invested Derivatives during the Reporting Period, and the Analysis of the Fair Value of Derivatives Should Disclose the Specific Methods Used and the Setting of Related Assumptions and Parameters.	The floating income of the fair value of the invested derivatives was RMB 9.3699 million at the beginning of the reporting period, and it was RMB23.67 million at the end of the reporting period.
Explanation of Whether the Company's derivatives Accounting Policies and Specific Accounting Principles have Changed Significantly during the Reporting Period Compared with the Previous Reporting Period	Not applicable.
Independent directors' special opinions on the Company's derivatives investment and risk control	The Company has formulated the Rules and Regulations for the Administration of Foreign Exchange Hedging Business, and has established specific operating procedures for conducting foreign exchange hedging business by strengthening internal control, implementing risk prevention measures and improving the management level. The Company has analyzed the feasibility of its foreign exchange hedging business. Overall, it is feasible to carry out foreign exchange hedging, which can effectively reduce the risk of exchange rate fluctuations and help stabilize the profit level. The content and review procedures of the matter are in compliance with the relevant laws, regulations, regulatory documents and the Articles of Association, and do not constitute any damage to the interests of the Company and its other shareholders. We unanimously agree with the Company to conduct foreign exchange hedging business.

VII. Major Assets and Equity Sales

1. Major assets sales

Applicable Not applicable

No major assets sales in the reporting period of the Company

2. Major equity sales

Applicable Not applicable

VIII. Analysis of Major Holding and Equity Participation Companies

Applicable Not applicable

Major subsidiaries and equity participation companies with a net profit impact of over 10%.

Unit: RMB

Company Name	Company Type	Main businesses	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Shangyu Bio-Chem	Subsidiary Company	Production and sales of feed additives	RMB 50 million	4,403,903,838.82	3,082,086,702.23	1,107,164,203.39	593,492,656.61	514,659,519.60
Shandong Pharmaceutical	Subsidiary Company	Production and sales of Aroma chemicals	RMB 586 million	2,828,418,701.22	2,170,404,035.10	1,305,532,064.37	485,847,711.12	426,226,742.46
Shandong Amino-acids	Subsidiary Company	Production and sales of methionine	RMB 830 million	5,156,411,491.45	3,378,453,465.25	1,176,845,216.88	345,969,979.63	304,177,903.08
Shandong Vitamins	Subsidiary Company	Production and sales of feed additives	RMB 500 million	3,543,688,342.06	1,481,495,520.05	1,367,424,696.46	616,957,675.58	532,251,323.27

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Zhejiang NHU Nylon Materials Co., Ltd.	Newly established	N/A

IX. The structured entity controlled by the Company

Applicable Not applicable

X. Risks and Countermeasures

1. Macroeconomic Risks

Influenced by the global Covid-19 pandemic, the macroeconomic direction becomes more uncertain. NHU will pay close attention to the evolution of the Covid-19 pandemic and its influence on the macroeconomy and this industry, actively respond to the pandemic and promote the stable development of NHU.

2. Industry and Market Competition Risk

The Company faces competition in its own industry or cross-industry entrants in the domestic and international markets, and the emergence of new technologies and new processes will not only impact the market, but also challenge the market position of the Company in the industry. In the future, the Company will continuously lift its capabilities of research, development and innovation, improve its processes, enhance cost control, and improve the core competitiveness.

3. Risk in Raw Material Price Fluctuation

In view of the scale compression of industries with excess production capacity through the national supply-side reform, some small and medium-sized upstream suppliers will face high operating pressure, which will cause reduction of raw material procurement channels and fluctuation of the raw material prices. Due to a high proportion of the raw material cost in the total cost of the Company, the fluctuation of the raw material prices will impact the business performance of the Company. By establishing strategic partnership with suppliers, the Company takes such measures as strategic procurement, expansion of procurement channels, and reasonable control of the inventory according to the market conditions, trying to guarantee the material supply and control the cost increase at a reasonable level to the maximum extent.

4. Risk in Exchange Rate Fluctuation

Considering that the sales revenue of the Company in the foreign markets accounts for a high proportion, the sales revenue and profitability of the Company will be influenced by the trade barriers and exchange rate fluctuation caused by trade friction between China and US and instability of the international economic situation. In the future, the Company will take targeted measures to respond to the international market changes, stabilize the international market position and actively expand new economic growth points to keep stable growth of the Company's business.

5. Environment Protection Policy Risk

The Company is a player in the chemical and pharmaceutical manufacturing industry, which will face stricter supervision in respect of environmental protection along with rising awareness of social and environmental protection. The Company adopts the idea of green development, implements the environmental protection management in the full life cycle, and enhances reduction,

recycling and harmless treatment of the three wastes from reduction at the source, process control and treatment at the end. In terms of process, the Company enhances control of the process source, carries out environmental protection assessment from process development and plans the environmental protection line to guarantee treatment of three wastes covering the whole chain and process. The Company takes ISO14001 as the management framework during production, establishes the systematic management system, and carries out environmental protection management covering all the employees, times and spaces from the production source to the center of three wastes. In terms of hardware, the Company pays attention to environmental protection investment, equips multiples sets of waste water, waste gas and solid waste treatment devices and ensures effective running of various environmental protection facilities. The Company sees environmental protection as a responsibility rather than an obligation, continuously exploring the road of sustainable development that is green and low-carbon.

Section IV Corporate Governance

I. Relevant Situation of the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders Held in the Reporting Period

1. The shareholders' meetings for this reporting period

Conference Session	Conference Type	Percentage of Investors Involved	Date of Conference	Date of Disclosure	Conference Resolution
2020 Annual General Meeting of Shareholders	Annual General Meeting	54.00%	April 21, 2021	April 22, 2021	It reviewed and approved 10 proposals, including the "2020 Annual Report of the Board of Directors", as described in Announcement No. 2021-019 on www.cninfo.com.cn

2. Convening of the extraordinary shareholders' general meetings upon request of the preferred stockholders whose voting rights are restored

Applicable Not applicable

II. Changes of Directors, Supervisors and Senior Executives

Applicable Not applicable

There were no changes in the directors, supervisors and senior executives of the Company during the reporting period, which can be found in the 2020 Annual Report.

III. Profit Distribution and Capital Reserve Converted to Share Capital in the Reporting Period

Applicable Not applicable

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

IV. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

The third employee stock ownership plan of the Company was reviewed and approved by the second extraordinary shareholders'

meeting of 2020 held on November 11, 2020, the current employee stock ownership plan is managed by the Company itself, and the Company's shares are acquired and held by stock purchase through secondary market, with total funds not exceeding RMB 306 million and a duration of not more than 24 months. As of February 26, 2021, the Company has completed the stock purchase through the secondary market bidding transaction, and purchased 8,442,935 shares of the Company, accounting for 0.39% of the total share capital of the Company, with a transaction amount of RMB 303,710,918.74 and an average transaction price of approximately RMB 35.97 per share, with a lock-up period of 12 months from February 27, 2021. For details, please refer to the "Announcement on the Completion of Stock Purchase under the Third Employee Stock Purchase Plan" (2021-004) published on <http://www.cninfo.com.cn>.

The 2020 Annual General Meeting of Shareholders reviewed and approved the "2020 Profit Distribution Proposal", agreeing to distribute a cash dividend of RMB 7 (including tax) for every 10 shares to all shareholders based on the total share capital of 2,148,662,300 shares at that time, and to transfer 2 shares for every 10 shares to all shareholders by capital reserve. On May 19, 2021, the Company implemented the 2020 annual equity distribution. After the transfer, the shares held by the third employee stock ownership plan changed from 8,442,935 shares to 10,131,522 shares, accounting for the same proportion of the Company's total share capital. On June 9, 2021, the second holders' meeting of the third employee stock ownership plan elected Mr Qiu Jinzhao as a member of the Management Committee of the third employee stock ownership plan, and his term of office coincides with the duration of the third employee stock ownership plan. For details, please refer to the "Announcement on Adjusting the Members of the Management Committee of the Third Employee Stock Ownership Plan" (2021-022) published on <http://www.cninfo.com.cn>.

Section V Environmental and Social Responsibilities

I. Major Environmental Issues

Whether the listed company and its subsidiaries belong to the key pollutant discharging units announced by the environmental protection department

√ Yes □ No

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
NHU	VOC	Emission filter	1	Plant area	10mg/m ³	100mg/m ³	0.61t	54.95t/a	Not exceeding the standard
NHU	SO ₂	Emission filter	3	Plant area	3mg/m ³	50mg/m ³	0.04t	8.612t/a	Not exceeding the standard
NHU	NOX	Emission filter	3	Plant area	38mg/m ³	150mg/m ³	0.39t	28t/a	Not exceeding the standard
NHU	Particulate	Emission	3	Plant area	5mg/m ³	20mg/m ³	0.04t	2.11t/a	Not

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
	matters	filter							exceeding the standard
NHU	COD	Collection pipe	1	Plant area	174mg/L	500mg/L	9.34t	189.5t/a	Not exceeding the standard
NHU	Ammonia nitrogen	Collection pipe	1	Plant area	1.7mg/L	35mg/L	0.19t	13.28t/a	Not exceeding the standard
NHU	Total nitrogen	Collection pipe	1	Plant area	19mg/L	120mg/L	1.85t	45.52t/a	Not exceeding the standard
Shangyu Bio-Chem	NOX	Emission filter	1	Plant area	47mg/m ³	240mg/m ³	6.775t	12.96t/a	Not exceeding the standard
Shangyu Bio-Chem	VOC	Emission filter	3	Plant area	5mg/m ³	150mg/m ³	12.624t	271.182t/a	Not exceeding the standard
Shangyu Bio-Chem	COD	Collection pipe	1	Plant area	310mg/L	500mg/L	149.862t	447.4t/a	Not exceeding the standard
Shangyu Bio-Chem	Ammonia nitrogen	Collection pipe	1	Plant area	22mg/L	35mg/L	10.927t	31.318t/a	Not exceeding the standard
Shangyu Bio-Chem	Total nitrogen	Collection pipe	1	Plant area	32mg/L	70mg/L	15.184t	62.637t/a	Not exceeding the standard
Zhejiang Pharmaceutical 1	Particulate matters	Emission filter	1	Plant area	3mg/m ³	15mg/m ³	0.0038t	0.304t/a	Not exceeding the standard
Zhejiang Pharmaceutical 1	Particulate matters	Emission filter	1	Plant area	3mg/m ³	65mg/m ³	0.46t	8.42t/a	Not exceeding the standard
Zhejiang Pharmaceutical	Particulate	Emission	2	Plant area	2.37mg/m ³	30mg/m ³	0.915t	77.597t/a	Not exceeding the

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
1	matters	filter							standard
Zhejiang Pharmaceutica 1	SO ₂	Emission filter	2	Plant area	7mg/m ³	200mg/m ³	1.089t	129.40t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	NOX	Emission filter	2	Plant area	22mg/m ³	200mg/m ³	3.882t	74.49t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	NOX	Emission filter	1	Plant area	60mg/m ³	500mg/m ³	11.811t	28.08t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	VOC	Emission filter	2	Plant area	10.57mg/m ³	150mg/m ³	3.753t	167.91t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	COD	Collection pipe	1	Plant area	310mg/L	500mg/L	98.058t	292.37t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	Ammonia nitrogen	Collection pipe	1	Plant area	22mg/L	35mg/L	7.15t	20.467t/a	Not exceeding the standard
Zhejiang Pharmaceutica 1	Total nitrogen	Collection pipe	1	Plant area	32mg/L	70mg/L	9.935t	40.93t/a	Not exceeding the standard
Zhejiang Special Materials	Particulate matters	Emission filter	2	Plant area	5mg/m ³	30mg/m ³	0.515t	18.61t/a	Not exceeding the standard
Zhejiang Special Materials	SO ₂	Emission filter	2	Plant area	14mg/m ³	200mg/m ³	1.182t	89.7t/a	Not exceeding the standard
Zhejiang Special Materials	NOX	Emission filter	2	Plant area	88mg/m ³	200mg/m ³	8.127t	111.04t/a	Not exceeding the standard
Zhejiang Special	VOC	Emission filter	1	Plant area	10mg/m ³	60mg/m ³	0.752t	69.72t/a	Not exceeding the

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
Materials									standard
Zhejiang Special Materials	COD	Collection pipe	1	Plant area	310mg/L	500mg/L	59.517t	180.15t/a	Not exceeding the standard
Zhejiang Special Materials	Ammonia nitrogen	Collection pipe	1	Plant area	22mg/L	35mg/L	4.307t	12.611t/a	Not exceeding the standard
Zhejiang Special Materials	Total nitrogen	Collection pipe	1	Plant area	32mg/L	70mg/L	6.046t	25.221t/a	Not exceeding the standard
Shandong Pharmaceutical 1	Particulate matters	Emission filter	5	Plant area	1.35mg/m ³	10mg/m ³	0.63t	5.707t/a	Not exceeding the standard
Shandong Pharmaceutical 1	SO ₂	Emission filter	4	Plant area	0.113mg/m ³	50mg/m ³	0.7956t	4.046t/a	Not exceeding the standard
Shandong Pharmaceutical 1	NOX	Emission filter	5	Plant area	14.8mg/m ³	100mg/m ³	5.149t	77.328t/a	Not exceeding the standard
Shandong Pharmaceutical 1	VOC	Emission filter	3	Plant area	20mg/m ³	60mg/m ³	2.12t	27.924t/a	Not exceeding the standard
Shandong Pharmaceutical 1	COD	Collection pipe	1	Plant area	639mg/L	1000mg/L	136t	547t/a	Not exceeding the standard
Shandong Pharmaceutical 1	Ammonia nitrogen	Collection pipe	1	Plant area	49.4mg/L	100mg/L	4.39t	54.7t/a	Not exceeding the standard
Shandong Pharmaceutical 1	Total nitrogen	Collection pipe	1	Plant area	54.8mg/L	120mg/L	11.4t	65.64t/a	Not exceeding the standard
Shandong NHU Thermoelectri	Particulate matters	Emission filter	1	Plant area	0.325mg/m ³	5mg/m ³	0.429t	10.51t/a	Not exceeding the

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
c Branch Company									standard
Shandong NHU Thermoelectric Branch Company	SO ₂	Emission filter	1	Plant area	5.34mg/m ³	35mg/m ³	6.51t	73.61t/a	Not exceeding the standard
Shandong NHU Thermoelectric Branch Company	NOX	Emission filter	1	Plant area	19.7mg/m ³	50mg/m ³	28.2t	105.16t/a	Not exceeding the standard
Shandong Amino-acids	SO ₂	Emission filter	4	Plant area	7.4mg/m ³	50mg/m ³	5.66t	92.59t/a	Not exceeding the standard
Shandong Amino-acids	NOX	Emission filter	3	Plant area	26.27mg/m ³	100mg/m ³	20.81t	230.77t/a	Not exceeding the standard
Shandong Amino-acids	Particulate matters	Emission filter	5	Plant area	0.56mg/m ³	10mg/m ³	1.28t	21.19t/a	Not exceeding the standard
Shandong Amino-acids	VOC	Emission filter	1	Plant area	13.4mg/m ³	60mg/m ³	31.37t	184t/a	Not exceeding the standard
Shandong Amino-acids	VOC	Emission filter	/	Plant area	/	/	31.37t	184t/a	Not exceeding the standard
Shandong Amino-acids	COD	Collection pipe	1	Plant area	482.3mg/L	1000mg/L	111.89t	361.5t/a	Not exceeding the standard
Shandong Amino-acids	Ammonia nitrogen	Collection pipe	1	Plant area	8.65mg/L	100mg/L	2.02t	36.15t/a	Not exceeding the standard
Shandong	Total	Collection	1	Plant area	57.4mg/L	120mg/L	14.36t	43.38t/a	Not

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
Amino-acids	nitrogen	pipe							exceeding the standard
Shandong Vitamins	VOC	Emission filter	4	Plant area	20mg/m ³	60mg/m ³	15.95t	173.53t/a	Not exceeding the standard
Shandong Vitamins	VOC	Emission filter	/	Plant area	/	/	15.95t	173.53t/a	Not exceeding the standard
Shandong Vitamins	SO ₂	Emission filter	2	Plant area	17mg/m ³	50mg/m ³	3.22t	50.65t/a	Not exceeding the standard
Shandong Vitamins	NOX	Emission filter	3	Plant area	95mg/m ³	100mg/m ³	5.9437t	73.66t/a	Not exceeding the standard
Shandong Vitamins	Particulate matters	Emission filter	4	Plant area	5mg/m ³	10mg/m ³	0.948t	7.42t/a	Not exceeding the standard
Shandong Vitamins	COD	Collection pipe	1	Plant area	400mg/L	2000mg/L	34.59t	1140t/a	Not exceeding the standard
Shandong Vitamins	Ammonia nitrogen	Collection pipe	1	Plant area	60mg/L	100mg/L	3.32t	57t/a	Not exceeding the standard
Shandong Vitamins	Total nitrogen	Collection pipe	1	Plant area	80mg/L	120mg/L	2.96t	68.4t/a	Not exceeding the standard
Heilongjiang Biological Technology	Particulate matters	Emission filter	1	Plant area	5.75mg/m ³	30mg/m ³	5.26t	37.2182t/a	Not exceeding the standard
Heilongjiang Biological Technology	Particulate matters	Emission filter	1	Plant area	13.55mg/m ³	30mg/m ³	5.26t	37.2182t/a	Not exceeding the standard
Heilongjiang Biological	Particulate	Emission	4	Plant area	31.6mg/m ³	200mg/m ³	5.26t	37.2182t/a	Not exceeding the

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
Technology	matters	filter							standard
Heilongjiang Biological Technology	Particulate matters	Emission filter	1	Plant area	32.4mg/m ³	120mg/m ³	5.26t	37.2182t/a	Not exceeding the standard
Heilongjiang Biological Technology	SO ₂	Emission filter	1	Plant area	22.1mg/m ³	200mg/m ³	20.70t	208.478t/a	Not exceeding the standard
Heilongjiang Biological Technology	SO ₂	Emission filter	1	Plant area	37.2mg/m ³	200mg/m ³	20.71t	208.479t/a	Not exceeding the standard
Heilongjiang Biological Technology	SO ₂	Emission filter	4	Plant area	168.6mg/m ³	850mg/m ³	20.72t	208.480t/a	Not exceeding the standard
Heilongjiang Biological Technology	SO ₂	Emission filter	1	Plant area	75.4mg/m ³	550mg/m ³	20.73t	208.481t/a	Not exceeding the standard
Heilongjiang Biological Technology	NOX	Emission filter	1	Plant area	55.3mg/m ³	250mg/m ³	14.67t	160.074t/a	Not exceeding the standard
Heilongjiang Biological Technology	NOX	Emission filter	1	Plant area	106.3mg/m ³	200mg/m ³	14.68t	160.075t/a	Not exceeding the standard
Heilongjiang Biological Technology	NOX	Emission filter	4	Plant area	51.1mg/m ³	240mg/m ³	14.69t	160.076t/a	Not exceeding the standard
Heilongjiang Biological Technology	NOX	Emission filter	1	Plant area	61.8mg/m ³	240mg/m ³	14.70t	160.077t/a	Not exceeding the standard
Heilongjiang Biological Technology	VOC	Emission filter	1	Plant area	35.4mg/m ³	150mg/m ³	8.62t	32.4t/a	Not exceeding the standard
Heilongjiang Biological	COD	Collection pipe	1	Plant area	152.9mg/m ³	350mg/L	262.15t	/	Not exceeding the

Name of company or subsidiary	Name of main pollutants and pollutant characteristics	Emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Implemented pollutant emission standards	Total emission	Total approved emission	Excess emissions
Technology									standard
Heilongjiang Biological Technology	Ammonia nitrogen	Collection pipe	1	Plant area	4mg/m ³	35mg/m ³	3.611t	/	Not exceeding the standard
Heilongjiang Biological Technology	Total nitrogen	Collection pipe	1	Plant area	9.6mg/m ³	50mg/L	24.42t	/	Not exceeding the standard

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 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 from the waste water, and the rainwater from the waste water. The waste pool is sealed with a cover, and all the waste gases are effectively collected and eventually incinerated, effectively reducing the emission of waste gases.

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 it introduces advanced foreign waste gas treatment devices to strengthen the waste gas treatment capacity. The Company regularly conducts annual waste gas leak detection and repair (LDAR) 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 stripping 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 daily, conducts timely trend analysis, tracking feedback on the reasons for exceeding the standard data, and basically realizes the early warning, traceability and evaluability of the Company’s odor.

Solid waste disposal: The Company has a standardized temporary storage warehouse for hazardous wastes and hazardous waste incineration devices, and it can basically dispose of hazardous waste by itself. The solid wastes entrusted for external treatment are transferred in strict accordance with the requirements of the “Bill in Five Parts of Management Measures for the Transfer of Hazardous Wastes” 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 emission tail gas data in real time and uploads the detection data to the monitoring platform. It adopts waste water one enterprise one pipe online monitoring to monitor the waste water emission index in real time and upload it to the Environmental Protection Bureau normally. It introduces domestic first-class elevated flare technology to specifically deal with abnormal waste gas in the production process. It 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 of construction projects and other administrative permits for environmental protection

The construction project of the tank area of Zhejiang NHU Construction Material Co., Ltd. has obtained the environmental assessment filing form from Shangyu Branch of Shaoxing Ecological Environment Bureau (Yuhuan Jianbei [2021] No. 37).

Heilongjiang NHU Biotechnology Co., Ltd. has completed the environmental protection inspection and acceptance of the completion of Heilongjiang Suihua NHU Biofermentation Industrial Park Project (Phase I). It has obtained the approval of the environmental impact report of Heilongjiang Suihua NHU Biofermentation Industrial Park Project (Phase II) (Suihuan Letter {2020} No. 231}).

Emergency plan for unexpected environmental incidents

Shandong NHU Pharmaceutical Co., Ltd. has formulated the Emergency Plan for Environmental Emergencies of Shandong NHU Pharmaceutical Co., Ltd. according to the Measures for the Administration of Filing Emergency Plans for Environmental Emergencies in Enterprises and Institutions (Trial) promulgated by the State, and filed it with Binhai Branch of Weifang Ecological Environment Bureau for record in May 2021.

Heilongjiang NHU Biotechnology Co., Ltd. has formulated the Emergency Plan for Environmental Emergencies of Heilongjiang NHU Biotechnology Co., Ltd., which was filed with Suihua Ecological Environment Bureau for record in April 2021.

Emergency plans by other subsidiaries are within the validity period.

Environmental self-monitoring program

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

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

Administrative penalties for environmental offences during the reporting Period

Name of company or subsidiary	Cause for penalty	Offence situation	Penalty result	Impact on the production management and performance of the listed company	The Company's corrective measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information that should be disclosed

N/A

Other information related to environmental protection

N/A

II. Social Responsibilities

N/A

Section VI Significant Events

I. Commitments made by the Company's controlling shareholders, shareholders, related parties, purchasers and purchasing companies have been fulfilled during the reporting period and those that have not been fulfilled by the end of the reporting period

√ Applicable □ Not applicable

Commitments	Party making commitments	Commitment Type	Content	Time	Term	Performance
Equity division reform commitments	N/A	N/A	N/A		N/A	N/A
Commitments made in the acquisition report or report on equity changes	N/A	N/A	N/A		N/A	N/A
Commitments made during asset restructuring	N/A	N/A	N/A		N/A	N/A
Commitments made during initial public offerings or refinancing	NHU Holding Group Co., Ltd., Zhang Pingyi, Shi Cheng, Yuan Yizhong, Hu Baishan, Shi Guanqun, Wang Xuewen, Cui Xinrong and Wang Xulin	Commitments on horizontal competition, connected transactions and occupation of funds	They signed the "Commitment on Not Engaging in Horizontal Competition", and undertook not to engage in business activities that constitute competition with the Company's business after listing.	June 25, 2004	Long-term	Strictly fulfilled the commitments
	Hu Baifan; Hu Baishan; Shi Guanqun; Wang Xuewen; Cui Xinrong; Wang Zhengjiang; Zhou Guiyang		The directors and senior executives of the Company undertake to perform their duties faithfully and diligently to safeguard the legitimate rights and interests of the Company and all shareholders, and make the following commitments in accordance with the relevant provisions of the CSRC that the Company's measures to fill immediate returns can be	January 12, 2017	Long-term	Strictly fulfilled the commitments

			effectively performed: 1. not to transfer benefits to other units or individuals without compensation or on unfair terms, or use other means to harm the interests of the Company; 2. to restrain the directors and senior managers' position-related consumption; 3. not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of their duties; 4. to link the remuneration system formulated by the board of directors or the remuneration committee to the implementation of the Company's measures for filling immediate returns; 5. to link the exercise conditions of the Company's equity incentives to be announced in the future to the implementation of the Company's measures for filling immediate returns.			
	Hu Baifan; NHU Holding Group Co., Ltd.		Not to act beyond the authority to interfere with the Company's operation and management activities, not to encroach upon the Company's interests, and to effectively fulfill the relevant measures to fill in the Company's returns.	January 12, 2017	Long-term	Strictly fulfilled the commitments
Equity incentive commitment	N/A	N/A	N/A		N/A	N/A
Other commitments to minority shareholders of the Company	N/A	N/A	N/A		N/A	N/A
Whether the commitment has been fulfilled on time					Yes	
Where the commitment is overdue, the specific reasons for not completing the performance and the following work plan shall be explained in detail					Not applicable.	

II. Non-operational capital occupation over listed companies by controlling shareholders and their related parties

Applicable Not applicable

During the reporting period, there is no non-operational capital occupation over listed companies by controlling shareholders and their related parties.

III. Illegal external guarantees

Applicable Not applicable

No illegal external guarantees during the reporting period.

IV. Appointment and dismissal of accounting firms

Whether the semi-annual report has been audited

Yes No

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

V. Explanations made by the Board of Directors and the Board of Supervisors on the "Non-Standard Audit Report" from the accounting firm during the reporting period

Applicable Not applicable

VI. Statement by the Board of Directors on the "Non-Standard Audit Report" of the previous year

Applicable Not applicable

VII. Bankruptcy and Restructuring

Applicable Not applicable

No such case as bankruptcy and reorganization related event during the reporting period.

VIII. Litigation Matters

Significant lawsuits and arbitrations

Applicable Not applicable

There is no major lawsuit or arbitration during this reporting period.

Other litigation matters

Applicable Not applicable

Basic information on litigation	Amount involved	Whether an estimated liability is	Litigation (arbitration)	Outcome and impact of litigation (arbitration) hearings	Enforcement of litigation (arbitration)	Date of Disclosure	Disclosure Index

(arbitration)		formed	progress		judgments		
The dispute of Fujian Fukang Pharmaceutical Co., Ltd., Fujian Haixin Pharmaceutical Co., Ltd. and Yu Ke infringing on the trade secret of Zhejiang NHU Co., Ltd.	50 million	No	Retrial of final appeal	Fujian Haixin Pharmaceutical Co., Ltd. was ordered to compensate ZHEJIANG NHU COMPANY, LTD. for economic losses of RMB 25 million, and Fujian Fukang Pharmaceutical Co., Ltd. and Yu Ke bore joint and several liability.	Execution completed		Not applicable

IX. Penalties and Rectification

√ Applicable □ Not applicable

Name	Type	Causes	Types of investigation and penalties	Conclusions (if any)	Date of Disclosure	Disclosure Index
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, etc. 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 2019 Third Quarter report, 2019 Annual Report, 2020 First Quarter Report, 2020 Semi-Annual report, and 2020 Third Quarter Report. 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	Filed for investigation or administrative penalties by CSRC	1. Xihu District People's Court of Hangzhou Municipality issued "(2021) Zhe 0106 Xing Chu Zi No. 200 Criminal Judgment", which held that Li, a former employee of Merit Interactive Co.,Ltd., committed the crime of embezzlement and was sentenced to fixed-term imprisonment of 11 months and a fine of RMB 100,000; Li, the defendant, was ordered to withdraw the stolen money of RMB 257,027 and return it to Merit Interactive Co.,Ltd. 2. On July 26, 2021, Merit Interactive Co.,Ltd. received the "Prior Notice of Administrative Penalty" issued by Zhejiang Securities Regulatory Bureau, which concluded that Merit Interactive Co.,Ltd. constituted an information disclosure violation and that 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		

Name	Type	Causes	Types of investigation and penalties	Conclusions (if any)	Date of Disclosure	Disclosure Index
		Company, was the then deputy general manager and chief financial officer of Merit Interactive Co.,Ltd.		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.		

Rectification explanation

Applicable Not applicable

On February 3, 2021, Zhejiang Securities Regulatory Bureau issued the “Decision on the Issuance of Warning Letters to Merit Interactive Co.,Ltd. and Related Persons”, which concluded that the financial data of operating income, total profit and net profit attributable to shareholders of the listed company disclosed in the 2019 Annual Report and 2020 First Quarter Report, Semi-Annual Report and Third Quarter Report of Merit Interactive Co.,Ltd. were not accurate, and at the same time there were internal control irregularities. Zhejiang Securities Regulatory Bureau decided to take the supervisory and management measures of issuing warning letters to Fang Yi, Chairman and General Manager, Zhu Jianmin, Chief Financial Officer, and Li Haochuan, Board Secretary, respectively, and recorded such letters in the securities and futures market integrity file. The above-mentioned persons were required to perform their diligence obligations, organize the company to improve internal control, establish a sound financial and accounting management system and information disclosure system and strictly implement them, effectively safeguard the interests of all shareholders and submit a written report to Zhejiang Securities Regulatory Bureau before February 18, 2021.

X. Integrity of the Company, Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XI. Significant Related-party Transactions

1. Related transactions relevant to daily operations

Applicable Not applicable

No such case as related-party transactions connected with daily operations.

2. Related transactions in acquisition or sale of assets or equities

Applicable Not applicable

No such case as related-party transactions arising from the acquisition or sale of assets or equity.

3. Significant related-party transactions arising from joint investments on external parties

Applicable Not applicable

No such case as connected transactions of joint foreign investment during the reporting period.

4. Related-party creditor's rights and debts

Applicable Not applicable

No such case as related credits and debts during the reporting period.

5. Transactions with related financial companies and financial companies controlled by the Company

Applicable Not applicable

No deposit, loan, credit or other financial business between the Company and the related financial company, or between the financial company controlled by the Company and the related parties.

6. Other major related transactions

Applicable Not applicable

No other major related transactions during the reporting period.

XII. Significant Contracts and Performance**1. Matters on trusteeship, contracting, and leasehold****(1) Matters on trusteeship**

Applicable Not applicable

No such case as custody during the reporting period.

(2) Contracting

Applicable Not applicable

No such case as contracting during the reporting period.

(3) Leasing

Applicable Not applicable

No lease during the reporting period.

