



Stock code: 002493

Rongsheng Petrochemical Co., Ltd.

2021 Annual Report



Taking Firm Belief as the Helm and Seizing the Moment to Set Sail

——A Letter to Our Investors

Distinguished investors,

The warm spring breeze infuses the vast expanse of land with new life and vitality. The end of one journey heralds the start of another. We at Rongsheng Petrochemical forge ahead with courage and seek excellence without pause. Our efforts to write a chapter of hard work in the new era are underway.

Tribulations test one's fortitude, while challenges help one succeed.

Rongsheng Petrochemical began as a small textile factory. Following several rounds of transformation, the Company has extended its industrial chain to the upstream and created an entire industrial chain spanning the upstream and downstream of the petrochemical industry. We now conduct research, development, production, and sale of oil products, chemicals, and polyester products. Our product portfolio includes new energy, new materials, organic chemicals, synthetic fiber, resin, synthetic rubber, refinery products, aromatic hydrocarbons and their downstream, olefin and its downstream, and dozens of other categories of products. The vivid catchphrase “From one drop of oil to practically everything in the world” captures our broad scope and highlights our leadership position in the global petrochemical industry.

The past year was marked by unprecedented global shocks and a once-in-a-century pandemic. However, it also marked the centenary of the founding of the Communist Party of China (CPC), the start of the 14th Five-Year Plan period,

and the launch of the common prosperity demonstration zone. The Company took a balanced approach to pandemic response and day-to-day operations, explored innovative new methods for overcoming challenges, and delivered a good start for implementing the 14th Five-Year Plan. In 2021, our operating revenue reached RMB 177 billion, a year-on-year increase of 65%. Our profits were RMB 31.3 billion, a year-on-year increase of 87%. As of the end of 2021, our assets totaled RMB 337.2 billion, a 40% increase from the beginning of the year.

In terms of R&D input, the Company ranked 646th on the European Commission's Top 2500 Industrial R&D Investment Scoreboard in 2021, earning it the 1st position among petrochemical companies in China.

One who never shuns obstacles makes progress. Rongsheng Petrochemical has always been a competent, bold, and results-oriented industry leader while promoting high-quality development. In transitioning from downstream textile and chemical fiber to upstream refinery-petrochemical integration, the Company remained focused on its core business and overcame numerous challenges in a spirit of fortitude and resilience. We made impossible tasks possible and grew to become China's leading private petrochemical enterprise. The successful operation of the world's largest single-site refinery-petrochemical complex, Zhejiang Petroleum & Chemicals (ZPC), represents a significant component of our track record. It also improves the overall development paradigm in the Chinese petrochemical industry.

The Company has seen its production capacity, assets, and performance multiply in recent years. In addition to the projects of conventional oil refining, aromatic hydrocarbons, and ethylene, Zhejiang Petroleum & Chemicals'

refinery-petrochemical project with an annual refining capacity of 40 million tonnes enabled the Company to expand its industrial chain to the downstream new chemical materials and diversify its product portfolio by introducing a wide range of new energy and advanced material products such as EVA, DMC, PC, and ABS. As the new projects advance steadily, the production capacity of new energy materials, bioplastics, and unique and advanced synthetic materials will grow accordingly. The transition to new material will accelerate gradually.

The root of a tree is essential to its growth and the source of a river is vital to its flow. Faced with various challenges and opportunities down the road, we will constantly strive for excellence and remain steadfast in seeking long-term success. We will continue to adhere to our philosophy of “Sincere creation and preeminent pursuit,” stick to our mission of “Serving the country through industry and leading industrial development,” and realize the vision of “Become an enterprise with responsibility, leading industry status and sustainable profitability that can last beyond 100 years.”

We firmly believe that we will create a bigger miracle for Chinese private enterprises together with our investors.

The Board of Directors of Rongsheng Petrochemical Co., Ltd.

April 2022

Section I Important Notice, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company confirm that the contents in this annual report are true, accurate, and complete and have no false representations, misleading statements or material omissions, and they will severally and jointly accept legal responsibility for such contents.

Li Shuirong, Chairman of the Company, Wang Yafang, the person in charge of the Company's accounting and Zhang Shaoying, the person in charge of the Accounting Firm (Accounting Officer), hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in this annual report.

All directors have attended the Board meeting to consider this annual report.

This annual report is prepared in Chinese and English respectively. In case of any discrepancy between the two versions, the Chinese version shall prevail.

The Company's profit distribution plan reviewed and approved by the Board: Taking the total 10,099,179,979 shares of the Company as the base, a cash dividend of RMB 1.50 (tax included) per 10 shares will be distributed to all shareholders. There will be no equity dividend or conversion of equity reserve into share capital of the Company. The repurchased shares held in the Company's special repurchase securities account are not included in this profit appropriation. If the share capital changes from the disclosure of this plan due

to the conversion of convertible bonds, share repurchase, repurchase and cancellation of equity incentive plan shares, and the grant registration of some reserved shares before the equity registration date of implementing the profit distribution plan, the distribution proportion will be adjusted accordingly according to the principle that the total distribution amount remains unchanged.

CONTENTS

Section I Important Notice, Table of Contents and Definitions	4
Section II Company Profile and Key Financial Indicators	10
Section III Management Discussion and Analysis	15
Section IV Corporate Governance	58
Section V Environmental and Social Responsibility	76
Section VI Important Matters	92
Section VII Changes in Shares and Shareholders	100
Section VIII Preferred Shares	107
Section IX Bonds	108
Section X Financial Reports	113

Contents of Documents for Future Reference

- (1) The financial statements containing signature and seals of the person in charge of the Company, the person in charge of the accounting works and the person in charge of the Accounting Firm (Accounting Officer);
- (2) The original auditor's report with the seal of Pan-China Certified Public Accountants LLP and the signature and seal of the certified public accountants;
- (3) Written confirmation from directors, senior management and supervisors of the Company on the 2021 Annual Report;
- (4) The originals of all company documents and announcements that are disclosed to the public via media designated by CSRC during the reporting period;
- (5) The place where the above-mentioned documents are maintained: Office of the Board of Directors.

Definitions

Term	Reference	Definition
Company, the Company, Rongsheng Petrochemical	Refers to	Rongsheng Petrochemical Co., Ltd.
Rongsheng Holdings	Refers to	Zhejiang Rongsheng Holding Group Co., Ltd., controlling shareholder of the Company
Zhoushan Chenheyu	Refers to	Zhoushan Chenheyu Trading Co., Ltd., a subsidiary of the Company's controlling shareholder
Rongtong Logistics	Refers to	Zhejiang Rongtong Logistics Co., Ltd., a subsidiary of the Company
ZPC	Refers to	Zhejiang Petroleum & Chemical Co., Ltd., a subsidiary of the Company
Zhongjin Petrochemical	Refers to	Ningbo Zhongjin Petrochemical Co., Ltd., a subsidiary of the Company
Yisheng Investment	Refers to	Dalian Yisheng Investment Co., Ltd, a subsidiary of the Company
Shengyuan Chemical Fiber	Refers to	Zhejiang Shengyuan Chemical Fiber Co., Ltd., a subsidiary of the Company
Rongxiang Chemical Fiber	Refers to	Rongxiang Chemical Fiber Co., Ltd., a subsidiary of the Company
Hong Kong Sheng Hui	Refers to	Hong Kong Sheng Hui Co., Ltd., a subsidiary of the Company
Rongsheng (Singapore)	Refers to	Rongsheng Petrochemical (Singapore) Pte. Ltd., a subsidiary of the Company
Rongsheng International Trading	Refers to	Rongsheng International Trading Co., Ltd., a subsidiary of the Company
Yongsheng Technology	Refers to	Zhejiang Yongsheng technology Co. Ltd., a subsidiary of the Company
Rongsheng New Materials (Zhoushan)	Refers to	Rongsheng (Zhoushan) New Materials Co., Ltd., a subsidiary of the Company
Zhejiang Yisheng	Refers to	Zhejiang Yisheng Petrochemical Co., Ltd., a joint stock subsidiary of the Company
Hengyi Trading	Refers to	Ningbo Hengyi Trading Co., Ltd., a joint stock subsidiary of the Company
Xiaoshan Rural Commercial Bank	Refers to	Zhejiang Xiaoshan Rural Commercial Bank, a joint stock subsidiary of the Company
Zhejiang Petroleum	Refers to	Zhejiang Petroleum Co., Ltd., a joint stock subsidiary of ZPC
ZPC (Singapore)	Refers to	Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd., a subsidiary of ZPC
Yushan petrochemical	Refers to	Zhoushan Yushan Petrochemical Engineering Co., Ltd, a subsidiary of ZPC

Jintang Logistics	Refers to	Jintang Logistics Co., Ltd, a subsidiary of ZPC
Dingsheng Petrochemical	Refers to	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd, a joint stock subsidiary of ZPC
Derong Chemicals	Refers to	Zhejiang Derong Chemicals Co. Ltd., a joint stock subsidiary of ZPC
ENN (Zhoushan)	Refers to	ZPC-ENN (Zhoushan) Gas Co., Ltd., a joint stock subsidiary of ZPC
Yisheng New Materials	Refers to	Zhejiang Yisheng New Materials Co., Ltd., a holding subsidiary of Zhongjin Petrochemical
Niluoshan New Energy	Refers to	Ningbo Niluoshan New Energy Co., Ltd., a subsidiary of Zhongjin Petrochemical
Yisheng Dahua	Refers to	Yisheng Dahua Petrochemical Co., Ltd., a subsidiary of Yisheng Investment
Hainan Yisheng	Refers to	Hainan Yisheng Petrochemical Co., Ltd., a joint stock subsidiary of Yisheng Investment
Hong Kong Yisheng	Refers to	Hong Kong Yisheng Co., Ltd., a subsidiary of Yisheng Dahua
Dalian rongxincheng	Refers to	Dalian rongxincheng Trading Co., Ltd., a subsidiary of Yisheng Dahua
Dalian Kaichuang	Refers to	Dalian Kaichuang Trade Co., Ltd, a subsidiary of Yisheng Dahua
Rongtong New Materials	Refers to	Zhejiang Rongtong New Materials Co., Ltd., a subsidiary of Yisheng Dahua
Rongxiang (Shanghai)	Refers to	Rongxiang (Shanghai) Chemical Co., Ltd., a subsidiary of Rongsheng International Trading
Yisheng Chemical	Refers to	Ningbo Yisheng Chemical Co., Ltd, a subsidiary of Hong Kong Sheng Hui
Shanghai Brilliance Rating	Refers to	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
The Securities Supervision Commission, CSRC	Refers to	China Securities Regulatory Commission
Stock exchange, SZSE	Refers to	Shenzhen Stock Exchange
Guosen Securities	Refers to	Guosen Securities Co., Ltd.
Yuan, 10,000 yuan	Refers to	RMB 0.00, RMB 10,000.00
Reporting period	Refers to	1 Jan. 2021 to 31 Dec. 2021

Section II Company Profile and Key Financial Indicators

I. Company Profile

Stock abbreviation	Rongsheng Petrochemical	Stock code	002493
Change d stock abbreviation (if any)	None		
Listed on	Shenzhen Stock Exchange		
Company name in Chinese	荣盛石化股份有限公司		
Company abbreviation in Chinese	荣盛石化		
Company name in the foreign language (if any)	RONGSHENG PETROCHEMICAL CO., LTD.		
Company abbreviation in the foreign language (if any)	RSPC		
Legal representative of the Company	Li Shuirong		
Registered address	No.98, Hongyang Road, Yinong Town, Xiaoshan District, Hangzhou, Zhejiang Province		
Zip code of the registered address	311247		
Historical changes in the registered address of the Company	None		
Office address	Building of Zhejiang Rongsheng Holding Group, Yinong Town, Xiaoshan District, Hangzhou, Zhejiang Province		
Zip code of office address	311247		
Company website	http://www.cnrspc.com		
E-mail	rspc@rong-sheng.com		

II. Contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Quan Weiyong	Hu Yangyang
Address:	Building of Zhejiang Rongsheng Holding Group, Yinong Town, Xiaoshan District, Hangzhou	Building of Zhejiang Rongsheng Holding Group, Yinong Town, Xiaoshan District, Hangzhou
Telephone	0571-82520189	0571-82520189

Fax	0571-82527208 extension 8150	0571-82527208 extension 8150
E-mail	qwy@rong-sheng.com	yangyang@rong-sheng.com

III. Information Disclosure and Archiving Place

Website of the stock exchange where the Company discloses the annual report	Shenzhen Stock Exchange (http://www.szse.cn)
Name and website of the media selected by the Company to disclose the annual report	<i>Securities Times, China Securities Journal</i> and Cninfo (www.cninfo.com.cn)
Archiving place for the annual report of the Company	Office of the Board of Directors

IV. Registration Changes

Organization code	91330000255693873W
Changes in the Company's main business since its listing (if any)	No change
Changes of previous controlling shareholders (if any)	No change

V. Other Relevant Information

The accounting firm hired by the Company

Name of accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Office address of the accounting firm	Tower B, China Resources Building, No.1366, Qianjiang Road, Jianggan District, Hangzhou
Name of signing accountants	Jia Chuan, Xu Haihong

The sponsor employed by the Company to perform the continuous supervision duties in the reporting period

Name of sponsor	Office address of sponsor	Name of sponsor representatives	Period of continuous supervision
Guosen Securities Co., Ltd.	Floor 5, Cathaya Building, No.105, Tiyuchang Road, Hangzhou, Zhejiang Province	Gu Pan, Luo Fuqi	October 12, 2020 to December 31, 2021

VI. Key Accounting Data and Financial Indicators

Whether the Company makes retroactive adjustments or restates the accounting data of previous fiscal years?

Yes No

	2021	2020	Increase/decrease in the year over the	2019

			previous year	
Operating income (RMB)	177,024,277,492.78	107,264,993,119.44	65.03%	82,499,880,682.37
Net profit attributable to shareholders of the listed company (RMB)	12,823,546,813.07	7,308,588,924.22	75.46%	2,206,876,648.96
Net profit attributable to shareholders of the listed company net of non-recurring gain and loss (RMB)	12,431,679,422.84	6,345,743,862.12	95.91%	1,967,209,333.12
Net cash flow from operating activities (RMB)	33,564,785,433.94	17,506,772,759.88	91.72%	-2,051,878,647.15
Basic earnings per share (RMB per share)	1.27	0.75	69.33%	0.23
Diluted earnings per share (RMB per share)	1.27	0.75	69.33%	0.23
Weighted average return on net assets	29.95%	26.34%	3.61%	10.18%
	2021 YE	2020 YE	Increase/decrease at the end of the year over the end of the previous year	2019 YE
Total assets (RMB)	337,177,246,196.66	241,514,928,108.98	39.61%	182,586,715,778.64
Net assets attributable to shareholders of the listed company (RMB)	48,838,798,372.71	36,966,341,775.73	32.12%	22,554,598,828.24

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

1. Differences in net profits and net assets in financial reports disclosed in accordance with international accounting standards and China accounting standards

Applicable Not applicable

In the reporting period of the Company, there is no difference in the net profits and net assets disclosed in the financial report under international accounting standards and China accounting standards.