2. Significant guarantees

Applicable Not applicable

Unit: ten thousand RMB

External guarantees from the Company and its subsidiaries (excluding guarantees to the subsidiaries)										
Guaranteed party	Announcement date of disclosure of the guarantee	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee (if any)	Counter guarantee (if any)	Term of guarantee	Due or not	Guarantee for related parties or not

cap											
Total amount of guarantees approved during the reporting period (A1)			0	Total amount of guarantees actually occurred during the reporting period (A2)			0				
Total amount of guarantees approved at the end of the reporting period (A3)			0	Total balance of guarantees at the end of the reporting period (A4)			0				
The Company's guarantees to subsidiaries											
Guarantee party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee (if any)	Counter guarantee (if any)	Term of guarantee	Due or not	Guarantee for related parties or not	
NHU (Hong Kong)	December 28, 2018	123,000	May 14, 2019	9,690.15	Joint and several liability guarantee			May 14, 2019 - May 13, 2021	Yes	No	
Heilongjiang Biological Technology	December 28, 2018	200,000	June 24, 2019	200,000.00	Joint and several liability guarantee			June 24, 2019 - December 31, 2023	No	No	
Shandong Vitamins	December 28, 2018	90,000	November 29, 2019	50,000.00	Joint and several liability guarantee			November 29, 2019 - December 21, 2023	No	No	
Shangyu Bio-Chem	December 28, 2018	17,000	February 28, 2020	17,000.00	Joint and several liability guarantee			February 28, 2020 - February 27, 2021	Yes	No	
NHU Import & Export	May 21, 2020	15,000	June 30, 2020	10,000.00	Joint and several liability guarantee			June 30, 2020 - September 13, 2021	No	No	
Shandong Pharmaceutical	May 21, 2020	20,000	June 22, 2020	10,000.00	Joint and several liability guarantee			June 22, 2020 - June 21, 2021	Yes	No	
NHU (Hong Kong)	May 21, 2020	120,000	July 15, 2020	7,686.23	Joint and several			July 15, 2020 - June 18, 2021	Yes	No	

Kong)			2020		liability guarantee			2021		
NHU (Hong Kong)	May 21, 2020	120,000	July 30, 2020	7,686.23	Joint and several liability guarantee			July 30, 2020 - July 14, 2021	No	No
NHU (Hong Kong)	May 21, 2020	120,000	September 7, 2020	51,680.80	Joint and several liability guarantee			September 7, 2020 - September 7, 2023	No	No
NHU (Hong Kong)	May 21, 2020	120,000	September 22, 2020	55.49	Joint and several liability guarantee			September 22, 2020 - January 10, 2021	Yes	No
NHU (Hong Kong)	May 21, 2020	120,000	September 24, 2020	5,168.08	Joint and several liability guarantee			September 24, 2020 - May 21, 2021	Yes	No
NHU (Hong Kong)	May 21, 2020	120,000	December 31, 2020	94.06	Joint and several liability guarantee			December 31, 2020 - May 20, 2021	Yes	No
Shandong Jinghua	May 21, 2020	50,000	March 24, 2021	50,000.00	Joint and several liability guarantee			March 24, 2021 - December 25, 2025	No	No
NHU (Hong Kong)	May 21, 2020	120,000	April 06, 2021	83.14	Joint and several liability guarantee			April 06, 2021 - July 30, 2021	No	No
NHU (Hong Kong)	April 21, 2021	120,000	June 18, 2021	7,686.23	Joint and several liability guarantee			June 18, 2021 - June 17, 2022	No	No
NHU (Hong Kong)	April 21, 2021	120,000	June 21, 2021	65.60	Joint and several liability guarantee			June 21, 2021 - October 30, 2021	No	No
Total amount of guarantees to subsidiaries approved during the reporting period (B1)				455,000.00	Total amount of guarantees to subsidiaries actually occurred during the reporting period (B2)					57,834.97

Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		824,450.17		Total balance of guarantees actually paid to subsidiaries at the end of the reporting period (B4)			377,202.00			
Subsidiaries' guarantees to subsidiaries										
Guaranteed party	Announcement date of disclosure of the guarantee cap	Guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee (if any)	Counter guarantee (if any)	Term of guarantee	Due or not	Guarantee for related parties or not
Total amount of guarantees to subsidiaries approved during the reporting period (C1)				0			Total amount of guarantees to subsidiaries actually occurred during the reporting period (C2)			0
Total amount of guarantees to subsidiaries approved at the end of the reporting period (C3)				0			Total of actual guarantee balance for subsidiaries at the end of the reporting period (C4)			0
Total amount of company guarantees (namely sum of the previous three major items)										
Total amount of guarantees approved during the reporting period (A1+B1+C1)				455,000.00			Total amount of guarantees actually occurred during the reporting period (A2+B2+C2)			57,834.97
Total amount of guarantees approved by the end of the reporting period (A3+B3+C3)				824,450.17			Total balance of guarantees actually paid at the end of the reporting period (A4+B4+C4)			377,202.00
Total amount of actual guarantees (A4+B4+C4) as a percentage of the Company's net assets						18.64%				
Including:										
Balance of guarantees to the shareholders, actual controllers and their related parties (D)						0.00				
Balance of debt guarantees directly or indirectly offered to guaranteed objects with asset-liability ratio exceeding 70% (E)						260,000.00				
Amount of the guarantees with the total volume exceeding 50% of the net assets (F)						0.00				
Total amount of the above three guarantees (D+E+F)						260,000.00				
Notes on unexpired guarantees with guarantee responsibilities occurred or evidence of possible joint liabilities within the reporting period (if any)						N/A				
Notes on providing external guarantees in violation of specified procedures (if any)						N/A				

3. Entrusted financing√ Applicable Not applicable

Unit: ten thousand RMB

Specific type	Funding source	Entrusted amount	Unexpired balance	Overdue outstanding amount	Impairment amount accrued for overdue financial management
Bank financial products	Raised funds	362,000	357,000	0	0
Total		362,000	357,000	0	0

Specific matters on high-risk entrusted capital management with a large amount for a single item, or with low security, poor liquidity and no capital preservation guarantee.

 Applicable Not applicable

Cases of entrusted financing expected to be unable to recover the principal or cases that may result in impairment

 Applicable Not applicable**4. Major contracts in daily operations** Applicable Not applicable**5. Other significant contracts** Applicable Not applicable

No such case as other significant contract during the reporting period.

XIII. Explanations on Other Significant Matters Applicable Not applicable

No other significant matters needed to be explained during the reporting period.

XIV. Significant Events of the Company's Subsidiaries Applicable Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

Item	Before the change		Increase or decrease in the change (+, -)					After the change	
	Number	Percentage	Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	Number	Percentage
I. Shares with limited sales condition	27,821,505	1.29%			5,051,846	-2,562,267	2,489,579	30,311,084	1.18%
1. Other domestic shares	27,821,505	1.29%			5,051,846	-2,562,267	2,489,579	30,311,084	1.18%
Shares held by domestic natural persons	27,821,505	1.29%			5,051,846	-2,562,267	2,489,579	30,311,084	1.18%
II. Shares without restrictions	2,120,840,795	98.71%			424,680,614	2,562,267	427,242,881	2,548,083,676	98.82%
1. RMB common stock	2,120,840,795	98.71%			424,680,614	2,562,267	427,242,881	2,548,083,676	98.82%
III. Total	2,148,662,300	100.00%			429,732,460	0	429,732,460	2,578,394,760	100.00%

Reasons for changes in shares

√ Applicable □ Not applicable

1. On March 15, 2021, Cui Xinrong, a director of the seventh-session, Ye Yueheng, Qiu Jinzhuo and Liang Xiaodong, supervisors of the Company, had been out of office for six months. The shares held by them were released from restricted sale, and the total number of shares subject to unlimited sale conditions increased by 2,562,267 shares.

2. On May 19, 2021, the Company implemented the annual equity distribution plan for 2020, based on the total share capital of 2,148,662,300 shares at that time, 2 shares were transferred to all shareholders by capital reserve for every 10 shares, totaling 429,732,460 shares, and the total share capital of the Company was 2,578,394,760 shares after the transfer.

Approval for changes in shares

Applicable Not applicable

The 2020 Annual General Meeting of Shareholders reviewed and approved the “2020 Profit Distribution Proposal”, agreeing to distribute a cash dividend of RMB 7 (including tax) for every 10 shares to all shareholders based on the total share capital of 2,148,662,300 shares at that time, and to transfer 2 shares for every 10 shares to all shareholders by capital reserve for a total transfer of 429,732,460 shares, after which the total share capital of the Company was 2,578,394,760 shares.

Transfer for changes in shares

Applicable Not applicable

This transfer of capital reserve to share capital was completed on May 19, 2021.

The progress on share repurchase

Applicable Not applicable

The progress on reduction of re-purchase shares by means of centralized competitive bidding

Applicable Not applicable

Effects of changes in shares on the basic earnings per share (“EPS”), diluted EPS, net assets per share, attributable to common shareholders of the Company, and other financial indexes over the last year and last period

Applicable Not applicable

Other contents that the Company considers necessary or are required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted stocks

Applicable Not applicable

Unit: share

Name of Shareholder	Number of Shares with Limited Sales Condition at the Beginning Of the Period	Number of unlocked shares with limited sales condition in current period	Number of increased shares with limited sales condition in current period	Number of shares with limited sales condition at the end of the period	Reasons for limited sales	Date of unlocking
Hu Baifan	7,250,936	0	1,450,187	8,701,123	Locked-up outstanding shares held by senior executives	Annual lock-up of 75% of total shareholding
Hu Baishan	7,602,046	0	1,520,409	9,122,455	Locked-up outstanding shares held by senior executives	Annual lock-up of 75% of total shareholding
Shi	5,457,208	0	1,091,441	6,548,649	Locked-up outstanding	Annual lock-up of 75% of

Guanqun					shares held by senior executives	total shareholding
Wang Xuewen	4,623,922	0	924,785	5,548,707	Locked-up outstanding shares held by senior executives	Annual lock-up of 75% of total shareholding
Wang Zhengjian	239,062	0	47,812	286,874	Locked-up outstanding shares held by senior executives	Annual lock-up of 75% of total shareholding
Zhou Guiyang	86,064	0	17,212	103,276	Locked-up outstanding shares held by senior executives	Annual lock-up of 75% of total shareholding
Cui Xinrong	2,083,962	2,083,962	0	0	100% lock-up of shares for 6 months after the senior executive's resignation	March 15, 2021
Ye Yueheng	191,250	191,250	0	0	100% lock-up of shares for 6 months after the senior executive's resignation	March 15, 2021
Qiu Jinzhuo	95,805	95,805	0	0	100% lock-up of shares for 6 months after the senior executive's resignation	March 15, 2021
Liang Xiaodong	191,250	191,250	0	0	100% lock-up of shares for 6 months after the senior executive's resignation	March 15, 2021
Total	27,821,505	2,562,267	5,051,846	30,311,084	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total Number of Common Shareholders at the End of the	91,386	Total Number of Preferred Shareholders (If Any) (Refer to Note 8) Whose Voting Rights Have Been Recovered at the End of the Reporting Period	0
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Reporting Period									
Shareholding list of common shareholders with over 5% shares or top ten shareholders									
Name of Shareholder	Nature of Shareholder	Shareholding Percentage	Number of common shares held at the end of the reporting period	Changes in the reporting period	Number of common shares held with limited sales conditions	Number of common shares held without limited sales condition	Pledges, markings or freezings		
							State of Shares	Number	
NHU Holding Group Co., Ltd.	Domestic Non-state-owned Legal Person	48.55%	1,251,903,644	208,650,607		1,251,903,644			
Hong Kong Securities Clearing Co. Ltd.	Overseas Legal Person	2.66%	68,647,712	11,095,897		68,647,712			
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund	Others	1.75%	45,060,167	10,480,229		45,060,167			
National Social Security Fund 503	Others	0.99%	25,499,920	8,499,906		25,499,920			
National Social Security Fund 112	Others	0.94%	24,336,092	14,146,993		24,336,092			
Norges Bank - Equity Fund	Overseas Legal Person	0.57%	14,586,923	14,586,923		14,586,923			
Aegon-Industrial Fund - Industrial Bank Co., Ltd. - Xingquan - Organic Growth No. 1 Specific Multi-Client Asset Management Plan	Others	0.55%	14,121,268	-1,559,081		14,121,268			
Kuwait Investment	Overseas	0.52%	13,525,529	13,525,529		13,525,529			

Authority	Legal Person							
Hu Baishan	Domestic Natural Person	0.47%	12,163,274	2,027,212	9,122,455	3,040,819		
Beijing Yuanfeng Private Equity Fund Management Partnership (Limited Partnership) - Yuanfeng Value Private Equity Investment Fund	Others	0.46%	11,977,187	-7,012,634		11,977,187		
Strategic investors or general legal entities becoming shareholders of the top 10 common shares as a result of the placement of new shares (if any) (see Note 3)	Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund became the top 10 shareholders of the Company due to its participation in the 2017 non-public offering of shares.							
Description of the association relationship or concerted action of above-mentioned shareholders	Among the above shareholders, Hu Baishan is a director of NHU Holding Group Co., Ltd. The Company is unaware whether there is any related relationships among other shareholders and whether they are persons acting in concert as stipulated in the “Regulations on the Takeover of Listed Companies”.							
Explanation of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights	N/A							
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any) (see Note 11)	Not applicable.							
Shareholding list of top ten common shareholders without limited sales condition								
Name of Shareholder	Number of common shares held without limited sales condition at the end of the reporting period	Type of Shares						
		Type of shares	Number					
NHU Holding Group Co., Ltd.	1,251,903,644	RMB common stock	1,251,903,644					
Hong Kong Securities Clearing Co. Ltd.	68,647,712	RMB common stock	68,647,712					
Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang	45,060,167	RMB common	45,060,167					

Strategic Huizhi Fund		stock	
National Social Security Fund 503	25,499,920	RMB common stock	25,499,920
National Social Security Fund 112	24,336,092	RMB common stock	24,336,092
Norges Bank - Equity Fund	14,586,923	RMB common stock	14,586,923
Aegon-Industrial Fund - Industrial Bank Co., Ltd. - Xingquan - Organic Growth No. 1 Specific Multi-Client Asset Management Plan	14,121,268	RMB common stock	14,121,268
Kuwait Investment Authority	13,525,529	RMB common stock	13,525,529
Beijing Yuanfeng Private Equity Fund Management Partnership (Limited Partnership) - Yuanfeng Value Private Equity Investment Fund	11,977,187	RMB common stock	11,977,187
Chongyang Group Co., Ltd.	11,635,159	RMB common stock	11,635,159
Explanation on associated relationship or persons acting in concert among top ten common shareholders without limited shares, and between top ten common shareholders without limited shares and top ten common shareholders	Among the above shareholders, Hu Baishan is a director of NHU Holding Group Co., Ltd. The Company is unaware whether there is any related relationships among other shareholders and whether they are persons acting in concert as stipulated in the “Regulations on the Takeover of Listed Companies”.		
Explanation on Top Ten Common Shareholders’ Participation in Securities Margin Trading (If Any) (see Note 4)	Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund holds 41,939,806 shares through the customer credit transaction guarantee securities account of Guotai Junan Securities Co., Ltd.; Beijing Yuanfeng Private Equity Fund Management Partnership (Limited Partnership) - Yuanfeng Value Private Equity Investment Fund holds 5,988,587 shares through Huatai Securities Co., Ltd.’ s customer credit transaction guarantee securities account.		

Whether the Company’s top ten common shareholders or top ten common shareholders without limited shares agree on any repurchase transaction in the reporting period

Yes No

None of the Company’s top ten common shareholders or top ten common shareholders without limited shares agreed on repurchase in the reporting period.

IV. Shareholding Changes of Directors, Supervisors and Senior Executives

√ Applicable □ Not applicable

Name	Post	Position Status	Number of Shares Held at the Beginning of the Period (share)	Number of Shares Increased in the Period (share)	Number of Shares Decreased in the Period (share)	Number of Shares Held at the End of the Period (share)	Number of Restricted Stocks Granted at the Beginning of the Period (share)	Number of Restricted Stocks Granted During the Reporting Period (share)	Number of Restricted Stocks Granted at the End of the Period (share)
Hu Baifan	Chairman	Incumbent	9,667,915	1,933,583		11,601,498	7,250,936	1,450,187	8,701,123
Hu Baishan	Vice Chairman, President	Incumbent	10,136,062	2,027,212		12,163,274	7,602,046	1,520,409	9,122,455
Shi Guanqun	Director, Vice President, Chief Financial Officer, Board Secretary	Incumbent	7,276,277	1,455,255		8,731,532	5,457,208	1,091,441	6,548,649
Wang Xuewen	Director, Vice President	Incumbent	6,165,230	1,233,046		7,398,276	4,623,922	924,785	5,548,707
Wang Zhengjian	Director	Incumbent	318,750	63,750		382,500	239,062	47,812	286,874
Zhou Guiyang	Director	Incumbent	114,752	22,950		137,702	86,064	17,212	103,276
Total	--	--	33,678,986	6,735,796	0	40,414,782	25,259,238	5,051,846	30,311,084

V. Change of the Controlling Shareholders and Actual Controller

Change of the controlling shareholders in the reporting period

□ Applicable √ Not applicable

No change has happened to the controlling shareholder in the reporting period of the Company

Change of the actual controller in the reporting period

Applicable Not applicable

No change has happened to the actual controller in the reporting period

Section VIII Information of Preferred Shares

Applicable Not applicable

There are no preferred shares in the reporting period.

Section IX Situation on Corporate Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Reports

Has the semi-annual report been audited

Yes No

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

II. Financial Statements

Units of financial reports in the notes: RMB

1. Consolidated Balance Sheet

Prepared by: Zhejiang NHU Co., Ltd.

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current Assets:		
Cash and Bank Balances	6,412,612,895.26	4,927,657,236.24
Deposit Reservation for Balance		
Loans to Banks and Other Financial Institutions		
Trading Financial Assets	1,326,426,200.12	852,227,964.70
Derivative Financial Assets		
Notes Receivable	460,973,358.32	332,064,366.59
Accounts Receivable	2,502,876,087.12	1,930,930,930.01
Receivables Financing	33,076,624.55	295,393,346.17
Prepayments	162,474,668.98	116,063,557.59
Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Contract Reserves Receivable		
Other Receivables	210,828,040.94	178,610,951.64
Including: interest receivable		
Dividends Receivable		

Item	June 30, 2021	December 31, 2020
Buying Back the Sale of Financial Assets		
Inventories	3,522,689,642.11	3,117,042,558.78
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	738,127,909.93	1,777,569,473.96
Subtotal of Current Assets	15,370,085,427.33	13,527,560,385.68
Non-current Assets:		
Granting of loans and advances		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	358,710,928.96	343,378,891.18
Investment in Other Equity Instruments	22,998,147.55	22,998,147.55
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	13,752,889,539.13	13,914,151,215.54
Construction in progress	2,295,793,123.43	1,325,545,420.56
Productive Biological Assets		
Oil and gas assets		
Right-of-use Assets	5,015,022.59	
Intangible Assets	1,398,680,973.80	1,407,067,129.87
Development Expenditure		
Goodwill		
Long-term Deferred Expenses	12,891,187.70	13,369,412.48
Deferred Income Tax Assets	69,216,935.10	65,143,706.00
Other Non-current Assets	361,693,524.32	277,793,490.68
Subtotal of Non-current Assets	18,277,889,382.58	17,369,447,413.86
Total Assets	33,647,974,809.91	30,897,007,799.54

Item	June 30, 2021	December 31, 2020
Current Liabilities:		
Short-term Borrowings	2,398,007,852.59	2,363,525,192.53
Loan from the Central Bank		
Loan from Banks and Other Financial Institutions		
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	668,896,544.92	497,644,517.23
Accounts Payable	1,445,062,033.91	1,463,728,316.04
Received Prepayments		
Contract liabilities	44,962,287.54	56,302,537.11
Financial Assets Sold for Repurchase		
Deposit Taking and Interbank Deposit		
Receiving from Vicariously Traded Securities		
Receiving from Vicariously Sold Securities		
Payroll payable	231,300,374.83	322,646,061.45
Tax Payable	270,781,522.81	268,864,472.38
Other Payables	52,150,619.55	129,839,228.89
Including: interest payable		
Dividends Payable		
Service Charge and Commission Payable		
Reinsurance Accounts Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	1,431,425,253.34	1,275,888,293.32
Other Current Liabilities	3,406,847.42	4,956,463.49
Subtotal of Current Liabilities	6,545,993,336.91	6,383,395,082.44
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term Borrowings	5,794,842,788.03	4,136,875,354.33

Item	June 30, 2021	December 31, 2020
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		
Lease Liabilities	5,398,990.60	
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income	886,077,681.09	873,066,181.34
Deferred Income Tax Liabilities	124,527,426.39	99,839,731.45
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	6,810,846,886.11	5,109,781,267.12
Total Liabilities	13,356,840,223.02	11,493,176,349.56
Shareholders' Equity:		
Share Capital	2,578,394,760.00	2,148,662,300.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	4,130,790,096.84	4,560,522,556.84
Less: Treasury Share		
Other Comprehensive Incomes	16,401,379.92	27,803,829.31
Special Reserves	11,642,478.63	9,550,346.85
Surplus Reserves	1,074,331,150.00	1,074,331,150.00
General Risk Reserves		
Undistributed Profits	12,419,820,263.45	11,515,384,739.95
Total Shareholders' Equity Attributable to the Parent Company	20,231,380,128.84	19,336,254,922.95
Minority Shareholders' Equity	59,754,458.05	67,576,527.03
Total Shareholders' Equity	20,291,134,586.89	19,403,831,449.98
Total Liabilities and Shareholders' Equity	33,647,974,809.91	30,897,007,799.54

Legal representative: Hu Baifan

Chief accountant: Shi Guanqun

Accounting officer: Wang Xiaobi

2. Balance Sheet of the Parent Company

Unit: RMB

Item	June 30, 2021	December 31, 2020
Current Assets:		
Cash and Bank Balances	4,366,382,608.74	2,790,740,377.97
Trading Financial Assets	1,251,547,205.78	851,949,945.63
Derivative Financial Assets		
Notes receivable	294,973,691.43	332,064,366.59
Accounts receivable	843,906,718.05	704,086,691.03
Receivables Financing		
Prepayments	5,834,105.35	1,631,550.49
Other Receivables	4,165,535,890.92	4,247,680,763.92
Including: interest receivable		
Dividends Receivable	186,000,000.00	
Inventories	560,496,728.67	566,205,506.19
Contract Assets		
Holding for-sale assets		
Non-current Assets Due within 1 Year		
Other Current Assets	2,465,340.09	552,859,738.36
Subtotal of Current Assets	11,491,142,289.03	10,047,218,940.18
Non-current Assets:		
Investment in Creditor's Rights		
Investment in Other Creditor's Rights		
Long-term Receivables		
Long-term Equity Investment	7,049,501,465.71	6,372,637,172.92
Investment in Other Equity Instruments	22,998,147.55	22,998,147.55
Other Non-current Financial Assets		
Investment Property		
Fixed Assets	710,974,206.57	737,784,631.31
Construction in progress	1,326,286.13	
Productive Biological Assets		

Item	June 30, 2021	December 31, 2020
Oil and gas assets		
Right-of-use Assets	3,218,475.32	
Intangible Assets	106,175,960.34	105,425,506.93
Development Expenditure		
Goodwill		
Long-term Deferred Expenses	5,093,130.19	5,919,401.23
Deferred Income Tax Assets	40,798,010.31	42,345,228.44
Other Non-current Assets	3,654,720.91	7,202,988.32
Subtotal of Non-current Assets	7,943,740,403.03	7,294,313,076.70
Total Assets	19,434,882,692.06	17,341,532,016.88
Current Liabilities:		
Short-term Borrowings	1,443,710,035.22	1,243,628,965.48
Transactional financial liabilities		
Derivative Financial Liabilities		
Notes Payable	142,847,121.26	155,953,161.50
Accounts Payable	208,173,112.95	100,374,347.92
Received Prepayments		
Contract liabilities	2,783,099.28	8,494,783.78
Payroll payable	55,801,303.13	82,688,797.50
Tax Payable	51,425,499.25	33,578,246.55
Other Payables	17,913,058.01	15,543,517.50
Including: interest payable		
Dividends Payable		
Holding for-sale liabilities		
Non-current Liabilities Due within 1 Year	740,727,989.58	635,930,890.44
Other Current Liabilities	361,802.91	1,104,321.89
Subtotal of Current Liabilities	2,663,743,021.59	2,277,297,032.56
Non-current Liabilities:		
Long-term Borrowings	3,539,372,165.41	2,209,521,076.40
Bonds Payable		
Including: Preferred Stocks		
Perpetual Bonds		

Item	June 30, 2021	December 31, 2020
Lease Liabilities	3,303,921.56	
Long-term Payables		
Long-term payroll payable		
Expected Liabilities		
Deferred Income	16,867,691.54	18,884,041.56
Deferred Income Tax Liabilities	16,149,009.81	13,011,703.03
Other Non-current Liabilities		
Subtotal of Non-current Liabilities	3,575,692,788.32	2,241,416,820.99
Total Liabilities	6,239,435,809.91	4,518,713,853.55
Shareholders' Equity:		
Share Capital	2,578,394,760.00	2,148,662,300.00
Other Equity Instruments		
Including: Preferred Stocks		
Perpetual Bonds		
Capital Reserves	3,871,120,415.45	4,300,852,875.45
Less: Treasury Share		
Other Comprehensive Incomes	506,954.43	506,954.43
Special Reserves		
Surplus Reserves	1,074,331,150.00	1,074,331,150.00
Undistributed Profits	5,671,093,602.27	5,298,464,883.45
Total Shareholders' Equity	13,195,446,882.15	12,822,818,163.33
Total Liabilities and Shareholders' Equity	19,434,882,692.06	17,341,532,016.88

3. Consolidated Income Statement

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Total Operating Revenue	7,254,221,638.01	5,303,165,502.25
Including: Operating Income	7,254,221,638.01	5,303,165,502.25
Interest Income		
Earned Premiums		
Service Charge and Commission Income		

Item	2021 Semi-Annual	2020 Semi-Annual
II. Total Operating Cost	4,555,167,761.74	2,805,793,794.44
Including: Operating Cost	3,755,325,045.02	2,143,809,060.49
Interest Expenditures		
Service Charge and Commission Expenses		
Surrender Value		
Net Claims Paid		
The Net Amount Withdrawn for Insurance Liability Reserves		
Policyholder Dividend Expense		
Reinsurance Cost		
Taxes and Surcharges	60,794,324.08	50,570,859.70
Sales expenses	55,479,574.90	132,057,487.52
Administration expenses	187,505,914.10	183,896,476.30
Research and development expense	351,532,764.55	219,152,938.63
Financial expenses	144,530,139.09	76,306,971.80
Including: interest expenses	162,484,715.95	110,160,929.73
Interest Income	72,107,022.92	15,204,954.21
Add: Other income	74,696,050.67	45,648,659.95
Investment Income (Mark "-" for Loss)	44,982,466.91	68,798,092.59
Including: Investment Income from Affiliates and Joint Ventures	15,735,226.24	5,431,597.21
Profits from recognition Termination of Financial Assets at Amortized Cost		
Exchange Gains (Mark "-" for Losses)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair	23,671,758.14	10,437,317.13

Item	2021 Semi-Annual	2020 Semi-Annual
value (losses marked with "-")		
Credit Impairment Losses (Mark "-" for Loss)	-33,637,204.20	-48,988,895.82
Asset Impairment Losses (Mark "-" for Loss)	-6,714,482.90	-2,095,132.82
Asset Disposal Income (Mark "-" for Loss)	1,065,564.79	84,077.01
III. Operating Profit (Mark "-" for Loss)	2,803,118,029.68	2,571,255,825.85
Add: Non-operating Revenues	10,346,441.45	914,723.22
Less: Non-operating Expenses	1,919,029.53	11,965,365.14
IV. Total Profit (Mark "-" for Total Loss)	2,811,545,441.60	2,560,205,183.93
Less: Income Tax Expense	394,709,861.22	345,891,461.03
V. Net Profit (Mark "-" for Net Loss)	2,416,835,580.38	2,214,313,722.90
(I) Classified by operation continuity		
1. Net Profit as a Going Concern (Mark "-" for Net Loss)	2,416,835,580.38	2,214,313,722.90
2. Net Profit of Discontinued Operation (Mark "-" for Net Loss)		
(II) Classified by the attribution of ownership		
1. Net Profit Attributable to the Parent Company's Owner	2,408,499,133.50	2,208,930,277.20
2. Minority Shareholders' Profit and Loss	8,336,446.88	5,383,445.70
VI. Net Amount of Other Comprehensive Incomes after Tax	-14,379,132.25	11,140,618.65
Net Amount of Other Comprehensive Incomes after Tax Attributable to the Parent Company's Owner	-11,402,449.39	10,034,354.34
(1) Other comprehensive income that cannot be reclassified as P/L		
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive		

Item	2021 Semi-Annual	2020 Semi-Annual
income that cannot be transferred to P/L under the equity method		
3. Changes in the fair value of investment in other equity instruments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(II) Other comprehensive income that will be reclassified as P/L	-11,402,449.39	10,034,354.34
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference	-11,402,449.39	10,034,354.34
7. Others		
Net Amount of Other Comprehensive Incomes After Tax Attributable to Minority Shareholders	-2,976,682.86	1,106,264.31
VII. Total Comprehensive Income	2,402,456,448.13	2,225,454,341.55
Total Comprehensive Income Attributable to the Parent Company's Owner	2,397,096,684.11	2,218,964,631.54
Total Comprehensive Income Attributable to Minority Shareholders	5,359,764.02	6,489,710.01
VIII. Earnings per Share:		
(I) Basic Earnings per Share	0.93	0.86

Item	2021 Semi-Annual	2020 Semi-Annual
(II) Diluted Earnings per Share	0.93	0.86

In the case of enterprise consolidation under the same control in the current period, the net profit realized by the consolidated party before consolidation was RMB 0.00 and the net profit realized by the consolidated party in the previous period was RMB -2,969,102.52.

Legal representative: Hu Baifan

Chief accountant: Shi Guanqun

Accounting officer: Wang Xiaobi

4. Income Statement of the Parent Company

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Operating Income	2,405,071,741.42	2,245,024,997.07
Less: Operating Cost	1,649,769,660.92	1,363,865,308.22
Taxes and Surcharges	14,334,032.09	10,364,905.30
Sales expenses	12,902,562.24	14,314,223.18
Administration expenses	68,371,878.28	62,234,313.30
Research and development expense	96,647,099.84	79,611,214.13
Financial expenses	29,735,303.93	74,671,657.49
Including: interest expenses	86,481,023.12	84,061,987.55
Interest Income	61,283,871.93	8,820,555.09
Add: Other income	20,317,226.28	17,932,941.46
Investment Income (Mark "-" for Loss)	1,399,890,573.23	1,109,369,211.83
Including: Investment Income from Affiliates and Joint Ventures	16,864,292.79	7,179,396.25
Profits from Derecognition of Financial Assets at Amortized Cost (Mark "-" for Loss)		
Profit of Net Exposure Hedging (Mark "-" for Loss)		
Incomes from changes in fair value (losses marked with "-")	8,196,887.24	8,520,857.22
Credit Impairment Losses (Mark "-" for Loss)	6,804,182.64	13,874,426.31
Asset Impairment Losses (Mark "-" for Loss)	-6,120,461.67	-1,841,639.99

Item	2021 Semi-Annual	2020 Semi-Annual
Asset Disposal Income (Mark "-" for Loss)	-2,538,880.18	-119,089.10
II. Operating Profit (Mark "-" for Loss)	1,959,860,731.66	1,787,700,083.18
Add: Non-operating Revenues	4,706,210.71	17,861.51
Less: Non-operating Expenses	1,100,000.00	3,516,986.34
III. Total Profit (Mark "-" for Total Loss)	1,963,466,942.37	1,784,200,958.35
Less: Income Tax Expense	86,774,613.55	116,943,623.85
IV. Net Profit (Mark "-" for Net Loss)	1,876,692,328.82	1,667,257,334.50
(I) Net Profit as a Going Concern (Mark "-" for Net Loss)		
(II) Net Profit of Discontinued Operation (Mark "-" for Net Loss)	1,876,692,328.82	1,667,257,334.50
V. Net Amount of Other Comprehensive Incomes After Tax		
(1) Other comprehensive income that cannot be reclassified as P/L		
1. Re-measure the variation of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to P/L under the equity method		
3. Changes in the fair value of investment in other equity instruments		
4. Changes in the fair value of the credit risk of the enterprise		
5. Others		
(II) Other comprehensive income that will be reclassified as P/L		
1. Other comprehensive income that can be transferred to P/L under the equity method		
2. Changes in the fair value of investment in other creditor's		

Item	2021 Semi-Annual	2020 Semi-Annual
rights		
3. Financial assets reclassified into other comprehensive income		
4. Provisions for the credit impairment of investment in other creditor's rights		
5. Cash flow hedge reserves		
6. Currency translation difference		
7. Others		
VI. Total Comprehensive Income	1,876,692,328.82	1,667,257,334.50
VII. Earnings per Share:		
(I) Basic Earnings per Share		
(II) Diluted Earnings per Share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	6,823,103,213.62	4,944,220,993.13
Net Increase in Customer's Bank Deposits and Interbank Deposits		
Net Increase in Loan from the Central Bank		
Net Increase in Loan from Other Financial Institutions		
Cash Arising from Receiving Premiums for the Original Insurance Contract		
Net Amount Arising from Reinsurance Business		
Net Increase in Deposits and Investments from Policyholders		
Cash Arising from Interests,		

Item	2021 Semi-Annual	2020 Semi-Annual
Service Charges and Commissions		
Net Increase in Loan from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Funds		
Net Amount of Cash Received from the Vicariously Traded Securities		
Tax Refund	515,274,673.62	347,076,026.47
Other Cash Receipts Relating to Operating Activities	166,303,614.38	60,075,389.66
Subtotal of cash inflow from operational activities	7,504,681,501.62	5,351,372,409.26
Cash Paid for Merchandise and Services	3,731,367,763.85	2,861,983,420.55
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Original Insurance Contract Claims		
Net increase of funds lent		
Cash Paid for Interests, Service Charges and Commissions		
Cash Paid for Policy Dividends		
Cash Paid to and for Employees	787,203,766.37	641,433,701.64
Cash Paid for Taxes and Surcharges	522,757,776.92	530,604,731.09
Other Cash Payments Relating to Operating Activities	192,194,712.71	189,790,335.87
Subtotal of cash outflow from operational activities	5,233,524,019.85	4,223,812,189.15
Net cash flow generated by operating activities	2,271,157,481.77	1,127,560,220.11
II. Cash Flow from Investment		

Item	2021 Semi-Annual	2020 Semi-Annual
Activities:		
Cash Arising from Disposal of Investments		2,276,538.05
Cash Arising from Investment Incomes	37,215,654.69	67,855,515.64
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	8,502,600.00	1,507,223.49
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Cash Receipts Relating to Investing Activities	1,800,000,000.00	3,926,094,561.00
Subtotal of cash inflow from investment activities	1,845,718,254.69	3,997,733,838.18
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	1,308,263,685.39	1,078,610,102.04
Cash Paid for Investments		
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units	83,904,479.79	
Other Cash Payments Relating to Investing Activities	1,520,000,000.00	1,400,000,000.00
Subtotal of cash outflows from investment activities	2,912,168,165.18	2,478,610,102.04
Net amount of cash flow generated by investment activities	-1,066,449,910.49	1,519,123,736.14
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		
Including: Cash Arising from Subsidiaries Absorbing Investments by Minority Shareholders		
Cash Arising from Loan	4,130,981,309.28	2,537,832,892.26

Item	2021 Semi-Annual	2020 Semi-Annual
Other Cash Receipts Relating to Financing Activities		73,000,000.00
Subtotal of cash inflow from financing activities	4,130,981,309.28	2,610,832,892.26
Cash Paid for Borrowings Repayment	2,095,709,235.89	2,580,070,226.36
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,680,134,920.84	670,702,742.53
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Cash Payments Relating to Financing Activities	3,363,407.69	9,457,429.96
Subtotal of cash outflow from financing activities	3,779,207,564.42	3,260,230,398.85
Net cash flow generated by financing activities	351,773,744.86	-649,397,506.59
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-43,624,594.66	30,471,891.80
V. Net Increase in Cash and Cash Equivalents	1,512,856,721.48	2,027,758,341.46
Add: Cash and Cash Equivalents at the Commencement of the Period	4,669,306,776.09	3,213,557,815.42
VI. Cash and Cash Equivalents at the End of the Period	6,182,163,497.57	5,241,316,156.88

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2021 Semi-Annual	2020 Semi-Annual
I. Cash Flow Generated by Operational Activities:		
Cash from Sales of Merchandise and Provision of Services	2,552,072,193.45	1,924,439,288.16
Tax Refund	48,584,987.43	51,541,889.88
Other Cash Receipts Relating to	84,964,666.40	26,370,414.41

Item	2021 Semi-Annual	2020 Semi-Annual
Operating Activities		
Subtotal of cash inflow from operational activities	2,685,621,847.28	2,002,351,592.45
Cash Paid for Merchandise and Services	1,633,400,198.22	2,215,126,164.30
Cash Paid to and for Employees	149,783,536.93	132,411,814.25
Cash Paid for Taxes and Surcharges	78,513,703.83	106,629,378.77
Other Cash Payments Relating to Operating Activities	55,045,354.56	38,615,969.62
Subtotal of cash outflow from operational activities	1,916,742,793.54	2,492,783,326.94
Net cash flow generated by operating activities	768,879,053.74	-490,431,734.49
II. Cash Flow from Investment Activities:		
Cash Arising from Disposal of Investments		2,182,000.00
Cash Arising from Investment Incomes	1,162,849,287.12	1,042,241,881.89
Net Cash Arising from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		995,678.52
Net Cash Arising from Disposal of Subsidiaries and Other Business Units		
Other Cash Receipts Relating to Investing Activities	4,883,233,008.66	6,140,177,549.93
Subtotal of cash inflow from investment activities	6,046,082,295.78	7,185,597,110.34
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	2,560,544.11	3,013,705.76
Cash Paid for Investments	660,000,000.00	800,000,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		

Item	2021 Semi-Annual	2020 Semi-Annual
Other Cash Payments Relating to Investing Activities	4,589,000,000.00	3,234,000,000.00
Subtotal of cash outflows from investment activities	5,251,560,544.11	4,037,013,705.76
Net amount of cash flow generated by investment activities	794,521,751.67	3,148,583,404.58
III. Cash Flow from Financing Activities:		
Cash Arising from Absorbing Investments		
Cash Arising from Loan	3,055,061,200.00	1,581,191,700.00
Other Cash Receipts Relating to Financing Activities		50,000,000.00
Subtotal of cash inflow from financing activities	3,055,061,200.00	1,631,191,700.00
Cash Paid for Borrowings Repayment	1,419,380,427.30	2,240,012,727.27
Cash Paid for Distribution of Dividends and Profits or Payment of Interests	1,588,570,689.93	644,955,367.68
Other Cash Payments Relating to Financing Activities	2,810,055.12	3,661,792.20
Subtotal of cash outflow from financing activities	3,010,761,172.35	2,888,629,887.15
Net cash flow generated by financing activities	44,300,027.65	-1,257,438,187.15
IV. Impact of Fluctuation in Exchange Rate on Cash and Cash Equivalents	-8,249,728.64	2,300,417.37
V. Net Increase in Cash and Cash Equivalents	1,599,451,104.42	1,403,013,900.31
Add: Cash and Cash Equivalents at the Commencement of the Period	2,593,272,980.50	1,339,946,642.54
VI. Cash and Cash Equivalents at the End of the Period	4,192,724,084.92	2,742,960,542.85

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Item	2021 Semi-Annual														
	Shareholders' Equity Attributable to the Parent Company's Owner												Minority Shareholders' Equity	Total Shareholders' Equity	
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others			Subtotal
	Preferred Stocks	Perpetual Bonds	Others												
I. Balance at the End of Last 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: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Consolidated under the Same Control															
Others															

II. Balance at the Start of This 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. Increases or Decreases in This Period (Mark "-" for Decreases)	429,732,460.00				-429,732,460.00		-11,402,449.39	2,092,131.78			904,435,523.50		895,125,205.89	-7,822,068.98	887,303,136.91
(I) Total Comprehensive Income							-11,402,449.39				2,408,499,133.50		2,397,096,684.11	5,359,764.02	2,402,456,448.13
(II) Shareholders' Contribution and Reduction in Capital															
1. Common stock invested by the owner															
2. Capital Invested by Holders of Other Equity Instruments															
3. Amount of															

Share-based Payments Recorded into Shareholders' Equity															
4. Others															
(III) Profit Distribution											-1,504,063,610.00		-1,504,063,610.00	-13,181,833.00	-1,517,245,443.00
1. Appropriation of Surplus Reserves															
2. Appropriation of General Risk Reserves															
3. Distribution to Owners (or Shareholders)											-1,504,063,610.00		-1,504,063,610.00	-13,181,833.00	-1,517,245,443.00
4. Others															
(IV) Internal Carry-forward of Shareholders' Equity	429,732,460.00					-429,732,460.00									
1. Capital	429,732,460.00					-429,732,460.00									

Reserves Transferred into Capital (or Share Capital)	460.00				2,460.00										
2. Surplus Reserves Transferred into Capital (or Share Capital)															
3. Surplus Reserves Covering Losses															
4. Carry-forward retained earnings of the variation of the defined benefit plan															
5. Other Carry-forward Retained Earnings of the Comprehensive															

ve Income															
6. Others															
(V) Special Reserves								2,092,131.78					2,092,131.78		2,092,131.78
1. Withdrawal in this period								5,948,742.71					5,948,742.71		5,948,742.71
2. Used in This Period								-3,856,610.93					-3,856,610.93		-3,856,610.93
(VI) Others															
IV. Balance at the End of This Period	2,578,394,760.00				4,130,790,096.84		16,401,379.92	11,642,478.63	1,074,331,150.00		12,419,820,263.45		20,231,380,128.84	59,754,458.05	20,291,134,586.89

Amount of Previous Period

Unit: RMB

Item	2020 Semi-Annual														Minority Shareholders' Equity	Total Shareholders' Equity
	Shareholders' Equity Attributable to the Parent Company's Owner												Subtotal			
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Others				
	Preferred Stocks	Perpetual Bonds	Others													
I. Balance at the End of Last 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: Changes in Accounting Policies															
Correction of Errors in the Previous Period															
Consolidate d under the Same Control															
Others															
II. Balance at the Start of This Year	2,148,66 2,300.00				4,709,06 8,757.66		37,765,885.17	5,337,5 05.56	951,844, 916.62		9,158,233,9 71.76		17,010,913,3 36.77	52,482,111.04	17,063,395,447. 81
III. Increases or Decreases in This Period (Mark "-" for							10,034,354.34	2,948,5 27.39			1,134,599,1 27.20		1,147,582,00 8.93	6,489,710.01	1,154,071,718.9 4

Decreases)																
(I) Total Comprehensive Income							10,034,354.34					2,208,930,277.20		2,218,964,631.54	6,489,710.01	2,225,454,341.55
(II) Shareholders' Contribution and Reduction in Capital																
1. Comm on stock invested by the owner																
2. Capital Invested by Holders of Other Equity Instruments																
3. Amount of Share-base d Payments Recorded into																

Shareholder s' Equity															
4. Others															
(III) Profit Distribution											-1,074,331, 150.00		-1,074,331,15 0.00		-1,074,331,150. 00
1. Appropria- tion of Surplus Reserves															
2. Appropria- tion of General Risk Reserves															
3. Distrib- ution to Owners (or Shareholder s)											-1,074,331, 150.00		-1,074,331,15 0.00		-1,074,331,150. 00
4. Others															
(IV) Internal Carry-forw ard of Shareholder s' Equity															
1. Capital															

Reserves Transferred into Capital (or Share Capital)															
2. Surplus Reserves Transferred into Capital (or Share Capital)															
3. Surplus Reserves Covering Losses															
4. Carry-forward retained earnings of the variation of the defined benefit plan															
5. Other Carry-forward Retained Earnings of															

the Comprehensive Income															
6. Others															
(V) Special Reserves							2,948,527.39					2,948,527.39		2,948,527.39	
1. Withdrawal in this period							6,046,872.68					6,046,872.68		6,046,872.68	
2. Used in This Period							-3,098,345.29					-3,098,345.29		-3,098,345.29	
(VI) Others															
IV. Balance at the End of This Period	2,148,662,300.00				4,709,068,757.66	47,800,239.51	8,286,032.95	951,844,916.62			10,292,833,098.96	18,158,495,345.70	58,971,821.05	18,217,467,166.75	

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

Unit: RMB

Item	2021 Semi-Annual											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferred Stocks	Perpetual Bonds	Others								

I. Balance at the End of Last 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: Changes in Accounting Policies												
Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This 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. Increases or Decreases in This Period (Mark "-" for Decreases)	429,732,460.00				-429,732,460.00					372,628,718.82		372,628,718.82

(I) Total Comprehensive Income											1,876,692,328.82		1,876,692,328.82
(II) Shareholders' Contribution and Reduction in Capital													
1. Comm on stock invested by the owner													
2. Capital Invested by Holders of Other Equity Instruments													
3. Amount of Share-based Payments Recorded into Shareholder													

s' Equity												
4. Others												
(III) Profit Distribution										-1,504,063,610.00		-1,504,063,610.00
1. Appropriation of Surplus Reserves												
2. Distribution to Owners (or Shareholders)										-1,504,063,610.00		-1,504,063,610.00
3. Others												
(IV) Internal Carry-forward of Shareholders' Equity	429,732,460.00					-429,732,460.00						
1. Capital Reserves Transferred into Capital (or Share Capital)	429,732,460.00					-429,732,460.00						
2. Surplus												

Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of the Comprehensive Income												
6. Others												
(V) Special												

Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others												
IV. Balance at the End of This Period	2,578,394,760.00				3,871,120,415.45		506,954.43		1,074,331,150.00	5,671,093,602.27		13,195,446,882.15

Amount of Previous Period

Unit: RMB

Item	2020 Semi-Annual											
	Share Capital	Other Equity Instruments			Capital Reserves	Less: Treasury Share	Other Comprehensive Incomes	Special Reserves	Surplus Reserves	Undistributed Profits	Others	Total Shareholders' Equity
		Preferr ed Stocks	Perpetu al Bonds	Others								
I. Balance at the End of Last 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: Changes in Accounting Policies												

Correction of Errors in the Previous Period												
Others												
II. Balance at the Start of This 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. Increases or Decreases in This Period (Mark "-" for Decreases)										592,926,184.50		592,926,184.50
(I) Total Comprehensive Income										1,667,257,334.50		1,667,257,334.50
(II) Shareholders' Contribution and Reduction in Capital												
1. Common stock invested by the owner												
2. Capital												

Invested by Holders of Other Equity Instruments												
3. Amount of Share-based Payments Recorded into Shareholders' Equity												
4. Others												
(III) Profit Distribution										-1,074,331,150.00		-1,074,331,150.00
1. Appropri ation of Surplus Reserves												
2. Distribut ion to Owners (or Shareholders)										-1,074,331,150.00		-1,074,331,150.00
3. Others												
(IV) Internal Carry-forward of Shareholders'												

Equity												
1. Capital Reserves Transferred into Capital (or Share Capital)												
2. Surplus Reserves Transferred into Capital (or Share Capital)												
3. Surplus Reserves Covering Losses												
4. Carry-forward retained earnings of the variation of the defined benefit plan												
5. Other Carry-forward Retained Earnings of												

the Comprehensive Income												
6. Others												
(V) Special Reserves												
1. Withdrawal in this period												
2. Used in This Period												
(VI) Others												
IV. Balance at the End of This Period	2,148,662,300.00				4,300,852,875.45		506,954.43		951,844,916.62	5,080,939,592.78		12,482,806,639.28

III. Basic Information about the Company

Zhejiang NHU Co., Ltd. (hereinafter referred to as the Company or our company) was approved by the former Securities Commission of People's Government of Zhejiang Province, Zhejiang Securities Commission [1999] No. 9 document, jointly initiated and established by Xinchang County Synthetic Chemical Plant (renamed NHU Holding Group Co., Ltd. on November 17, 2009) and nine natural persons including Zhang Pingyi, Yuan Yizhong, Shi Cheng, Hu Baishan, Shi Guanqun, Wang Xuewen, Shi Sanfu Cui Xinrong, Wang Xulin, registered in Zhejiang Administration for Industry and Commerce on April 5, 1999, and headquartered in Shaoxing, Zhejiang Province. The Company now holds a business license with a unified social credit code of 91330000712560575G, a registered capital of RMB 2,578,394,760.00 and a total of 2,578,394,760.00 shares (par value of RMB 1 per share). Among them, the number of liquid shares with limited sales conditions is 30,311,084; The number of liquid shares with unlimited sales conditions is 2,548,083,676. The Company's shares were listed and traded in Shenzhen Stock Exchange on June 25, 2004.

The Company belongs to the pharmaceutical manufacturing industry. Principal business activities are the production and sale of nutrition, flavor and fragrance and new polymer materials. Products mainly include: nutrition, flavor and fragrance and new polymer materials.

This financial statement has been approved for public by the seventh meeting of the eighth session of the Board of Directors of the Company on August 18, 2021.

The Company has included 23 subsidiaries such as Xinchang Vitamin, NHU Import and Export, and Zhejiang VYS in the scope of consolidated financial statements of the current period. For details, please refer to the description of IX.1 of the financial report in this section.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The financial statement of the Company has been prepared on the basis of continuing operations.

2. Going concern

The Company has no items or circumstances that cause major doubts about its ability to continue operations within 12 months from the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

According to the actual production and operation characteristics, the Company has formulated specific accounting policies and accounting estimates for transactions or items such as impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets, and revenue recognition.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standard for Business Enterprises and truly and completely reflect the company's financial position, operating results, cash flow and other relevant

information.

2. Accounting period

The fiscal year starts from January 1 and ends on December 31 of the Gregorian calendar.

3. Operating cycle

Except for the real estate industry, the business cycle of the Company's business is relatively short, and 12 months is taken as the liquidity classification standard of assets and liabilities. The business cycle of the real estate industry generally takes more than 12 months from real estate development to sales and revenue generation. The specific cycle is determined according to the project development, and its business cycle is taken as the liquidity classification standard of assets and liabilities.

4. Functional currency

The Company and its domestic subsidiaries take CNY as the functional currency, and overseas subsidiaries such as NHU (Hong Kong) Trading Co., Ltd. and NHU Europe GmbH are engaged in overseas operations. The currency in the main economic environment in which they operate is selected as the functional currency.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

1. Accounting treatment method for business combination under the same control

The assets and liabilities acquired by the Company in business combination are measured according to the carrying amount of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The Company adjusts the capital reserve according to the difference between carrying amount share of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party and the carrying amount of the combination consideration paid or the total par value of issued shares; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

2. Accounting treatment method for business combination not under the same control

The Company recognizes the positive balance between the combination costs and fair value shares of identifiable net assets of the acquiree as goodwill on the acquisition date; If the combination cost is less than the fair value of identifiable net assets of the acquiree obtained in the combination, first review the measurement of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the combination cost, if the combination cost is still less than the fair value of identifiable net assets of the acquiree obtained in the combination after review, the difference shall be included in the current profits and losses.

6. Preparation method of consolidated financial statements

The parent company brings all subsidiaries under its control into the consolidation scope of the consolidated financial statements. The consolidated financial statements are prepared by the parent company in accordance with the "Accounting Standard for Business Enterprises No.33—Consolidated Financial Statements" based on the financial statements of the parent company and its subsidiaries and other relevant materials.

7. Recognition criteria of cash and cash equivalents

The cash listed in the cash flow statement refers to the cash on hand and deposits that are available for payment at any time. Cash equivalents refer to the investments held by enterprises which are short-term, highly liquid, and easy to be converted into known amounts of cash and have little risk of value change.

8. Conversion of transactions and financial statements denominated in foreign currencies

1. Translation of foreign currency business

When the foreign currency transaction is initially recognized, it is converted into CNY at the approximate exchange rate of the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates, in addition to the exchange difference between the principal and interest of foreign currency special Loan related to the acquisition and construction of assets eligible for capitalization, is included in the current profits and losses; The foreign currency non-monetary items measured at historical cost are still translated at the approximate exchange rate of the spot exchange rate on the transaction date, and the CNY amount is not changed; The foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined, and the difference is included in the current profits and losses or other comprehensive income.

2. Translation of foreign currency financial statement

The asset and liability items in the balance sheet are translated at the spot exchange rate on the balance sheet date; Except for the "undistributed profit" item, other items of owner's equity are translated at the spot exchange rate on the transaction date; The income and expense items in the income statement are translated at the approximate exchange rate of the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements generated according to the above 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 on initial recognition: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value with changes included in other comprehensive income; (3) Financial assets measured at fair value through profit or loss.

Financial liabilities are classified into the following four categories on initial recognition: (1) Financial liabilities measured at fair value through profit or loss; (2) Financial liabilities arising from that the transfer of financial assets does not meet the conditions for derecognition or continues to be involved in the transferred financial assets; (3) Financial guarantee contracts that do not belong to (1) or (2) above, and loan commitments that do not belong to (1) above and lend at a lower market interest rate; (4) Financial liabilities measured at amortized cost.

2. Recognition basis, measurement method and derecognition conditions of financial assets and financial liabilities

(1) Recognition basis and initial measurement method of financial assets and financial liabilities

A financial asset or financial liability is recognized when the Company becomes a party to the financial instrument contract. When financial assets or financial liabilities are initially recognized, fair value is taken for measurement; For financial assets and

financial liabilities measured at fair value through profit or loss, relevant transaction costs are directly included in the current profits and losses; For other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount. However, if the accounts receivable initially recognized by the Company does not contain major financing components or the Company does not consider the financing components in the contract less than one year, the initial measurement shall be made according to the transaction price defined in the "Accounting Standard for Business Enterprises No. 14—Revenue".

(2) Subsequent measurement methods of financial assets

1) Financial assets measured at amortized cost

The effective interest rate method is adopted for subsequent measurement in accordance with the amortized cost. The gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship are included in the current profits and losses when they are derecognized, reclassified, amortized using the effective interest rate method or recognized as impairment.

2) Debt instrument investment measured at fair value with changes included in other comprehensive income

Fair value is adopted for subsequent measurement. The interest, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method are included in the current profits and losses, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profits and losses.

3) Equity instrument investment measured at fair value with changes included in other comprehensive income

Fair value is adopted for subsequent measurement. Dividends acquired (except those belonging to the recovery part of investment costs) are included in the current profits and losses, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

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

The subsequent measurement is carried out at fair value, and the gains or losses resulted (including interest and dividend income) are included in the current profits and losses, unless the financial asset is part of the hedging relationship.

(3) Subsequent measurement method of financial liabilities

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

Such financial liabilities include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. The amount of changes in the fair value of financial liabilities designated to be measured at fair value through profit or loss due to changes in the Company's own credit risk are included in other comprehensive income, unless the treatment will cause or expand the accounting mismatch in the profit or loss. Other gains or losses arising from such financial liabilities (including interest expenses with the exception of changes in the fair value caused by changes in the Company's own credit risk) are included in the current profits and losses, unless the financial liabilities are part of the hedging relationship. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

2) Financial liabilities arising from that the transfer of financial assets does not meet the conditions for derecognition or continues to be involved in the transferred financial assets;

Measure in accordance with the relevant provisions of the "Accounting Standard for Business Enterprises No. 23—Transfer

of Financial Assets".

3) Financial guarantee contracts that do not belong to (1) or (2) above, and loan commitments that do not belong to (1) above and lend at a lower market interest rate

After initial recognition, subsequent measurement shall be made according to the higher of the following two amounts: ① The amount of loss reserves determined according to the provisions on impairment of financial instruments; ② The balance of the initially recognized amount after deducting the accumulated amortization determined in accordance with the relevant provisions of the "Accounting Standard for Business Enterprises No. 14—Revenue".

4) Financial liabilities measured at amortized cost

Adopt the effective interest method to measure at amortized cost. The gains or losses arising from financial liabilities measured at amortized cost and not part of any hedging relationship are included in the current profits and losses when they are derecognized and amortized according to the effective interest rate method.

(4) Derecognition of financial assets and financial liabilities

1) When one of the following conditions is met, financial assets are derecognized:

① The contractual right to receive cash flows from financial assets has been terminated;

② Financial assets have been transferred, and this transfer meets the provisions on the derecognition of financial assets in the "Accounting Standard for Business Enterprises No. 23—Transfer of Financial Assets"

2) When the current obligation of a financial liability (or part thereof) has been discharged, the derecognition of the financial liability (or part thereof) shall be terminated accordingly.

3. Recognition basis and measurement method of financial asset transfer

If the Company transfers almost all the risks and rewards in the title of financial assets, the financial assets shall be derecognized, and the rights and obligations generated or retained in the transfer as assets or liabilities shall be separately recognized; If almost all the risks and rewards in the title of financial assets are retained, the transferred financial assets shall continue to be recognized. If the Company neither transfers nor retains almost all the risks and rewards in the title of financial assets, it shall be treated separately according to the following circumstances: (1) If the control over the financial asset is not retained, the financial asset shall be derecognized, and the rights and obligations arising from or retained in the transfer shall be separately recognized as assets or liabilities; (2) If the control over the financial assets is retained, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses: (1) The carrying amount of the transferred financial assets on the date of derecognition; (2) The sum of the consideration received from the transfer of financial assets and the amount of the corresponding derecognized part of the cumulative amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at fair value with changes included in other comprehensive income). If a part of a financial asset is transferred and the transferred part as a whole meets the conditions for derecognition, the overall carrying amount of the financial asset before the transfer shall be apportioned between the derecognized part and the continuously recognized part according to their respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses: (1) The carrying amount of the derecognized part; (2) The sum of the consideration of the derecognized part and the amount of the derecognized part corresponding to the cumulative amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved

in transfer are debt instrument investments measured at fair value with changes included in other comprehensive income).

4. Determination method of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques that are applicable in the current situation and supported by sufficient available data and other information to determine the fair value of relevant financial assets and financial liabilities. The company divides the input values used in the valuation techniques into the following levels and uses them in sequence:

(1) The input value of the first level is the unadjusted quotation of the same assets or liabilities that can be acquired on the measurement date in the active market;

(2) The input value of the second level is the input value of relevant assets or liabilities directly or indirectly observable in addition to the input value of the first level, including: the quotation of similar assets or liabilities in the active market; the quotation of the same or similar assets or liabilities in the inactive market; other observable input values other than the quotation, such as the observable interest rate and yield curve during normal quotation interval; the input value for market validation, etc.;

(3) The input value of the third level is the unobservable input value of relevant assets or liabilities, including the interest rates that cannot be directly observed or verified by observable market data, stock volatility, future cash flow of retirement obligations assumed in business combinations, financial forecasts made using their own data, etc.

5. Impairment of financial instruments

(1) Financial instrument impairment measurement and accounting treatment

On the basis of expected credit losses, the Company conducts impairment treatment based on expected credit losses and recognizes loss reserves on the financial assets measured at amortized cost, debt instrument investments measured at fair value with changes included in the other comprehensive income, contract assets, lease receivables, loan commitments classified other than financial liabilities measured at fair value through profit or loss, and financial guarantee contracts that do not belong to financial liabilities measured at fair value through profit or loss, or financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

Expected credit loss refers to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the Company discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, the financial assets purchased or generated by the Company with credit impairment shall be discounted according to the actual interest rate adjusted by the credit of the financial assets.

For the purchased or derived financial assets with credit impairment, the Company only recognizes the cumulative changes of expected credit loss in the whole duration since initial recognition as loss reserves on the balance sheet date.

For the receivables and contract assets formed by the transactions regulated in the "Accounting Standard for Business Enterprises No.14—Revenue" and excluding major financing components or the Company does not consider the financing components in the contract not exceeding one year, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

For lease receivables, receivables and contract assets formed by the transactions regulated by the "Accounting Standard for Business Enterprises No.14—Revenue" and containing major financing components, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss in the whole duration.

For financial assets other than the above measurement methods, the Company assesses whether its credit risk has increased

significantly since initial recognition on each balance sheet date. If the credit risk has increased significantly since initial recognition, the Company shall measure the loss reserve according to the amount of expected credit loss during the whole duration; If the credit risk has not increased significantly after initial recognition, the Company shall measure the loss reserve according to the amount of expected credit loss of the financial instrument in the next 12 months.

The Company makes use of available reasonable and well-grounded information, including forward-looking information, to determine whether the credit risk of financial instruments has increased significantly since initial recognition by comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date.

On the balance sheet date, if the Company believes that the financial instrument has only low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company assesses the expected credit risk and measures the expected credit loss on the basis of individual financial instrument or a combination of financial instruments. When based on the combination of financial instruments, the Company divides the financial instruments into different combinations based on the common risk characteristics.

The Company re-measures the expected credit loss on each balance sheet date, and the increase or reversal amount of the loss reserve formed thereby shall be included in the current profits and losses as impairment loss or gain. For the financial asset measured at amortized cost, the loss reserve shall offset the carrying amount of this financial asset listed in the balance sheet; For the bond investment measured at fair value with changes included in other comprehensive income, the Company recognizes its loss reserve in other comprehensive income and does not deduct the carrying amount of this financial asset.