2. Differences in net profits and net assets in financial reports disclosed in accordance with foreign accounting standards and China accounting standards

Applicable Not applicable

In the reporting period of the Company, there is no difference in the net profits and net assets disclosed in the financial report under foreign accounting standards and China accounting standards.

VIII. Key Quarterly Financial Indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	34,581,094,168.46	49,835,009,659.24	44,940,956,209.63	47,667,217,455.45
Net profit attributable to shareholders of the listed company	2,621,617,207.07	3,944,764,472.22	3,555,419,857.36	2,701,745,276.42
Net profit attributable to shareholders of the listed company net of non-recurring gain and loss	2,458,416,909.22	3,492,637,443.20	3,355,103,909.06	3,125,521,161.36
Net cash flow from operating activities	5,200,674,066.87	16,909,742,969.34	11,517,779,375.75	-63,410,978.02

IX. Items and Amounts of Non-recurring Gain and Loss

Unit: RMB

Item	Amount of 2021	Amount of 2020	Amount of 2019
Gains or losses on disposal of non-current assets (including the part written-off with provision for asset impairment accrued)	10,301,050.55	1,845,426.60	24,465,540.18
Tax refund or reduction and exemption upon ultra vires approval or without official approval documents	379,932.50	51,916,769.65	8,770,702.27
Government grants recognized in current gain and loss (excluding grants entitled to in quota or ration according to certain criteria under national policies and which are closely relevant to the Company's normal business operations)	114,513,331.64	122,096,499.53	178,151,426.69
Fund possession cost included in current gain and loss charged to non-financial enterprises	2,035,569.54	589,494.21	4,358,999.72
Income generated from investment cost for acquiring subsidiaries, associated enterprises or joint ventures falling below the fair value of share in the recognizable net asset of the investee when the investment is conducted	281,497.24		
Gains/losses from the entrusted investment or asset management	625,599.45	54,863.01	727,176.82
Except for effective hedging business related to the normal business operations of the Company, changes in gains and losses of fair value arising from trading financial assets, trading financial liabilities, investment income obtained from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	785,398,586.27	974,267,028.62	77,233,284.82
Reversal of impairment provision for receivables subject to a separate impairment test			508,565.70
Gain/loss from external entrusted loans	26,123,140.37	36,617,287.74	28,663,604.56
Other non-operating revenues and expenditures except for the aforementioned items	6,062,244.39	2,247,644.34	5,636,416.99
Other profit/loss items falling within the definition of non-recurring	9,366,961.04	2,897,012.17	164,998.05

gain or loss			
Less: Affected amount of income tax	134,234,216.27	122,175,835.06	42,764,000.88
Affected amount of minority shareholders' equity (after tax)	428,986,306.49	107,511,128.71	46,249,399.08
Total	391,867,390.23	962,845,062.10	239,667,315.84

Section III Management Discussion and Analysis

I Industry of the Company during the Reporting Period

Despite the numerous difficulties and challenges across the globe in 2021, China managed to sustain its economic recovery, and the petrochemical industry has entered a stage of high-quality development. The Company seized this opportunity and achieved major progress.

1. Global economy

In 2021, brought about by the continual COVID-19 pandemic, the world has faced many issues, including the supply chain crisis, energy crisis, and inflation. The three crises appear to be independent, but they are all affecting and correlating with one another. Most economies have adopted loose monetary and fiscal policies to address the crises, causing their recovery processes to vary in length and speed.

GDP and GDP growth rate of the top ten countries in the world in 2021

Region	Regional GDP (USD 100 million)		GDP per capita (USD)	
	GDP in 2021	Year-on-year growth%	GDP per capita in 2021	Per capita GDP ranking
US	229,396	6.0	69,375	5
China	168,630	8.1	11,891	59
Japan	51,031	2.4	40,704	24
Germany	42,302	3.1	50,788	17
UK	31,084	6.8	46,200	21
India	29,461	9.5	2,116	143
France	29,404	6.3	45,028	22
Italy	21,202	5.8	35,585	26
Canada	20,160	5.7	52,791	15
ROK	18,239	4.3	35,196	27

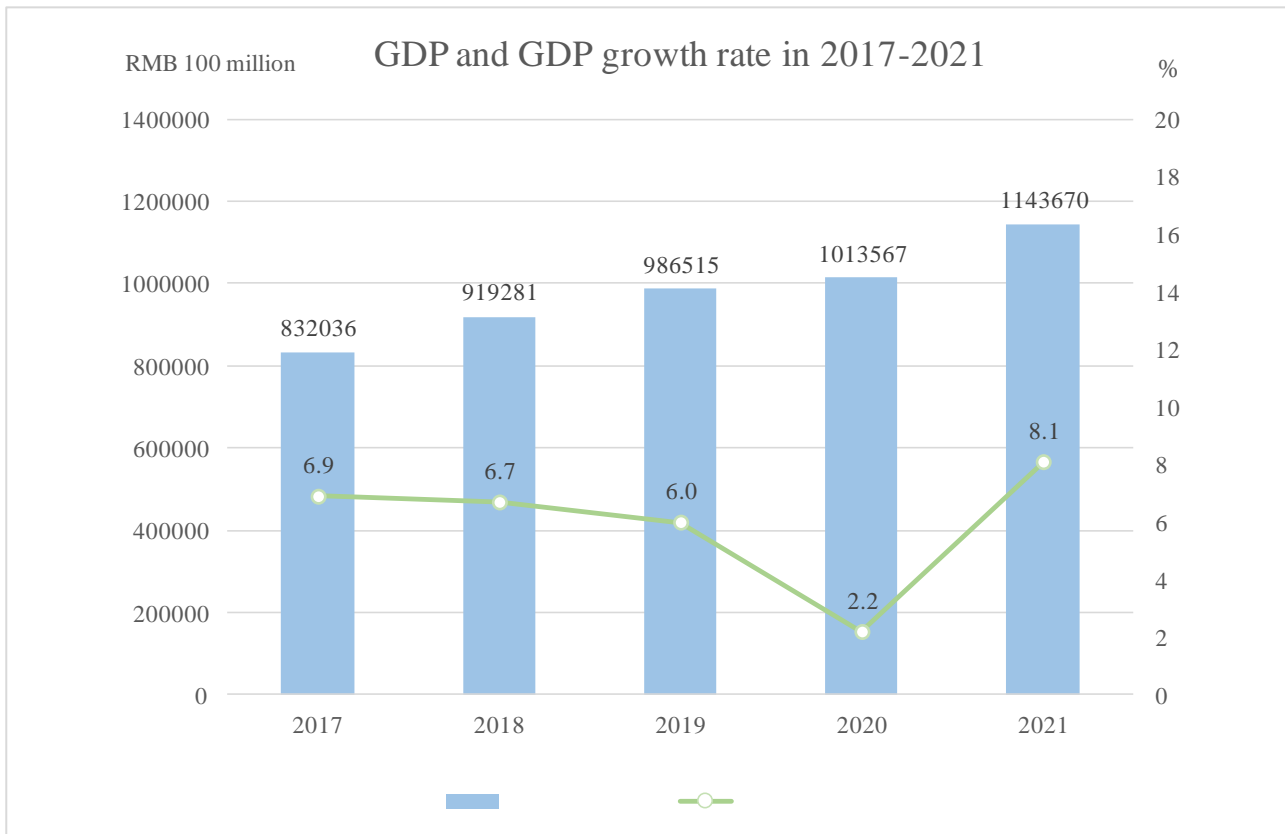
Source: International Monetary Fund (IMF)

2. China's economic situation

2021 is a year of exceptional significance. China upheld the underlying principle of pursuing progress while ensuring stability; oversaw the full, accurate, and comprehensive implementation of the new development philosophy; accelerated the building of a new development paradigm; and achieved a good start to the 14th Five-Year Plan. In 2021, China's economy continued to recover in the context of a continual global supply-demand gap and the effective control of the pandemic at home. As such, China's GDP exceeded RMB 110 trillion for the first time, with a year-on-year growth of 8.1%, an average growth of 5.1% in two years, and a two-year compound growth rate of 5.0% in the first quarters, 5.5% in the second quarter, 4.9% in the third quarter, and 5.2% in the fourth quarter under the base effect.

The tendency of GDP growth varied from the high to the low, weakening quarter by quarter from a year earlier. The economy gradually recovered in the first half of the year while going down more than expected in the second half. Structurally, industrial production retreated from its highs and real estate increased first followed by a decrease, which are the main reasons for economic fluctuations. Although the export sector remained strong and manufacturing recovered steadily, the consumer-related infrastructure was sluggish. There are three main factors contributing to the slowdown of economic recovery: first, an unbalanced economic recovery structure under the background of a continuing pandemic; second, marginal weakening of the support from policy factors to the economy; and third, the centralized introduction of medium and long-term structural adjustment measures such as "carbon peaking and carbon neutrality" and reducing the dependence of economic growth on real estate in the short term has restricted production.

On the whole, however, China has become the world's second largest economy, the largest industrial country, the largest trader of goods, and the largest foreign exchange reserve holder, with a total economic volume exceeding RMB 100 trillion and a per capita GDP exceeding USD 10,000. With an urbanization rate of more than 60%, China has more than 400 million middle-income groups and over 170 million people with higher education or various professional skills. As a large economy, China has the scale and agglomeration economic effects, a solid material foundation, and many favorable conditions to realize a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. With world-leading economic development and pandemic prevention and control measures, China has accelerated the growth of national science and technological strength, improved the toughness of its industrial chain, further promoted the reform and opening up policy, strengthened the protection of people's livelihoods, and continued to carry forward the construction of ecological civilization.



Data source: Statistical Bulletin on National Economic and Social Development of the People's Republic of China in 2021

3. Situation of the petrochemical industry

China's internal and external development situation has become more complex and severe during the 14th Five-Year Plan. Given the increasing intensity of international competition, the limitations of domestic resources and the environment, and the requirements of "carbon peaking and carbon neutrality", China has to further accelerate the pace of domestic economic transformation.

As a pillar industry of the national economy, the petrochemical industry has a large economic aggregate, a long industrial chain, various kinds of products, and a wide range of associative coverage. It is of great importance to the safety and stability of the industrial and supply chains, green and low-carbon development, and the improvement of people's livelihoods. In recent years, the State Council and relevant functional departments have successively issued policies to promote the healthy development of the petrochemical industry.

Time	Policy issuance department	Policy	Key content	Nature of policy
Apr. 2022	National Development and Reform Commission	Guidance on promoting high-quality development of the petrochemical industry in the	By 2025 China's petrochemical industry will basically follow a high-quality development pattern featuring a strong independent innovation capability, with a reasonable structural layout that is green, safe and	Normative policy

	and other five commissions	14 th -Five-Year Plan	low-carbon. With the guarantee ability of high-end products and core competitiveness being greatly improved, it will make achievements based on sci-tech self-reliance and self-strengthening at higher levels.	
Jan. 2022	The General Office of People's Government of Zhejiang Province	<i>Notice of the General Office of People's Government of Zhejiang Province Printing and Distributing 20 Articles of Effective Investment Expansion Policies in Zhejiang Province</i>	On the basis of strictly controlling the intensity of energy consumption, provide specific regulations on energy consumption to major projects that belong to the "six fields" or meet the "four conditions" of the country. Make sure that the three petrochemical projects, including the phase II project of ZPC, have been included in the national petrochemical industry planning and layout plan.	Supporting policy
Oct. 2021	National Development and Reform Commission	<i>Action Plan for Strict Energy Efficiency Constraints in Key Petrochemical and Chemical Industries for Energy Conservation and Carbon Reduction (2021-2025)</i>	By 2025, through the implementation of energy conservation and carbon reduction actions, the proportion of production capacity reaching the benchmark level in the oil refining, ethylene, synthetic ammonia and calcium carbide industries will exceed 30%, the overall energy efficiency level of the industry will be significantly improved, the carbon emission intensity will be significantly reduced, and the ability of green and low-carbon development will be significantly enhanced.	Supporting policy
Feb. 2021	The State Council	<i>Guiding Opinions on Accelerating the Establishment and Improvement of Green and Low-carbon Circular Economic System</i>	We will improve the production system of green and low-carbon recycling development and promote the green upgrading of industry. We will accelerate the green transformation of petrochemical, chemical, nonferrous and other industries. We should promote the green design of products and build a green manufacturing system. We will implement compulsory cleaner production audit in the "double super and double energy consuming" industries according to law. We will improve the identification method of "scattered pollution" enterprises, and implement measures such as shutdown and banning, integrated relocation, rectification and upgrading. We will accelerate the implementation of the pollutant discharge permit system.	Normative policy
Dec. 2017	National Development and Reform Commission	<i>Guidance on Promoting Green Development of Petrochemical Industry</i>	Enhancing the main responsibility consciousness of green development of enterprises and comprehensively improving the green development level of petrochemical enterprises is one of the key tasks of the current petrochemical industry. According to the <i>Guidance</i> , the green development of the petrochemical industry should complete four key tasks: first, optimize the industrial layout and standardize the development of industrial parks; Second, accelerate the upgrading and	Normative policy

			transformation and vigorously develop green products; Third, improve the scientific and technological strength; Fourth, improve green development standards of the industry.	
Feb. 2015	National Development and Reform Commission	<i>Notice of the National Development and Reform Commission on Issues Related to the Use and Management of Imported Crude Oil</i>	The NDRC issued more detailed application conditions for the use qualification of imported crude oil for the first time, solving the "bottleneck" problem of oil sources of local oil refining enterprises for a long time.	Supporting policy

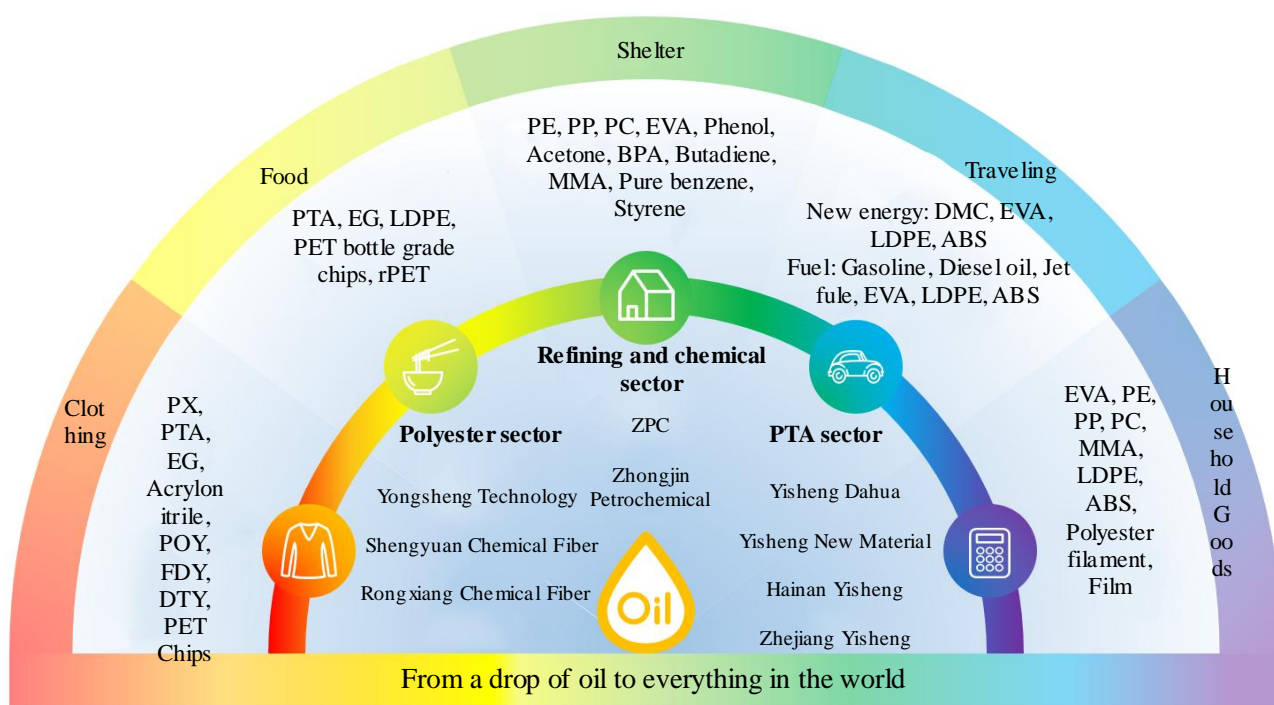
The economic performance of China's petrochemical industry in the first year of the 14th Five-Year Plan was much greater than expected. According to statistics from the China Petroleum and Chemical Industry Federation (CPCIF), the crude oil processing volume of the industry exceeded 700 million tonnes, with a year-on-year increase of 4.3%, and the total output of major chemicals increased by 5.7%. Among them, the output of refined oil increased by 7.9% (gasoline by 17.3%, diesel by 2.7%), fuel oil increased by 22.1%, naphtha increased by 12.6%, ethylene increased by 18.3%, synthetic resin increased by 5.8% (PE by 9.7%, PP by 10.5%, PVC by 2.1%), synthetic rubber increased by 2.6%, and polyester increased by 9.3%. The operating revenue of the whole industry reached RMB 14.45 trillion, a year-on-year increase of 30%; the total profit was RMB 1.16 trillion; and the total import and export volume was USD 860.08 billion, a year-on-year increase of 126.8% and 38.7%, respectively. According to the relevant statistics of the National Bureau of Statistics and the General Administration of Customs of the People's Republic of China, the performance has far exceeded the expectations made at the beginning of the year, especially in terms of the record-high operating revenue and profits.

However, underlying concerns still remain. The capacity of China's petrochemical industry has increased rapidly, and its scale continues to expand. At present, most petrochemical products are facing the situation of overcapacity and oversupply. Some high-end petrochemical products have relied on imports for a long time due to technology limitations, especially in high-end fields such as synthetic resin, synthetic rubber, and special chemicals. With a large amount of annual import volume, some products have a high degree of dependence on foreign trade in the long term. Although China's newly added capacity has alleviated the original problem of under-supply, another concern is that our technological innovation is only able to make up for the shortcomings of some high-end products. The above problems have seriously restricted the construction of a new development paradigm that takes domestic circulation as the mainstay and domestic and international circulations as reinforcing each other.

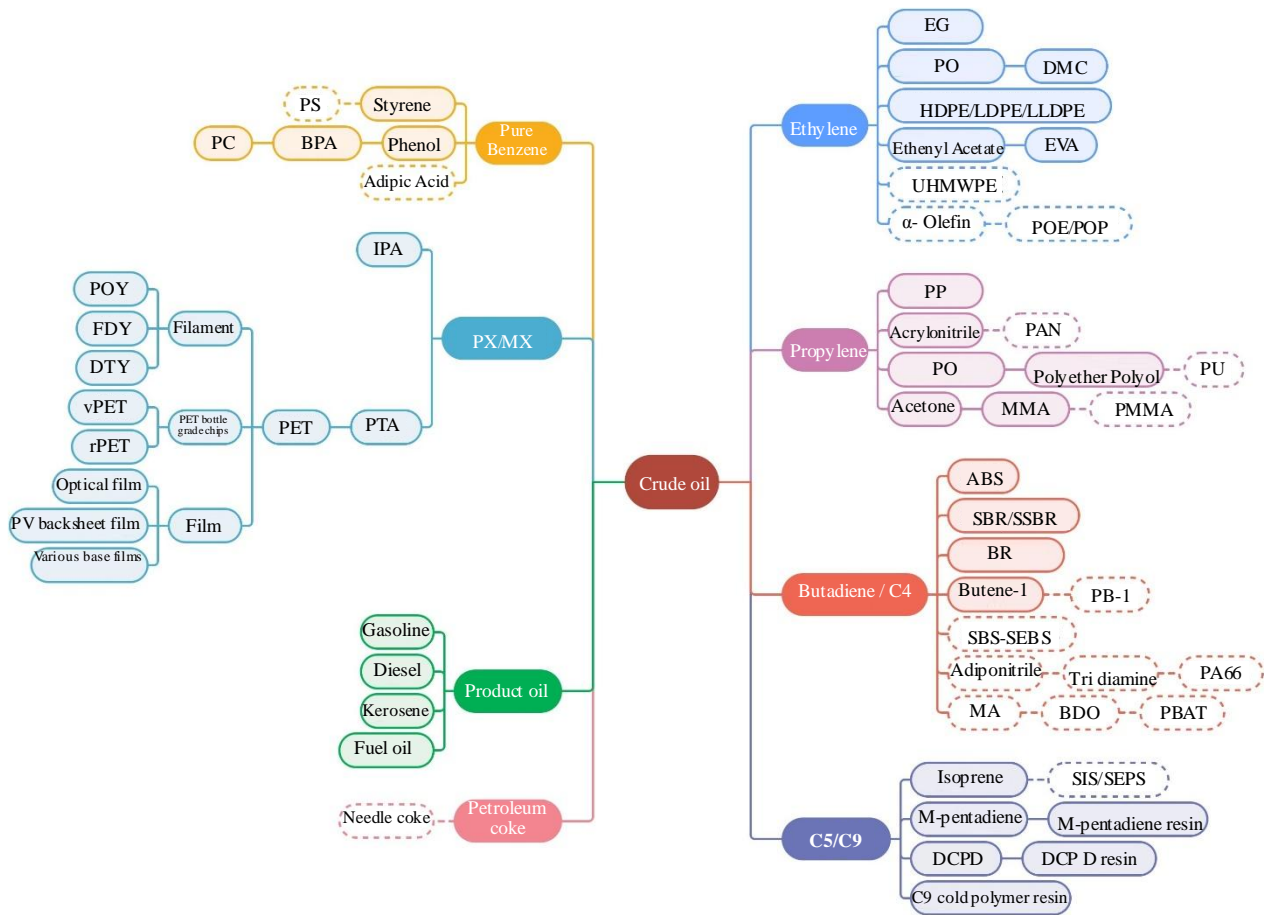
II Main Businesses of the Company during the Reporting Period

1. Main products

Oil not only benefits mankind in the field of transportation, but also exists in almost every aspect of our daily life, such as clothes, quilts, toothbrushes and other daily necessities, as well as artificial rubber, plastics, dyes, spices, explosives, medical supplies, saccharin, soap, synthetic fiber, synthetic detergent and so on. The raw materials of these items cannot be produced without oil. At present, more than 5,000 kinds of petroleum products are playing irreplaceable roles in people's modern life.



During the reporting period, the Company's main business includes the R&D, production and sales of various chemicals, oil and polyester products. The products are rich in types and complete in specifications, covering many fields such as new energy, new materials, organic chemical, synthetic fiber, synthetic resin, synthetic rubber and oil, mainly including more than 30 categories of products such as olefins and their downstream products, aromatics and their downstream products, oil products, etc. The Company has basically realized "from a drop of oil to everything in the world", and is constantly improving the new energy and new material industry chain on the basis of the existing global super-large integrated refining base and complete upstream and downstream supporting facilities.



Note: products marked by dotted line / dotted box are products planned

2. Management measures

At present, the petrochemical industry is transforming its growth model, upgrading its quality and performance, and making its growth drivers more robust. Under such a background, although encountered the external pressure of the whole industry brought about by the external environment, the Company firmly grasped development opportunity by changing the pressure into power, and once again realized a rapid development successfully.

1) Progress of project investment and solid acceleration of industrial layout

In 2021, the Company focused on promoting the construction of ZPC Phase II project and achieved fruitful results. At present, the Phase II project has been fully put into operation, adding 20 million tonnes/year of oil refining capacity, 6.6 million tonnes/year of aromatics and 1.4 million tonnes/year of ethylene production capacities, keeping up with the pace of the Phase I project and maintaining efficient and stable operation. Among them, the EVA unit has produced qualified products in less than a week since its feeding, a number of its operation processes have created the first level in the industry during the start-up processes. Compared with Phase I, the output of fine chemical products in Phase II is more abundant, such as the low-density, high-density and linear low-density polyethylene products, and other products in short supply in the market, such as EVA, polycarbonate, butadiene, etc., and the product utilization and added value have also been further improved. In

addition, the bottle grade chip project and the rPET project were put into operation successively by Yisheng Dahua and Hainan Yisheng, the 6 million tonnes/year of PTA project of Ningbo Yisheng New Materials and the 200,000 tonnes/year of M-xylene project of Ningbo Zhongjin Petrochemical have successfully produced products, the optical film and photovoltaic backplane film projects under construction of Shaoxing Yongsheng Technology have been put into operation, and its planned projects are under construction, and the Phase II project of Shengyuan Chemical Fiber is also under intense construction. At the same time, the Company also focuses on the market to actively deploy high-end new materials. The new material project of ZPC and several new material park projects are also in progress.

2) Vigorous efforts for green development and firm implementation of low carbon strategy

The Company always adheres to the concept of green development, actively explores low-carbon measures for environmental protection, and continuously strengthens the research and development and application of clean technology. The ZPC Phase II project adopted the subversive "slurry bed residue hydrogenation" process in the petrochemical industry to improve the residue conversion capacity and realize the efficient utilization of fossil fuels. At the same time, ZPC recovers and purifies carbon dioxide from the tail gas discharged from the built units by adsorption purification technology and uses the purified gas as the feed gas for units for DMC Synthesis and other units, reducing 120,000 tonnes of carbon dioxide per year. The Company is committed to green and low-carbon transformation. ZPC and Tsinghua University have established a Green Petrochemical Innovation Center to focus on "carbon dioxide capture and high value-added utilization, Nylon-66 industrial chain technology, and VOCs treatment technology". Hainan Yisheng's 50,000 tonnes of food-grade RPET was successfully put into operation in December, and another 90,000 tonnes of production capacity is in progress. Once put into operation, it will become the largest food-grade RPET supplier in China. In addition, green projects such as the manganese and oil removal projects of Zhongjin Petrochemical and the photovoltaic backplane base film of Yongsheng Technology were also put into operation last year. The Company has also continuously promoted the innovation and practice of energy conservation and consumption reduction through carbon emission management, energy management, cleaner production, green office and other aspects.

3) System for strict pandemic control and effective guarantee for safe production

Since 2020, the Company has always adhered to both work safety and pandemic prevention and control, ensuring the safety and stability of the Company's overall production and operation. During the second half of last year, the pandemic broke out successively in Shaoxing, Ningbo, Hangzhou, and other places. In the face of the situation of complex personnel flow and blocked the material flow of enterprises during the pandemic, the Company's senior management responded quickly and urgently to formulate and implement a series of pandemic prevention measures. Everyone in the Company came together and cooperated efficiently, ensuring the continued stability of all employees' health and production safety effectively.

4) Heartwarming social responsibility and faithfully practiced for common prosperity

The Company is adamant about sharing its development achievements with society and contributing to the creation of a harmonious and beautiful society in a variety of ways, including education assistance, poverty

alleviation, medical assistance, and care for vulnerable groups. By the end of the reporting period, nearly 20,000 employees of the Company paid a total of over RMB 10.4 billion in taxes. In addition, the Company has set up the "Rongsheng Education Reward Fund" and awarded about RMB 900,000 to teachers and students in Yinong. The Company's newly established "ZPC Daishan Education Fund" fully promotes the high-quality development of Daishan County's education with an annual support of approximately RMB 10 million. The RMB 100 million worth of funds (contributed by installment) for the Charity Federation in Xiaoshan District has been increased to RMB 130 million to carry out various social assistance activities such as "poverty relief, education assistance, medical assistance, elderly care, disabled assistance, orphan care, and disaster relief". The Company established the Rongsheng Health Care Fund to assist families or individuals hit by serious illnesses and gave back to local residents in Yinong. The Company also set up the Hangzhou Police Care Fund, with an annual contribution of RMB 500,000 to support the police and auxiliary police facing difficulties. Through the "linking villages and townships" assistance work plan, the Company partnered with Tonglu's Eshan Township and invested RMB 200,000 every year to support local social development.

5) In-depth communication with shareholders and steady capital operation

In 2021, the Board of Directors of the Company convened and held board meetings and general meetings of shareholders in strict accordance with relevant laws and regulations, the *Articles of Association* and other relevant provisions to review and make decisions on various major matters of the Company. At the same time, the Company attached great importance to investor relations management, actively answered investors' questions through e-mail, hotline, and the Shenzhen Stock Exchange's IRM platform, organized various large-scale institutional offline research, actively participated in the investment strategy summits of securities institutions, and maintained full communication with the majority of investors, laying a foundation for the strategy of realizing the Company's value and ensuring the maximum value of shareholders. Moreover, last year, the Company's cash dividend exceeded RMB 1 billion, and the cumulative dividend since its listing was about RMB 4.5 billion, which has truly repaid the majority of investors. Since this year, the A-share market has fluctuated greatly, and the share price has fallen irrationally. Based on the recognition of the Company's value and confidence in its long-term development, the Company has carried out a share repurchase on a scale of RMB 1 to 2 billion for the development of future projects. The operation of the project needs strong financial support. Therefore, the Company actively issued green bonds for financing and also closely cooperated with various financial institutions to broaden the source of funds through multiple channels. This enabled the Company to escort the high-quality development.

3. Operation synergy

1) Controlling shareholder

Rongsheng Holdings ranks 255th among Fortune 500, 76th among the top 500 Chinese enterprises and 13th among China's top 500 private enterprises. Its business involves oil and gas upstream industry and trading, coal, logistics, equipment manufacturing, process engineering technology, real estate, venture capital and other fields, with oil, gas and coal business distributions in Canada, China's Shanxi Province and other places; The Rongtong

Logistics, a subsidiary of Rongsheng Holdings, is a national AAAA rated logistics enterprise with a mature and stable cooperative operation platform for carriers; Suzhou Shenghui Equipment controlled by Rongsheng Holdings specializes in the design, manufacture and sales of pressure vessels, low-temperature equipment, spherical tanks and marine equipment; Shanghai Huanqiu Engineering, a joint-stock subsidiary of Rongsheng Holdings, has rich experience in engineering EPC; There are also a number of other investments of Rongsheng Holdings in progress. The above contents have a strong synergy and complementary effect with the business of listed companies.