(2) Financial instruments for evaluating expected credit risk and measuring expected credit loss by mechanics

Project	Basis to Determine the Portfolio	Methods of measuring expected credit loss
Other receivables—Export tax rebate receivable mechanics	Nature of the funds	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate in the next 12 months or the whole duration.
Other receivables—VAT refund receivable mechanics		
Other receivables—Land bond receivable mechanics		
Other receivables—Aging mechanics	Aging	

(3) Receivables and contract assets that measure expected credit loss by mechanics

1) Specific mechanics and methods of measuring expected credit loss

Project	Basis to Determine the Portfolio	Methods of measuring expected credit loss
Bank acceptance bills receivable	Bill type	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the expected credit loss is calculated through the exposure at default and the expected credit loss rate throughout the duration.
Trade acceptance receivable		
Accounts receivable—Aging mechanics	Aging	With reference to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, the comparison table between the aging of accounts receivable and the expected credit loss rate throughout the duration is prepared, and the expected credit loss is calculated.

2) Accounts receivable—The comparison table of the aging of aging mechanics and the expected credit loss rate in the whole duration

Aging	Expected credit loss rate of accounts receivable (%)
Within 1 year (including, the same below)	5
1-2 years	20
2-3 years	80
3 years or above	100

3) Accounts receivable with insignificant single amount but single provision for bad debts

Reason for making bad debt provision individually	There is a significant difference between the present value of future cash flow of accounts receivable and the present value of future cash flow of accounts receivable mechanics with aging as credit risk characteristics
Method for bad debt provision	The impairment test shall be conducted separately, and the provision for bad debts shall be based on the difference between the present value of its future cash flow and its carrying amount

6. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and do not offset each other. However, if the following conditions are met at the same time, the Company shall present the net amount after offsetting each other in the balance sheet: (1) The company has the legitimate right to offset the recognized amount, and such legitimate right is currently enforceable; (2) The company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

For the transfer of financial assets that do not meet the conditions for derecognition, the Company will not offset the transferred financial assets and related liabilities.

10. Inventories

1. Classification of inventories

Inventories include finished products or commodities held for sale in daily activities, products in the production process, materials and supplies consumed in the production process or the rendering of services, etc.

2. Pricing method for issuing inventories

(1) The weighted averages method at the end of the month is adopted for the inventory issued other than developed products

(2) During the development of the project, the apportionment of land for development shall be calculated according to the area covered by developed products and included in the development cost of the project.

(3) The average building area method is adopted for accounting to issue similar developed products.

(4) If the public supporting facilities are completed earlier than the relevant developed products, after the final settlement of the completion of the public supporting facilities, it shall be included in the development costs of the relevant development projects according to the budgeting absorption of costs of the relevant development projects; If the public supporting facilities are completed later than the relevant developed products, relevant developed products shall first accrue the cost of public supporting facilities, and the cost of relevant developed products shall be adjusted according to the difference between the actual amount and the accrued amount after the completion and final settlement of the public supporting facilities.

3. Basis for determining the net realizable value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and inventory write down shall be accrued according to the difference between the cost of a single inventory and net realizable value. For the inventory directly for sale, its net realizable value shall be determined by the amount of the estimated selling price of the inventory minus the estimated marketing expenses and relevant taxes in the ordinary course of production and operation; For the inventory that needs to be processed, its net realizable value shall be determined by the estimated selling price of finished products minus the estimated cost to be incurred at the time of completion, estimated marketing expenses and relevant taxes in the ordinary course of production and operation process; On the balance sheet date, if there is a contract price agreement for some part of the same inventory and no contract price for other parts, their net realizable values shall be determined respectively, and compared with their corresponding costs to determine the accrued or reversed amount of inventory write down respectively.

4. Inventory system

The inventory system of inventories is perpetual inventory system.

5. Amortization method of low-value consumables and packaging

(1) Low-value consumables

Amortize in accordance with the one-off writing-off process.

(2) Packaging

Amortize in accordance with the one-off writing-off process.

11. Long-term equity investment

1. Criterion of joint control and significant influence

It is recognized as joint control if there is common control over an arrangement according to the relevant agreement, and the relevant activities of this arrangement can only be decided after the unanimous consent of the participants sharing control. It is recognized as significant influence if have the right to participate in decision-making on the financial and operating policies of the investee, but not being able to control or jointly control the formulation of these policies with other parties.

2. Determination of investment cost

(1) For the business combination under the same control, when the combining party takes paying cash, transferring non-cash assets, bearing debts or issuing equity securities as the combination consideration, the share of the carrying amount of the owner's equity of the combined party in the consolidated financial statements of the final controlling party on the combination date shall be taken as its initial investment cost. The capital reserve shall be adjusted according to the difference between the initial investment cost of long-term equity investment and the carrying amount of the combination consideration paid or the total par value of the issued shares; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The Company realizes the long-term equity investment arising from business combination under the same control step by step through multiple transactions, and determine whether it is a "package deal". If it is a "package deal", each transaction shall be accounted as a transaction that acquires control. If it is not a "package deal", on the combination date, the initial investment cost shall be determined according to the share of the carrying amount of the net assets of the combined party in the consolidated financial statements of the final controlling party. The capital reserve shall be adjusted as per the difference between the initial investment cost of the long-term equity investment on the combination date and the sum of the carrying amount of the long-term equity investment before the combination plus the carrying amount of the new payment of consideration for further shares on the combination date; If

the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(2) For the business combination not under the same control, the fair value of the combination consideration paid on the acquisition date shall be taken as its initial investment cost.

The Company realizes the long-term equity investment, step by step, arising from business combination not under the same control through multiple transactions, and distinguishes individual financial statements from consolidated financial statements for relevant accounting treatment:

1) In the individual financial statements, the sum of the carrying amount of the equity investment originally held plus the new investment cost is recognized as the initial investment cost calculated by cost method.

2) In the consolidated financial statements, determine whether it is a "package deal". If it is a "package deal", each transaction shall be accounted as a transaction that acquires control. If it is not a "package deal", the equity held by the acquiree before the acquisition date shall be re-measured according to the fair value of the equity on the acquisition date, the difference between the fair value and its carrying amount shall be included in the current investment income; If the equity held by the acquiree before the acquisition date involves other comprehensive income accounted by equity method, the relevant other comprehensive income shall be transferred to the current income on the acquisition date. However, other comprehensive income arising from changes in the net liabilities or net assets of the defined benefit plan re-measured by the investee is excluded.

(3) Except for those arising from business combination: If it is acquired by paying cash, the purchase price actually paid shall be recognized as its initial investment cost; If it is acquired by issuing equity securities, fair value of the issued equity securities shall be recognized as its initial investment cost; If it is acquired through debt restructuring, its initial investment cost shall be determined in accordance with the "Accounting Standard for Business Enterprises No.12—Debt Restructuring"; If it is acquired by exchanging the non-monetary assets, its initial investment cost shall be determined in accordance with the "Accounting Standard for Enterprises No.7—Exchange of Non-monetary Assets".

3. Subsequent measurement and methods for profit and loss recognition

The long-term equity investment controlled by the investee shall be accounted by the cost method; The long-term equity investment of associates and joint ventures shall be accounted for by the equity method.

4. Disposal of investment in subsidiaries through multiple transactions step by step until loss of right of control

(1) Individual financial statements

For the disposed equity, the difference between its carrying amount and the actually acquired price shall be included in the current profits and losses. For the residual equity, if it still has a significant influence on the investee or implements joint control with other parties, it shall be accounted by equity method; Where it can no longer exercise control, jointly control or exert significant influence on the investee, it shall be accounted in accordance with the relevant provisions of the "Accounting Standard for Business Enterprises No.22—Recognition and Measurement of Financial Instruments".

(2) Consolidated financial statements

1) Where the investment in subsidiaries through multiple transactions is processed step by step until loss of control, and it's not a "package deal",

before the loss of right of control, the capital reserve (capital premium) shall be adjusted according to the difference between the disposal price and the share of net assets of the subsidiary continuously calculated from the acquisition date or combination date corresponding to the disposal of long-term equity investment. If the capital premium is insufficient to offset, the retained earnings shall be offset.

When the control over the subsidiary company is lost, the remaining equity shall be remeasured according to its fair value on the date of loss of right control. The difference between the sum of the consideration acquired from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary continuously calculated from the acquisition date or the combination date according to the original shareholding ratio shall be included in the current investment income when the right of control is lost, and meanwhile the goodwill shall be offset. Other comprehensive income related to the equity investment of the original subsidiary shall be transferred to the current investment income when the right of control is lost.

2) Where the investment in subsidiaries through multiple transactions is processed step by step until loss of control, and it's not a "package deal",

each transaction shall be accounted as the transaction in which the investment in subsidiaries is disposed and the right of control is lost. However, before the loss of right of control, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the current profits and losses when the control is lost.

12. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets refer to the tangible assets held for the production of commodities, rendering of services, lease or operation and management with the service life of more than one fiscal year. Fixed assets shall be recognized when economic benefits are likely to flow in and costs can be measured reliably at the same time.

(2) Methods for depreciation

Category	Depreciation method	Useful lives of depreciation	Residual Ratio	Annual depreciation rate
Housing and building	Straight-line method	7-35	5	13.57-2.71
Universal equipment	Straight-line method	5-10	5	19.00-9.50
Special equipment	Straight-line method	5-15	5	19.00-6.33
Means of transport	Straight-line method	5-7	5	19.00-13.57

13. Construction in progress

1. The construction in progress shall be recognized when economic benefits are likely to flow in and costs can be measured reliably at the same time. Construction in progress shall be measured at the actual cost incurred before the asset is ready for its intended use.

2. When the construction in progress is ready for the intended use, it shall be transferred into fixed assets at actual cost of the project. When it is ready for the intended use but the final accounting of completion has not been settled, it shall be transferred into fixed assets at the estimated value. After the final accounting of completion is settled, the original estimated value shall be adjusted according to the actual cost, but the originally accrued depreciation shall not be adjusted.

14. Borrowing costs

1. Recognition principle of capitalization of borrowing costs

Where the borrowing costs incurred by the Company can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; Other borrowing costs, if recognized as expenses when incurred, shall be included in the current profits and losses.

2. Period of capitalization of borrowing costs

(1) When the borrowing costs meet the following conditions at the same time, capitalization starts: 1) Asset expenditure has incurred; 2) Borrowing costs have incurred; 3) The acquisition and construction or production activities necessary to make the assets ready for intended use or sale have started.

(2) If the assets eligible for capitalization are abnormally interrupted in the process of acquisition, construction or production, and the interruption period exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended; The borrowing costs incurred during the interruption are recognized as current expenses until the acquisition and construction or production activities of the assets restart.

(3) The capitalization of borrowing costs shall stop when the assets under acquisition, construction or production are ready for the intended use or sale.

3. Capitalization rate and capitalization amount of borrowing cost

If a special loan is borrowed for the acquisition and construction or production of assets eligible for capitalization, the interest amount shall be recognized by the interest expense actually incurred in the current period of the special loan (including the amortization of discount or premium determined according to the effective interest rate method) minus the interest income acquired by depositing the unused loan funds into the bank or the investment income acquired from temporary investment; If a general loan is occupied for the acquisition and construction or production of assets eligible for capitalization, the amount of interest to be capitalized on the general loan shall be calculated and determined according to the weighted average of the accumulative asset expenditure exceeding the asset expenditure of the special loan multiplied by the capitalization rate of the occupied general loan.

15. The assets of right to use

1. Conditions for recognizing the assets of right to use

The assets of right to use refer to the right of the company as the lessee to use the leased assets during the lease term. The Company recognizes the assets of right to use to the lease on the commencement of the lease term. The assets of right to use shall be recognized when there is possible inflow of economic benefits and the costs can be reliably measured at the same time.

2. Initial measurement of the assets of right to use

The assets of right to use are initially measured at cost, which includes: (1) Initial measurement amount of lease liabilities; (2) For the lease payment paid on or before the commencement of the lease term, if there are lease incentives, the relevant amount of lease incentives enjoyed shall be deducted; (3) initial direct costs incurred by the lessee; (4) The estimated cost incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms.

3. Subsequent measurement of the assets of right to use

(1) The Company adopts the cost model for subsequent measurement of the assets of right to use.

(2) The Company depreciates the assets of right to use. If it can be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it cannot be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset. The specific depreciation methods of various assets of right to use are as follows:

Category	Depreciation method	Depreciation period (years)	Residual rate(%)	Annual depreciation rate (%)
Housing and building	Straight-line method	7-35	5	13.57-2.71
Universal equipment	Straight-line method	5-10	5	19.00-9.50
Special equipment	Straight-line method	5-15	5	19.00-6.33
Means of transport	Straight-line method	5-7	5	19.00-13.57

(3) When the company remeasures the lease liability according to the present value of the changed lease payment and adjusts the carrying amount of the assets of right to use accordingly, if the carrying amount of the assets of right to use has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included in the current profits and losses.

(4) On the balance sheet date, if there is any indication that the assets of right to use are impaired, the corresponding impairment provision shall be made according to the difference between the carrying amount and the recoverable amount.

16. Intangible assets

(1) Valuation method, service life, impairment test

1. Intangible assets, including the land use right, patent right and non-patent technology, are initially measured at cost.

2. The intangible asset with limited service life shall be amortized systematically and reasonably according to the expected realization mode of economic benefits related to this intangible asset within the service life. If the expected realization mode cannot be recognized reliably, the straight-line method shall be used for amortization. The specific years are as follows:

Project	Amortization period (years)
Land use rights	50、70
Softwares	10
Patent right	10
Non-patented technology	15

(2) Accounting policy for internal R&D expenditure

The expenditures in the research stage of internal research and development projects shall be included in the current profits and losses when incurred. Expenditures in the internal research and development projects at development stage shall be recognized as intangible assets if the following conditions are met : (1) Complete the intangible asset to make it available for use or sale technically; (2) Have the intention to complete the intangible asset and use or sell it; (3) The ways in which the intangible assets generate economic benefits, including the ability to prove the existence of a market for the products produced by using the intangible asset or

the intangible asset itself, the usefulness of the intangible asset can be proved if it is internally used; (4) There are sufficient technical, financial and other resources to support the development of the intangible asset and have the ability to use or sell the intangible asset; (5) The expenditures for the intangible asset at development stage can be measured reliably.

17. Impairment of long-term assets

For the long-term assets such as long-term equity investment, fixed assets, construction in progress and intangible assets with limited service life, if there is any indication of impairment on the balance sheet date, the recoverable amount shall be estimated. For the goodwill arising from business combination and intangible assets with uncertain service life, impairment test shall be conducted every year, regardless of whether there are signs of impairment or not. Goodwill is tested for impairment in combination with its related asset group or combination of asset groups.

If the recoverable amount of the above long-term assets is lower than its carrying amount, the asset impairment provision shall be recognized according to the difference and included in the current profits and losses.

18. Long-term deferred expenses

Long-term deferred expenses refer to the expenses that have been paid by the enterprise with the amortization period of more than 1 year (excluding 1 year). Long-term deferred expenses shall be recorded according to the actual amount incurred and amortized evenly by stages during the benefit period or within the specified period. If the long-term deferred expense item will not benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to the current profits and losses.

19. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The Company shall present the net amount after offsetting the contract assets against contract liabilities under the same contract. The Company lists the obligation to transfer commodities to customers for the consideration received or receivable from customers as contract liabilities.

20. Employee compensation

(1) Accountant arrangement method of short-term remuneration

In the accounting period during which employees provide services to the company, the short-term compensation actually incurred shall be recognized as liabilities and included in the current profits and losses or relevant asset costs.

(2) Accountant arrangement method of retirement benefit plan

Post-employment benefits are divided into defined contribution plans and defined benefit plans.

(1) In the accounting period during which employees provide services to the company, the amount payable calculated according to the defined contribution plan is recognized as liabilities and included in the current profits and losses or relevant asset costs.

(2) The accounting treatment of defined benefit plans usually includes the following steps:

1) According to the expected accumulative welfare unit method, unbiased and consistent actuarial assumptions are applied to estimate demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and recognize the period of relevant obligations. Meanwhile, the obligations arising from the defined benefit plan shall be discounted in order to determine the present value and current service costs of the obligations thereof;

2) If there are assets in the defined benefit plan, the deficit or surplus arising from the present value of the defined benefit plan obligations minus the fair value of the assets of the defined benefit plan shall be recognized as the net liabilities or net assets of one defined benefit plan. If there is a surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured according to the lower of the surplus of the defined benefit plan and the upper limit of assets;

3) At the end of term, the employee compensation cost arising from the defined benefit plan will be recognized as the service cost, the net interest on the net liabilities or net assets of the defined benefit plan, and the changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan, among which the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in the current profits and losses or relevant asset costs, the changes arising from remeasurement of net liabilities or net assets of defined benefit plans are included in other comprehensive income, and are not allowed to be reversed to profits or losses in the subsequent accounting periods, but these amounts recognized in other comprehensive income can be transferred within the scope of equity.

(3) Accountant arrangement method of termination benefits

For the dismissal welfare provided to employees, the employee compensation liabilities arising from the dismissal welfare shall be determined at the earliest of the following two, and included in the current profits and losses: (1) When the company cannot unilaterally withdraw the dismissal welfare provided due to the termination of labor relations plan or layoff proposal; (2) When the company determines the costs or expenses associated with the restructuring involving the payment of dismissal welfare.

(4) Accountant arrangement method of other long-term employee benefits

Other long-term welfare provided to employees, if meets the conditions of the defined contribution plan, shall be accounted for in accordance with relevant provisions of the defined contribution plan; other long-term welfare shall be accounted for in accordance with relevant provisions of the defined benefit plan. In order to simplify the relevant accounting treatment, the employee compensation cost incurred is recognized as the service cost, the net interest of the net liabilities or net assets of other long-term employee welfare, and the total net amount of changes arising from remeasuring the net liabilities or net assets of other long-term employee welfare is included in the current profits and losses or relevant asset costs.

21. Lease liabilities

Lease liabilities shall be initially measured at the present value of the unpaid lease payments on the commencement date of the lease term. Lease liabilities are usually listed in the illiquid liabilities and illiquid liabilities due within one year.

When calculating the present value of the lease payment, the lessee shall adopt the interest rate implicit in lease as the discount rate; If the interest rate implicit in lease cannot be recognized, the lessee's interest rate on incremental Loan shall be applied as the discount rate. The interest rate implicit in lease refers to the interest rate that makes the sum of the present value of the lessor's lease

receipts and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the lessor's initial direct costs. The lessee's interest rate on incremental Loan refers to the interest rate that the lessee must pay to borrow money with similar mortgage conditions during similar periods in order to acquire assets close to the value of the assets of right to use in the similar economic environment.

In the subsequent measurement, the lessee shall calculate the interest expense of the lease liability during each period of the lease term at a fixed periodic interest rate (i.e. the discount rate) and include it in the current profits and losses.

22. Revenue

Accounting policies for revenue recognition and measurement

1. Revenue recognition principle

On the commencement of the contract, the Company evaluates the contract to identify each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time.

When one of the following conditions is met, it belongs to the performance obligation within a certain period of time, otherwise it belongs to the performance obligation at a certain point of time: (1) The customer acquires and consumes the economic benefits arising from the Company's performance while the company performs the contract; (2) The customer can control the commodities in progress during the Company's performance; (3) The commodities produced by the Company during the performance possess irreplaceable usage, and the company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period of time. If the performance progress cannot be reasonably recognized and the costs incurred are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance progress can be reasonably recognized. For the performance obligations performed at a certain point of time, revenue shall be recognized when the customer acquires the right of control over relevant commodities or services. While determining whether the customer has acquired the right of control over the commodities, the Company shall take the followings into consideration: (1) The Company has the current collection right for the commodity, that is, the customer has the current payment obligation for the commodity; (2) The Company has transferred the legal title of the commodity to the customer, that is, the customer already has the legal title of the commodity; (3) The Company has transferred the physical commodity to the customer, that is, the customer has possessed the physical commodity; (4) The Company has transferred the major risks and rewards of the commodity title to the customer, that is, the customer has acquired the major risks and rewards of the commodity title; (5) The customer has accepted the commodity; (6) other signs indicating that the customer has acquired the right of control over the commodity.

2. Revenue measurement principle

(1) The Company measures the revenue according to the transaction price apportioned to each individual performance obligation. The transaction price refers to the amount of consideration that the company is expected to be entitled to collect due to the transfer of commodities or services to customers, excluding the payments collected on behalf of third parties and the payments expected to be returned to customers.

(2) Where there is variable consideration in the contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the amount most likely to occur, but the transaction price including the variable

consideration shall not exceed the amount by which the accumulative recognized revenue is much more unlikely to be significantly reversed when relevant uncertainties are eliminated.

(3) If there are major financing components in the contract, the Company shall determine the transaction price according to the amount due assumed to be paid in cash when the customer acquires the right of control over the commodities or services. The difference between this transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement of the contract, if the Company expects that the interval between the customer's acquisition of right of control over the commodities or services and the customer's payment of the price will not exceed one year, the major financing components in the contract will not be taken into consideration.

(4) If the contract contains two or more performance obligations, the Company shall apportion the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the commodities promised by each individual performance obligation.

3. Specific methods of revenue recognition

(1) Revenue from product sales

The Company mainly sells nutriment, flavor and fragrance, and polymer new materials, etc. The sales of products are performance obligations at a certain point of time. The recognition of domestic product revenue shall meet the following conditions: The Company has delivered the products to customers according to the contract, collected the payment or acquired the right of collection, and the relevant economic benefits are very likely to flow in. The recognition of the revenue of products for export shall meet the following conditions: The Company has declared the products at the customs according to the contract, acquired the bill of lading, collected the payment or acquired the right of collection, and the relevant economic benefits are very likely to flow in.

(2) Revenue from real estate sales

Real estate sales are performance obligations performed at a certain point of time. Revenue recognition shall meet the following conditions: The Company has delivered the products to customers according to the contract, customers have signed the delivery note, collected the payment or acquired the right of collection, and the relevant economic benefits are very likely to flow in.

23. Government grants

1. Government grants shall be recognized when the following conditions are met at the same time: (1) The Company can meet the conditions attached to government grants; (2) The Company can receive government grants. If the government grant is a monetary asset, it shall be measured at the amount received or receivable. If the government grant is a non-monetary asset, it shall be measured at the fair value; If the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

2. Determination basis and accounting treatment method of government grants related to assets

According to government documents, government grants applied for the acquisition and construction or the formation of long-term assets in other ways shall be classified as the government grants related to assets. If there is no clear stipulation in the government documents, the judgment shall be based on the basic conditions necessary for acquiring the grant, and the government grants related to assets shall be based on the formation of long-term assets by acquisition and construction or other means. Government grants related to assets shall offset the carrying amount of relevant assets or be recognized as deferred income. If the government grants related to assets are recognized as deferred income, they shall be included in profits and losses by stages in a reasonable and systematic manner during their service life. Government grants measured in nominal amount shall be directly included in the current profits and losses. If relevant assets are sold, transferred, scrapped or damaged before the end of their service

life, the non-allocated balance of relevant deferred income shall be transferred to the current profits and losses of the disposal of assets.

3. Determination basis and accounting treatment method of government grants related to income

Government grants other than those related to assets shall be classified as government grants related to income. For the government grants that contain both asset-related and income-related parts, if it is difficult to make a distinction between asset-related and income-related government grants, they shall be classified as income-related government subsidies as a whole. Where the government grants related to income are applied to compensate relevant costs or losses in subsequent periods, it shall be recognized as deferred income and included in the current profits and losses or offset relevant costs during the period when relevant costs or losses are recognized; If it is used to compensate the relevant costs or losses incurred, it shall be directly included in the current profits and losses or offset the relevant costs.

4. Government grants related to the Company's daily business activities shall be included in other income or offset related costs according to the essence of economic business. Government grants unrelated to the Company's daily activities shall be included in the non-operating income.

5. Accounting treatment method of policy-oriented concessional loan discount interest

(1) Where the finance allocates the discount interest funds to the lending bank, and the lending bank provides loans to the Company at the policy preferential interest rate, the actually received loan amount shall be taken as the entry value of the loan, and the relevant borrowing costs shall be calculated according to the loan principal and the policy preferential interest rate.

(2) If the finance directly allocates the discount interest funds to the Company, the corresponding discount interest shall offset the relevant borrowing costs.

24. Deferred income tax assets / deferred income tax liabilities

1. According to the difference between the carrying amount of assets and liabilities and their tax base (if the tax base of the item is not recognized as the asset and liability can be determined according to the tax law, the difference between the tax base and its carrying amount), the deferred income tax assets or deferred income tax liabilities are calculated and recognized according to the applicable tax rate during the expected recovery of the assets or settlement of the liabilities.

2. The recognition of deferred income tax assets is limited to the taxable income that is very likely to be acquired to offset the deductible temporary differences. On the balance sheet date, if there is conclusive evidence indicating that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the unrecognized deferred income tax assets in the previous accounting periods shall be recognized.

3. On the balance sheet date, the carrying amount of deferred income tax assets shall be reviewed. If no sufficient taxable income is likely to be obtained to offset the benefits of deferred income tax assets in the future, the carrying amount of deferred income tax assets shall be written down. The amount written down shall be reversed when it is likely to obtain sufficient taxable income.

4. The current income tax and deferred income tax of the Company shall be included in the current profits and losses as income tax expenses or income, but excluding the income tax generated under the following circumstances: (1) Business combination; (2) Transactions or items directly recognized in the owner's equity.

25. Leases

1. The Company as a lessee

On the commencement date of lease, the Company recognizes the lease of no more than 12 months and excluding the call option as a short-term lease; When a single leased asset is brand-new, the lease of lower value is recognized as a low-value asset lease. If the Company sublets or is expected to sublet the leased assets, the original lease shall not be recognized as the low-value asset lease.

For all the short-term leases and low-value asset leases, the Company shall record the lease payment amount into the relevant asset costs or current profits and losses according to the straight-line method / workload method in each period of the lease term.

In addition to the above short-term leases and low-value asset leases with simplified treatment, the Company recognizes the right-of-use assets and lease liabilities for the lease on the commencement date of lease.

(1) Right-of-use assets

The right-of-use assets are initially measured at cost, which includes: 1) The initial measurement amount of lease liabilities; 2) For the lease payment paid on or before the commencement of the lease, if there is a lease incentive, the relevant amount of the lease incentive enjoyed shall be deducted; 3) Initial direct costs incurred by the lessee; 4) The estimated costs incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms.

The Company depreciates the right-of-use assets according to the straight-line method / workload method. If it can be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it cannot be reasonably recognized that the title of the leased asset is acquired at the expiration of the lease term, the Company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset.

(2) Lease liabilities

On commencement date of the lease, the Company recognizes the present value of the unpaid lease payments as lease liabilities. The interest rate implicit in lease is applied as the discount rate when calculating the present value of lease payments. If the interest rate implicit in lease cannot be determined, the Company's incremental loan interest rate is applied as the discount rate. The difference between the lease payment amount and its present value shall be regarded as the unrecognized financing expense, and the interest expense shall be recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profits and losses. The variable lease payment which is not included in the measurement of lease liabilities shall be included in the current profits and losses when actually incurred.

After the commencement of the lease, when there are changes in the actual fixed payment, the estimated payable amount of guarantee residual value, the index or ratio applied to determine the amount of lease payments, the evaluation results or actual exercise of the call option, renewal option or termination option, the Company remeasures the lease liability according to the present value of the changed lease payment, and accordingly adjusts the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still need to be further reduced, the remaining amount shall be included in the current profits and losses.

2. The Company as a lessor

On the commencement date of the lease, the Company classifies the leases that have substantially transferred almost all the risks and rewards related to the title of the leased assets as finance leases, and all other leases are operating leases.

(1) Operating leases

The Company recognizes the lease receipts as rental income according to the straight-line method / workload method during each period of the lease term, capitalizes the initial direct expenses incurred, apportions them on the same basis as the recognition of rental income, and includes them into the current profits and losses by stages. The Company's variable lease payments related to operating leases that are not included in the lease receipts shall be included in the current profits and losses when they actually occur.

(2) Finance leases

On the commencement date of lease, the Company recognizes the financial lease receivables according to the net lease investment (the sum of the unguaranteed residual value and the present value of the unreceived lease receipts discounted according to the interest rate implicit in the lease on the commencement date of the lease), and terminates the recognition of the financial lease assets. During each period of the lease term, the Company calculates and recognizes interest income according to the interest rate implicit in lease.

The Company's variable lease payments that are not included in the measurement of the net lease investment shall be included in the current profits and losses when they actually occur.

3. Sale and leaseback

(1) The Company as a lessee

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to a sale in accordance with the provisions of the *Accounting Standard for Business Enterprises No. 14—Revenue*.

If the asset transfer in the sale and leaseback transaction is a sale, the Company shall measure the right-of-use asset arising from the sale and leaseback according to the part related to the right of use acquired from the leaseback in the original carrying amount of the asset, and only recognize relevant gains or losses on the rights transferred to the lessor.

If the asset transfer in the sale and leaseback transaction is not a sale, the Company shall continue to recognize the transferred asset, and recognize a financial liability equal to the transfer income, and account for this financial liability in accordance with the *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*.

(2) The Company as a lessor

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to a sale in accordance with the provisions of the *Accounting Standard for Business Enterprises No. 14—Revenue*.

If the asset transfer in the sale and leaseback transaction is a sale, the Company shall account for the asset acquisition in accordance with other applicable accounting standards for business enterprises, and account for the asset lease in accordance with the *Accounting Standard for Business Enterprises No. 21—Lease*.

If the asset transfer in the sale and leaseback transaction is not a sale, the Company shall not recognize the transferred asset, but recognize a financial liability equal to the transfer income, and account for this financial liability in accordance with the *Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*.

26. Safety production expenses

The safety production expenses withdrawn by the Company in accordance with the measures for the *Administration of the Extraction and Use of Enterprise Safety Production Expenses* (CQ [2012] No.16) jointly issued by the Ministry of Finance and the

State Administration of Work Safety shall be included in the costs of relevant products or current profits and losses, and also recorded in the "special reserve" subject. When using the drawn safety production expense, if it is the expense expenditure, it shall directly offset against the special reserve. For the fixed assets developed, the incurred expenses collected through the "construction in progress" shall be recognized as the fixed assets when the safety project is completed and ready for the expected use; Meanwhile, the special reserve shall be offset according to the cost of fixed asset development, and the accumulative depreciation of the same amount is recognized, this fixed asset shall not be depreciated in the subsequent periods.

27. Segmental report

The Company determines the Operation Subsection according to the internal organization structure, management requirements, internal reporting system, etc. The Operation Subsection of the Company refers to the constituent parts that can fulfill all the following conditions:

1. This component can generate revenue and expenses in daily activities;
2. The management can regularly evaluate the operating performance of this component to decide resource allocation to it and evaluate its performance;
3. Relevant accounting information such as financial status, operating performance and cash flow of the component can be acquired through analysis.

28. Change in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Content of and Reasons for the Change in Accounting Policies	Approval Process	Remarks
As of January 1, 2021, the Company has implemented <i>Accounting Standards for Enterprises No.21 – Leases</i> (hereinafter referred to as "new lease criteria") revised by the Ministry of Finance. According to the regulations on transition from the old criteria to the new, no information is adjusted in the comparable periods. Retroactive adjustment on retained earnings at the beginning of the reporting period and amount of other related item in the financial statements shall be made due to the cumulative impact of the new lease criteria implemented on the first execution date.	Not applicable.	For details, see the Announcement No. 2021-027 published on http://www.cninfo.com.cn on August 20, 2021.

The new lease criteria have the following main effects on the financial statements of the Company on January 1, 2021.

Affected Assets and Liabilities	December 31, 2020		January 1, 2021	
	Consolidated Subsidiaries	Parent Company	Consolidated Subsidiaries	Parent Company
Right-of-use assets			3,604,870.23	3,303,921.56
Lease liabilities			3,604,870.23	3,303,921.56

The Company has implemented *Accounting Standards for Enterprises No.14 – Revenue* (hereinafter referred to as "new income standards") revised by the Ministry of Finance since January 1, 2020. Through which the fees incurred from performance of obligations hereunder are included in operating cost. The new income standards has the following main effects on the financial statements of the Company for the first half of 2021:

Affected Income Statement Items	The amount of income statement affected from January, to June, 2021	
	Consolidated Subsidiaries	Parent Company
Operating cost	173,980,054.97	4,952,821.40
Sales expenses	-173,980,054.97	-4,952,821.40

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) The first implementation of new lease criteria from 2021 to adjust the relevant items of the financial statements implemented at the beginning of the year for the first time

Applicable.

Whether the accounts of the balance sheet at the beginning of the year shall be adjusted

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	4,927,657,236.24	4,927,657,236.24	
Deposit Reservation for Balance			
Loans to Banks and Other Financial Institutions			
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	
Prepayments	116,063,557.59	116,063,557.59	

Item	December 31, 2020	January 1, 2021	Adjusted amount
Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Contract Reserves Receivable			
Other Receivables	178,610,951.64	178,610,951.64	
Including: interest receivable			
Dividends Receivable			
Buying Back the Sale of Financial Assets			
Inventories	3,117,042,558.78	3,117,042,558.78	
Contract Assets			
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	1,777,569,473.96	1,777,569,473.96	
Subtotal of Current Assets	13,527,560,385.68	13,527,560,385.68	
Non-current Assets:			
Granting of loans and advances			
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables			
Long-term Equity Investment	343,378,891.18	343,378,891.18	
Investment in Other Equity Instruments	22,998,147.55	22,998,147.55	
Other Non-current Financial Assets			
Investment Property			

Item	December 31, 2020	January 1, 2021	Adjusted amount
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 and gas assets			
Right-of-use Assets		3,604,870.23	3,604,870.23
Intangible Assets	1,407,067,129.87	1,407,067,129.87	
Development Expenditure			
Goodwill			
Long-term Deferred Expenses	13,369,412.48	13,369,412.48	
Deferred Income Tax Assets	65,143,706.00	65,143,706.00	
Other Non-current Assets	277,793,490.68	277,793,490.68	
Subtotal of Non-current Assets	17,369,447,413.86	17,373,052,284.09	3,604,870.23
Total Assets	30,897,007,799.54	30,900,612,669.77	3,604,870.23
Current Liabilities:			
Short-term Borrowings	2,363,525,192.53	2,363,525,192.53	
Loan from the Central Bank			
Loan from Banks and Other Financial Institutions			
Transactional 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	
Received Prepayments			
Contract liabilities	56,302,537.11	56,302,537.11	
Financial Assets Sold for Repurchase			

Item	December 31, 2020	January 1, 2021	Adjusted amount
Deposit Taking and Interbank Deposit			
Receiving from Vicariously Traded Securities			
Receiving from Vicariously Sold Securities			
Payroll payable	322,646,061.45	322,646,061.45	
Tax Payable	268,864,472.38	268,864,472.38	
Other Payables	129,839,228.89	129,839,228.89	
Including: interest payable			
Dividends Payable			
Service Charge and Commission Payable			
Reinsurance Accounts Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	1,275,888,293.32	1,275,888,293.32	
Other Current Liabilities	4,956,463.49	4,956,463.49	
Subtotal of Current Liabilities	6,383,395,082.44	6,383,395,082.44	
Non-current Liabilities:			
Insurance Contract Reserves			
Long-term Borrowings	4,136,875,354.33	4,136,875,354.33	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			

Item	December 31, 2020	January 1, 2021	Adjusted amount
Lease Liabilities		3,604,870.23	3,604,870.23
Long-term Payables			
Long-term payroll payable			
Expected Liabilities			
Deferred Income	873,066,181.34	873,066,181.34	
Deferred Income Tax Liabilities	99,839,731.45	99,839,731.45	
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	5,109,781,267.12	5,113,386,137.35	3,604,870.23
Total Liabilities	11,493,176,349.56	11,496,781,219.79	3,604,870.23
Shareholders' Equity:			
Share Capital	2,148,662,300.00	2,148,662,300.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	4,560,522,556.84	4,560,522,556.84	
Less: Treasury Share			
Other Comprehensive Incomes	27,803,829.31	27,803,829.31	
Special Reserves	9,550,346.85	9,550,346.85	
Surplus Reserves	1,074,331,150.00	1,074,331,150.00	
General Risk Reserves			
Undistributed Profits	11,515,384,739.95	11,515,384,739.95	
Total Shareholders' Equity Attributable to the Parent Company	19,336,254,922.95	19,336,254,922.95	
Minority Shareholders' Equity	67,576,527.03	67,576,527.03	
Total Shareholders' Equity	19,403,831,449.98	19,403,831,449.98	

Item	December 31, 2020	January 1, 2021	Adjusted amount
Total Liabilities and Shareholders' Equity	30,897,007,799.54	30,900,612,669.77	3,604,870.23

Description of the adjustment

According to *Accounting Standards for Enterprises No.21 – Lease* (CaiKuai [2018] No.35) issued by the Ministry of Finance in 2018, the Company has implemented the new lease criteria and made adjustment to the relevant items in the financial statements as of January 1, 2021.

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Adjusted amount
Current Assets:			
Cash and Bank Balances	2,790,740,377.97	2,790,740,377.97	
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			
Prepayments	1,631,550.49	1,631,550.49	
Other Receivables	4,247,680,763.92	4,247,680,763.92	
Including: interest receivable			
Dividends Receivable			
Inventories	566,205,506.19	566,205,506.19	
Contract Assets			
Holding for-sale assets			
Non-current Assets Due within 1 Year			
Other Current Assets	552,859,738.36	552,859,738.36	
Subtotal of Current Assets	10,047,218,940.18	10,047,218,940.18	
Non-current Assets:			

Item	December 31, 2020	January 1, 2021	Adjusted amount
Investment in Creditor's Rights			
Investment in Other Creditor's Rights			
Long-term Receivables			
Long-term Equity Investment	6,372,637,172.92	6,372,637,172.92	
Investment in Other Equity Instruments	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 and gas assets			
Right-of-use Assets		3,303,921.56	3,303,921.56
Intangible Assets	105,425,506.93	105,425,506.93	
Development Expenditure			
Goodwill			
Long-term Deferred Expenses	5,919,401.23	5,919,401.23	
Deferred Income Tax Assets	42,345,228.44	42,345,228.44	
Other Non-current Assets	7,202,988.32	7,202,988.32	
Subtotal of Non-current Assets	7,294,313,076.70	7,297,616,998.26	3,303,921.56
Total Assets	17,341,532,016.88	17,344,835,938.44	3,303,921.56
Current Liabilities:			
Short-term Borrowings	1,243,628,965.48	1,243,628,965.48	
Transactional financial liabilities			

Item	December 31, 2020	January 1, 2021	Adjusted amount
Derivative Financial Liabilities			
Notes Payable	155,953,161.50	155,953,161.50	
Accounts Payable	100,374,347.92	100,374,347.92	
Received Prepayments			
Contract liabilities	8,494,783.78	8,494,783.78	
Payroll payable	82,688,797.50	82,688,797.50	
Tax Payable	33,578,246.55	33,578,246.55	
Other Payables	15,543,517.50	15,543,517.50	
Including: interest payable			
Dividends Payable			
Holding for-sale liabilities			
Non-current Liabilities Due within 1 Year	635,930,890.44	635,930,890.44	
Other Current Liabilities	1,104,321.89	1,104,321.89	
Subtotal of Current Liabilities	2,277,297,032.56	2,277,297,032.56	
Non-current Liabilities:			
Long-term Borrowings	2,209,521,076.40	2,209,521,076.40	
Bonds Payable			
Including: Preferred Stocks			
Perpetual Bonds			
Lease Liabilities		3,303,921.56	3,303,921.56
Long-term Payables			
Long-term payroll payable			
Expected Liabilities			
Deferred Income	18,884,041.56	18,884,041.56	

Item	December 31, 2020	January 1, 2021	Adjusted amount
Deferred Income Tax Liabilities	13,011,703.03	13,011,703.03	
Other Non-current Liabilities			
Subtotal of Non-current Liabilities	2,241,416,820.99	2,244,720,742.55	3,303,921.56
Total Liabilities	4,518,713,853.55	4,522,017,775.11	3,303,921.56
Shareholders' Equity:			
Share Capital	2,148,662,300.00	2,148,662,300.00	
Other Equity Instruments			
Including: Preferred Stocks			
Perpetual Bonds			
Capital Reserves	4,300,852,875.45	4,300,852,875.45	
Less: Treasury Share			
Other Comprehensive Incomes	506,954.43	506,954.43	
Special Reserves			
Surplus Reserves	1,074,331,150.00	1,074,331,150.00	
Undistributed Profits	5,298,464,883.45	5,298,464,883.45	
Total Shareholders' Equity	12,822,818,163.33	12,822,818,163.33	
Total Liabilities and Shareholders' Equity	17,341,532,016.88	17,344,835,938.44	3,303,921.56

Description of the adjustment

According to *Accounting Standards for Enterprises No.21 – Lease* (CaiKuai [2018] No.35) issued by the Ministry of Finance in 2018, the Company has implemented the new lease criteria and made adjustment to the relevant items in the financial statements as of January 1, 2021.

(4) Explanation of data comparison for early stage of retroactive adjustment due to first implementation of the new lease criteria from 2021

Applicable Not applicable

VI. Taxes

1. Major Tax Categories and Tax Rates

Tax Type	Taxation Basis	Tax Rate
VAT	According to the provisions of the tax law, the sales tax shall be calculated on the basis of the income by selling goods and taxable services. After deducting the input tax that is allowed to be deducted from the sales tax in the current period, the difference shall be the value-added tax (VAT).	13%, 10%, 9%, 6%, 5% and 19%; the policy of "tax exemption, tax credit and tax refund" is implemented for the export goods, with the tax refund rate of 0%–13%; the policy of "refund after collection" is implemented for the export goods of the subsidiary company, Zhejiang NHU Import and Export Co., Ltd., with the tax refund rate of 0%–13%.
Urban Maintenance and Construction Tax	Actually paid turnover tax	5%, 7%
Enterprise Income Tax	Taxable income	15%, 25%
Land VAT	Compensable transfer of the added value arising from the right to use state-owned land, and property rights of ground premises and other attached structures	Four-level extra progressive rate is adopted. Calculated at a rate of 30% for added value not exceeding 50% of the deducted item amount; 40% for added value exceeding 50% of the deducted item amount and not exceeding 100% of the deducted item amount; 50% for added value exceeding 100% of the deducted item amount and not exceeding 200% of the deducted item amount; 60% for added value exceeding 200% of the deducted item amount
Land Usage Tax	Calculated based on the corresponding tax of the actual land area occupied, and levied per year and paid in installments	RMB 3.6/sq.m.; RMB 4/sq.m.; RMB 6/sq.m.; RMB 7.2/sq.m.; RMB 8/sq.m.; RMB 9/sq.m.; RMB 10/sq.m.; RMB 13/sq.m.
House Property Tax	For the advalorem tax method, calculated by 1.2% of the residual following the subtraction of 30% of the original value of the property; for the leasing income method, calculated by 12% of the leasing income	1.2%, 12%
Education Surcharges	Actually paid turnover tax	3%
Local Education Surcharges	Actually paid turnover tax	2%

Tax Type	Taxation Basis	Tax Rate
Solidarity Surcharge [Note]	The amount of income tax payable	5.50%
Trade Tax [Note]	Taxable income	13.30%

[Note] Applicable to NHU EUROPE GmbH, NHU PERFORMANCE MATERIALS GMBH, and Bardoterminal GmbH

If there are multiple taxpayers with different enterprise income tax rates, the disclosure shall be explained

Name of Taxpayer	Income Tax Rate
The Company	15%
Shangyu Bio-Chem	15%
Zhejiang Special Materials	15%
Shandong Pharmaceutical	15%
Shandong Amino-acids	15%
Shandong Vitamins	15%
NHU EUROPE GmbH	15%
NHU PERFORMANCE MATERIALS GMBH	15%
Bardoterminal GmbH	15%
Other taxpayers other than those mentioned above	25%

2. Preferential Tax Rate

According to the High and New Technology 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, the Company is certified as a high and new technology enterprise and enjoys the preferential income tax policies for hi-tech enterprises from 2020 to 2022. The enterprise income tax is calculated at a rate of 15% in 2021.

According to the High and New Technology Enterprise Certificate (GR201933005736) issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, and Zhejiang Provincial Tax Service, State Taxation Administration, the subsidiary company, SHANGYU NHU BIO-CHEM CO., LTD., is certified as a high and new technology enterprise and enjoys the preferential income tax policies for hi-tech enterprises from 2019 to 2021. The enterprise income tax is calculated at a rate of 15% in 2021.

The High and New Technology Enterprise Certificate (2018 to 2020) for Zhejiang NHU Construction Material Co., Ltd., the subsidiary company, has expired. The enterprise income tax is prepaid at a rate of 15% in 2021 according to Announcement of the State Administration of Taxation on Issues Concerning the Implementation of the Preferential Income Tax Policies regarding High-Tech Enterprises (No. 24 [2017]).

According to the High and New Technology Enterprise Certificate (GR202037001084) issued by Department of Science & Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration, the subsidiary company, Shandong NHU Pharmaceutical Co., Ltd., is certified as a high and new technology enterprise and enjoys the preferential income tax policies for hi-tech enterprises from 2020 to 2022. The enterprise income tax is calculated at a rate of 15% in 2021.

According to the High and New Technology Enterprise Certificate (GR202037000197) issued by Department of Science and Technology of Shandong Province, Shandong Provincial Department of Finance, and Shandong Provincial Tax Service, State Taxation Administration, the subsidiary company, Shandong NHU Vitamins Co., Ltd., is certified as a high and new technology enterprise and enjoys the preferential income tax policies for hi-tech enterprises from 2020 to 2022. The enterprise income tax is calculated at a rate of 15% in 2021.

The High and New Technology Enterprise Certificate (2018 to 2020) for Shandong NHU Amino-acids Co., Ltd., subsidiary company, has expired. The enterprise income tax is prepaid at a rate of 15% in 2021 according to Announcement of the State Administration of Taxation on Issues Concerning the Implementation of the Preferential Income Tax Policies regarding High-Tech Enterprises (No. 24 [2017]).

VII. Notes to the Items in the Consolidated Financial Statement

Note: The opening balance of the notes to the items in the consolidated financial statement indicates the data of January 1, 2021 adjusted by the balance at the end of last year according to the new lease standards.

1. Cash and Bank Balances

Unit: RMB

Item	Closing Balance	Opening Balance
Cash on Hand	17,148.82	10,735.55
Bank Balance	6,182,146,348.75	4,669,296,040.54
Other Cash and Bank Balances	230,449,397.69	258,350,460.15
Total	6,412,612,895.26	4,927,657,236.24
Including: Total Amount Deposited in Overseas Banks	13,496,972.20	21,518,199.53

Other notes

Monetary Funds - Other Monetary Funds

Unit: RMB

Project	At the end of the reporting period	At the beginning of the reporting period
Bank Acceptance Bill Deposit	205,331,116.11	233,849,274.66
L/C Deposit	22,854,163.27	23,350,000.00
Deposit for Project Labor Wages	1,653,668.82	741,108.87
Construction Bond	404,439.49	404,076.62
ETC Deposit	6,000.00	6,000.00
Guarantee Deposit for Water Charges	200,010.00	-
Subtotal	230,449,397.69	258,350,460.15

2. Trading Financial Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Financial Assets at Fair Value through Profit or Loss in This Period	1,326,426,200.12	852,227,964.70
Including: Principal-Protected Floating-Income Financial Products	1,320,000,000.00	850,000,000.00
Including: Derivative Financial Assets	6,426,200.12	2,227,964.70
Total	1,326,426,200.12	852,227,964.70

3. Notes Receivable

(1) Disclosure of Notes Receivable

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Acceptance Notes	460,973,358.32	332,064,366.59
Total	460,973,358.32	332,064,366.59

Unit: RMB

Category	Balance at the End of the Period					Opening Balance				
	Book Balance		Bad Debt Provision		Book Value	Book balance		Bad Debt Provision		Book Value
	Amount	Percentage	Amount	Accrued Proportion		Amount	Percentage	Amount	Accrued Proportion	
Notes Receivable with the Bad Debt Provision Accrued Based on Combinations	460,973,358.32	100.00%			460,973,358.32	332,064,366.59	100.00%			332,064,366.59
Bank Acceptance	460,973,358.32	100.00%			460,973,358.32	332,064,366.59	100.00%			332,064,366.59

Bill										
Total	460,973,358.32	100.00%			460,973,358.32	332,064,366.59	100.00%			332,064,366.59

2) Notes Receivable That the Company Has Pledged at the End of the Period

Unit: RMB

Item	Pledged Amount by the End of the Period
Bank Acceptance Notes	431,546,440.19
Total	431,546,440.19

(3) Notes Receivable that the Company has Endorsed or Discounted at the End of the Period and that Have Not Yet Expired on the Balance Sheet Date

Unit: RMB

Item	Derecognised Amount at the End of the Period	Not Derecognised Amount at the End of Period
Bank Acceptance Notes	67,677,561.91	
Total	67,677,561.91	

Other notes

The commercial bank is the acceptor of bank acceptance bill. The possibility that no payment is made when the bank acceptance bill expires is low, so the Company derecognizes the endorsed or discounted bank acceptance bill. If no payment is made when the bank acceptance bill expires, the Company also bears joint responsibilities for the holder.

4. Accounts Receivable

(1) Categorical Disclosure of Accounts Receivable

Unit: RMB

Category	Balance at the End of the Period					Opening Balance				
	Book Balance		Bad Debt Provision		Book Value	Book balance		Bad Debt Provision		Book value
	Amount	Percentage	Amount	Accrued Proportion		Amount	Percentage	Amount	Accrued Proportion	
Accounts Receivables with the Bad Debt	2,640,177.719.11	100.00%	137,301,631.99	5.20%	2,502,876,087.12	2,037,464,941.46	100.00%	106,534,011.45	5.23%	1,930,930,930.01

Provision Accrued Based on Combinations										
Total	2,640,177,719.11	100.00%	137,301,631.99	5.20%	2,502,876,087.12	2,037,464,941.46	100.00%	106,534,011.45	5.23%	1,930,930,930.01

Bad debt provision based on combinations: aging

Unit: RMB

Name	Balance at the End of the Period		
	Book balance	Bad Debt Provision	Accrued proportion
Within 1 Year	2,616,053,456.50	130,802,672.83	5.00%
1-2 Years	21,909,191.81	4,381,838.36	20.00%
2-3 years	489,750.00	391,800.00	80.00%
3 years or above	1,725,320.80	1,725,320.80	100.00%
5 years or above	1,725,320.80	1,725,320.80	100.00%
Total	2,640,177,719.11	137,301,631.99	

Disclosure by age

Unit: RMB

Aging	Balance at the End of the Period
Within 1 Year (Including 1 Year)	2,616,053,456.50
1 to 2 Years	21,909,191.81
2 to 3 Years	489,750.00
3 years or above	1,725,320.80
5 Years or above	1,725,320.80
Total	2,640,177,719.11

(2) Provision for Bad Debts Accrued, Recovered or Reversed in the Current Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Balance at the End of the Period
		Accrued	Recovered or Reversed	Written Off	Others	
Bad Debt Provision Based on	106,534,011.45	30,767,620.54				137,301,631.99

Combinations						
Total	106,534,011.45	30,767,620.54				137,301,631.99

(3) Accounts Receivable of the Top Five Balances at the End of the Period Collected by Indebted Parties

Unit: RMB

Name of Unit	Balance of Accounts Receivable at the End of the Period	As a Percentage of Total Other Receivables at the End of the Period	Bad Debt Provision at the End of the Period
Customer 1	513,125,231.63	19.43%	25,656,261.58
Customer 2	252,935,288.07	9.58%	15,933,143.18
Customer 3	156,771,329.88	5.94%	7,838,566.49
Customer 4	88,892,708.00	3.37%	4,444,635.40
Customer 5	68,767,516.46	2.60%	3,438,375.82
Total	1,080,492,074.04	40.92%	

5. Receivables Financing

Unit: RMB

Item	Closing Balance	Opening Balance
Notes receivable	33,076,624.55	295,393,346.17
Total	33,076,624.55	295,393,346.17

The increase and decrease of accounts receivable financing in the current period and the changes in the fair value

Applicable Not applicable

Please refer to the disclosing methods of other receivables for the information disclosure of depreciation provisions, if the depreciation provisions of accounts receivable financing are made according to the general model of expected credit losses:

Applicable Not applicable

Other notes:

(1) Notes receivable pledged by the Company at the end of the period

Project	Pledged Amount by the End of the Period
Bank Acceptance Bill	8,890,529.21
Subtotal	8,890,529.21

(2) Notes receivable that the Company has endorsed or discounted at the end of the period and that have not yet expired on the balance sheet date

Project	Derecognised Amount at the End of the Period
Bank Acceptance Bill	268,605,122.02
Subtotal	268,605,122.02

The commercial bank is the acceptor of bank acceptance bill. The possibility that no payment is made when the bank acceptance bill expires is low, so the Company derecognizes the endorsed or discounted bank acceptance bill. If no payment is made when the bank acceptance bill expires, the Company also bears joint responsibilities for the holder.

6. Prepayments

(1) Prepayments Listed by Age

Unit: RMB

Aging	Closing Balance		Opening Balance	
	Amount	Percentage	Amount	Percentage
Within 1 Year	161,544,227.31	99.43%	115,835,410.14	99.81%
1 to 2 Years	708,638.85	0.43%	108,449.06	0.09%
2 to 3 Years	111,959.82	0.07%	34,278.04	0.03%
3 years or above	109,843.00	0.07%	85,420.35	0.07%
Total	162,474,668.98	--	116,063,557.59	--

(2) Advance Payment of the Top Five Closing Balances by Prepayment Parties

Unit: RMB

Name of Unit	Book Balance	As a Percentage of Prepayments (%)
Supplier 1	27,612,147.10	16.99
Supplier 2	21,952,237.36	13.51
Supplier 3	11,136,036.93	6.85
Supplier 4	7,535,416.79	4.64
Supplier 5	6,461,700.00	3.98
Subtotal	74,697,538.18	45.97

7. Other Receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Other Receivables	210,828,040.94	178,610,951.64
Total	210,828,040.94	178,610,951.64

1) Other Receivables Categorized by the Nature of the Funds

Unit: RMB

Nature of the funds	Closing balance	Opening Balance
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Guarantee Deposit	126,081,892.13	126,960,566.33
Export Refunds	79,414,033.07	51,751,067.61
Refundable VAT	7,897,919.91	2,139,904.45
Employee Imprest	6,002,917.00	4,764,737.00
Temporary Payments Receivable	2,194,826.13	2,470,070.51
Others	857,757.88	584,839.49
Total	222,449,346.12	188,671,185.39

2) Bad Debt Provision

Unit: RMB

Bad Debt Provision	Phase One	Phase Two	Phase Three	Total
	Expected Credit Losses in the Next 12 Months	Expected Credit Losses for the Entire Extension (without Credit Impairment)	Expected credit losses for the entire extension (with credit impairment)	
Balance on January 1, 2021	573,660.51	1,522,658.59	7,963,914.65	10,060,233.75
Balance in the Current Period on January 1, 2021	—	—	—	—
--Transfer to Phase Two	-148,259.93	148,259.93		
--Transfer to Phase Three		-1,817,790.41	1,817,790.41	
Provisions in the Current Period	259,406.72	739,911.59	561,753.12	1,561,071.43
Balance on June 30, 2021	684,807.30	593,039.70	10,343,458.18	11,621,305.18

Book balance changes with significant changes in loss provision in the current period

Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Closing Balance
Within 1 Year (Including 1 Year)	109,422,899.02
1 to 2 Years	2,965,198.51
2 to 3 Years	9,088,952.04
3 years or above	100,972,296.55

3 to 4 Years	1,031,302.95
4 to 5 Years	99,271,245.29
5 Years or above	669,748.31
Total	222,449,346.12

3) Provision for Bad debts Accrued, Recovered or Reversed in the Current Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad Debt Provision Based on Combinations	10,060,233.75	1,561,071.43				11,621,305.18
Total	10,060,233.75	1,561,071.43				11,621,305.18

4) Other Receivables of the Top Five Closing Balances Collected by Indebted Parties

Unit: RMB

Name of Unit	Nature of the Funds	Balance at the End of the Period	Aging	As a Percentage of Total Other Receivables at the End of the Period	Bad debt provision at the end of the period
Weifang City Natural Resources and Planning Bureau Binhai Branch	Guarantee Deposit	97,900,000.00	4 years or above	44.01%	
State Taxation Administration (Export Refunds Receivable)	Export Refunds	79,414,033.07	Within 1 year	35.70%	
Federal Central Tax Office	Refundable VAT	7,897,919.91	Within 1 Year	3.55%	
Suihua Labor Security Supervision Bureau	Guarantee Deposit	850,000.00	1-2 years	0.38%	170,000.00
		8,328,490.53	2-3 years	3.74%	6,662,792.42
		930,000.00	3-4 Years	0.42%	930,000.00

Xinchang County Finance Bureau	Guarantee Deposit	5,000,000.00	1-2 years	2.25%	
Total	--	200,320,443.51	--	90.05%	7,762,792.42

8. Inventories

Does the Company follow the disclosure requirements in the real estate industry?

No

(1) Categories of Inventories

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book Value	Book balance	Provision for Impairment of Inventories or Provision for Impairment of Performance Cost	Book Value
Raw Materials	427,308,799.26	802,452.27	426,506,346.99	558,843,825.21	986,354.24	557,857,470.97
Work-in-prog ress	888,466,686.58		888,466,686.58	820,838,241.10		820,838,241.10
Merchandise Inventories	1,528,329,198. 26	6,992,312.48	1,521,336,885.78	1,201,225,837.45	10,578,367.06	1,190,647,470.39
Goods in Transit	38,247,731.11		38,247,731.11	50,257,257.15		50,257,257.15
Development Cost	394,470,197.57		394,470,197.57	294,084,933.10		294,084,933.10
Developed Product	124,217,237.05		124,217,237.05	129,785,192.22		129,785,192.22
Commission ed Materials	8,917,276.62		8,917,276.62	4,033,866.34		4,033,866.34
Package	12,251,594.46		12,251,594.46	15,062,156.67		15,062,156.67
Low-value Consumption Goods	108,275,685.95		108,275,685.95	54,475,970.84		54,475,970.84
Total	3,530,484,406. 86	7,794,764.75	3,522,689,642.11	3,128,607,280.08	11,564,721.30	3,117,042,558.78

(1) Inventories—Development Cost

Item Name	Estimated Total Investment	At the beginning of the reporting period	At the end of the reporting period
Boao NHU Resort Hotel	550,000,000	33,575,305.88	33,575,305.88
Weifang NHU Town II	398,531,400	260,509,627.22	360,894,891.69
Subtotal		294,084,933.10	394,470,197.57

(2) Inventories—Developed Product

Item Name	Completion Time	At the beginning of the reporting period	Increased in the Current Period	Decreased in the Current Period	At the end of the reporting period
Boao NHU Resort Center	2014.12	129,785,192.22	4,049,073.54	9,617,028.71	124,217,237.05
Subtotal		129,785,192.22	4,049,073.54	9,617,028.71	124,217,237.05

(3) Provision for Impairment of Inventories and Provision for Impairment of Performance Cost

Unit: RMB

Item	Opening Balance	Increased in the Current Period		Decreased in the Current Period		Closing Balance
		Accrued	Others	Reversals or Write-offs	Others	
Raw materials	986,354.24			183,901.97		802,452.27
Merchandise Inventories	10,578,367.06	6,714,482.90		10,300,537.48		6,992,312.48
Total	11,564,721.30	6,714,482.90		10,484,439.45		7,794,764.75

Basis for determining the net realizable value, and reason for the reversal or write-off of inventories depreciation provision in the current period

Project	Basis for Determining the Net Realizable Value:	Reason for the Reversal of Inventories Depreciation Provision in the Current Period	Reason for the Write-off of Inventories Depreciation Provision in the Current Period
Raw Materials	The net realizable value is determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods.	Increase in the net realizable value of inventories for inventories depreciation provision in previous periods	The inventories for inventories depreciation provision at the beginning of this period has been sold or used in the current period.