2) Refining and chemical sector

2.1. ZPC

As the largest single refining and chemical integration project in the world, the 40 million tonnes/year of refining and chemical integration project of ZPC has distinct scale advantages. The project configured more chemical products in the corresponding petrochemical products, which not only gets rid of the fluctuation dependence of a single product, but also provides abundant space for the development of the downstream fine chemical industry; ZPC enjoys a high degree of integration and process complexity due to its one-off design and construction; The refined oil, aromatics and olefins that can be flexibly adjusted according to market conditions and the highly adjustable equipment all enhanced the ability of risk resistance; There are four sets of atmospheric and vacuum units for 40 million tonnes of oil refining, which are suitable for processing crude oil from multiple sources and reducing the risk of crude oil from a single source. At present, ZPC owns the largest slurry bed unit in the world with the highest residue conversion rate, and its aromatics and ethylene units have been rated as advanced units in key areas of Zhejiang Province.

Located in Zhejiang Free Trade Zone, ZPC enjoys various preferential policies in the free trade zone and has continuously obtained the export quota of refined oil; Yushan Island, where it is located, is an uninhabited island. Therefore, it is convenient for development and utilization, and will have little impact on the surrounding society and broad development space in the future; Being close to the consumer market, ZPC enjoys a prominent position advantage as a sea-land hub at the Ningbo-Zhoushan port with convenient access to bulk materials and products, and a significantly low transportation costs.

ZPC actively cooperates with domestic and foreign companies and has carried out research and development of petrochemical related technologies, new materials and new products with the Green Petrochemical Innovation Center established by Tsinghua University, focusing on key research directions such as "carbon dioxide capture and high value-added utilization, Nylon-66 industrial chain technology and VOCs treatment technology"; ZPC Zheyong Technology Co., Ltd. was jointly established by ZPC and UOP for catalyst R&D and production, and 20,000 tonnes/year of hydrogenation catalyst will be put into operation soon; ZPC also established Zhejiang Petroleum Co., Ltd. to explore the sales of refined oil. At present, more than 200 comprehensive energy supply stations have been put into operation by the Company. The C5/C9 resin produced by ZPC's partner, Zhejiang Derong Chemical Co., Ltd., has realized the deep processing of C5/C9 components; Zhejiang Petrochemical Xinao (Zhoushan) Gas Co., Ltd., a joint-stock subsidiary of ZPC, is contributing to the

stability of natural gas supply.

ZPC is further distributing the existing new energy and new material industries through the existing high-performance resin projects. At present, it is promoting the supporting logistics base project and further strengthening the crude oil handling and storage capacity by building a new wharf and an oil tank farm. The α olefin project of ZPC has been set up, and the relevant work is also in progress, laying the foundation for the downstream development of the Company. In addition, there are also other new projects being constantly distributed and promoted.

2.2. Zhongjin Petrochemical

In 2021, Zhongjin Petrochemical completed its technical transformation and upgrading through a major overhaul, improving its product yield and its benefit level significantly. With the promotion of the carbon peaking and carbon neutrality strategies, Zhongjin Petrochemical has increased the technical and capital investment in improving energy efficiency and resource recycling, and increased the thermal efficiency of the main unit heating furnace to more than 95% through the heating furnace waste heat recovery project. The capacity expansion project through manganese removal has made the rainwater in the plant area applicable as industrial water; The upgrading for energy-saving of rich gas compressor has reduced the medium pressure steam consumption of the equipment, achieving remarkable energy-saving effect. Moreover, the transformation projects of adding frequency converters have saved more than 3 million kWh of power annually, solving the problem of energy conservation and emission reduction from the "source".

2.3. Rongsheng New Materials (Zhoushan)

A project company, Rongsheng new materials (Zhoushan), has been established to build a number of projects with high technology content, high growth and high value-added in the midstream and downstream petrochemical industry. At present, the preliminary work is advancing in an orderly manner.

3. PTA sector

The Company has its own patented PTA production technology. With obvious competitive advantages, the Company has completed the technical transformation of old devices, improved their quality and consumption, and put new devices into operation. During the reporting period, under the adverse external conditions of the repeated pandemic, Yisheng New Materials completed the construction and production of PTA first-line devices, and orderly promoted the installation and construction of second-line devices according to the plan. At present, the first-line and second-line devices have been successfully put into operation. Based on the existing stable business, Hainan Yisheng is actively promoting new projects. Among them, 50,000 tonnes of food-grade RPET were successfully put into operation in December, and another 90,000 tonnes of production capacity is in progress. Hainan Yisheng will become the largest food-grade RPET supplier in China once all of them are put into operation.

4. Polyester sector

With the general policy of "safety and environmental protection, quality improvement, cost reduction and benefits increase", the Company focuses on strengthening pandemic prevention and control, implementing

hidden danger treatment, boosting process optimization and promoting lean production management. The Company's new projects are also advancing. Yongsheng Technology is continuously expanding the production capacity of high-end film and is going to put 70,000 tonnes of production lines into operation this year. The 500,000 tonnes of differentiated fiber project of Shengyuan Phase II, which mainly produces flame-retardant, functional and dye-free fiber products, is also in progress.

Procurement mode of main raw materials

Unit: RMB / tonne

Main raw materials	Procurement mode	Proportion in the total purchase amount	Significant changes in settlement method	Average price in the first half of the year	Average price in the second half of the year
Crude oil	Quotation purchase	62.80%	No significant change	2,943.66	3,704.96
Naphth	Quotation purchase	2.43%	No significant change	3,905.80	4,825.54
Fuel oil	Quotation purchase	3.12%	No significant change	2,598.82	3,297.46
PX	Quotation purchase	9.36%	No significant change	5,068.48	5,771.92

Production technology of main products

Main products	Development stage of production technique	Core technical personnel	Proprietary technology	Product R&D advantages
PX	Industrial application	Several core technical personnel	Introduction and innovation	High purity and long operation cycle
PTA	Leading position in China	Several core technical personnel	Introduction and innovation	The core technology of this product has its own independent intellectual property rights. The Company has participated in the formulation of the national standards for the energy consumption limit per unit product of this product. The energy consumption of the product performs better than the national advanced level.
PTA	Mass-production	Several core technical personnel	Introduction and innovation	Large production capacity, low investment, low energy consumption and high environmental protection level
Ethylene, Propylene	Stage of technology application	Several core technical personnel	Introduction and innovation	Using the patented technology of TS & W company of the United States, the raw materials will be cracked in the high-temperature cracking furnace tube by steam cracking to generate a low molecular weight hydrocarbon mixture, that is, pyrolysis gas. The pyrolysis gas containing ethylene, propylene and other products will be quenched, compressed, alkali washed, dried, hydrogenated, and undergo cold-thermal separation and methanization to produce polymer grade ethylene and polymer grade propylene and other products.
FDPE	Stage of technology application	Several core technical personnel	Introduction and innovation	Univation company's Unipol process technology (low-pressure gas-phase production process) can produce high, medium and linear low-density polyethylene products. Using ethylene as the main raw material and butene-1 or Hexene-1 as a comonomer, linear low density and some medium and high-density polyethylene granular resins can be produced.
HDPE	Stage of technology application	Several core technical personnel	Introduction and innovation	The HDPE unit adopts the INNOVENES slurry loop polymerization process of INEOS Company, and produces bimodal and unimodal polyethylene products through two loop reactors in series. The reaction should be carried out at medium temperature and pressure. With mild reaction conditions, the proprietary concentration equipment can improve the slurry concentration and reduce the load of the solvent recovery unit.

EVA/LDPE	Stage of technology application	Several core technical personnel	Introduction and innovation	The LUPOTECHT tubular reactor technology from LyondeIIBasell company can switch to produce LDPE homopolymer resin particles of different brands and EVA copolymer resin particles with VA content less than or equal to 28% in one production line.
PE	Stage of technology application	Several core technical personnel	Introduction and innovation	LyondeIIBasell company has developed the Spherizone process based on Spheripol process technology. The Spherizone process based on multizone circulating reactor (MZCR) technology is adopted to divide a reactor into two reaction areas to control the reaction conditions independently. The gradually growing polymer particles will circulate quickly and repeatedly in the two reaction areas to realize the "onion-shaped" uniform mixing in the polymer particles.
PC	Stage of technology application	Several core technical personnel	Introduction and innovation	1) Diphenyl carbonate unit: DPC is produced by using the patented technology of ester exchange between dimethyl carbonate and phenol of lummus company in the United States. DPC products are of high quality and suitable for the production of high-quality polycarbonate; 2) Polymerization unit: the patented technology of non-phosgene transesterification and melt polycondensation of EPC company in German is adopted. Main features: compared with phosgenation, the technology has lower emission of environmental pollutants, higher product yield, lower monomer residue and larger single line production capacity.
PBA	Stage of technology application	Several core technical personnel	Introduction and innovation	Bisphenol A (BPA) ion exchange resin process technology uses phenol and acetone as raw materials and catalyzes the condensation reaction in an acidic medium to produce BPA.
C6+ reformat	Stage of technology application	Several core technical personnel	Introduction and innovation	The third generation CycleMax ultra-low pressure continuous reforming process of UOP and the R-334 reforming catalyst are adopted for continuous reforming. The catalyst regeneration unit adopts UOP third-generation catalyst regeneration process CycleMax and Chlorsorb™ absorption technology.
PX	Stage of technology application	Several core technical personnel	Introduction and innovation	The adsorption and separation unit adopts the latest LD-Parex process of UOP and ADS-50 adsorbent, that is, using toluene as desorbent, using simulated moving bed (SMB) technology and supporting adsorption and separation process to produce PX products. The xylene fractionation unit adopts the fractionation process matched with LD-Parex to cut qualified raw materials meeting the feed requirements for adsorptive separation and other process units through side line extraction and tower top fractionation, respectively; The Isomerization unit adopts Isomar process technology and I-500 ethylbenzene dealkylation catalyst.
Aromatic	Mass-production	Several core	Introduction	The Company's ultra-low pressure continuous reforming aromatics production technology mainly

		technical personnel	and innovation	introduces the process technology of UOP, and uses R-264 high-density catalyst and CycleMax regeneration process to prepare aromatics, making the catalyst transportation more stable, reducing the operating pressure of reforming reaction greatly, and also meeting the required reaction severity scale ($RON \geq 105$). The overall performance of the technology has reached the international advanced level.
Polyester	Mass-production	Several core technical personnel	Introduction and innovation	Short process, large production capacity, low consumption of raw materials and utilities
Polyester	Large-scale application	Several core technical personnel	Introduction and innovation	Maximum output, maximum conversion rate and minimum energy consumption. Increased production and efficiency while controlling energy consumption by tapping the potential of equipment; Improved energy utilization and reduced production costs; Eliminated the filter blockage and labor waste, saved the bagging cost, and brought the Company considerable economic benefits; Using the patented technology of the Company, basic magnesium sulfate whisker, four-needle zinc oxide whisker, magnesium salt whisker, β Type silicon nitride whisker, melamine cyanurate, micro-encapsulated Red Phosphorus Retardant, ethylene glycol, etc. are made into flame-retardant and anti-droplet whisker ethylene glycol solution through certain manufacturing process; The solution is added to the slurry preparation tank to produce flame-retardant and anti-droplet polyester through esterification, pre-polycondensation and final polymerization.
Multi-functional polyester bottle grade chip	Leading position in China	Several core technical personnel	Introduction and innovation	The core technology of this product adopts the current international advanced high-temperature crystallization cutting and UOP solid-phase polycondensation process, with a short process, low energy consumption, and domestic leading performance of comprehensive energy consumption per unit product.
Fiber	Large-scale application	Several core technical personnel	Introduction and innovation	Taking the melt direct spinning POY-DTY process route, the melt is ejected from the independently designed Y-shaped spinneret hole, then cooled by side blowing, bunched and oiled, and rolled into trilobal light weight special-shaped POY multifilament. POY is then made into trilobal light weight and high elastic DTY polyester filament through the texturing process. The polyester filament has low bulk density, light weight and soft fabric feel.
Fiber	Large-scale application	Several core technical personnel	Introduction and innovation	Using the patented technology of the Company, the spinneret hole structure of "one long, two short and three slits" is designed, and the melt discharge is randomly adjusted by the metering pump, so that the thin flow of flat melt ejected from the spinneret holes of the three slits sometimes adheres, sometimes does not

				adhere, and sometimes partially adheres, making variable shaped polyester filaments, realizing the differences of three-dimensional structure between monofilaments in radial profiled degree, linear density, number and longitudinal.
Fiber	Large-scale application	Several core technical personnel	Introduction and innovation	Using the patented technology of the Company and flame-retardant and anti-droplet polyester as raw material, adopt single component spinning or composite spinning technology to produce a single component or two-component sheath-core composite flame-retardant and anti-droplet POY-DTY and FDY polyester filaments.
Fiber	Large-scale application	Several core technical personnel	Introduction and innovation	Through the independent design and installation of multiple addition points, online adding equipment with various additional materials, dynamic and static mixing equipment, oil nozzle, winding machine, etc. on the melt direct spinning line, the existing equipment was optimized to obtain benefits from the differentiated and high-end products of polyester melt direct spinning and realize transformation and upgrading. The contradiction between large capacity polyester plants and the production of small batch and multi-agent functional differentiated fibers has been solved. The main products include flame-retardant, antistatic, colored and full extinction functional modified fibers.
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	The Company's technology for producing products with monofilament sizes of 0.5 to 1.0 dpf is relatively mature and has provided technical support and experience for the research and development of finer products. Due to the large market capacity of fine denier silk, the high-capacity direct spinning production line has the characteristics of stable product quality, low energy consumption, low cost and long lot number. It has great advantages in developing ultra-fine denier products. The technology is independently developed by the Company. On the premise of ensuring the quality, through the R&D and innovation in spinning texturing process technology and online quality control, the production speed is improved and the production efficiency per unit time is increased. At present, the Company has a mature production technology of ultra-fine denier products less than 0.5dpf with stable quality. The products will be mainly used for high-grade fabrics and decorative fabrics.
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	The technology is independently developed and completed by the Company. It is used to process DTY and FDY in uniform military green, black and other colors. No dyeing is required after weaving, so the products hardly lose colors in daily use and are mostly used to weave fabrics for special purposes.
Texturing	Mass-production	Several core	Introduction	The composite filament is made of two or more fibers. The processed product has the characteristics of a

		technical personnel	and innovation	variety of fibers, as soft, breathable and tactile as FDY-DTY composite filament, spandex-DTY composite filament, etc. In the process of DTY processing, the Company adds other kinds of fibers before DTY enters the second hot box for setting treatment and then put DTY into the second hot box for setting and winding. Adjusted by the temperature of the second hot box, the double-ultra, the tri-ultra and the winding process, the coating effect of the composite wire is effectively improved. This product is widely used in high-end fabric weaving with great market demand.
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	The special-shaped cross-section polyester fiber improves the capillary effect of the fiber in the fabric by opening grooves on the fiber side wall, so that sweat can quickly migrate to the surface of the fabric and disperse through the functions of core absorption, diffusion and transmission, achieving the purpose of moisture conduction and quick drying and improving the moisture permeability of polyester fabric.
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	Generally, the twist residue will be generated after silk-processing. It will be difficult for some kinds of cloth or post processing equipment to weave due to the residual torque of the silk itself, or making the products unable to meet the requirements of the customer for the flatness of the cloth surface. Therefore, this torque residue must be eliminated. By installing the untwisting device and using the processed low torque nozzle, the Company reverses the twisting direction of the wire with its processing direction by reversing the torsion with gas and setting the shapes of products during the reversal to produce a low torque effect, which is generally less than plus or minus ten turns per meter. During the production process, in the two-way model equipment, one way is doing S-shaped twisting and the other doing Z-shaped twisting. After the combination of the products produced in the two ways, the torsion of the two wires counteracts each other, resulting in the effect of no torsion. This technology is generally used to produce mesh wire. For subsequent processing, the products produced in this way have the advantages of flat cloth surface, easy weaving, rich tactile and uniform dyeing, especially the Bujin cloth. Therefore, it is very suitable for high-grade decorative fabrics.
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	The Company uses conventional polyester and high shrinkage polyester to produce blend fiber via melt spinning. The melt is sprayed into silk through a rectangular hole spinneret with a super large proportion of length-width ratio of 7:1. The ultra-fine fiber with a linear density of dpf less than or equal to 0.83 dtex is produced at a certain winding speed by using a ring blowing cooling device. Due to the flat fiber section and the sharp reduction of the linear density of single silk, the product has many advantages different from conventional fibers, such as silky softness, smoothness, unique luster, strong fabric coverage and so on.