Merchandise Inventories	The net realizable value is determined by the amount after deducting the estimated selling expenses and relevant taxes from the estimated selling price of finished goods.	Increase in the net realizable value of inventories for inventories depreciation provision in previous periods	The inventories for inventories depreciation provision at the beginning of this period has been sold in the current period.
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9. Other Current Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Bank Financial Products and Structured Deposits	200,000,000.00	950,000,000.00
Prepaid VAT or Input Tax to Be Credited	527,575,591.92	817,273,751.05
Prepaid Urban Maintenance and Construction Tax		16,532.22
Prepaid Enterprise Income Tax	5,256,726.36	5,193,417.21
Deferred Insurance Premium	5,295,591.65	5,056,905.47
Deferred Rent Fee		12,335.78
Prepaid Education Surcharges		9,919.36
Prepaid Local Education Surcharges		6,612.87
Total	738,127,909.93	1,777,569,473.96

10. Long-term Equity Investment

Unit: RMB

The Invested Entity	Opening Balance (Book Value)	Decrease/Increase in the Current Period								Closing Balance (Book Value)	Closing balance of provision for decline in value	
		Investments Increased	Investment Decreased	Investment Profit and Loss Recognized under the Equity Method	Adjustment on Other Comprehensive Income	Other Changes in Equity	Cash Dividends or Profit Declared to Distribute	Provision for Impairment Accrued	Others			
Affiliate												
Zhejiang Chunhui Environmental Protection	199,358,330.80			16,864,292.79							216,222,623.59	

n Energy Co., Ltd.											
Zhejiang Sanpo Polymer Co., Ltd.											
Shandong Bin'an Technology Co., Ltd.	6,391,064.12			-133,045.81						6,258,018.31	
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.											
Zhejiang Saiya Chemical Materials Co., Ltd.	98,309,710.69			2,115,473.15						100,425,183.84	
CysBio ApS	39,319,785.57			-3,124,190.21	-390,492.14					35,805,103.22	
Total	343,378,891.18			15,722,529.92	-390,492.14					358,710,928.96	

11. Investment in Other Equity Instruments

Unit: RMB

Item	Closing Balance	Opening Balance
Second Pharma Co.,Ltd.	7,790,147.55	7,790,147.55
Shanghai NewMargin Yongjin Equity Enterprise	15,208,000.00	15,208,000.00
Total	22,998,147.55	22,998,147.55

12. Fixed assets

Unit: RMB

Item	Closing Balance	Opening Balance
Fixed Assets	13,752,889,539.13	13,914,151,215.54
Total	13,752,889,539.13	13,914,151,215.54

(1) Fixed Assets

Unit: RMB

Item	Housing and building	Universal equipment	Special equipment	Means of transport	Total
I. Original Book Value					
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. Increased in the Current Period	270,285,525.10	13,966,177.98	175,413,843.67	678,422.47	460,343,969.22
(1) Purchase	183,696,182.85	7,605,086.56	120,215,443.53	630,413.62	312,147,126.56
(2) Transferred From Construction in Progress	86,589,342.25	6,361,091.42	55,198,400.14	48,008.85	148,196,842.66
3. Decreased in the Current Period	16,402,192.06	2,467,122.74	84,383,612.00	1,178,037.74	104,430,964.54
(1) Disposal or Scrapping	16,402,192.06	2,467,122.74	84,383,612.00	1,178,037.74	104,430,964.54
4. Closing Balance	5,724,931,635.32	159,504,958.07	12,385,385,764.33	25,239,353.22	18,295,061,710.94
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. Increased in the Current Period	79,152,254.88	10,553,025.09	487,259,954.40	1,114,250.87	578,079,485.24
(1) Accrual	79,152,254.88	10,553,025.09	487,259,954.40	1,114,250.87	578,079,485.24
3. Decreased in the Current Period	15,770.27	2,976,815.08	57,052,287.43	859,931.37	60,904,804.15
(1) Disposal or Scrapping	15,770.27	2,976,815.08	57,052,287.43	859,931.37	60,904,804.15
4. Closing Balance	601,326,963.70	91,806,783.74	3,831,729,980.13	16,545,760.20	4,541,409,487.77
III. Provision for Impairment					
1. Opening Balance	16,110.64	1,141.64	729,136.75	16,295.01	762,684.04
2. Increased in the Current Period					
(1) Accrual					

3. Decreased in the Current Period					
(1) Disposal or Scrapping					
4. Closing Balance	16,110.64	1,141.64	729,136.75	16,295.01	762,684.04
IV. Book Value					
1. Closing Book Value	5,123,588,560.98	67,697,032.69	8,552,926,647.45	8,677,298.01	13,752,889,539.13
2. Opening Book Value	4,948,841,712.55	63,774,187.46	8,892,104,082.75	9,431,232.78	13,914,151,215.54

(2) Temporarily Idle Fixed Assets

Unit: RMB

Item	Original Book Value	Accumulated Depreciation	Provision for decline in value	Book value	Remarks
Special equipment	47,615,262.92	23,585,973.70		24,029,289.22	

(3) Fixed Assets Leased by Operating Lease

Unit: RMB

Item	Closing Book Value
Housing and building	28,692,265.78

(4) Fixed Assets with Certificates of Title Not Granted

Unit: RMB

Item	Book Value	Reasons for Certificates of Title Not Granted
Housing and building	1,454,022,332.76	Related procedures not completed

13. Construction in progress

Unit: RMB

Item	Closing Balance	Opening Balance
Construction in progress	2,295,793,123.43	1,325,545,420.56
Total	2,295,793,123.43	1,325,545,420.56

(1) Details of Construction in Progress

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Shandong Industrial Park Project I	15,516,662.57		15,516,662.57	4,682,266.37		4,682,266.37
Heilongjiang Xinhao Project II	43,592,931.39		43,592,931.39	24,493,344.31		24,493,344.31
Hongweisu Project	207,846,117.83		207,846,117.83	125,379,657.49		125,379,657.49
Auxiliary Materials Supporting Project for Heilongjiang NHU Biofermentation Industrial Park				62,373,927.07		62,373,927.07
Methionine Project with Annual Production of 250,000 Tons	24,427,295.25		24,427,295.25	16,754,982.19		16,754,982.19
Shandong Industrial Park Project 615	216,364,549.21		216,364,549.21	215,871,416.04		215,871,416.04
Shandong Industrial Park Project 617A	75,335,108.66		75,335,108.66	71,756,558.71		71,756,558.71
Shandong Industrial Park Project 603	72,520,845.39		72,520,845.39	47,927,444.49		47,927,444.49
Shandong Industrial Park Project MH	57,682,975.41		57,682,975.41	16,423,904.95		16,423,904.95
Shangyu Industrial Park Project PPS	114,250,390.87		114,250,390.87	43,358,686.84		43,358,686.84

Shandong Industrial Park Project TMB	999,898,646.95		999,898,646.95	448,565,055.49		448,565,055.49
Biochemical Engineering Workshop Renovation and Promotion Project	63,214,354.21		63,214,354.21	58,503,795.45		58,503,795.45
Daming Healthcare Project	87,487,231.15		87,487,231.15			
Other Projects	317,656,014.54		317,656,014.54	189,454,381.16		189,454,381.16
Total	2,295,793,123.43		2,295,793,123.43	1,325,545,420.56		1,325,545,420.56

(2) Changes in Significant Construction in Progress

Unit: RMB

Item Name	Budget	Opening Balance	Increase in the Current Period	Transferred Fixed Assets in Current Period	Other Amounts Decreased in Current Period	Closing Balance	Project Accumulative Investment as a Percentage of the Budget	Project Progress	Accumulated Capitalized Interest Amount	Including: Capitalized Interest Amount in the Current Period	Capitalization Rate of the Interest in the Current Period	Capital Source
Shandong Industrial Park Project I	3,116,000.00	4,682,266.37	19,195,804.88	1,704,938.01	6,656,470.67	15,516,662.57	84.20%	99.00%	16,260,833.33			Others
Heilongjiang Xinhao Project II	107,462,500.00	24,493,344.31	21,663,867.33	2,564,280.25	0.00	43,592,931.39	42.95%	52.00%				Others
Hongweisu Project	478,229,800.00	125,379,657.49	82,466,460.34	0.00	0.00	207,846,117.83	43.46%	72.00%				Others
Auxiliary Materials Supporting Project	87,396,100.00	62,373,927.07	13,054,460.73	75,428,387.80	0.00	0.00	86.31%	100.00%				Others

for Heilongjiang NHU Biofermentation Industrial Park													
Methionine Project with Annual Production of 250,000 Tons	5,369,842,200.00	16,754,982.19	7,672,313.06	0.00	0.00	24,427,295.25	32.14%	40.00%					Fund raised with shares
Shandong Industrial Park Project 615	209,355,000.00	215,871,416.04	493,133.17	0.00	0.00	216,364,549.21	103.35%	97.50%					Others
Shandong Industrial Park Project 617A	85,000,000.00	71,756,558.71	3,578,549.95	0.00	0.00	75,335,108.66	88.63%	95.00%					Others
Shandong Industrial Park Project 603	97,280,300.00	47,927,444.49	24,593,400.90	0.00	0.00	72,520,845.39	74.55%	88.00%					Others
Shandong Industrial Park Project MH	283,501,300.00	16,423,904.95	41,259,070.46	0.00	0.00	57,682,975.41	20.35%	37.00%					Others
Shangyu Industrial Park Project PPS	709,000,000.00	43,358,686.84	70,891,704.03	0.00	0.00	114,250,390.87	16.12%	31.00%					Others
Shandong Industrial Park	1,231,605,900.00	448,565,055.49	567,038,772.65	15,705,181.19	0.00	999,898,646.95	82.46%	92.00%	1,531,875.00	1,531,875.00	4.28%		Others

Project TMB												
Biochemical Engineering Workshop Renovation and Promotion Project	69,110,000.00	58,503,795.45	4,710,558.76	0.00	0.00	63,214,354.21	91.47%	99.00%				Others
Daming Healthcare Project	457,720,700.00		87,487,231.15			87,487,231.15	19.11%	30.00%				Others
Total	12,301,503,800.00	1,136,091,039.40	944,105,327.41	95,402,787.25	6,656,470.67	1,978,137,108.89	--	--	17,792,708.33	1,531,875.00		--

14. Right-of-use Assets

Unit: RMB

Item	Buildings for Leasing	Total
I. Original Book Value:		
1. Opening Balance	3,604,870.23	3,604,870.23
2. Increased in the Current Period	1,858,538.29	1,858,538.29
3. Decreased in the Current Period	0.00	0.00
4. Closing Balance	5,463,408.52	5,463,408.52
II. Accumulated Depreciation		
1. Opening Balance		
2. Increased in the Current Period	448,385.93	448,385.93
(1) Accrual		
3. Decreased in the Current Period		
(1) Disposal		
4. Closing Balance	448,385.93	448,385.93
III. Book Value		
1. Closing Book Value	5,015,022.59	5,015,022.59
2. Opening Book Value	3,604,870.23	3,604,870.23

Note: For the difference between the beginning of the reporting period and the end of the previous year (December 31, 2020), see Chapter V.28 of this Section.

15. Intangible Assets

(1) Details of Intangible Assets

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Softwares	Total
I. Original Book Value					
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. Increased in the Current Period	5,148,804.91	2,152,689.01		1,043,762.83	8,345,256.75
(1) Purchase	5,148,804.91	2,152,689.01		1,043,762.83	8,345,256.75
(2) Internal Research and Development					
(3) Acquisition					
3. Decreased in the Current Period					
(1) Disposal					
4. Closing Balance	1,541,015,948.84	17,787,582.88	1,880,000.00	25,664,130.05	1,586,347,661.77
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. Increased in the Current Period	15,117,645.60	622,354.44	62,666.67	928,746.11	16,731,412.82
(1) Accrual	15,117,645.60	622,354.44	62,666.67	928,746.11	16,731,412.82
3. Decreased in the Current					

Item	Land use rights	Patent right	Non-patented technology	Softwares	Total
Period					
(1) Disposal					
4. Closing Balance	171,230,389.46	1,920,150.44	104,444.45	14,411,703.62	187,666,687.97
III. Book Value					
1. Closing Book Value	1,369,785,559.38	15,867,432.44	1,775,555.55	11,252,426.43	1,398,680,973.80
2. Opening Book Value	1,379,754,400.07	14,337,097.87	1,838,222.22	11,137,409.71	1,407,067,129.87

The intangible assets from internal research and development of the Company at the end of this period account for 0.00% of the intangible assets balance.

(2) Land Use Rights with Certificates of Title Not Granted

Unit: RMB

Item	Book Value	Reasons for Certificates of Title Not Granted
Land use rights	5,574,257.00	Related procedures not completed

16. Goodwill

(1) Original Book Value of Goodwill

Unit: RMB

The Invested Entity or Matters Which Formed Goodwill	Opening Balance	Increased in the current period	Decreased in the Current Period		Closing Balance
		Generated from Business Combination	Disposal	Foreign Currency Translation Difference	
Bardoterminal GmbH	2,307,297.60			97,409.65	2,209,887.95
Total	2,307,297.60			97,409.65	2,209,887.95

(2) Provision of Goodwill Impairment

Unit: RMB

The Invested Entity or	Opening	Increased in the	Decreased in the Current Period	Closing Balance
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Matters Which Formed Goodwill	Balance	current period			
		Accrued	Disposal	Decreased	
Bardoterminal GmbH	2,307,297.60			97,409.65	2,209,887.95
Total	2,307,297.60			97,409.65	2,209,887.95

17. Long-term Deferred Expenses

Unit: RMB

Item	Opening Balance	Increased in the Current Period	Amortized in the Current Period	Other Amounts Decreased	Closing Balance
Renovation Cost	13,230,866.20	1,464,368.63	1,889,541.83		12,805,693.00
Gardening Expense	89,881.48		44,940.78		44,940.70
Site Leveling	48,664.80		8,110.80		40,554.00
Total	13,369,412.48	1,464,368.63	1,942,593.41		12,891,187.70

18. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets Not Written Off

Unit: RMB

Item	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred Income Tax Assets	Deductible temporary difference	Deferred Income Tax Assets
Provision for Impairment of Assets	58,537,569.64	10,555,874.72	41,096,831.73	6,778,514.76
Unrealized Profit from Internal Transactions	204,559,627.50	31,125,345.34	180,352,009.29	28,516,508.65
Deferred Income	129,000,956.57	19,690,804.36	132,441,298.90	19,866,194.83
Fixed Assets Depreciation Difference	52,299,404.53	7,844,910.68	66,549,918.38	9,982,487.76
Total	444,397,558.24	69,216,935.10	420,440,058.30	65,143,706.00

(2) Deferred Income Tax Liabilities Not Written Off

Unit: RMB

Item	Closing Balance		Opening Balance	
	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable temporary difference	Deferred Income Tax Liabilities
Fixed Assets Tax Basis Difference	433,962,301.69	77,606,551.14	391,333,594.21	71,800,274.33
Profit before Tax of NHU (HONGKONG) TRADING COMPANY LIMITED	311,258,629.20	46,688,794.38	184,979,768.52	27,746,965.28
Changes at Fair Value of Trading Financial Instruments and Derivative Financial Instruments	1,547,205.80	232,080.87	1,949,945.63	292,491.84
Total	746,768,136.69	124,527,426.39	578,263,308.36	99,839,731.45

(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Offset

Unit: RMB

Item	Amount of Deferred Income Tax Assets Offset against Liabilities at the End of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the End of the Period	Amount of Deferred Income Tax Assets Offset against Liabilities at the Start of the Period	Balance of Deferred Income Tax Assets or Liabilities after Offset at the Start of the Period
Deferred Income Tax Assets		69,216,935.10		65,143,706.00
Deferred Income Tax Liabilities		124,527,426.39		99,839,731.45

(4) Details of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Closing Balance	Opening Balance
Deductible Temporary Difference	382,370,680.20	253,988,934.04
Deductible Losses	420,127,591.09	428,660,231.59
Total	802,498,271.29	682,649,165.63

(5) Deductible Losses of Unrecognized Deferred Income Tax Assets Expired in the Following Year

Unit: RMB

Year	Closing Balance	Opening balance	Remarks
2026	3,312,384.19	3,312,384.19	
2027	11,527,268.52	11,527,269.04	
2028	38,888,442.26	38,888,442.26	
2029	104,120,797.51	104,129,305.33	
2030	262,278,698.61	270,802,830.77	
Total	420,127,591.09	428,660,231.59	--

19. Other Non-current Assets

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Pollutant Emission Trading Fee	482,349.22		482,349.22	14,447,447.94		14,447,447.94
Coal Indicator Fee	44,496,000.00		44,496,000.00	68,296,000.00		68,296,000.00
Prepaid Long-term Assets	316,715,175.10		316,715,175.10	195,050,042.74		195,050,042.74
Total	361,693,524.32		361,693,524.32	277,793,490.68		277,793,490.68

20. Short-term Borrowings

(1) Categories of Short-term Borrowings

Unit: RMB

Item	Closing Balance	Opening Balance
Guaranteed Borrowings		10,013,902.78
Fiduciary Borrowings	2,298,007,852.59	2,225,474,073.09
Fiduciary and Pledged Borrowings	100,000,000.00	100,000,000.00
Pledged and Guaranteed Borrowings		28,037,216.66
Total	2,398,007,852.59	2,363,525,192.53

21. Notes Payable

Unit: RMB

Types	Closing Balance	Opening Balance
Bank acceptance bill	668,896,544.92	497,644,517.23
Total	668,896,544.92	497,644,517.23

22. Accounts Payable

(1) Details of Accounts Payable

Unit: RMB

Item	Closing Balance	Opening Balance
Labor and Materials Expenses	695,383,950.46	567,395,890.15
Payment for Engineering and Equipment	749,678,083.45	896,332,425.89
Total	1,445,062,033.91	1,463,728,316.04

23. Contract Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Payment for Goods	44,962,287.54	56,302,537.11
Total	44,962,287.54	56,302,537.11

24. Payroll Payable

(1) Details of Payroll Payable

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance
I. Short-term Remuneration	322,646,061.45	763,598,251.09	854,943,937.71	231,300,374.83
II. Dismissal Benefits - Defined Contribution Scheme		38,297,177.21	38,297,177.21	
Total	322,646,061.45	801,895,428.30	893,241,114.92	231,300,374.83

(2) List of short-term remuneration

Unit: RMB

Item	Opening Balance	Increased in the current	Decreased in the	Closing Balance
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		period	Current Period	
1. Wages or salaries, bonuses, allowances and subsidies	259,201,281.23	658,320,490.05	754,454,598.60	163,067,172.68
2. Employee Benefits		41,895,993.67	41,895,993.67	
3. Social Insurance Contributions		21,157,221.74	21,157,221.74	
Including: Health Insurance Premium		18,692,216.70	18,692,216.70	
Work Injury Insurance Premium		1,560,835.34	1,560,835.34	
Maternity Insurance Premium		904,169.70	904,169.70	
4. Housing Provident Fund		31,754,139.44	31,754,139.44	
5. Labor Union and Employee Education Funds	63,444,780.22	10,470,406.19	5,681,984.26	68,233,202.15
Total	322,646,061.45	763,598,251.09	854,943,937.71	231,300,374.83

(3) Defined Contribution Scheme

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance
1. Basic Pension Insurance		36,979,239.63	36,979,239.63	
2. Unemployment Insurance Premium		1,317,937.58	1,317,937.58	
Total		38,297,177.21	38,297,177.21	

25. Taxes Payable

Unit: RMB

Item	Closing Balance	Opening Balance
VAT	8,905,853.03	30,247,041.09
Enterprise Income Tax	230,984,629.40	197,310,396.17
Individual Income Tax	2,442,043.62	1,951,726.31
Urban Maintenance and Construction	2,537,948.93	1,971,609.80

Tax		
Land VAT	14,859,137.93	14,519,045.43
House Property Tax	3,332,115.58	13,209,123.23
Land Usage Tax	5,420,464.00	8,067,682.42
Education Surcharges (including Local Education Surcharges)	2,283,195.89	1,537,328.96
Stamp Duty	16,134.43	7,902.60
Local Water Conservancy Construction Fund		39,142.74
Environmental Protection Tax		3,473.63
Total	270,781,522.81	268,864,472.38

26. Other Payables

Unit: RMB

Item	Closing Balance	Opening Balance
Other Payables	52,150,619.55	129,839,228.89
Total	52,150,619.55	129,839,228.89

1) Other Payables Listed by Nature of Funds

Unit: RMB

Item	Closing Balance	Opening Balance
Guarantee Deposit	32,928,013.51	23,102,033.05
Equity Transfer Fund		83,904,479.79
Borrowed Funds		3,243,666.67
Temporary Receipts Payable	6,271,104.11	9,575,676.08
Earnest Money for Housing Purchase (Boao NHU Resort Center)	392,991.00	1,893,256.00
Others	12,558,510.93	8,120,117.30
Total	52,150,619.55	129,839,228.89

27. Non-current Liabilities Due within 1 Year

Unit: RMB

Item	Closing Balance	Opening Balance
Long-term Debt Due within 1 Year	1,431,425,253.34	1,275,888,293.32

Total	1,431,425,253.34	1,275,888,293.32
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Item	At the end of the reporting period	At the beginning of the reporting period
Fiduciary Loans	1,093,364,045.13	836,245,918.20
Pledged Loans	7,711,902.65	9,054,944.56
Guaranteed Loans	330,349,305.56	430,587,430.56
Subtotal	1,431,425,253.34	1,275,888,293.32

28. Other Current Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
To-be-transferred Sales Taxes	3,406,847.42	4,956,463.49
Total	3,406,847.42	4,956,463.49

29. Long-term Borrowings

(1) Categories of Long-term Borrowings

Unit: RMB

Item	Closing Balance	Opening Balance
Pledged Borrowings	43,798,750.00	49,635,844.80
Guaranteed Borrowings	1,510,573,819.42	1,175,331,152.79
Fiduciary Borrowings	4,240,470,218.61	2,911,908,356.74
Total	5,794,842,788.03	4,136,875,354.33

30. Lease Liabilities

Unit: RMB

Item	Closing Balance	Opening Balance
Leased Buildings and Constructions	5,398,990.60	3,604,870.23
Total	5,398,990.60	3,604,870.23

Note: For the difference between the beginning of the reporting period and the end of the previous year (December 31, 2020), see Chapter V.28 of this Section.

31. Deferred Income

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance	Causes
Government Subsidies	873,066,181.34	53,240,000.00	40,228,500.25	886,077,681.09	Received government subsidies related to assets, amortized by the depreciation progress of the corresponding assets
Total	873,066,181.34	53,240,000.00	40,228,500.25	886,077,681.09	--

Projects related to government subsidies:

Unit: RMB

Liabilities	Opening Balance	The amount of new subsidies in this period	Amount Recorded as Operating Revenue in This Period	Amount Recorded as Other Income in This Period	Amount Written off Costs in This Period	Other variations	Closing Balance	Related to Assets/Income
Special Funds for Biofermentation Industrial Park Project	476,914,860.00			24,668,010.00			452,246,850.00	Related to assets
Special Funds for Enterprise Development (Shandong Vitamin)	84,635,251.75			4,836,300.10			79,798,951.65	Related to assets
Special Funds for Xinhao Combined Heat and Power Project	35,547,916.69			1,887,499.98			33,660,416.71	Related to assets
2019 Technical Renovation for Green Deep Processing	34,260,000.00			0.00			34,260,000.00	Related to assets
Special Funds for Enterprise Development (Amino Acid)	38,950,549.48			572,802.18			38,377,747.30	Related to assets
Subsidies for Shandong Site Levelling	29,026,913.28			359,094.72			28,667,818.56	Related to assets
Shandong Enterprise	19,285,039.00			218,907.06			19,066,131.94	Related to assets

Liabilities	Opening Balance	The amount of new subsidies in this period	Amount Recorded as Operating Revenue in This Period	Amount Recorded as Other Income in This Period	Amount Written off Costs in This Period	Other variations	Closing Balance	Related to Assets/Income
Development Funds								
PPS Project with Annual Production of 10,000 Tons	13,238,499.92			913,000.02			12,325,499.90	Related to assets
Grants for PPS Resin with Annual Production of 5,000 Tons and PPS Composite Material with Annual Production of 6,000 Tons	11,400,000.00			1,425,000.00			9,975,000.00	Related to assets
Enterprise Development Funds of Advanced Manufacturing Industrial Park	8,690,037.83			99,125.88			8,590,911.95	Related to assets
Effective Input Expansion for Industry in 2016	7,022,400.00			478,800.00			6,543,600.00	Related to assets
Funds for Key Projects of Industry Revitalization and Technological Upgrading in 2012	5,351,785.70			713,571.42			4,638,214.28	Related to assets
Fiscal Subsidies for Low-rent Housing	6,339,417.24			120,428.58			6,218,988.66	Related to assets
Subsidies for Shandong Land Leasing for	5,123,252.66			125,115.78			4,998,136.88	Related to assets

Liabilities	Opening Balance	The amount of new subsidies in this period	Amount Recorded as Operating Revenue in This Period	Amount Recorded as Other Income in This Period	Amount Written off Costs in This Period	Other variations	Closing Balance	Related to Assets/Income
Dormitories								
Subsidies for Input in Shangyu Biochemical Infrastructure	4,898,735.72			158,885.94			4,739,849.78	Related to assets
Public Testing Service Platform Construction Project	4,000,000.00			499,999.98			3,500,000.02	Related to assets
Subsidies for Infrastructure Fee	8,275,875.00			398,812.50			7,877,062.50	Related to assets
Compensation for 2017 Environment Resources Project	3,840,000.00			240,000.00			3,600,000.00	Related to assets
Subsidies for Land and Infrastructure Construction	3,242,880.00			405,360.00			2,837,520.00	Related to assets
2017 Special Fiscal Funds for Real Economy Revitalization (Traditional Industry Transformation)	2,679,299.82			269,614.28			2,409,685.54	Related to assets
Subsidies for RTO Project	1,666,666.86			199,999.98			1,466,666.88	Related to assets
2017 Special Funds for Marine Economy Development	2,000,000.00			0.00			2,000,000.00	Related to assets
Special Funds for High Quality Development of Manufacturing	2,109,286.90			152,478.60			1,956,808.30	Related to assets

Liabilities	Opening Balance	The amount of new subsidies in this period	Amount Recorded as Operating Revenue in This Period	Amount Recorded as Other Income in This Period	Amount Written off Costs in This Period	Other variations	Closing Balance	Related to Assets/Income
Enterprise Development Funds (Shandong Refinement)	52,224,561.00						52,224,561.00	Related to assets
Special Funds for Technological Upgrading (Shandong Vitamin)		20,500,000.00					20,500,000.00	Related to assets
Special Funds for Warehouse Logistics Assistance Program		25,080,000.00					25,080,000.00	Related to assets
Other Subsidies	12,342,952.49	7,660,000.00		1,485,693.25			18,517,259.24	Related to assets
Subtotal	873,066,181.34	53,240,000.00		40,228,500.25			886,077,681.09	

Note: For the government subsidies included in the current profits and losses, see Note VII (58) of this section.

32. Share Capital

Unit: RMB

Item	Opening Balance	Increased or Decreased Amount in the Current Period (+/-)					Closing Balance
		Shares newly issued	Bonus shares	Shares converted from capital reserves	Others	Subtotal	
Total Shares	2,148,662,300.00			429,732,460.00		429,732,460.00	2,578,394,760.00

Note: According to the 2020 Annual Profit Distribution Plan passed by the resolution of the 2020 Annual General Meeting of Stockholders, based on the total capital of 2,148,662,300.00 shares at the end of 2020, the Company distributes all shareholders 2 shares for each 10 shares by capital reserve, with a total of 429,732,460.00 shares transferred. The total share capital of the Company after transferring is 2,578,394,760.00 shares. The above capital reserve converted to share capital has been verified by Pan-China Certified Public Accountants LLP (Special General Partnership) who issued the Capital Verification Report (T.J.Y. [2021] NO. 234).

33. Capital Reserve

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance
Capital Premium (Capital Share Premium)	4,277,237,673.92		429,732,460.00	3,847,505,213.92
Other Capital Reserves	283,284,882.92			283,284,882.92
Total	4,560,522,556.84		429,732,460.00	4,130,790,096.84

Reason for decrease/increase in the current period: Decrease in capital premium (equity premium) in the current period is the capital reserve converted to share capital in the current period. For details, see VII.32

34. Other Comprehensive Incomes

Unit: RMB

Item	Opening Balance	This Period's Amount of Occurrence						Closing Balance
		Amount Occurred Before Income Tax in the Current Period	Less: Recorded into Other Comprehensive Incomes in Previous Period and Transferred to P/L in the Current Period	Less: Recorded into Other Comprehensive Incomes in Previous Period and Transferred to Retained Income in the Current Period	Less: Income Tax Expense	Attributable to the Company after Tax	Attributable to the Minority Shareholders after Tax	
Other Comprehensive Income That Will Be Reclassified into P/L	27,803,829.31	-27,560,965.25				-11,402,449.39	-2,976,682.86	16,401,379.92
Including: Other Comprehensive Income That Can Be Transferred to P/L under the Equity Method	506,954.43							506,954.43
Difference from Foreign Currency Financial Statement Translation	27,296,874.88	-27,560,965.25				-11,402,449.39	-2,976,682.86	15,894,425.49
Other Comprehensive Incomes in Total	27,803,829.31	-27,560,965.25				-11,402,449.39	-2,976,682.86	16,401,379.92

35. Special Reserves

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance
Safety Production Costs	9,550,346.85	5,948,742.71	3,856,610.93	11,642,478.63
Total	9,550,346.85	5,948,742.71	3,856,610.93	11,642,478.63

36. Surplus Reserve

Unit: RMB

Item	Opening Balance	Increased in the current period	Decreased in the Current Period	Closing Balance
Statutory Surplus Reserve	1,074,331,150.00			1,074,331,150.00
Total	1,074,331,150.00			1,074,331,150.00

37. Undistributed Profits

Unit: RMB

Item	Current Period	Previous Period
Undistributed Profit after Adjustment at the Start of the Period	11,515,384,739.95	9,158,233,971.76
Add: Net Profit Attributable to Parent Company's Owner in the Current Period	2,408,499,133.50	2,208,930,277.20
Less: Payable Dividends on Ordinary Shares	1,504,063,610.00	1,074,331,150.00
Undistributed Profit at the End of the Period	12,419,820,263.45	10,292,833,098.96

38. Operating Income and Operating Costs

Unit: RMB

Item	This Period's Amount of Occurrence		Amount Occurred in the Previous Period	
	Income	Cost	Income	Cost
Main Business	7,180,589,252.55	3,709,144,810.85	5,285,935,511.71	2,133,390,266.47
Other Businesses	73,632,385.46	46,180,234.17	17,229,990.54	10,418,794.02
Total	7,254,221,638.01	3,755,325,045.02	5,303,165,502.25	2,143,809,060.49

Note: Costs incurred from performance of contracts is included in the operating costs in the current period. For details, see chapter V. 28 of this section.

Information about revenue:

Unit: RMB

Contract Classification	Total
Principal Place of Business	
Domestic	3,295,559,229.13
Overseas	3,958,662,408.88
Subtotal	7,254,221,638.01
Main Business Types	
Nutritional products	5,452,151,744.71
Essences and fragrances	1,126,980,745.24
New materials	418,367,560.13
Others	256,721,587.93
Subtotal	7,254,221,638.01
Time of Revenue Recognition	
Including: Commodities (Transferred at a Point)	7,254,221,638.01
Subtotal	7,254,221,638.01

Information about performance of obligations:

N/A

Information about transaction price allocated to the remaining performance of obligations:

The revenue corresponding to the performance of obligations under the contracts which are signed but are not performed or not performed completely at the end of this reporting period is RMB 1,021,907,408.90, in which RMB 1,021,907,408.90 is estimated to be recognized as revenue in 2021.

39. Taxes and Surcharges

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Urban Maintenance and Construction Tax	16,593,941.36	15,662,602.92
Education Surcharges	15,258,637.11	14,468,776.36
Land VAT	640,367.32	225,819.50
Stamp Duty	2,929,669.52	2,022,185.58
House Property Tax	11,778,391.04	5,418,917.10
Land Usage Tax	12,989,995.35	12,236,260.22

Vehicle and Vessel Use Tax	24,675.80	19,653.13
Environmental Protection Tax	578,646.58	516,644.89
Total	60,794,324.08	50,570,859.70

40. Selling Expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Handling Charges and Transportation Premium	1,466,649.89	79,683,153.39
Sales Commission and Customs Clearance Fee	17,692,240.72	18,789,506.93
Advertising and Promotion Expenses, and Business Entertainment Expenses	3,567,586.35	3,848,627.67
Payroll	23,212,723.68	20,689,730.57
Office and Traveling Expenses	5,649,153.96	4,780,171.09
Others	3,891,220.30	4,266,297.87
Total	55,479,574.90	132,057,487.52

Note: Costs incurred from performance of contracts in the selling expenses is included in the operating costs in the current period.

For details, see V. 28 of this section.

41. Administration Expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Payroll	91,901,943.55	96,800,579.80
Office and Traveling Expenses	15,975,577.72	13,006,051.13
Depreciation Cost and Intangible Asset Amortization	42,187,840.96	32,300,328.20
Business Entertainment Expenses	9,654,999.32	6,059,332.99
Insurance Premium	7,655,409.05	6,742,146.81
Others	20,130,143.50	28,988,037.37
Total	187,505,914.10	183,896,476.30

42. R&D Expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
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Direct Input	126,033,421.52	59,560,240.63
Payroll	149,468,367.40	110,880,668.96
Depreciation Cost and Intangible Asset Amortization	24,293,575.58	18,736,565.61
Office and Traveling Expenses	15,628,605.63	8,169,701.42
Outsourcing Cost	13,402,568.01	10,686,584.62
Others	22,706,226.41	11,119,177.39
Total	351,532,764.55	219,152,938.63

43. Financial Expenses

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Interest Expenditures	162,484,715.95	110,160,929.73
Less: Interest Income	72,107,022.92	15,204,954.21
Exchange gains or losses (Mark "-" for Incomes)	43,236,369.19	-28,926,159.63
Others	10,916,076.87	10,277,155.91
Total	144,530,139.09	76,306,971.80

44. Other Incomes

Unit: RMB

Sources of Other Income	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Government Subsidies Related to Assets	40,228,500.25	15,893,203.74
Government Subsidies Related to Income	33,328,436.43	28,936,325.99
Charge Return for Withholding Individual Income Tax	1,139,113.99	819,130.22
Total	74,696,050.67	45,648,659.95

Note: For the government subsidies included in other income in the current period, see Notes VII (58) of this section.

45. Investment Income

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Long-term Equity Investment Income	15,735,226.24	5,431,597.21

Measured by Equity Method		
Investment Income from Possession of Financial Instruments		
Including: Investment in Other Equity Instruments		
Investment Income from Disposal Trading Financial Assets	-370,729.11	-10,125,310.54
Including: Financial Assets at Fair Value through Profit or Loss in the Current period	2,643,037.39	140,624.46
Financial Liabilities Measured at Fair Value with Changes Recorded into Current Profit and Loss	-3,013,766.50	-10,265,935.00
Interest from Discounting Notes		
Income from Bank Financial Products and Structured Deposits	29,617,969.78	73,491,805.92
Total	44,982,466.91	68,798,092.59

46. Income from Changes in Fair Value

Unit: RMB

Sources of Income from Changes in Fair Value	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Trading Financial Assets	25,239,240.62	1,916,459.91
Transactional financial liabilities	-1,567,482.48	8,520,857.22
Total	23,671,758.14	10,437,317.13

47. Credit Impairment Loss

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Losses on Bad Debts	-33,637,204.20	-48,988,895.82
Total	-33,637,204.20	-48,988,895.82

48. Asset Impairment Loss

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Loss from Impairment of Inventories and Impairment of Performance Cost	-6,714,482.90	-2,095,132.82

Total	-6,714,482.90	-2,095,132.82
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49. Asset Disposal Income

Unit: RMB

Sources of Asset Disposal Income	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Profit and Loss from Disposal of Non-current Assets	1,065,564.79	84,077.01
Total	1,065,564.79	84,077.01

50. Non-operating Revenues

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period	Amount Recorded into Non-recurring Profit and Loss in the Current Period
Income from Indemnification	9,044,364.95	753,931.20	9,044,364.95
Others	1,302,076.50	160,792.02	1,302,076.50
Total	10,346,441.45	914,723.22	10,346,441.45

51. Non-operating Expense

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period	Amount Recorded into Non-recurring Profit and Loss in the Current Period
Donations	877,525.00	10,117,774.40	877,525.00
Local Water Conservancy Construction Fund		298,453.46	
Others	1,041,504.53	1,549,137.28	1,041,504.53
Total	1,919,029.53	11,965,365.14	1,919,029.53

52. Income Tax Expense**(1) Income Tax Expense Table**

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Current Income Tax Expense	374,095,395.38	345,849,333.57

Deferred Income Tax Expense	20,614,465.84	42,127.46
Total	394,709,861.22	345,891,461.03

(2) Reconciliation of Accounting Profits and Income Tax Expenses

Unit: RMB

Item	This Period's Amount of Occurrence
Total Profit	2,811,545,441.60
Income Tax Calculated at Statutory/Applicable Tax Rate	421,731,816.24
Impact by Applying Different Tax Rates to Subsidiaries	-10,673,966.07
Impact of Income Tax before Adjustment in This Period	-1,775,129.65
Impact of Non-taxable Revenue	-1,192,681.53
Impact of the Non-deductible Costs, Expenses and Losses	1,067,622.05
Impact of Deductible Losses from Unrecognized Deferred Income Tax Assets in the Previous Period	-22,437,104.00
Impact of Deductible Temporary Difference or Deductible Losses from Unrecognized Deferred Income Tax Assets in the Current Period	62,976,030.77
Impact of Additional Deduction of the Research and Development Expenses	-54,986,726.59
Income tax expense	394,709,861.22

53. Other Comprehensive Income

For net of tax of other comprehensive income, see Note VII (34) of this section.

54. Items of Cash Flow Statement

(1) Other Cash Receipts Relating to Operating Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Bank Interest Income	72,170,716.37	14,595,570.94
Government Subsidies Received	82,860,435.49	37,322,837.08
Temporary Loans and Guarantee Deposits Received	4,650.00	2,190,342.70
Other Net Amounts Received	11,267,812.52	5,966,638.94

Total	166,303,614.38	60,075,389.66
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(2) Other Cash Payments Relating to Operating Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
R&D Expenditure	9,072,525.23	5,073,304.02
Handling Charges and Transportation Premium	0	73,804,213.88
Office and Traveling Expenses	11,497,951.02	11,818,804.30
Advertising and Promotion Expenses, and Business Entertainment Expenses	10,942,559.78	8,101,614.52
Sales Commission and Customs Clearance Fee	8,641,852.83	11,610,472.33
Insurance Premium	5,366,502.83	2,357,120.82
Other Expenses and Net Amounts	146,673,321.02	77,024,806.00
Total	192,194,712.71	189,790,335.87

(3) Other Cash Receipts Relating to Investing Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Financial Products Recovered at the Beginning of this Period	1,800,000,000.00	3,850,000,000.00
Land Deposits Recovered		71,314,561.00
Deposits of Contingent Option Recovered		4,780,000.00
Total	1,800,000,000.00	3,926,094,561.00

(4) Other Cash Payments Relating to Investing Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Purchased Financial Products	1,520,000,000.00	1,400,000,000.00
Total	1,520,000,000.00	1,400,000,000.00

(5) Other Cash Receipts Relating to Financing Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Recovered Cash and Bank Balances Pledged for Borrowing		73,000,000.00
Total		73,000,000.00

(6) Other Cash Payments Relating to Financing Activities

Unit: RMB

Item	This Period's Amount of Occurrence	Previous Period's Amount of Occurrence
Paid Charges for Bank Financing	2,069,877.48	6,799,330.40
Paid Charges for Issuing Loan Guarantee	1,293,530.21	2,596,211.80
Paid Cash and Bank Balances Pledged for Borrowing		61,887.76
Total	3,363,407.69	9,457,429.96

55. Supplementary Information about the Cash Flow Statement**(1) Supplementary Information about the Cash Flow Statement**

Unit: RMB

Supplementary Information	Amount of this period	Amount of Previous Period
1. Reconciliation of Net Profit to Cash Flows from Operational Activities:	--	--
Net Profit	2,416,835,580.38	2,214,313,722.90
Add: Provision for Impairment of Assets	40,351,687.10	51,184,028.64
Depreciation of Fixed Assets, Oil and Gas Assets, Productive Biological Assets	578,079,485.24	343,991,868.23
Depreciation of Right-of-use Assets	448,385.93	
Amortization of Intangible Assets	16,731,412.82	15,921,794.71
Amortization of Long-term Prepaid Expenses	1,942,593.41	457,395.84
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Mark "-" for Incomes)	-1,065,564.79	-84,077.01
Losses on Scrapping of Fixed	17,993.76	

Supplementary Information	Amount of this period	Amount of Previous Period
Assets (Mark "-" for Incomes)		
Losses on Fair Value Changes (Mark "-" for Incomes)	-23,671,758.14	-10,437,317.13
Financial Expenses (Mark "-" for Incomes)	209,472,718.30	88,948,908.07
Losses on Investment (Mark "-" for Incomes)	-44,982,466.91	-68,798,092.59
Decrease on Deferred Income Tax Assets (Mark "-" for Incomes)	-4,073,229.10	-8,999,940.93
Increase on Deferred Income Tax liabilities (Mark "-" for Decreases)	24,687,694.94	9,042,068.39
Decrease on Inventories (Mark "-" for Increases)	-401,877,126.78	-253,520,308.60
Decrease on Operational Receivables (Mark "-" for Increases)	-234,285,135.31	-454,214,969.17
Increase on Operational Payables (Mark "-" for Decreases)	-307,454,789.08	-800,082,861.24
Others		-162,000.00
Net cash flow generated by operating activities	2,271,157,481.77	1,127,560,220.11
2. Major Investing and Financing Activities Not Involving Cash Receipts and Payments:	--	--
Conversion of Debt into Capital		
Convertible Bonds Due within 1 Year		
Fixed Assets under Finance Lease		
3. Net Changes in Cash and Cash Equivalents:	--	--
Closing Balance of Cash	6,182,163,497.57	5,241,316,156.88
Less: Opening Balance of Cash	4,669,306,776.09	3,213,557,815.42
Add: Closing Balance of Cash Equivalents		
Less: Opening Balance of Cash Equivalents		
Net additions to balance of equivalents	1,512,856,721.48	2,027,758,341.46

(2) Composition of Cash and Cash Equivalents

Unit: RMB

Item	Closing Balance	Opening Balance
I. Cash	6,182,163,497.57	4,669,306,776.09
Including: Cash on Hand	17,148.82	10,735.55
Bank Deposit for Payment at Any Time	6,182,146,348.75	4,669,296,040.54
III. Closing Balance of Cash and Cash Equivalents	6,182,163,497.57	4,669,306,776.09

Other notes:

The closing balance of monetary funds is RMB 6,412,612,895.26, Bank Acceptance Bill Deposit is RMB 205,331,116.11, L/C Deposit is RMB 22,854,163.27, Deposit for Project Labor Wages is RMB 1,653,668.82, Construction Bond is RMB 404,439.49, ETC Deposit is RMB 6,000.00, Guarantee Deposit for Water Charges is RMB 200,010.00, which is not Cash and Cash Equivalents:

The opening balance of monetary funds is RMB 4,927,657,236.24, Bank Acceptance Bill Deposit is RMB 233,849,274.66, L/C Deposit is RMB 23,350,000.00, Deposit for Project Labor Wages is RMB 741,108.87, Construction Bond is RMB 404,076.62, ETC Deposit is RMB 6,000.00, which is not Cash and Cash Equivalents.

56. Assets with Restricted Ownership Rights or Rights to Use

Unit: RMB

Item	Closing Book Value	Cause of Restrictions
Cash and Bank Balances	230,449,397.69	See "Cash and Bank Balances" in the financial statement.
Notes receivable	431,546,440.19	See "Notes Receivable" in the financial statement.
Receivables Financing	8,890,529.21	See "Receivables Financing" in the financial statement.
Fixed assets	86,062,988.84	Mortgaged to bank for borrowing
Intangible Assets	10,074,981.26	Mortgaged to bank for borrowing
Total	767,024,337.19	--

57. Monetary Items in Foreign Currencies**(1) Monetary Items in Foreign Currencies**

Unit: RMB

Item	Closing Balance in Foreign Currencies	Exchange Rate for Conversion	Closing Balance Converted into RMB
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Cash and Bank Balances	--	--	690,101,206.42
Including: USD	88,548,944.83	6.4601	572,035,038.50
EUR	12,921,672.86	7.6862	99,318,561.94
HKD	1,569,397.45	0.8321	1,305,895.62
JPY	298,659,424.00	0.0584	17,441,710.36
Accounts receivable	--	--	1,980,934,756.26
Including: USD	260,651,154.68	6.4601	1,683,832,524.35
EUR	38,653,981.41	7.6862	297,102,231.91
Other Receivables			10,216,238.01
Including: EUR	1,325,734.49	7.6862	10,189,860.44
HKD	31,700.00	0.8321	26,377.57
Short-term Borrowings			512,201,680.42
Including: USD	15,032,244.28	6.4601	97,109,801.27
EUR	54,004,824.12	7.6862	415,091,879.15
Accounts Payable			76,696,793.52
Including: USD	108,418.10	6.4601	700,391.77
EUR	9,887,382.81	7.6862	75,996,401.75
Other Payables			651,815.14
Including: USD	88,746.64	6.4601	573,312.17
EUR	9,674.15	7.6862	74,357.45
HKD	4,982.00	0.8321	4,145.52
Non-current Liabilities Due within 1 Year			7,711,902.65
Including: EUR	1,003,344.00	7.6862	7,711,902.65
Long-term Borrowings			43,798,750.00
Including: EUR	5,698,362.00	7.6862	43,798,750.00

(2) Notes on overseas business entities, including that for the important overseas business entities, the overseas main premises, functional currency and selection basis shall be disclosed. If there are changes on its functional currency, the causes for the changes shall be disclosed as well.

√ Applicable □ Not applicable

NHU Europe GmbH is the holding subsidiary of NHU (HONGKONG) TRADING COMPANY LIMITED, holding 51% of shares. NHU PERFORMANCE MATERIALS GMBH is the wholly-owned subsidiary of NHU (HONGKONG) TRADING COMPANY LIMITED; Bardoterminal GmbH is the wholly-owned subsidiary of NHU Europe GmbH. The three companies are located at Lüneburg, German, and adopt EUR as the functional currency.

58. Government Subsidies

(1) Basic Information about Government Subsidies

1) Government subsidies related to assets

Unit: RMB

Project	Deferred Income at the Beginning of This Period	New Subsidies in This Period	Amortization Expenses in This Period	Deferred Income at the End of This Period	Items Reported for Amortization in This Period	Note
Special Funds for Biofermentation Industrial Park Project	476,914,860.00		24,668,010.00	452,246,850.00	Other income	S.J.K.G. (2018) No.55
Special Funds for Enterprise Development (Shandong Vitamin)	84,635,251.75		4,836,300.10	79,798,951.65	Other income	
Special Funds for Xinhao Combined Heat and Power Project	35,547,916.69		1,887,499.98	33,660,416.71	Other income	S.J.K.G.W.H. (2018) No.123
2019 Technical Renovation for Green Deep Processing	34,260,000.00		0.00	34,260,000.00	Other income	Z.F.G.M. (2019) No.127
Special Funds for Enterprise Development (Shandong Amino-acids Acid)	38,950,549.48		572,802.18	38,377,747.30	Other income	W.B.C.Z.Z. (2018) No.40
Subsidies for Shandong Site Levelling	29,026,913.28		359,094.72	28,667,818.56	Other income	
Shandong Enterprise Development Funds	19,285,039.00		218,907.06	19,066,131.94	Other income	W.B.C.Z.Z. (2014) No.513, W.B.C.Z.Z. (2016) No.194, W.B.C.Z.Z. (2017) No.307
PPS Project with Annual Production of 10,000 Tons	13,238,499.92		913,000.02	12,325,499.90	Other income	
Grants for PPS Resin with Annual Production of 5,000	11,400,000.00		1,425,000.00	9,975,000.00	Other income	

Project	Deferred Income at the Beginning of This Period	New Subsidies in This Period	Amortization Expenses in This Period	Deferred Income at the End of This Period	Items Reported for Amortization in This Period	Note
Tons and PPS Composite Material with Annual Production of 6,000 Tons						
Enterprise Development Funds of Advanced Manufacturing Industrial Park	8,690,037.83		99,125.88	8,590,911.95	Other income	
Effective Input Expansion for Industry in 2016	7,022,400.00		478,800.00	6,543,600.00	Other income	
Funds for Key Projects of Industry Revitalization and Technological Upgrading in 2012	5,351,785.70		713,571.42	4,638,214.28	Other income	According to Z.C.Q. (2012) No. 276 of Zhejiang Provincial Department of Finance and Economy and Information Technology Committee of Zhejiang, the company obtained the special funds for new cephalosporin antibiotics project with the annual production of 10T.
Fiscal Subsidies for Low-rent Housing	6,339,417.24		120,428.58	6,218,988.66	Other income	
Subsidies for Shandong Land Leasing for Dormitories	5,123,252.66		125,115.78	4,998,136.88	Other income	
Subsidies for Input in Shangyu Biochemical Infrastructure	4,898,735.72		158,885.94	4,739,849.78	Other income	
Public Testing Service	4,000,000.00		499,999.98	3,500,000.02	Other income	

Project	Deferred Income at the Beginning of This Period	New Subsidies in This Period	Amortization Expenses in This Period	Deferred Income at the End of This Period	Items Reported for Amortization in This Period	Note
Platform Construction Project						
Subsidies for Infrastructure Fee	8,275,875.00		398,812.50	7,877,062.50	Other income	
Compensation for 2017 Environment Resources Project	3,840,000.00		240,000.00	3,600,000.00	Other income	
Subsidies for Land and Infrastructure Construction	3,242,880.00		405,360.00	2,837,520.00	Other income	
2017 Special Fiscal Funds for Real Economy Revitalization (Traditional Industry Transformation)	2,679,299.82		269,614.28	2,409,685.54	Other income	X.C.Q. (2019) No.151
Subsidies for RTO Project	1,666,666.86		199,999.98	1,466,666.88	Other income	W.C.Q.Z. (2014) No.207
2017 Special Funds for Marine Economy Development	2,000,000.00			2,000,000.00	Other income	S.Y.C.J. (2018) No.12
Special Funds for High Quality Development of Manufacturing	2,109,286.90		152,478.60	1,956,808.30	Other income	X.J.X. (2020) No.79
Enterprise Development Funds (Shandong Refinement)	52,224,561.00			52,224,561.00	Other income	W.B.C.Z.Z. (2020) No.34
Special Funds for Technological Upgrading		20,500,000.00		20,500,000.00	Other income	
Special Funds for Warehouse Logistics Assistance Program		25,080,000.00		25,080,000.00	Other income	H.F.G.T.Z. (2020) No.542
Other Subsidies	12,342,952.49	7,660,000.00	1,485,693.25	18,517,259.24	Other income	
Subtotal	873,066,181.34	53,240,000.00	40,228,500.25	886,077,681.09		

2) Government subsidies related to income and used for compensating relevant costs or losses incurred by the Company

Project	Amount	Items Reported	Note
Government Rewards	3,542,654.00	Other income	Related to income
Others	29,785,782.43	Other income	Related to income
Subtotal	33,328,436.43		

3) Interest subsidies

Project	Deferred Income at the Beginning of This Period	Amount of New Subsidies in the Current Period	Carry-forwarded Subsidies in the Current Period	Deferred Income at the End of This Period	Items Reported in the Current Period	Note
Interest subsidies		2,823,740.28	2,823,740.28		Financial expenses	
Subtotal		2,823,740.28	2,823,740.28			

4) Government subsidies recorded into P/L in the current period is RMB 73,556,936.68

(2) Repayment of Government Subsidies Applicable Not applicable**VIII. Changes in the Scope of Consolidation****1. Changes in the Scope of Consolidation for Other Reasons**

Acquisition and disposal of subsidiaries during the reporting period

 Applicable Not applicable

Company Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production management and performance
Zhejiang NHU Nylon Materials Co., Ltd.	Newly established	N/A

Zhejiang NHU Nylon Materials Co., Ltd. was established on March 5, 2021, as a wholly-owned subsidiary of Zhejiang NHU Co., Ltd.

IX. Equity in Other Entities**1. Equity in Subsidiaries****(1) Composition of Important Subsidiaries**

Name of Subsidiaries	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Acquisition Method
				Direct	Indirect	
Shangyu Bio-Chem	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	100.00%		Establishment

Shandong Pharmaceutical	Weifang, Shandong	Weifang, Shandong	Manufacturing	100.00%		Establishment
NHU (Hong Kong)	Hong Kong, China	Hong Kong, China	Commerce	100.00%		Establishment
Zhejiang Special Materials	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	100.00%		Establishment
Shandong Amino-acids	Weifang, Shandong	Weifang, Shandong	Manufacturing	100.00%		Establishment
Shandong Vitamins	Weifang, Shandong	Weifang, Shandong	Manufacturing		100.00% [Note 1]	Establishment
NHU EUROPE GmbH	Luneburg, Germany	Luneburg, Germany	Trade		51.00% [Note 2]	Establishment
Shandong NHU Holdings Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Service	100.00%		Establishment
Heilongjiang Biological Technology	Suihua, Heilongjiang	Suihua, Heilongjiang	Manufacturing	100.00%		Establishment

Explanations on the fact that the proportion of the shares held by a subsidiary differs from that of voting rights:

[Note 1]: Held through the subsidiary Shandong NHU Holdings Co., Ltd.

[Note 2]: Held through the subsidiary NHU (Hong Kong) Trading Co., Ltd.

(2) Important Non-Wholly Owned Subsidiaries

Unit: RMB

Name of Subsidiaries	Minority Shareholding Percentage	Profit or Loss Attributable to Minority Shareholders in the Current Period	Dividends Declared to Minority Shareholders in the Current Period	Minority Shareholders' Equity Balance at the End of the Period
NHU EUROPE GmbH	49.00%	8,336,446.88	13,181,833.00	59,754,458.04

(3) Main Financial Information of Important Non-Wholly Owned Subsidiaries

Unit: RMB

Name of Subsidiaries	Closing Balance						Opening Balance					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities

NHU EUROPE GmbH	719,681, 547.47	103,611, 569.82	823,293 ,117.29	657,546 ,493.74	43,798, 750.00	701,345 ,243.74	557,333 ,673.19	109,005 ,921.19	666,339 ,594.38	478,792 ,469.90	49,635, 844.80	528,428 ,314.70
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Unit: RMB

Name of Subsidiaries	This Period's Amount of Occurrence				Amount Occurred in the Previous Period			
	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow Generated by Operational Activities	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow Generated by Operational Activities
NHU EUROPE GmbH	880,665,472.68	17,013,156.89	10,938,293.87	64,150,528.47	883,804,563.98	10,986,623.88	13,244,306.13	5,608,973.28

2. Equity in joint venture arrangements or affiliates

(1) Essential Joint Ventures or Affiliates

Names of Joint Ventures or Affiliates	Main Place of Business	Registered Address	Business Nature	Shareholding Percentage		Accounting Treatment of Investment in Joint Ventures or Affiliates
				Direct	Indirect	
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing	34.2857%		Equity Method Accounting
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing		40.00%	Equity Method Accounting
Zhejiang Saiya Chemical Materials Co., Ltd.	Shangyu, Zhejiang	Shangyu, Zhejiang	Manufacturing		49.00%	Equity Method Accounting

(2) Main Financial Information of Essential Affiliates

Unit: RMB

Item	Closing balance / accrual of current period			Opening balance / accrual of previous period		
	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	280,686,009.25	52,735,054.71	75,428,896.63	315,880,629.16	46,855,677.24	45,646,530.22
Non-current Assets	505,003,788.24	14,324,539.25	167,271,429.38	455,644,920.86	14,760,235.10	175,471,429.07
Total Assets	785,689,797.49	67,059,593.96	242,700,326.01	771,525,550.02	61,615,912.34	221,117,959.29
Current Liabilities	129,316,023.82	80,713,865.12	35,917,911.67	167,519,267.96	74,217,481.09	19,238,056.31
Non-current Liabilities	25,724,192.09		2,631,735.00	22,544,241.63		2,804,190.00
Total Liabilities	155,040,215.91	80,713,865.12	38,549,646.67	190,063,509.59	74,217,481.09	22,042,246.31
Equity attributable to shareholders of the parent company	630,649,581.58	-13,654,271.16	204,150,679.34	581,462,040.43	-12,601,568.75	199,075,712.98
Share of net assets calculated based on the shareholding ratio	216,222,623.59	-5,461,708.46	100,033,832.88	199,358,330.80	-5,040,627.50	97,547,099.36
- Goodwill			762,611.33			762,611.33
Book value of equity investment in affiliates	216,222,623.59		100,796,444.21	199,358,330.80		98,309,710.69
Operating Income	196,623,027.27	54,950,710.21	139,702,151.72	120,727,989.91	17,313,621.45	86,849,470.71
Net Profit	49,187,541.15	-1,052,702.41	5,074,966.36	20,939,914.44	-11,463,484.97	1,343,850.82
Total Comprehensive Income	49,187,541.15	-1,052,702.41	5,074,966.36	20,939,914.44	-11,463,484.97	1,343,850.82

(3) Financial Summary of Non-essential Joint Ventures and Affiliates

Unit: RMB

Item	Closing balance / accrual of current period	Opening balance / accrual of previous period
Affiliates:	--	--
Total book value of investments	42,063,121.53	45,710,849.69
The total count of the following items based on the shareholding ratios	--	--
--Net profit	-656,507.53	-1,613,290.77
--Total comprehensive income	-656,507.53	-1,613,290.77

(4) Excess Losses Incurred by Joint Ventures or Affiliates

Unit: RMB

Names of Joint Ventures or Affiliates	Accumulated unrecognized losses accumulated in the prior period	Unrecognized loss in the current period (or net profit shared in the current period)	Accumulated unrecognized losses at the end of the current period
Zhejiang Sanpo Polymer Co., Ltd.	-46,012,244.60	-298,266.67	-46,310,511.27

X. Risks Relating to Financial Instruments

The objective of the Company in engaging in risk management is to strike a balance between risks and returns, to minimize the negative impact of risks on the Company's operating performance, and to maximize the interests of shareholders and other equity investors. Based on this risk management objective, the fundamental strategy of the Company's risk management is to identify and analyze various risks to which the Company is exposed, establish appropriate risk tolerance bottoms and conduct risk management, and monitor various risks in a timely and reliable manner to keep them within bounds.

The Company is exposed to various risks relating to financial instruments in its day-to-day operations, mainly including credit risk, liquidity risk and market risk. The management has deliberated and approved policies to manage these risks, as summarized below:

(I) Credit Risk

The credit risk refers to the risk of one party of a financial instrument suffering financial losses due to the other party's inability to perform its obligations.

1. Credit Risk Management Practice**(1) Credit Risk Evaluation Method**

The Company assesses at each balance sheet date whether the credit risk of relevant financial instruments has increased

substantially since initial recognition. In determining whether credit risk has increased substantially since initial recognition, the Company considers reasonable and substantiated information available without incurring unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk ratings and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk profiles, the Company determines the change in the risk of default over the expected life of financial instruments by comparing the risk of default of the financial instruments at the balance sheet date with the risk of default at the initial recognition date.

The Company considers a significant increase in the credit risk of a financial instrument to have occurred when one or more of the following quantitative and qualitative criteria are triggered:

1) The quantitative criteria are mainly defined as an increase in the probability of default for the remaining duration on the balance sheet date by more than a certain proportion compared to the time of initial recognition;

2) The qualitative criteria are mainly defined as material adverse changes in the debtors' operating or financial conditions, existing or anticipated changes in the technological, market, economic or legal environment that will have material adverse effects on the debtors' ability to repay the Company, and so on.

(2) Definition of Defaulted and Credit Impaired Assets

The Company defines a financial asset as having defaulted when the financial instrument meets one or more of the following conditions, the criteria of which are consistent with the definition of having incurred credit impairment:

1) The debtor runs into material financial difficulties;

2) The debtor violates the terms binding on it in the contract;

3) The debtor is highly likely to become insolvent or undergo other financial restructuring;

4) The creditor grants concessions to the debtor that the debtor would not have made in any other situation due to economic or contractual considerations related to the debtor's financial difficulties.

2. Measurement of Expected Credit Losses

The key parameters for the measurement of expected credit losses include probability of default, loss given default and exposure to default. The Company considers quantitative analysis of historical data (such as counterparty ratings, types of guarantees and pledges, and repayment methods) and forward-looking information to establish the probability of default, loss given default and exposure to default risk.

3. A reconciliation of the allowance for losses on financial instruments at the beginning and end of the period is detailed in the notes to this section VII 3, 4 and 7 of the Financial Report.

4. Credit Risk Exposure and Concentration of Credit Risk

The Company's credit risk mainly arises from monetary funds, and accounts receivable. To control the above related risks, the Company has taken the following measures, respectively.

(1) Monetary funds

The Company places bank deposits and other monetary funds in financial institutions with high credit ratings, thus its credit risk is low.

(2) Accounts receivable

The Company continuously conducts credit evaluations of customers who choose credit transactions. Based on the credit evaluation results, the Company engages in transactions with approved and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to material bad debt risk.

Since the Company only deals with approved and creditworthy third parties, no collateral is required. The concentration of credit risk is managed on a customer basis. As of June 30, 2021, the Company has certain credit concentration risk, with 40.92% (35.19% on December 31, 2020) of the Company's accounts receivable originating from the top five customers in terms of balance. The Company does not hold any collateral or other credit enhancements on its accounts receivable balances.

The Company's maximum exposure to credit risk is the book value of each financial asset in the balance sheet.

(II) Liquidity Risk

The liquidity risk refers to the risk of a shortage of funds when the Company fulfills its obligation of settlement by cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value promptly; or from the inability of the other party to repay its contractual debts; or from early maturity of debts; or from the inability to generate expected cash flows.

To control this risk, the Company uses a combination of financing instruments including note settlement and bank Loan, and adopts an appropriate combination of long- and short-term financing methods to optimize the financing structure and maintain a balance between financing sustainability and flexibility. The Company has obtained bank credit lines from a number of commercial banks to meet working capital requirements and capital expenditures.

Classification of financial liabilities by remaining maturity

Unit: RMB

Project	At the end of the reporting period				
	Book Value	Undiscounted contractual amount	Within 1 Year	1-3 years	3 years or above
Bank Loan	9,624,275,893.96	10,179,010,336.67	4,125,617,367.31	5,499,429,748.01	553,963,221.35
Notes Payable	668,896,544.92	668,896,544.92	668,896,544.92		
Accounts Payable	1,445,062,033.91	1,445,062,033.91	1,445,062,033.91		
Other Payables	52,150,619.55	52,150,619.55	52,150,619.55		
Subtotal	11,790,385,092.34	12,345,119,535.05	6,291,726,565.69	5,499,429,748.01	553,963,221.35

(Continued)

Unit: RMB

Project	At the beginning of the reporting period				
	Book Value	Undiscounted contractual amount	Within 1 Year	1-3 years	3 years or above
Bank Loan	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		
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

The market risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market price. Market risk mainly includes interest rate risk and foreign exchange risk.