Texturing	Mass-production	Several core technical personnel	Introduction and innovation	<p>Flame-retardant chips and conventional polyester chips are used for blended spinning, and negative ion containing nano tourmaline powder is injected in a certain proportion during processing to release masterbatch for melt spinning. High ignition point negative ion fiber is prepared by self-owned patents "a spinning device for preparing single component sheath-core functional fiber (Patent No.: ZL201320137466.7)" and "a sheath-core type special-shaped fiber (Patent No.: ZL201320137458.2)". Negative ions with high ignition points are produced by gathering flame-retardant and tourmaline powder on the fiber surface.</p>
Texturing	Mass-production	Several core technical personnel	Introduction and innovation	<p>Taking some high shrinkage polyester instead of the ordinary one as carrier, the fiber production technology blends nanoscale toner with PBT polyester in a more appropriate proportion to prepare a high shrinkage color masterbatch. POY with strength exceeding 2.08cN/dtex and elongation exceeding 160% was successfully spun by means of setting low temperature, lengthening windless zone and adding insulation zone. POY with high strength and high elongation is used for false twisting, with a processing speed of 550 m/min. The technology also adopts the process of low-temperature drawing at 150 °C and shape-setting at 145 °C, combining with the optimization of twisting speed ratio, twisting angle and overfeed to overcome the problems of broken filament and ossified filament.</p>

Capacity of main products

Main products	Design capacity (10,000 tonnes)	Capacity utilization
Gasoline	682	100%
Diesel	380	100%
Kerosene	456	100%
PX	1,050	100%
EG	240	100%
Styrene	156	100%
M-xylene	20	100%
PE	155	100%
PP	180	100%
EVA	30	100%
PC	52	100%
ABS	40	100%
PTA	1,900	100%
PIA	30	100%
FDY	110	100%
Bottle chips (including rPET)	270	100%
Films (including optical film)	25	100%

Note: The products of the Company are rich in types, complete in specifications and flexible in production. The product structure can be flexibly adjusted to a certain extent according to the market situation.

Types of products in major chemical parks

Major chemical parks	Types of products
Zhoushan Green Petrochemical Base	Products in the petrochemical industrial chain
Ningbo Petrochemical Economic & Technological Development Zone	Products in the petrochemical industrial chain
DaGuShan Chemical Industrial Park at Jinpu New Area, Dalian	Products in the petrochemical industrial chain

EIA approvals being applied for or newly obtained during the reporting period

Project	EIA approval document number
Water intake and drainage supporting project for the 40 million tonnes/year integrated refining-chemical ZPC integration project	NO. 1 [2021] Sea Area Utilization Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Cezi Island oil depot connection project of ZPC integration project	NO. 23 [2021] Project Construction Adjudication by Zhoushan Ecology and Environment Bureau
Raw material optimization supporting project for the 40 million tonnes/year integrated refining-chemical ZPC integration project	NO. 14 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Liquid Chemical Wharf 8-12# berth project of the Wharf Project (Phase II) for the 40 million tonnes/year integrated refining-chemical ZPC	NO. 15 [2021] Project Construction Audit by Daishan

integration project	branch of Zhoushan Ecology and Environment Bureau
Phase II of the seawater desalination project of Zhoushan Green Petrochemical Base	NO. 18 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Phase III of the seawater desalination project of Zhoushan Green Petrochemical Base	NO. 19 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Self-provided gas-fired cogeneration project for the 40 million tonnes/year integrated refining-chemical ZPC integration project	NO. 11 [2021] Project Construction Audit by Zhoushan Ecology and Environment Bureau
Power center supporting project of Zhoushan Green Petrochemical Base	NO. 12 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Ethylene cracking by-products comprehensive utilization 2# truck loading and unloading station project	NO. 22 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Liquid Chemical Wharf 13-18# berth project of the Wharf Project (Phase II) for the 40 million tonnes/year integrated refining-chemical ZPC integration project	NO. 25 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Loading and unloading facilities reconstruction project of Liquid Chemical Wharf (Phase I) of ZPC	NO. 29 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
New high-density polyethylene and other chemical equipment construction project of ZPC	NO. 31 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau
Supporting energy-saving transformation project of Niluoshan power station	NO. 30 [2021] Permission from Zhenhai Branch of Ningbo Ecology and Environment Bureau
New chemical warehouse project	NO. 42 [2021] Permission from Zhenhai Branch of Ningbo Ecology and Environment Bureau
Purified terephthalic acid (PTA) project with an annual output of 2.5 million tonnes	NO. 58 [2021] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone
1.8 million tonnes/year functional material project	NO. 149 [2021] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone

Relevant approvals, permits, qualifications, and validity terms

NO.	Unit approved	Qualification / license	Approval department	Validity term
1	ZPC	National Industrial Product Manufacture Licensing Certificate	Zhejiang Provincial Administration for Market Regulation	December 30, 2025
2	ZPC	Registration Certificate for Hazardous Chemicals	Zhejiang Provincial Registration Center for Chemicals	June 14, 2023
3	ZPC	Safe Production License	Zhejiang Provincial Emergency Management Department	December 27, 2023
4	ZPC	Pollutant Discharge Permit	Zhoushan Ecology and Environment Bureau	July 18, 2024
5	ZPC	License for Port Operation	Zhoushan Shipping and Port Administration	October 20, 2023

6	Yushan Petrochemical	Pollutant Discharge Permit	Zhoushan Ecology and Environment Bureau	April 2, 2024
7	Zhongjin Petrochemical	National Industrial Product Manufacture Licensing Certificate	Zhejiang Provincial Administration for Market Regulation	February 11, 2023
8	Zhongjin Petrochemical	Safe Production License	Zhejiang Provincial Emergency Management Department	June 4, 2023
9	Zhongjin Petrochemical	Registration Certificate for Hazardous Chemicals	Registration Center for Chemicals of Emergency Management Department	October 14, 2022
10	Zhongjin Petrochemical	Pollutant Discharge Permit	Zhenhai Branch of Ningbo Ecology and Environment Bureau	December 31, 2025
11	Niluoshan New Energy	Pollutant Discharge Permit	Zhenhai Branch of Ningbo Ecology and Environment Bureau	December 31, 2022
12	Rongsheng Petrochemical	Safety Production Standardization Certificate	Hangzhou Municipal Emergency Management Department	April 2023
13	Rongsheng Petrochemical	Pollutant Discharge Permit	Hangzhou Municipal Emergency Management Department	November 5, 2026
14	Shengyuan Chemical Fiber	Pollutant Discharge Permit	Hangzhou Municipal Emergency Management Department	November 5, 2026
15	Yongsheng Technology	National Industrial Product Manufacture Licensing Certificate	Zhejiang Provincial Administration for Market Regulation	August 11, 2026
16	Yongsheng Technology	Pollutant Discharge Permit	Shaoxing Ecology and Environment Bureau	August 27, 2023
17	Yisheng Dahua	Safe Production License	Liaoning Provincial Emergency Management Department	March 28, 2025
18	Yisheng Dahua	License for Port Operation of the People's Republic of China	Dalian Traffic and Transportation Bureau	July 29, 2022
19	Yisheng Dahua	Registration Certificate for Hazardous Chemicals	Liaoning Provincial Work Safety Service Center	November 16, 2023
20	Yisheng Dahua	Pollutant Discharge Permit	Dalian Ecology and Environment Bureau	October 13, 2023

The Company mainly import crude oil as raw materials from stable and reliable suppliers abroad. At present, the Company's import volume of crude oil is about 40 million tonnes/year, and its products are mainly sold in the domestic market. Thanks to the stable national tax policy, the Company's production and sales are also stable and sustainable. Each production base of the Company is adjacent to high-quality ports, connected with canals, and equipped with complete wharf facilities. The total storage capacity of Mamu crude oil depot and Yushan Island crude oil depot has reached 4.6 million m³, which is the largest storage capacity of domestic refining and chemical facilities. As the most concentrated resource allocation base for oil and gas enterprises in China,

Zhejiang free Trade Zone has an oil depot capacity of more than 30 million m³, including Huangzeshan Island, Cezi Island and Waidiao Island. Most of the oil pipeline networks are interconnected, making local transportation available.

Engaging in chemical fiber industry

The Company's polyester sector produces polyester filament. The main products include polyester pre-oriented yarn (POY), polyester full draw yarn (FDY) and polyester draw texturing yarn (DTY). Polyester has excellent textile performance and wearability and can be widely used for spinning and weaving or blended weaving with natural fibers such as cotton, wool, silk, hemp and other chemical fibers. It is suitable for making clothing, interior decorative fabrics and carpets. The products produced by the Company are mainly sold in the domestic market. Thanks to the stable national tax policy, the Company's production and sales are also stable and sustainable.

III Analysis of Core Competitiveness

As one of the leading enterprises in the petrochemical industry with leading comprehensive strength in China, the Company's core competitiveness is mainly reflected in the following aspects:

1. Complete industrial synergistic advantage

After years of development and improvement, the Company has seized the opportunity of industrial adjustment, achieved rapid growth, and formed the development strategy of "from a drop of oil to everything in the world". Both the extension of the industrial chain and the coordinating upstream and downstream sectors are helpful for the Company to effectively reduce business costs. While ensuring the supply of raw materials, they can also ensure the reliability and stability of product quality, and also improve the Company's sustainable profitability and risk resistance.

The interconnection between Zhoushan Green Petrochemical Base and Ningbo Petrochemical Base can realize the coordinated development of Ningbo and Zhoushan bases. Pipeline transportation has greatly reduced the risk and cost of water and land transportation. A large number of light hydrocarbon raw materials produced by Ningbo Petrochemical Base are transported to Zhoushan Green Petrochemical Base through pipelines, which can be used as high-quality ethylene raw materials. The surplus oil of Zhoushan Green Petrochemical Base can also be transported to Ningbo Petrochemical Base as high-quality raw material for the production of aromatics.

The construction of the ZPC Project has supporting facilities that can meet the supply and demand of crude oil in the two phases of the project. The total storage capacity of Mamu crude oil depot and Yushan Island crude oil depot has reached 4.6 million m³, which is the largest storage capacity among domestic refining and chemical facilities. As the most concentrated resource allocation base for oil and gas enterprises in China, the Zhejiang Free Trade Zone has an oil depot capacity of more than 30 million m³, including Huangzeshan Island, Cezi Island, and Waidiao Island. Most of the oil pipeline networks are interconnected, making local transportation available.

2. Remarkable location advantage

The Company's production bases are located along the eastern coastline of China, including the "Circum-Bohai Sea Economic Zone" in Dalian City, Liaoning Province; the "Yangtze River Delta Economic Circle" in Ningbo City, Zhejiang Province; and the "Maritime Silk Road" in Haikou City, Hainan Province. Each production base of the Company is adjacent to high-quality ports, connected with canals and equipped with complete wharf facilities. The main raw materials and other auxiliary raw materials required for production can be unloaded and stored at the chemical material wharf built or rented by the Company, which has provided convenient transportation of bulk raw materials and inventory adjustment. The ZPC Project is located in the major consumption area of oil and chemical products, consuming 40% of domestic petrochemical and chemical products, and the area's production capacity of plastics and chemical fiber accounts for 90% of the country. Refined oil has many sales channels and enjoys strong policy support and obvious competitive advantages. ZPC took the lead in other private enterprises and cooperated with Zhejiang Provincial Energy Group Company to establish Zhejiang Petroleum, taking the lead in the layout of the refined oil retail business. ZPC plans to deploy 700 gas stations in Zhejiang Province. At present, more than 200 gas stations have been put into operation. The Ministry of Commerce officially approved granting ZPC the export qualification of non-state-owned trade refined oil. As the first private refining and petrochemical enterprise to obtain export permission, ZPC took the lead in opening sales channels in Southeast Asia. In the face of the excess supply of domestic refined oil, this export permission given to ZPC has become more valuable.

3. Excellent strategic layout advantages

The management of the Company has a keen sense of investment, accurate timing for project operation and excellent investment and financing capacity. The Company started its business in the polyester chemical fiber sector and experienced many years of development. With the full-scale operation of the 40 million tonnes/year refining and chemical integration project of its subsidiary in early 2022, ZPC has become the largest single refinery in the world. With the lowest product oil yield and the largest PX production capacity, the project has become the largest PX production base in the world. The project continues to maximize the production and recover light components as raw materials for the ethylene cracking unit, and has made a one-time differentiated layout of downstream supporting chemical units. Due to the mutual provision of materials and main devices as well as the interconnected utilities, the maintenance of a single device does not affect the production load of the whole unit, and thus can achieve the goal of maintenance at the staggered time and long-term continuous operation of the plant. The advanced heavy oil processing technology adopted by the Company has stronger adaptability to raw materials and a higher conversion rate of reaction, taking the lead in terms of process, scale, and supporting facilities.

Relying on the 40 million tonnes/year refining and chemical integration project of ZPC, the Company has accelerated the layout of downstream new chemical materials, aimed at the field of new energy and high-end materials, and has deployed a number of new energy and new material products such as EVA, DMC, PC and ABS, continuously enriching its product chain. With the steady progress of new projects, the Company's production capacity of new energy materials, renewable plastics, special synthetic materials, and high-end synthetic materials will be expanded in an orderly manner, and the transformation of new materials will be

gradually accelerated.

4. Strong research and development and innovation advantages

We uphold a technological research and development pattern driven by both independent innovation and cooperation. We have established many world-class research and development platforms, including a high-tech research and development center, a workstation for academicians and experts, an enterprise technology center, and a post-doctoral science and research workstation. Moreover, we engage in active technology exchanges and discussions and promote industry-university-research collaboration to acquire resources from universities, the community, and the Company. With all sectors of society, we jointly promote our research capabilities and technological advancement and together create an innovation ecosystem that is open, healthy, and cooperative, where everyone can benefit. In recent years, the Company has continuously promoted scientific research cooperation with domestic and foreign countries and increased its research and development investment year by year to maintain a leading level in the industry.

The Company's main manufacturing subsidiaries are all national high-tech enterprises with strong research and development strength and rich process operation experience accumulated during long-term production management. The Company has selected a new technical route for Zhongjin's petrochemical project, using fuel oil (cheaper than naphtha) to produce some aromatic products. In doing so, the Company has not only eased the shortage of global naphtha supply but also greatly saved raw material procurement costs by introducing the concept of "circular economy". Hydrogen, the by-product, was used to process fuel oil into naphtha, laying the foundation for the promotion of the ZPC Project. By building projects with PTA patented technology, the Company has effectively reduced the investment cost and operation cost per unit capacity, enhanced the competitiveness of products, and accumulated rich experience in the domestic fabrication of complete sets of technology and equipment. The Company summarized the successful application of large-scale melt direct spinning polyester and spinning technology in the early projects for further development and improvement in the later projects.

5. Rich human resource advantages

The Company's core management team has rich professional experience and keen insight. Made up of efficient doers, the team has a deep understanding of the petrochemical and chemical fiber industries and rich experience in development strategy, new business planning, resource integration, and talent training. Focusing on the construction of corporate culture, the Company has formed a good working atmosphere and strong corporate cohesion. The Company has also trained a group of stable core management, research and development, and technical talents through internal training and introduction. The Company attaches importance to the cultivation of on-the-job staff. Based on reality and comprehensive planning, the Company is constantly broadening the staff selection platform and formulating an effective incentive mechanism. To maintain the practical and effective work of the staff, the Company has improved the benefits of employees, optimized the professional title assessment system, and clarified the promotion standards and incentives. In addition, the Company combined the employee examination with performance evaluation and replaced some evaluations with competition to

dynamically evaluate employees' comprehensive quality and form a healthy competition of competing through learning and competing for first place. Following the principle of "different measures for different talents and making good use of the strengths of talents", every employee will have the opportunity to exercise their abilities.

6. Efficient operation and management advantages

The Company adheres to system construction, integrates digitization, intelligence, standardization, process, and regulation into operations; actively strengthens IT construction; comprehensively integrates business links such as sourcing, production, inventory, and sales; and constantly improves the rapid response ability. The Company has established a complete set of effective management systems in combination with actual situations, defined post responsibilities and work flow, and effectively reduced the operation costs through fine management. Through years of efforts, the Company's information construction, performance appraisal, credit management and other systems are at the leading level in the industry. At the same time, the Company has further improved its cohesiveness and influence through brand and cultural construction and won honors such as "The World's 25 Most Valuable Chemicals Brand", "Global Top 50 Chemical Firms", "High-Tech Enterprises", "Well-Known Firms in Zhejiang Province", "Well-Known Trademarks in Zhejiang Province", "AA Grade Enterprises of Entry-Exit Inspection and Quarantine Credit Management", "Model Enterprise of Machine-Replace-Labor Application", "Advanced Enterprise of Intelligent Manufacturing in Chemical Fiber Industry", "Excellent Unit of Textile Standardization in Zhejiang Province".

4. Analysis of Main Business

1). Overview

The Company pays close attention to pandemic prevention and control on the one hand and investment and development on the other hand based on the development strategy and business plan formulated at the beginning of the year. The Company adheres to promoting project construction and production business simultaneously, and pays attention to the joint improvement of industrial expansion and internal control. Driven by the sound business climate in China, the Company seized opportunities and overcame difficulties through the joint efforts of all cadres and employees, increasing all indicators to a new level. In 2021, the Company achieved an operating revenue of RMB 177.024 billion, a year-on-year increase of 65.03% compared with RMB 107.265 billion in 2020; In 2021, the Company's total profit was RMB 31.251 billion, a year-on-year increase of 87.32% compared with RMB 16.683 billion in 2020; The Company's total assets in 2021 were RMB 337.177 billion, a year-on-year increase of 39.61% compared with RMB 241.515 billion in 2020, far exceeding the industry average. On the whole, despite the uncertain economic situation, the Company has not only effectively guaranteed the normal and orderly business operation, but also fully completed the construction of major projects, continued to maintain a strong development momentum, and successfully entered the ranks of the world's leading enterprises.

2). Revenue and cost

(1) Composition of operating revenue

Unit: RMB

	2021		2020		Year-on-year increase (decrease)
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	177,024,277,492.78	100.00%	107,264,993,119.44	100.00%	65.03%
By industry					
Petrochemical Industry	141,545,586,534.19	79.96%	82,225,539,927.05	76.66%	72.14%
Polyester chemical fiber industry	14,259,804,470.96	8.06%	10,118,412,016.07	9.43%	40.93%
Trade and others	21,218,886,487.63	11.98%	14,921,041,176.32	13.91%	42.21%
By product					
Oil refining products	52,587,161,375.41	29.71%	27,673,737,592.23	25.80%	90.03%
Chemical products	68,450,484,484.85	38.67%	41,811,204,287.20	38.98%	63.71%
PTA	20,507,940,673.93	11.58%	12,740,598,047.62	11.88%	60.97%
Polyester chemical fiber film	14,259,804,470.96	8.06%	10,118,412,016.09	9.43%	40.93%
Trade and others	21,218,886,487.63	11.98%	14,921,041,176.30	13.91%	42.21%
By region					
China	144,963,349,323.79	81.89%	99,097,008,289.58	92.39%	46.28%
Overseas	32,060,928,168.99	18.11%	8,167,984,829.86	7.61%	292.52%

(2) Industry, product, region and sales mode accounting for more than 10% of the Company's operating revenue or operating profit

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Year-on-year increase (decrease) in operating revenue	Year-on-year increase (decrease) in operating cost	Year-on-year increase (decrease) in gross profit margin

By industry						
Petrochemical Industry	141,545,586,534.19	95,658,561,273.15	32.42%	72.14%	53.66%	8.13%
Polyester chemical fiber industry	14,259,804,470.95	13,137,851,783.97	7.87%	40.93%	42.22%	-0.84%
Trade and others	21,218,886,487.64	21,293,349,171.02	-0.35%	42.21%	45.55%	-2.30%
By product						
Oil refining products	52,587,161,375.41	32,778,382,642.21	37.67%	90.0%	59.2%	12.05%
Chemical products	68,450,484,484.85	42,592,589,377.80	37.78%	63.7%	42.9%	9.08%
PTA	20,507,940,673.93	20,287,589,253.14	1.07%	61.0%	71.1%	-5.86%
Polyester chemical fiber film	14,259,804,470.92	13,137,851,783.97	7.87%	40.9%	42.2%	-0.84%
Trade and others	21,218,886,487.67	21,293,349,171.02	-0.35%	42.2%	45.5%	-2.30%
By region						
China	144,963,349,323.79	98,664,761,186.13	31.94%	46.28%	26.4%	10.69%
Overseas	32,060,928,168.99	31,425,001,042.01	1.98%	292.52%	288.79%	0.94%

(3) Whether revenue from physical sales is higher than service revenue

Industry	Item	Unit	2021	2020	Year-on-year increase (decrease)
Petrochemical Industry	Sales quantity	tonne	27,437,022.28	24,372,251.87	12.57%
	Production quantity	tonne	34,770,151.03	31,564,906.66	10.15%
	Inventory	tonne	1,067,283.91	553,285.91	92.9%
Polyester chemical fiber industry	Sales quantity	tonne	2,151,208.55	1,860,810.99	15.61%
	Production quantity	tonne	3,665,396	3,579,872.04	2.39%
	Inventory	tonne	108,148.54	91,962.12	17.60%

Reasons for the year-on-year change of more than 30% in relevant data:

During the reporting period, the inventory of products in the petrochemical industry increased by about 514,000 tonnes compared with the same period last year. The main reason is the production of ZPC Phase II

Project at the end of the year, which led to the increase in inventory at the end of the reporting period.

(4) Composition of operating costs

Industry and product

Unit: RMB

Industry	Item	2021		2020		Year-on-year increase (decrease)
		Amount	Proportion in operating income	Amount	Proportion in operating income	
Petrochemical Industry	Raw material	87,648,840,949.25	91.63%	56,296,575,493.91	90.43%	1.20%
Petrochemical Industry	Labor wage	580,189,562.63	0.61%	303,552,393.59	0.49%	0.12%
Petrochemical Industry	Depreciation	3,748,374,143.33	3.92%	3,119,521,048.31	5.01%	-1.09%
Petrochemical Industry	Energy	3,043,471,275.07	3.18%	2,102,696,087.58	3.38%	-0.20%
Petrochemical Industry	Other	637,685,342.87	0.67%	432,627,815.61	0.69%	-0.03%
Total		95,658,561,273.15	100.00%	62,254,972,839.00	100.00%	
Polyester chemical fiber industry	Raw material	11,552,626,929.86	87.93%	8,211,932,472.25	88.90%	-0.96%
Polyester chemical fiber industry	Labor wage	234,411,869.64	1.78%	225,885,757.44	2.45%	-0.66%
Polyester chemical fiber industry	Depreciation	222,208,766.99	1.69%	130,631,025.47	1.41%	0.28%
Polyester chemical fiber industry	Energy	863,088,082.91	6.57%	530,106,856.54	5.74%	0.83%
Polyester chemical fiber industry	Other	258,659,906.31	1.97%	139,032,518.18	1.51%	0.46%
Total		13,137,851,783.97	100.00%	9,237,588,629.87	100.00%	

Unit: RMB

Product	Item	2021		2020		Year-on-year increase (decrease)
		Amount	Proportion in	Amount	Proportion in	

			operating income		operating income	
Refinery products	Raw material	29,807,341,595.29	90.94%	18,697,818,545.99	90.84%	0.10%
Refinery products	Labor wage	238,952,822.71	0.73%	113,501,685.81	0.55%	0.18%
Refinery products	Depreciation	1,410,199,350.79	4.30%	1,090,497,475.81	5.30%	-1.00%
Refinery products	Energy	1,152,553,303.17	3.52%	646,658,524.68	3.14%	0.37%
Refinery products	Other	169,335,570.24	0.52%	35,074,948.58	0.17%	0.35%
Total		32,778,382,642.21	100.00%	20,583,551,180.88	100.00%	0.00%
Chemical products	Raw material	38,659,319,533.66	90.77%	26,735,781,462.57	89.67%	1.09%
Chemical products	Labor wage	310,404,910.49	0.73%	167,882,126.15	0.56%	0.17%
Chemical products	Depreciation	1,829,623,067.70	4.30%	1,632,852,406.28	5.48%	-1.18%
Chemical products	Energy	1,549,476,924.10	3.64%	1,156,046,029.16	3.88%	-0.24%
Chemical products	Other	243,764,941.86	0.57%	122,362,808.54	0.41%	0.16%
Total		42,592,589,377.80	100.00%	29,814,924,832.70	100.00%	0.00%
PTA	Raw material	19,182,179,820.31	94.55%	10,862,975,485.35	91.62%	2.93%
PTA	Labor wage	30,831,829.43	0.15%	22,168,581.63	0.19%	-0.04%
PTA	Depreciation	508,551,724.84	2.51%	396,171,166.22	3.34%	-0.83%
PTA	Energy	341,441,047.80	1.68%	299,991,533.74	2.53%	-0.85%
PTA	Other	224,584,830.77	1.11%	275,190,058.48	2.32%	-1.21%
Total		20,287,589,253.14	100.00%	11,856,496,825.42	100.00%	
PET Film	Raw material	11,552,626,929.86	87.93%	8,211,932,472.25	88.90%	-0.96%
PET Film	Labor wage	234,411,869.64	1.78%	225,885,757.44	2.45%	-0.66%
PET Film	Depreciation	222,208,766.99	1.69%	130,631,025.47	1.41%	0.28%
PET Film	Energy	863,088,082.91	6.57%	530,106,856.54	5.74%	0.83%
PET Film	Other	258,659,906.31	1.97%	139,032,518.18	1.51%	0.46%
Total		13,137,851,783.97	100.00%	9,237,588,629.87	100.00%	0.00%

(5) Whether the combination scope has changed during the reporting period

 ✓ Yes No

1. Increase in combination scope		
Company	Method of equity acquisition method	Date of equity acquisition
Dalian Yisheng New Materials Co., Ltd	Newly issued	March 19, 2021
Rongtong Logistics (Singapore) Pte Ltd	Newly issued	August 31, 2021
Rongsheng Petrochemical (Hong Kong) Co., Ltd	Newly issued	February 26, 2021
Zhejiang ZPC Sales Co., Ltd	Newly issued	May 27, 2021
Rongsheng Chemical (Shanghai) Co., Ltd	Newly issued	May 20, 2021
Zhejiang Rongyi Trading Co., Ltd	Newly issued	September 6, 2021
Zhejiang Yisheng New Materials Co., Ltd	Business combinations under different control	July 9, 2021
2. Decrease in combination scope		
Company	Method of equity disposal	Date of equity disposal
Zhejiang Juxing Chemical Fiber Co., Ltd	Equity transfer	November 2, 2021

(6) Major sales customers and major suppliers
Major sales customers

Total sales amount of the top five customers (RMB)	36,679,587,440.06
Proportion of total sales amount of the top five customers in total annual sales	20.72%
Proportion of related party sales in total annual sales among the top five customers	7.58%

Top 5 customers of the Company

NO.	Customer	Sales amount (RMB)	Proportion in total annual sales
1	Customer 1	9,358,082,539.42	5.29%
2	Customer 2	9,293,291,675.00	5.25%
3	Customer 3	7,891,327,286.70	4.46%
4	Customer 4	5,520,152,307.04	3.12%
5	Customer 5	4,616,733,631.90	2.61%
Total	--	36,679,587,440.06	20.72%

Major suppliers

Total purchase amount of the top five suppliers (RMB)	71,641,631,540.88
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Proportion of total purchase amount of the top five suppliers in total annual purchase amount	41.63%
Proportion of related party purchase amount in total annual purchase amount of the top five suppliers	3.26%

Top 5 suppliers of the Company

NO.	Suppliers	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier 1	40,409,348,789.16	23.48%
2	Supplier 2	11,002,085,290.45	6.39%
3	Supplier 3	8,696,677,821.58	5.05%
4	Supplier 4	5,921,459,350.72	3.44%
5	Supplier 5	5,612,060,288.97	3.26%
Total	--	71,641,631,540.88	41.63%

3. Expenses

Unit: RMB

	2021	2020	Year-on-year increase (decrease)	Description of major changes
Marketing expenses	154,972,404.33	115,809,625.10	33.82%	Mainly due to the increase in sales volume of the subsidiary ZPC products, and the corresponding increase in personnel and expenses.
Administrative expenses	682,723,375.14	472,908,591.25	44.37%	Mainly due to the expansion of the management team of the subsidiary ZPC, and the corresponding increase in office expenses and salaries.
Financial expenses	2,898,351,176.59	1,549,389,077.94	87.06%	Mainly due to the increase of the loan of the subsidiary ZPC, and the corresponding increase in interest expenses.
R&D expenses	3,915,264,380.48	1,963,680,578.93	99.38%	Mainly due to the increase in R&D expenses of ZPC and Ningbo Zhongjin, the subsidiaries of the Company.