1. Interest Rate Risk

The interest rate risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of market interest rate. The Company is exposed to fair value interest rate risk for fixed-rate interest-bearing financial instruments, and to cash flow interest rate risk for floating-rate interest-bearing financial instruments. The Company determines the proportion of fixed- and floating-rate financial instruments based on market circumstances and maintains an appropriate mix of financial instruments through regular review and monitoring. The Company's exposure to cash flow interest rate risk relates primarily to the Company's Loan that bear interest at floating rates.

As of June 30, 2021, the Company's bank Loan at floating interest rates is RMB 9,624,275,893.96 (RMB7,776,288,840.18 on December 31, 2020). A hypothetical change of 50 basis points in interest rates, assuming other variables remain unchanged, would not have a material impact on the Company's total profit and shareholders' equity.

2. Foreign Exchange Risk

The foreign exchange risk refers to the risk in which the fair value or future cash flow of financial instruments changes due to the change of foreign exchange rate. The Company's exposure to changes in foreign exchange rates relates primarily to the Company's assets and liabilities denominated in foreign currencies. For assets and liabilities denominated in foreign currencies, in the event of a short-term imbalance, the Company will buy or sell foreign currencies at market rates when necessary to ensure that the net risk exposure is maintained at an acceptable level.

Details of the Company's period-end assets and liabilities denominated in foreign currencies are described in VII 57(1) of this section of the Financial Report.

XI. Disclosure of Fair Values

1. Fair values of the assets and liabilities at the end of the period

Unit: RMB

Item	Fair values at period-end			
	First level measurement at fair value	Second level measurement at fair value	Third level measurement at fair value	Total
I. Constant measurement at fair value	--	--	--	--
1. Trading Financial Assets		6,426,200.12	1,320,000,000.00	1,326,426,200.12
Financial Assets at Fair Value through Profit or Loss in This Period		6,426,200.12	1,320,000,000.00	1,326,426,200.12
Including: Principal-Protected Floating -Income			1,320,000,000.00	1,320,000,000.00

Financial Products				
Derivative Financial Assets		6,426,200.12		6,426,200.12
2. Receivables Financing			33,076,624.55	33,076,624.55
3. Investment in Other Equity Instruments			22,998,147.55	22,998,147.55
Total assets constantly measured at fair value		6,426,200.12	1,376,074,772.10	1,382,500,972.22

2. For the continuous and non-continuous second-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

The fair value was determined based on the quoted forward exchange rate published by Bank of China Limited. at the end of the period.

3. For the continuous and non-continuous third-level fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters

1. For the purchased principal-protected floating-income short-term bank financial products and structured deposits, their fair values were determined by their face values.

2. For bank acceptance bills, their fair values were determined by their face values.

3. The Company adopted the cost of investment as a reasonable estimate of fair value because there were no significant changes in the business environment, operating conditions and financial position of the invested companies, Second Pharma Co.,Ltd. and Shanghai NewMargin Yongjin Equity Enterprise

XII. Related Parties and Related-party Transactions

1. The Company's Parent Company

Name of parent company	Registered Address	Business Nature	Registered Capital	Shareholding ratio of the parent company	Proportion of voting rights of the parent company
NHU Holding Group Co., Ltd.	Xinchang, Zhejiang	Manufacturing	120 million	48.55%	48.55%

Description of the Company's parent company

The ultimate controlling party of the Company is a natural person, Hu Baifan.

2. Information about the Company's subsidiaries

Details of the Company's subsidiaries are provided in the notes to this section IX.1 of the Financial Report.

3. Information about the Company's joint ventures and affiliates

Details of the Company's essential joint ventures and affiliates are provided in the notes to this section IX.2 of the Financial Report.

Here are the information about other joint ventures and affiliates that have related-party transactions with the Company in the current period or have balance from related-party transactions with the Company in the previous period:

Names of joint ventures and affiliates	Relationship with the Company
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Affiliates of the Company
Zhejiang Saiya Chemical Materials Co., Ltd.	Affiliates of the Company
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Affiliates of the Company

4. Information about other related parties

Names of other related parties	Relationship between the Company and other related parties
SYNCHEM INTERNATIONAL CO.,LTD	Joint-stock company by the Company's actual controller
Beijing Winsunny Pharmaceutical CO.,LTD	Controlled by NHU Holding Group Co., Ltd.
Zhejiang ASEN Pharmaceutical Co.,Ltd	Controlled by NHU Holding Group Co., Ltd.
Xinchang County Hechun Greening Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Zhejiang Deli Equipment Co., Ltd.	Controlled by NHU Holding Group Co., Ltd.
Front Pharmaceutical Plc.	Controlled by NHU Holding Group Co., Ltd.
Xinchang County NHU Real Estate Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Suihua NHU Real Estate Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Weifang NHU Real Estate Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Qionghai Heyue Property Services Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Boao Qionghai Holliyard Hotel Management Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Shaoxing Heyue Property Services Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Shangyu Shaoxing NHU Real Estate Co., Ltd	Controlled by NHU Holding Group Co., Ltd.
Xinchang Qinjin Investment Co., Ltd.	Holding company by the Company's actual controller
Shaoxing Formost Material Co., Ltd.	Joint-stock company by the Company's actual controller
Heilongjiang Haotian Corn Development Co., Ltd.	Subsidiary as minority shareholder

Other notes

Customer Three holds 25% of the equity in NHU Europe GmbH, a controlling subsidiary of the Company's subsidiary, NHU (Hong Kong) Trading Co., Ltd. For the sake of prudence, the Company discloses the transactions and payment balances between Customer Three and the subsidiary NHU Europe GmbH in related-party transactions.

5. Information about related-party transactions

(1) Related-party transactions involving purchase and selling of merchandise and provision and acceptance of labor services

Merchandise purchase and acceptance of labor services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Approved transaction limit	Over the transaction limit or not	Previous Period's Amount of Occurrence
Zhejiang Deli Equipment Co., Ltd.	Purchase of merchandise	22,406,681.48	90,000,000.00	No	25,086,854.11
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	Purchase of steam	43,692,487.59	70,200,000.00	No	32,340,736.57
	Waste treatment service fee	68,688.20			133,030.80
Zhejiang Saiya Chemical Materials Co., Ltd.	Purchase of merchandise	100,257,926.52	175,000,000.00	No	75,061,380.31
Zhejiang ASEN Pharmaceutical Co.,Ltd	Purchase of merchandise	1,255,535.33			1,019,964.60
Xinchang County Hechun Greening Co., Ltd	Purchase of merchandise	3,981,660.62			9,089,239.86
Boao Qionghai Holliyard Hotel Management Co., Ltd	Catering and accommodation services	64,855.00			41,229.00
Qionghai Heyue Property Services Co., Ltd	Property management	375,616.74			317,448.87
Shaoxing Heyue Property Services Co., Ltd	Property management	187,934.15			212,058.42
Xinchang County NHU Real Estate Co., Ltd	Catering and accommodation services	465,980.79			270,148.21
Shandong Bin'an Technology Co., Ltd.	Training fee	185,789.16			0.00
Subtotal		172,943,155.58			143,572,090.75

Sales of merchandise and provision of services

Unit: RMB

Related parties	Content of the related - party transaction	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
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SYNCHEM INTERNATIONAL CO.,LTD	Pharmaceutical intermediates	78,979,450.67	55,169,808.72
Front Pharmaceutical Plc.	Testing fee		6,018.87
Beijing Winsunny Pharmaceutical CO.,LTD	Pharmaceutical intermediates	141,509.43	
Zhejiang ASEN Pharmaceutical Co.,Ltd	Pharmaceutical intermediates	297,917.51	566,371.68
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	New materials	40,144,943.15	13,390,484.38
	Utility bill	525,305.20	181,002.80
	Loading and unloading charges	28,245.28	
Total		120,117,371.24	69,313,686.45

(2) Related leasing

The Company being the lessor:

Unit: RMB

Name of the lessee	Type of the leased assets	Rental income confirmed in this period	Rental income confirmed in the previous period
Boao Qionghai Holliyard Hotel Management Co., Ltd	Land use rights and houses		60,000.00
DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	Land use rights and houses	190,139.67	191,189.91
NHU Holding Group Co., Ltd.	Land use rights and houses	16,513.76	27,522.94

The Company being the lessee:

Unit: RMB

Name of the lessor	Type of the leased assets	Lease expense recognized during the current period	Lease expense recognized during the previous period
NHU Holding Group Co., Ltd.	Land use rights and houses	905,906.40	905,906.40

(3) Related guarantee

The Company being the secured party

Unit: RMB

Guarantor	Guarantee Amount	Starting date	Maturity date	Guarantee fulfilled
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				completely or not
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 03, 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) Remuneration to key management personnel

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Salary of key management personnel	5,177,598.00	2,982,381.00

(5) Other related-party transactions

(1) The owners of Boao Resort Center apartments entrusted the operation and management of the serviced apartments to Boao Qionghai Holliyard Hotel Management Co., Ltd

(2) The amount of goods sold by NHU EUROPE GmbH to Customer Three during the current period was RMB 55,983,045.96, and the balance of accounts receivable at the end of the period was RMB 7,751,954.68

6. Receivables and payables of the related parties

(1) Receivables

Unit: RMB

Item Name	Related parties	Closing Balance		Opening Balance	
		Book Balance	Bad Debt Provision	Book balance	Bad debt provision
Accounts receivable	SYNCHEM INTERNATIONAL CO.,LTD	28,290,235.23	1,249,559.78	24,564,693.12	1,228,234.66
	DSM NHU Engineering Materials (Zhejiang) Co., Ltd.	22,299,897.69	1,114,994.89	18,972,791.53	948,639.58

Subtotal		50,590,132.92	2,364,554.67	43,537,484.65	2,176,874.24
Prepayments	Zhejiang Deli Equipment Co., Ltd.	21,549,049.10			
Subtotal		21,549,049.10			
Other Receivables	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.			80,000.00	80,000.00
Subtotal				80,000.00	80,000.00
Other Non-current Assets	Shangyu Shaoxing NHU Real Estate Co., Ltd	168,339,247.00		101,003,548.00	
Subtotal		168,339,247.00		101,003,548.00	

(2) Payables

Unit: RMB

Item Name	Related parties	Closing balance	Opening Balance
Accounts Payable	Zhejiang Deli Equipment Co., Ltd.	3,085,920.94	7,314,438.78
	Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	8,159,367.60	7,449,905.70
	Zhejiang Saiya Chemical Materials Co., Ltd.	18,782,927.22	115.04
	Second Pharma Co.,Ltd.	6,408.00	
	Suihua NHU Real Estate Co., Ltd	10,374,876.83	10,374,865.03
	Xinchang County Hechun Greening Co., Ltd	777,984.05	1,943,036.80
Subtotal		41,187,484.64	27,082,361.35
Contract liabilities	Zhejiang Deli Equipment Co., Ltd.	14,700.89	13,009.64
	Zhejiang ASEN Pharmaceutical Co.,Ltd		1,858.41
Subtotal		14,700.89	14,868.05
Other Payables	Zhejiang Deli Equipment Co.,	663,500.00	3,500.00

	Ltd.		
	Xinchang County Hechun Greening Co., Ltd		480.00
	Weifang NHU Real Estate Co., Ltd		87,148,146.46
Subtotal		663,500.00	87,152,126.46

XIII. Commitments and Contingencies

1. Significant commitments

Important commitments on the balance sheet day

1. Forward exchange settlement contracts

According to the "Global Capital Market Transactions" and related transaction application forms signed between the Company and HSBC Bank (China) Limited Hangzhou Branch, the "Master Agreement on Financial Derivatives Transactions in the China Interbank Market (2009 Version)" and supplementary agreements signed with DBS Bank (China) Limited Shanghai Branch, and the "ISDA 2002 MASTER AGREEMENT" signed with Bank of China (Hong Kong) Limited, the details of the Company's undelivered forward exchange settlement contracts as of June 30, 2021 are as follows:

Currency	Nominal amount in USD	Nominal amount in Euro	Agreed exchange rate	Closing date
USD/EUR	5,000,000.00		6.4710	2021/7/16
	5,000,000.00		6.4660	2021/7/16
	5,000,000.00		6.4760	2021/7/26
	5,000,000.00		6.4705	2021/7/26
	10,000,000.00		6.5390	2021/7/26
		4,000,000.00	7.8920	2021/7/26
		7,000,000.00	7.7832	2021/7/26
		4,000,000.00	7.7165	2021/8/16
		4,000,000.00	7.9142	2021/8/25
		4,000,000.00	7.7220	2021/8/25
		5,000,000.00	7.9580	2021/10/22
		5,000,000.00	7.9580	2021/11/22
Subtotal	30,000,000.00	33,000,000.00		

2. Various types of unexpired guarantees issued

As of June 30, 2021, the various types of unexpired guarantees issued by the Company and its subsidiaries are as follows:

Issuing bank	Applicant	Type of guarantee	Amount of guarantee	Conditions of issuance
Bank of China Limited Xinchang Sub-branch	The Company	Performance guarantee	USD128,710.00	Use of bank credit lines
		Performance guarantee	USD101,540.00	Use of bank credit lines
HSBC Bank (China) Co.,	The Company	Financing guarantee	EUR 10,000,000.00	Use of bank credit lines

Ltd. Hangzhou Branch		Financing guarantee	EUR 10,000,000.00	Use of bank credit lines
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3. Unexpired letters of credit issued

As of June 30, 2021, the unexpired letters of credit issued by the Company and its subsidiaries are as follows:

Issuing bank	Applicant	Letter of credit balance	Conditions of issuance
Bank of China Limited Xinchang Sub-branch	The Company	USD 254,151.00	Use of bank credit lines
		USD 45,450.00	Use of bank credit lines
		USD 751,426.20	Use of bank credit lines
		USD 214,693.20	Use of bank credit lines
		USD 1,019,792.70	Use of bank credit lines
China Construction Bank Corporation Weifang Binhai Sub-branch	Shandong Pharmaceutical	EUR 2,740,000.00	Use of bank credit lines
Bank of China Limited Shangyu Sub-branch	Zhejiang Special Materials	JPY 220,000,000.00	Security deposit of JPY 220,000,000.00
Bank of Communications Shaoxing Xinchang Sub-branch	The Company	CNY 100,000,000.00	Security deposit of CNY 10,000,000.00

4. "Note pool" business

The Company and its subsidiary, NHU Import & Export, entered into the "Bank of Communications Yun Tong Account Note Pooling Service Agreement" with Bank of Communications Co., Ltd., under which the Company pledged and endorsed bank acceptances to the depository bank, constituting a pledged note pool; and the Company opens a margin account for the note pool, to deposit margins as security for the credit granted under the note pledge and to deposit the pledged bank acceptances for payment. The available credit limit of the Company's pledge is the sum of the pledged notes and the immediate balance of the margin account less the used pledged notes, and the agreement stipulates that the sum of the pledged notes and the margin account of the Group shall not be less than the pledged amount used for issuing the notes. The Company and its subsidiaries Shangyu NHU Bio-Chem, Zhejiang Pharmaceutical, Zhejiang Special Material, Shaoxing Yuchen New Materials, Shandong Pharmaceutical, Shandong Vitamin, Shandong Amino-acids Acid, Heilongjiang Biotechnology, Shandong Fine Chemical, Heilongjiang Xinhao Thermal Power, Xinchang Vitamin and Zhejiang Vityesun entered into the "Note Pool Business Cooperation Agreement" with China Zheshang Bank Co., Ltd., under which the Company pledged the asset pool or the note pool as security and opened a margin account for the note pool to pay the margin at a certain ratio, with no specific agreement on the amount of the margin. As of June 30, 2021, the balance of bank acceptance notes pledged by the Company amounted to RMB 440,436,969.40 and the deposit of RMB 196,531,116.11 in the note pool with China Zheshang Bank Co., Ltd.

XIV. Events after the Balance Sheet Date

As of the date when this Financial Statement was approved for external reporting, the Company had no other material events after the balance sheet date.

XV. Other Significant Matters

1. Subsection information

(1) Basis for determining the reporting subsection and the accounting policy

The Company determines the reporting subsection according to the internal organizational structure, management requirements, and internal reporting system, as well as the industry sections. Assets and liabilities used jointly by the sections are allocated among the different sub-sections in proportion to their scales.

(2) Financial information of the reporting subsection

Unit: RMB

Item	Pharmaceutical chemicals	Others	Inter-section offset	Total
Main business revenue	7,130,020,338.49	267,320,671.46	216,751,757.40	7,180,589,252.55
Main business cost	3,705,929,273.76	219,967,294.49	216,751,757.40	3,709,144,810.85
Total assets	31,834,715,605.92	2,413,726,315.89	600,467,111.90	33,647,974,809.91
Total liabilities	12,696,364,683.97	1,260,942,650.95	600,467,111.90	13,356,840,223.02

2. Others

(1) Matters related to the Employee Stock Ownership Plan

On November 11, 2020, the Company held the Second Extraordinary General Assembly of 2020 to deliberate and approve the proposals related to the Employee Stock Ownership Plan, including the Third Employee Stock Ownership Plan of Zhejiang NHU Co., Ltd. (Draft) and its Summary, and approved the implementation of the Third Employee Stock Ownership Plan of the Company. The self-financing source of the holders of this Employee Stock Ownership Plan is the legal remuneration of the employees of the Company, self-financing and other means permitted by laws and administrative regulations, with the amount of capital contribution not exceeding RMB 153 million and the capital allotment not exceeding RMB 153 million (bank borrowing or major shareholder borrowing) in the ratio of 1:1, for a total amount of funds not exceeding RMB 306 million. The occupancy fee of the major stockholder borrowing is 6%, and the interest of the corresponding proportion of the principal is returned according to the settlement time and proportion of the stock ownership plan, but the interest is not charged when the loss or gain of the stock ownership plan is lower than the fee (including the management fee, transaction fee, interest of the allotment part, etc.). As of February 26, 2021, the Company's Third Employee Stock Ownership Plan purchased a total of 8,442,935 shares of the Company through secondary market bidding transactions, accounting for 0.39% of the total share capital of the Company, with a transaction amount of RMB303,710,918.74 and an average transaction price of approximately RMB35.97 per share, thus completing the purchase of shares under the Company's Third Employee Stock Ownership Plan.

(2) Purchases of financial products with funds raised

The Company held the 2020 Annual General Assembly on April 21, 2021, at which the "Proposal on the Use of Part of Unused Funds Raised for Cash Management" was deliberated and approved, agreeing that the Company should use unused funds raised up to

RMB3.57 billion (including RMB3.57 billion) for cash management and purchase short-term financial products with high security, good liquidity and capital protection agreement for a period of not more than 12 months from the date of approval at the 2020 Annual General Assembly to the 2021 General Assembly, on a rolling basis, provided that the normal operation of the investment projects of the funds raised is not affected. As of June 30, 2021, the actual balance of financial products and structured deposits purchased by the Company with temporarily idle funds raised was RMB 3.57 billion.

XVI. Notes to Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Categorical Disclosure of Accounts Receivable

Unit: RMB

Category	Closing Balance					Opening Balance				
	Book Balance		Bad Debt Provision		Book Value	Book balance		Bad Debt Provision		Book Value
	Amount	Percentage	Amount	Accrued Proportion		Amount	Percentage	Amount	Accrued Proportion	
Accounts Receivables with the Bad Debt Provision Accrued Based on Combinations	888,322,861.11	100.00%	44,416,143.06	5.00%	843,906,718.05	741,143,885.29	100.00%	37,057,194.26	5.00%	704,086,691.03
Total	888,322,861.11	100.00%	44,416,143.06	5.00%	843,906,718.05	741,143,885.29	100.00%	37,057,194.26	5.00%	704,086,691.03

Bad debt provision based on combinations

Unit: RMB

Name	Closing Balance		
	Book balance	Bad Debt Provision	Accrued proportion
Within 1 Year	888,322,861.11	44,416,143.06	5.00%

Disclosure by age

Unit: RMB

Aging	Closing Balance
Within 1 Year (Including 1 Year)	888,322,861.11
Total	888,322,861.11

(2) Provision for Bad Debts Accrued, Recovered or Reversed in the Current Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad Debt Provision Based on Combinations	37,057,194.26	7,358,948.80				44,416,143.06
Total	37,057,194.26	7,358,948.80				44,416,143.06

(3) Accounts Receivable of the Top Five Balances at the End of the Period Collected by Indebted Parties

Unit: RMB

Name of Unit	Balance of Accounts Receivable at the End of the Period	As a Percentage of Total Other Receivables at the End of the Period	Bad Debt Provision at the End of the Period
Customer 1	482,605,460.05	54.33%	24,130,273.00
Customer 2	88,345,208.00	9.95%	4,417,260.40
Customer 3	71,589,326.08	8.06%	3,579,466.30
Customer 4	44,596,983.78	5.02%	2,229,849.19
Customer 5	24,876,357.06	2.80%	1,243,817.85
Total	712,013,334.97	80.16%	

2. Other receivables

Unit: RMB

Item	Closing Balance	Opening Balance
Dividends Receivable	186,000,000.00	
Other Receivables	3,979,535,890.92	4,247,680,763.92
Total	4,165,535,890.92	4,247,680,763.92

(1) Dividends Receivable**1) Classification of Dividends Receivable**

Unit: RMB

Project (or Invested Unit)	Closing Balance	Opening Balance
Shandong Pharmaceutical	186,000,000.00	
Total	186,000,000.00	

(2) Other receivables**1) Other receivables categorized by the nature of the funds**

Unit: RMB

Nature of the funds	Closing balance	Opening Balance
Guarantee Deposit	98,597,037.50	98,617,037.50
Export Refunds	6,807,503.13	2,982,236.49
Employee Imprest	3,378,537.00	3,754,737.00
Temporary Payments Receivable		178,933.01
Borrowed Funds	4,075,350,397.87	4,361,194,541.67
Others	758,082.17	472,076.44
Total	4,184,891,557.67	4,467,199,562.11

2) Bad Debt Provision

Unit: RMB

Bad Debt Provision	Phase One	Phase Two	Phase Three	Total
	Expected Credit Losses in the Next 12 Months	Expected credit losses for the entire extension (without credit impairment)	Expected Credit Losses for the Entire Extension (with Credit Impairment)	
Balance on January 1, 2021	218,136,891.03	546,150.58	835,756.58	219,518,798.19
Balance in the Current Period on January 1, 2021	—	—	—	—
--Transfer to Phase Two	-88,078.75	88,078.75		
--Transfer to Phase Three		-89,692.30	89,692.30	
Provisions in the Current Period	-14,189,368.31	-192,222.03	218,458.90	-14,163,131.44
Balance on June 30, 2021	203,859,443.97	352,315.00	1,143,907.78	205,355,666.75

Book balance changes with significant changes in loss provision in the current period

 Applicable Not applicable

Disclosure by age

Unit: RMB

Aging	Closing Balance
Within 1 Year (Including 1 Year)	4,083,996,382.60
1 to 2 Years	1,761,574.99
2 to 3 years	448,461.51
3 years or above	98,685,138.57
3 to 4 Years	4,021.95
4 to 5 Years	98,029,884.29
5 Years or above	651,232.33
Total	4,184,891,557.67

3) Provision for Bad debts Accrued, Recovered or Reversed in the Current Period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening Balance	Amount of Changes in the Current Period				Closing Balance
		Accrued	Recovered or Reversed	Written Off	Others	
Bad Debt Provision Based on Combinations	219,518,798.19	-14,163,131.44				205,355,666.75
Total	219,518,798.19	-14,163,131.44				205,355,666.75

4) Other Receivables of the Top Five Closing Balances Collected by Indebted Parties

Unit: RMB

Name of Unit	Nature of the Funds	Balance at the End of the Period	Aging	As a Percentage of Total Other Receivables at the End of the Period	Bad debt provision at the end of the period
Heilongjiang Biological Technology	Borrowed Funds	1,375,180,313.90	Within 1 Year	32.86%	68,759,015.70
Shandong Amino-acids	Borrowed Funds	902,126,300.98	Within 1 Year	21.56%	45,106,315.05
Shandong Jinghua	Borrowed Funds	562,274,895.47	Within 1 Year	13.43%	28,113,744.77
Shandong Vitamins	Borrowed Funds	488,395,602.76	Within 1 Year	11.67%	24,419,780.14
Zhejiang Special	Borrowed Funds	339,684,229.18	Within 1 Year	8.12%	16,984,211.46

Materials					
Total	--	3,667,661,342.29	--	87.64%	183,383,067.12

3. Long-term equity investment

Unit: RMB

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Investment in subsidiaries	6,833,278,842.12		6,833,278,842.12	6,173,278,842.12		6,173,278,842.12
Investment in affiliates and joint ventures	216,222,623.59		216,222,623.59	199,358,330.80		199,358,330.80
Total	7,049,501,465.71		7,049,501,465.71	6,372,637,172.92		6,372,637,172.92

(1) Investment in Subsidiaries

Unit: RMB

The Invested Entity	Opening Balance (Book Value)	Decrease/Increase in the Current Period				Closing Balance (Book Value)	Closing balance of provision for decline in value
		Investments Increased	Investment Decreased	Provision for impairment accrued	Others		
Xinchang Vitamins	49,407,990.15	100,000,000.00				149,407,990.15	
NHU Import & Export	13,500,000.00					13,500,000.00	
Boao Lidu	54,020,492.00					54,020,492.00	
Zhejiang VYS	5,000,000.00					5,000,000.00	
Shangyu Bio-Chem	414,100,091.44					414,100,091.44	
Shandong Pharmaceutical		586,000,000.00				586,000,000.00	
NHU (Hong Kong)	16,406,160.00					16,406,160.00	
Zhejiang Pharmaceutical	480,000,000.00					480,000,000.00	
Zhejiang	554,844,108.53					554,844,108.53	

Special Materials							
Shandong Amino-acids	2,900,000,000.00					2,900,000,000.00	
Shandong Holding	786,000,000.00		586,000,000.00			200,000,000.00	
Heilongjiang Biological Technology	900,000,000.00	400,000,000.00				1,300,000,000.00	
Shandong Jinghua		160,000,000.00				160,000,000.00	
Total	6,173,278,842.12	1,246,000,000.00	586,000,000.00			6,833,278,842.12	

(2) Investment in affiliates and joint ventures

Unit: RMB

Name of Investees	Opening Balance (book value)	Decrease/Increase in the Current Period								Closing Balance (Book Value)	Closing balance of provision for decline in value	
		Investments Increased	Investment Decreased	Investment Profit and Loss Recognized under the Equity Method	Adjustment on Other Comprehensive Income	Other Changes in Equity	Cash Dividends or Profit Declared to Distribute	Provision for Impairment Accrued	Others			
Affiliate												
Zhejiang Chunhui Environmental Protection Energy Co., Ltd.	199,358,330.80			16,864,292.79							216,222,623.59	
Total	199,358,330.80			16,864,292.79							216,222,623.59	

4. Operating income and operating costs

Unit: RMB

Item	This Period's Amount of Occurrence		Amount Occurred in the Previous Period	
	Income	Cost	Income	Cost
Main Business	2,385,252,517.66	1,634,468,165.07	2,235,493,773.37	1,357,878,710.73

Other Businesses	19,819,223.76	15,301,495.85	9,531,223.70	5,986,597.49
Total	2,405,071,741.42	1,649,769,660.92	2,245,024,997.07	1,363,865,308.22

Information about revenue:

Unit: RMB

Contract Classification	Pharmaceutical chemicals	Total
Principal Place of Business		
Of which: Domestic	1,177,299,548.21	1,177,299,548.21
Overseas	1,227,772,193.21	1,227,772,193.21
Subtotal	2,405,071,741.42	2,405,071,741.42
Main Product Types		
Of which: Nutritional products	2,352,864,603.63	2,352,864,603.63
Others	52,207,137.79	52,207,137.79
Subtotal	2,405,071,741.42	2,405,071,741.42
Time of Revenue Recognition		
Including: Commodities (Transferred at a Point)	2,405,071,741.42	2,405,071,741.42
Subtotal	2,405,071,741.42	2,405,071,741.42

Information about performance of obligations:

N/A

Information about transaction price allocated to the remaining performance of obligations:

The revenue corresponding to the performance of obligations under the contracts which are signed but are not performed or not performed completely at the end of this reporting period is RMB 411,632,910.53, in which RMB 411,632,910.53 is estimated to be recognized as revenue in 2021.

5. Investment income

Unit: RMB

Item	This Period's Amount of Occurrence	Amount Occurred in the Previous Period
Long-term equity investment income calculated by cost method	1,289,000,000.00	955,025,000.00
Long-term Equity Investment Income Measured by Equity Method	16,864,292.79	7,179,396.25
Investment Income from Disposal Trading Financial Assets	-3,841,064.35	-9,817,100.00
Including: Financial Assets at Fair Value through Profit or Loss in the Current period	-2,653,997.46	
Financial Liabilities Measured at Fair	-1,187,066.89	-9,817,100.00

Value with Changes Recorded into Current Profit and Loss		
Interest income from interbank lending	74,902,773.84	89,665,090.28
Income from financial products	22,964,570.95	67,316,825.30
Total	1,399,890,573.23	1,109,369,211.83

XVII. Supplementary Information

1. Breakdown of non-recurring gains and losses for this period

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Profit and Loss from Disposal of Non-current Assets	1,065,564.79	
The government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company and issued in the quota or quantity based on the national standards)	76,380,676.96	
Gains or losses from investment or asset management entrusted to others	29,617,969.78	
Profits and losses resulting from the changes in fair value for holding trading financial assets, derivative financial assets and trading financial liabilities, derivative financial liabilities and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and other obligatory right investment, excluding the effective hedging businesses related to the regular business operation of the Company	23,301,029.03	
Non-operating revenue and expenses other than the above	9,566,525.91	
Less: Impact of income tax	10,887,288.60	
Total	129,044,477.87	--

For items defined as non-recurring gains and losses according to the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Gains and Losses, or non-recurring gains and losses items listed in the said document defined as recurring ones, please specify the reasons.

Applicable Not applicable

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted Average ROE	Earnings per share	
		Basic Earnings per Share (RMB/Share)	Diluted Earnings per Share (RMB/Share)
Net profit attributable to common	12.02%	0.93	0.93

shareholders of the Company			
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	11.38%	0.88	0.88

3. Differences in accounting data between domestic and overseas accounting standards

(1) Differences of net profits and net assets in the financial reports disclosed according to the international accounting standards and Chinese accounting standards

Applicable Not applicable

(2) Differences of net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese accounting standards

Applicable Not applicable

Section XI Documents Available for Reference

- 1. Financial statements signed and sealed by the Company's legal representative, the person in charge of finance and accounting work, and the person in charge of accounting department;**
- 2. Originals of all the Company's documents and announcements published on newspapers designated by the China Securities Regulatory Commission within the reporting period;**
- 3. Other documents for reference.**

Zhejiang NHU Company LTD.

Legal Representative: Hu Baifan