4. R&D investment

R&D personnel of the Company

	2021	2020	Change Ratio
Number of R&D personnel (counts)	2,775	2,130	30.28%
Proportion of R&D personnel	14.35%	12.14%	2.21%

R&D investment of the Company

	2021	2020	Change Ratio
R&D investment (RMB)	3,915,264,380.48	1,963,680,578.93	99.38%
Proportion of R&D investment in operating income	2.21%	1.83%	0.38%

5. Cash flow

Unit: RMB

Item	2021	2020	Year-on-year increase (decrease)
Subtotal of cash inflow from operating activities	219,196,120,573.76	135,083,464,994.42	62.27%
Subtotal of cash outflow from operating activities	185,631,335,139.82	117,576,692,234.54	57.88%
Net cash flow from operating activities	33,564,785,433.94	17,506,772,759.88	91.72%
Subtotal of cash inflow from investment activities	6,929,501,995.88	5,338,719,553.36	29.80%
Subtotal of cash outflow from investment activities	63,770,258,145.29	61,622,633,563.83	3.49%
Net cash flow from investment activities	-56,840,756,149.41	-56,283,914,010.47	0.99%
Subtotal of cash inflow from financing activities	146,564,790,343.94	122,753,050,835.16	19.40%
Subtotal of cash outflow from financing activities	115,727,335,770.67	87,175,729,827.37	32.75%
Net cash flow from financing activities	30,837,454,573.27	35,577,321,007.79	-13.32%
Net increase in cash and cash equivalents	7,746,493,601.66	-2,981,704,230.71	359.80%

Description of main influencing factors of significant year-on-year changes in relevant data:

The net cash flow generated from the Company's operating activities this year was RMB 33.565 billion, a year-on-year increase of about RMB 16.058 billion, mainly due to the year-on-year increase in the Company's gross profit on product sales during this period.

Reasons for the significant difference between the net cash flow generated by the Company's operating activities and the annual net profit during the reporting period:

The reasons for the significant difference between the cash flow generated by the Company's operating activities and the annual net profit during the reporting period are detailed in the supplementary information of the cash flow statement in the Company's annual audit report.

5. Non-core business analysis

Unit: RMB

	Amount	Proportion in total profit	Cause description	Whether it is sustainable
Investment income	611,068,070.82	1.96%	Mainly the Company's futures investment income	No
Profit (loss) from fair value change	146,935,772.45	0.47%	Mainly formed by futures investment	No
Asset impairment	-23,858,493.60	-0.08%	Mainly the write off of inventory falling price reserves	No
Non-operating income	9,053,454.51	0.03%	Mainly compensation income	No
Non-operating expenses	4,532,608.13	0.01%	Mainly the loss of scrap of fixed assets and external donations	No
Income from asset disposal	12,386,164.33	0.04%	Mainly the income from disposal of fixed assets	No
Other income	124,260,225.18	0.40%	Mainly government subsidies	No
Credit impairment loss	-74,973,487.19	-0.24%	Mainly formed by the provision for bad debts of accounts receivable	No

6. Analysis of assets and liabilities

1) Significant changes in asset composition

Unit: RMB

	End of 2021		Beginning of 2021		Increase (decrease) of proportion
	Amount	Proportion in total assets	Amount	Proportion in total assets	
Monetary Fund	17,681,643,415.29	5.24%	10,637,514,758.91	4.40%	0.84%
Accounts receivable	5,411,114,000.05	1.6%	1,349,670,164.65	0.56%	1.04%
Contract assets					
Stock	47,110,220,115.64	13.97%	23,546,003,920.29	9.74%	4.23%
Investment real	10,938,466.60	0.00%	7,863,669.98	0.00%	0.00%

estate					
Long-term equity investment	7,590,869,411.21	2.25%	8,003,779,985.69	3.31%	-1.06%
fixed assets	123,345,273,369.67	36.58%	86,002,947,910.65	35.57%	1.01%
Construction in progress	108,547,450,324.03	32.19%	88,192,503,272.41	36.48%	-4.29%
Right-of-use assets	253,078,428.01	0.08%	268,277,793.79	0.11%	-0.03%
Short term loan	37,870,906,450.61	11.23%	45,690,948,420.05	18.90%	-7.67%
Contractual liabilities	4,240,816,908.28	1.26%	2,547,005,029.24	1.05%	0.21%
Long-term loan	109,118,407,483.85	32.36%	62,426,316,325.79	25.82%	6.54%
Lease liabilities	233,775,736.95	0.07%	250,146,307.10	0.10%	-0.03%
Non-current liabilities due within one year	13,376,297,922.08	3.97%	11,334,129,117.63	4.69%	-0.72%

2. Assets and liabilities measured at fair value

Unit: RMB

Item	Amount at the beginning of the period	Amount by the end of the period
financial assets		
Financial assets held for trading (excluding derivative financial assets)	128,083,947.02	345,151,994.32
Total above	128,083,947.02	345,151,994.32
Financial liabilities	15,505,695.61	214,744,004.37

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

Unit: RMB

Item	Carrying value at the end of 2021	Reasons for restrictions
Monetary Fund	3,342,805,770.62	See notes to monetary funds in the notes to the financial statements for details
Accounts receivable financing	4,450,000.00	Used to issue bank acceptance bill pledge
Stock	33,537,600.00	Used for futures warehouse receipt pledge
Fixed assets	105,566,455,963.73	Bank loan mortgage
Construction in progress	99,536,648,568.20	Bank loan mortgage
Intangible assets	4,311,978,860.80	Bank loan mortgage
Total	212,795,876,763.35	

7. Analysis of investment status

1) Overall situation

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Variations
7,590,869,411.21	8,003,779,985.69	-5.16%

2). Significant equity investments acquired during the reporting period

Unit: RMB

Invested company	Main businesses	Investment type	Investment amount	Shareholding ratio	Source of funds	Partner	Investment horizon	Type of products	Progress as of the balance sheet date	Anticipated income	Current investment profit (loss)	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Zhejiang Yisheng New Materials	Production and sales of petroleum products and chemical products	Capital increase	100,000,000.00	50.00%	Equity Fund	Zhejiang Hengyi Petrochemical Co., Ltd	One-time investment	Petroleum products, chemical products	Done			No		Nil
Zhejiang Yisheng New Materials	Production and sales of petroleum products and chemical products	Share acquisition	20,730,257.94	1.00%	Equity Fund	Zhejiang Hengyi Petrochemical Co., Ltd	One-time investment	Petroleum products, chemical products	Done			No		Nil
Zhejiang	Producti	Capita	510,000,	51.00%	Equity	Zhejiang	One-tim	Petrol	Done			No	Decemb	http://www.cninfo.com.cn/new/dis

Yisheng New Materials	on and sales of petroleum products and chemical products	l increa se	000.00		Fund	Hengyi Petrochem ical Co., Ltd	e investm ent	eum produ cts, chemi cal produ cts					er 14, 2021	closure/detail?plate=szse&orgId= 9900015502&stockCode=002493 &announcementId=1211893384& announcementTime=2021-12-14
Hainan Yisheng	Producti on and sales of petroleum products and chemical products	Capita l increa se	373,500, 000.00	50.00%	Equity Fund	Ningbo Hengyi Trading Co., Ltd	One-tim e investm ent	Petrol eum produ cts, chemi cal produ cts	Done			No	Decemb er 14, 2021	http://www.cninfo.com.cn/new/dis closure/detail?plate=szse&orgId= 9900015502&stockCode=002493 &announcementId=1211893385& announcementTime=2021-12-14
Total	--	--	1,004,23 0,257.94	--	--	--	--	--	--	0.00	0.00	--	--	--

8. Analysis of major holding companies and joint-stock companies

Major subsidiaries and joint-stock companies with an impact on the Company's net profit of more than 10%

Unit: RMB 10,000

Company	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
ZPC	Subsidiary	Wholesale of chemical products; Global trade in natural gas and oil, refined oil products and petrochemical products	5,080,000	26,194,884.56	8,503,080.86	11,754,452.73	2,964,401.90	2,229,554.72
Shengyuan Chemical Fiber	Subsidiary	Production and sales of polyester chips and polyester filaments	200,000	606,951.78	216,448.06	414,968.32	19,311.57	19,244.09
Zhongjin Petrochemical	Subsidiary	Storage of chemical products; Wholesale and retail of chemical products and petroleum products (excluding hazardous chemicals)	600,000	2,886,852.45	723,383.51	1,877,941.86	145,947.70	124,409.97
Yisheng Investment	Subsidiary	Industrial investment	201,800	461,104.43	297,894.43	-	17,302.76	17,302.76
Yisheng Dahua	Subsidiary	Production and sales of PTA	245,645	1,451,573.04	617,327.95	2,445,526.23	-75,150.70	-63,067.40
Yongsheng Technology	Subsidiary	Production and sales of polyester products	16,000	176,090.17	69,045.94	216,362.76	42,347.53	36,550.77
Zhejiang Yisheng	Joint stock company	Production and sales of PTA	USD 514,447,100	1,794,025.97	913,132.86	3,030,842.32	48,477.94	38,267.28
Hainan Yisheng	Joint stock company	Production and sales of PTA	458,000	1,145,411.50	481,736.89	1,680,459.55	36,883.35	34,217.72

Acquisition and disposal of subsidiaries during the reporting period

Company	Acquisition and disposal methods during the reporting period	Impact on overall production, operation and performance
Dalian Yisheng New Material Co., Ltd	Newly established	No significant impact
Rongtong Logistics (Singapore) Pte Ltd	Newly established	No significant impact
Shengrong Petrochemical (Hong Kong) Co., Ltd	Newly established	No significant impact
Zhejiang Petrochemical Sales Co., Ltd	Newly established	No significant impact
Rongsheng Chemical (Shanghai) Co., Ltd	Newly established	No significant impact
Zhejiang Rongyi Trading Co., Ltd	Newly established	No significant impact
Zhejiang Juxing Chemical Fiber Co., Ltd	Equity transfer	No significant impact

Description of major holding companies and joint-stock companies

(1) Zhejiang Petrochemical Co., Ltd

Zhejiang Petrochemical Co., Ltd. (ZPC) is the implementing body of the Company's 40 million tonnes/year refining and chemical integration project. Its business scope includes general business items such as production, sales, storage and transportation of petroleum products, import and export trade of crude oil, sales of petrochemical raw and auxiliary materials and equipment and their parts and components. With Li Shuirong as its legal representative, ZPC, a holding subsidiary of the Company, owns a registered capital of RMB 5.08 million. By the end of 2021, the company had total assets of RMB 26,194,885 million and net assets of RMB 8,503,081 million; In 2021, the company achieved an operating revenue of RMB 117,544.53 million and a net profit of RMB 22,295.55 million.

(2) Zhejiang Shengyuan Chemical Fiber Co., Ltd

Zhejiang Shengyuan Chemical Fiber Co., Ltd. is the implementing body of the Company's multi-functional fiber technical transformation project. Its business scope covers the manufacturing and processing of polyester and spandex (only for preparation) and the distribution of light textile raw materials and products. With Li Shuirong as its legal representative, Shengyuan Chemical Fiber, a wholly-owned subsidiary of the Company, owns a registered capital of RMB 2 million. By the end of 2021, the company had total assets of RMB 6,069.52 million and net assets of RMB 2,164.48 million; In 2021, the company achieved an operating revenue of RMB 4,149.68 million and a net profit of RMB 192.44 million.

(3) Ningbo Zhongjin Petrochemical Co., Ltd

The business scope of Ningbo Zhongjin Petrochemical Co., Ltd. includes the storage of chemical products; wholesale and retail of chemical products and petroleum products (except hazardous chemicals). With Li Shuirong as its legal representative, Zhongjin Petrochemical, a wholly-owned subsidiary of the Company, owns a registered capital of RMB 600 million. By the end of 2021, the company had total assets of RMB 28,668.52 million and net assets of RMB 7,233.84 million; In 2021, the company achieved an operating revenue of RMB 18,779.42 million and a net profit of RMB 1,244.1 million.

(4) Dalian Yisheng Investment Co., Ltd

Dalian Yisheng Investment Co., Ltd. is mainly engaged in industrial investment. With Li Shuirong as its legal representative, Yisheng Investment owns a registered capital of RMB 2,018 million. The Company holds 70% of its equity. By the end of 2021, the company had total assets of RMB 4,611.04 million and net assets of RMB 2,978.94 million; In 2021, the company achieved zero operating revenue and a net profit of RMB 173.03 million.

(5) Yisheng Dahua Petrochemical Co., Ltd

Yisheng Dahua Petrochemical Co., Ltd. is mainly engaged in the production and sales of PTA. With Li Shuirong as its legal representative, Yisheng Dahua petrochemical owns a registered capital of RMB 2,456.45 million. By the end of 2021, the company had total assets of RMB 14,515.73 million and net assets of RMB 6,173.28 million; In 2021, the company achieved an operating revenue of RMB 24,455.26 million and a net profit of RMB -630.67 million.

(6) Zhejiang Yongsheng Technology Co., Ltd

Zhejiang Yongsheng Technology Co., Ltd. is mainly engaged in the production and sales of polyester products. With Xu Yongming as its legal representative, Yongsheng Technology owns a registered capital of RMB 160 million. The Company holds 70% of its equity. By the end of 2021, the company had total assets of RMB 1,760.9 million and net assets of RMB 690.46 million; In 2021, the company achieved an operating revenue of RMB 2,163.63 million and a net profit of RMB 365.51 million.

(7) Zhejiang Yisheng Petrochemical Co., Ltd

Zhejiang Yisheng Petrochemical Co., Ltd. is mainly engaged in PTA production and net export of various commodities and technologies. With Fang Xianshui as its legal representative, Yisheng Petrochemical owns a registered capital of USD 514,447,100. The Company holds 30% of its equity. By the end of 2021, the company had total assets of RMB 17,940.26 million and net assets of RMB 9,131.33 million; In 2021, the company achieved an operating revenue of RMB 30,308.42 million and a net profit of RMB 382.67 million.

(8) Hainan Yisheng Petrochemical Co., Ltd

Hainan Yisheng Petrochemical Co., Ltd. is a joint-stock subsidiary of Yisheng Investment, the Company's holding subsidiary. The Company's main business includes the production and sales of purified terephthalic acid chemical products, and import and export business. With Fang Xianshui as its legal representative, Yisheng Petrochemical owns a registered capital of RMB 4,580 million. Yisheng Investment holds 50% of its equity. By the end of 2021, the company had total assets of RMB 11,454.11 million and net assets of RMB 4,817.37 million; In 2021, the company achieved an operating revenue of RMB 16,804.6 million and a net profit of RMB 342.18 million.

9. Prospect for the Company's future development

1) Corporate strategy

The Company has formulated the Two-way Vertical and Horizontal development strategy, vertically extending and expanding the industrial chain upstream and horizontally improving product quality and market share.

2) Business plan

Since the 13th Five-Year Plan, the transformation and enhancement of China's petrochemical and chemical industries have achieved remarkable results, the quality and efficiency of economic operations have been steadily improved, and China's position as a petrochemical power has been further consolidated. At this stage, the Company has firmly grasped the opportunity and achieved great progress. However, there are still problems such as insufficient innovation ability, prominent structural contradictions, unreasonable industrial layout, and a low level of green and safe development. The 14th Five-Year Plan is a key period to promote the high-quality development of the industry and further accelerate the adjustment, transformation, and upgrading of the industrial structure.

At present, the international pandemic situation is still severe. In order to meet the challenges of accelerated industrial reconstruction and increasingly stringent carbon peak and carbon neutrality management measures, the Company must prioritize the following aspects in specific operations and management:

First, implement strict pandemic control and prevention measures. In the face of the complexity and arduousness of the COVID-19 pandemic in various places, we should always strictly carry out pandemic prevention and control management and optimize prevention and control measures according to time and situation. To take the initiative to overcome the pandemic, we need to implement accurate and detailed prevention and control measures, draw clear lines of responsibility, and avoid laxity. All employees of the Company should be cautious at all times and strictly abide by the pandemic prevention policies. All units should pay close attention to the documents and instructions of the Pandemic Prevention and Control Department of the local government and do their best in scientific pandemic prevention and control.

Second, overcome difficulties and focus on project construction. At the end of last year and the beginning of this year, ZPC signed a number of major projects, including the Green Petrochemical Technology Innovation Center project, high-density polyolefin project, Jintang Island wharf tank farm project, etc. The projects in Jintang Island New Material Park are also ongoing. These projects are all in conformity with the principle of "reducing refined oil and increasing chemical products", high-end petrochemical new materials, logistics optimization, and other aspects. On the basis of ensuring the high load and stable operation of the ZPC Project, relevant departments of the Company should accelerate the construction of new projects in bases such as Zhejiang, Liaoning, and Hainan, specifically focus on tracking the real-time progress of green projects in the field of new materials and strengthen the coordination and connection between the upstream and downstream of the industrial chain.

Third, focus on innovation and benchmark green development. We should continue to promote

low-carbon transformation and seize the development opportunities of new materials. We should make good use of the newly established Green Petrochemical Technology Innovation Center project of ZPC, focus on research and development in the fields of carbon capture and utilization, new high-end petrochemical materials, cutting-edge petrochemical technologies, etc., and promote Rongsheng to further "reduce refined oil and increase chemical products". We have deployed the EVA device in the ZPC phase II project, which can produce all PV products and realize considerable profits. In the future, we should continue to focus on the new trend of the high-end materials market.

Fourth, improve efficiency and embrace digital transformation. In 2022, we will continue to focus on the goal of building a digital and intelligent chemical plant to realize industrial upgrading and intelligent production. In the refining and chemical sectors and PTA sectors, we accelerated the construction and application of digital platforms such as data centers and smart brains. In the polyester sector, we sped up the mechanized replacement of traditional production lines, formed a whole process intelligent logistics system, and developed a large number of intelligent equipment according to the characteristics of the logistics of polyester products and local conditions. Thus, a full intelligent logistics system from raw materials to loading is built.

Fifth, strengthen talent management through internal and external efforts. In 2021, we launched a personnel evaluation system. In 2022, we will further promote the evaluation and assessment of the management, professional, and production operation personnel according to their posts; identify elites and talents and put forth requirements for the ones who are lacking; and provide an effective incentive mechanism through our back-end application. We will continue to promote related work such as vocational skill rating, standardize relevant identification standards, and continue to promote the construction of advanced talent pools and cultivate more skilled talents. At the same time, our platforms, such as Rongsheng Academy, will be put to full use to formulate practical courses, expand training topics, and introduce more talents.

3) Potential risks

(1) Risk from price fluctuation of raw material

As a member of the crude oil industrial chain, the Company's main cost of production is the cost of upstream raw materials. Therefore, the fluctuation of crude oil prices will result in the price fluctuation of products in the industry chain, resulting in the fluctuation of corporate benefits and an increase in sales risk. Our crude oil team in Singapore has rich experience in procurement, trade, hedging, and logistics. With the help of the marketing department, we will focus on market changes, adhere to the combination of strategic procurement and preferential procurement, and effectively reduce procurement costs. We also strengthen sales management and arrange flexible long-term and short-term contracts to reduce the adverse impact of raw material fluctuations.

(2) Risk of economic fluctuation

With chemicals, oil products, and polyester products as main products, our business covers the petrochemical and chemical fiber manufacturing industries, which go hand in hand with the national economy and people's livelihoods. Therefore, the prosperity of the national economy is tied to our industrial development. In recent years, the slowdown in demand growth from downstream industries has affected the petrochemical

industry to a certain extent. We will pay close attention to the economic situation and market trends, and take practical and effective measures to minimize the risks posed by macroeconomic fluctuations.

(3) Risk of exchange rate

In the future, the market-oriented reform of the exchange rate will become one of the important factors affecting investors' asset allocation. If the USD further strengthens in the interest rate increase cycle, it may lead to greater pressure on the depreciation of the Chinese Yuan. As the Company pursues international growth, the sharp fluctuation of the currency exchange rate of foreign exchange settlement, which is dominated by the USD, will jeopardize our daily operations. While controlling financial risks, we will continue to optimize the financing structure and the financing scale of USD funds, control the cost within a reasonable range, and then reduce the adverse impact of the exchange rate.

(4) Risk of market competition

With the rapid development of the synthetic fiber industry chain in recent years, a certain degree of overcapacity has emerged in the petrochemical industry. The further launch of new capacity will intensify market competition and negatively affect the performance of our relevant products. We will accelerate the continuous expansion of the downstream deep processing fields, further strengthen our anti-risk capabilities, improve the level of product differentiation and competitiveness, strengthen the development of the market and enhance our overall profitability.

10. Reception of research, communication, interview and other activities during the reporting period

Date	Reception place	Ways of reception	Object type	Reception object	Main contents discussed and materials provided	Basic information index of research
April 19, 2021	"Investor Relations Interactive Platform" of p5w.net	Other	Individual	Investor	Please refer to: http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209737259&announcementTime=2021-04-20%2017:04	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209737259&announcementTime=2021-04-20%2017:04
August 17, 2021	"Investor Relations Interactive Platform" of p5w.net	Other	Individual	Investor	Please refer to: http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1210792115&announcementTime=2021-08-19%2016:55	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1210792115&announcementTime=2021-08-19%2016:55

Section IV Corporate Governance

I. Basic Information of Our Corporate Governance

During the reporting period, the Company followed the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines on Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, the *Guidelines of Shenzhen Stock Exchange on Standardized Operation of Listed Companies* and other applicable laws and regulations issued by China Securities Regulatory Commission. We constantly improved internal corporate governance, established a sound internal control system, and regulated operational processes in line with the above-mentioned legal requirements. The status quo of our corporate governance met the requirements of normative documents concerning listed companies governance. The Company did not receive any administrative supervision documents from the regulatory authorities during the reporting period.

1. The shareholders and the General Meeting of Shareholders

During the reporting period, the Company standardized the convening and voting procedures of the General Meeting of Shareholders in strict accordance with the *Company Law of the People's Republic of China*, the *Rules for the Shareholders' Meetings of Listed Companies*, the *Articles of Association*, the *Rules of Procedure of the General Meeting of Shareholders*, and other applicable regulations and requirements so as to ensure that all shareholders, especially small and medium-sized shareholders, enjoy equal status and fully exercise their rights. Additionally, according to the *Articles of Association* and other applicable laws and regulations, the matters to be voted at the General Meeting of Shareholders would be first reviewed by the corresponding authority and then submitted to the General Meeting for deliberation. There was no approval beyond authority or implementation before deliberation. During the reporting period, the Company held one General Meeting of Shareholders, which was convened by the Board of Directors, and invited lawyers to guarantee the legitimacy and normalization of the General Meeting of Shareholders.

2. The relationship between the controlling shareholders and the listed company

The Company and its controlling shareholders are completely separated when it comes to business, personnel, assets, institutions and finances. The Company has full capability of independent operations. The controlling shareholders strictly regulate their own behavior, fulfill corresponding obligations, and do not interfere, directly or indirectly, in the Company's decision-making and business activities without the presence of the Board of Directors. The company has independent business and operational autonomy, so it is independent of the controlling shareholders in terms of business, assets, personnel, organization and finances. The Board of Directors, Board of Supervisors and internal organizations can operate independently. There is no horizontal competition between the Company and the controlling shareholders, the Company does not provide undisclosed information to the controlling shareholders, and the controlling shareholders do not appropriate the Company's

funds. Moreover, the Company provides no guarantee for its controlling shareholders.

3. The Board of Directors and its members

The Company elects Board members in strict accordance with the selection and appointment procedures stipulated in the *Company Law of the People's Republic of China* and the *Articles of Association*. During the reporting period, the Company's Board of Directors met six times, and the convening and voting procedures of the Board Meetings satisfied the requirements of the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, the *Articles of Association* and the *Rules of Procedure of the Board of Directors*. All the directors can work diligently and dutifully in accordance with the *Rules of Procedure of the Board of Directors* and the *Behavioral Guidelines for Directors of Listed Companies in the SME Board*, attend the Board of Directors Meetings, participate in the training sessions, and learn relevant laws and regulations. Independent directors independently perform their duties, safeguard the overall interests of the Company, protect the legitimate rights and interests of minority shareholders from harm, and offer independent opinions on important and major matters. The special committees under the Board of Directors perform their respective duties and give full play to their professional functions, greatly improving the efficiency of the Board.

4. The Board of Supervisors and its members

The Company elects supervisors in strict accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*. During the reporting period, the Company's Board of Supervisors met six times, and the convening and voting procedures of the Board of Supervisors Meetings complied with the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors*. The Company's supervisors can earnestly perform their duties and assume responsibility for the shareholders in accordance with the relevant requirements. They also supervise the Company's finances, related-party transactions, internal controls and the performance of directors and senior executives, provide their opinions, and safeguard the legitimate rights and interests of the Company and its shareholders.

5. Performance evaluation standards and incentive mechanisms

The Company established a set of fair and transparent performance evaluation standards and incentive mechanisms and has constantly improved it. The appointment process of senior executives is open and transparent and complies with the applicable laws and regulations.

6. Stakeholders

The Company respects and protects the legitimate rights and interests of its shareholders, customers, employees, suppliers, partners and other stakeholders, strengthens communication and cooperation with them, and strives to balance their interests while maximizing the profits, so as to sustain the healthy development of the Company.

7. Information disclosure management

During the reporting period, the Company strengthened information disclosure management and fulfilled the obligation of information disclosure in accordance with the spirit of documents issued by Shenzhen Stock

Exchange and other applicable laws and regulations. The Company disclosed its information on the *Securities Times*, *Securities Daily*, *China Securities Journal*, and Juchao Zixun website (<http://www.cninfo.com.cn>) to enable investors to access our information in a fair manner. The Company also established smooth communication channels such as the Investor Hotline and Investor Relations Interactive Platform of Shenzhen Stock Exchange to better exchange opinions.

During the reporting period, the reality of corporate governance met the requirements of normative documents concerning listed company governance issued by the China Securities Regulatory Commission.

The reality of corporate governance did not deviate from the applicable laws, administrative regulations, and the provisions on listed company governance issued by the China Securities Regulatory Commission.

II. Corporate Independence from the Controlling Shareholders and Actual Controller in Terms of Assets, Personnel, Finances, Organization, and Business

The Company is completely separated from its controlling shareholders and other subsidiaries or affiliates in terms of business, personnel, assets, organization, and finances. It has the full capability of conducting business and maintaining operations independently.

1. Business independence

The Company has independent business operation systems, such as an independent procurement system, production system, technology R&D system and marketing system, and can operate independently while directly satisfying market demands. The Company has no competitive relationship with its major shareholders and other related parties under their control, nor does it rely on any of them in business operations.

2. Personnel independence

The Company manages an independent staff. The Company is separated from its shareholders and other subsidiaries or affiliates under their control when it comes to salary payment and welfare expenditures, and has established an independent and complete human resources management system. The Company's Chairman, General Manager, Deputy General Manager, Chief Financial Officer, Secretary of the Board of Directors and other senior executives are appointed in accordance with the applicable laws, regulations, normative documents and the *Articles of Association*. They work full-time in the Company and receive remuneration, and so do the financial personnel.

3. Assets independence

The ownership of major operating assets such as land, buildings, production equipment and office facilities of the Company and its holding subsidiaries is clear and complete. The Company does not provide guarantee for shareholders and companies controlled by them for the sake of assets, benefits or reputation. The Company has complete control over all assets, and the funds are not misappropriated, meaning the interests of the Company and its shareholders are not compromised.

4. Organizational independence

The Company has established effective bodies such as the General Meeting of Shareholders, the Board of

Directors and the Board of Supervisors, and developed corresponding rules of procedure. All institutions make independent decisions within their respective authority in accordance with the *Company Law of the People's Republic of China* and the *Articles of Association*. According to the real needs of business development, the Company established an independent and complete organizational framework in line with the actual situation and conducted business activities independently. The Company is completely separated from the shareholder organizations and their related parties in terms of business operations, and there is no mixed operation.

5. Financial independence

The Company has set up a complete and independent financial department, assigned independent financial personnel, and established an independent accounting system. The financial department can make financial decisions independently, and the Company has a standardized financial accounting system and a financial management system designed for subsidiaries. The Company opens an independent bank account. As an independent taxpayer, the Company declares taxes independently and fulfills the obligation of tax payment.

III. The Convening of the Annual General Meeting and Interim Shareholders' Meeting During the Reporting Period

Session	Type	Investor Attendance Ratio	Convening Date	Disclosure Date	Meeting Resolution
General Meeting of Shareholders 2020	Annual General Meeting	76.92%	May 19, 2021	May 20, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1210010188&announcementTime=2021-05-20

IV. Basic Information of the Board Members, Supervisors and Senior Executives

1. Profile

Name	Title	Status	Sex	Age	Start Date of Tenure	End Date of Tenure	Number of Shares Held at the Beginning	Number of Share Increase	Number of Share Decrease	Other Variation in Share	Number of Shares Held at the End	Reason for Share Variation
Li Shuirong	Chairman	Incumbency	Male	66	April 8, 2010		428,850,000			214,425,000	643,275,000	Provident Funds Movement
Li Yongqing	Director	Incumbency	Male	58	April 8, 2010		64,350,000			32,175,000	96,525,000	Provident Funds Movement
Li Caie	Director	Incumbency	Female	59	April 8, 2010							--
Yu Fengdi	Director	Incumbency	Female	54	April 8, 2010							--
Xiang Jiongjiang	Director and General Manager	Incumbency	Male	39	May 26, 2015							--
Quan Weiyang	Director and Board Secretary	Incumbency	Female	44	April 29, 2010							--
Yan Jianmiao	Independent Director	Incumbency	Male	57	May 10, 2019							--
Shao Yiping	Independent Director	Incumbency	Female	59	May 20, 2021							--
Zheng Xiaodong	Independent Director	Incumbency	Male	44	May 10, 2019							--
Yao	Independent	Demission	Male	65	May 26, 2015	May 20, 2021						--

Zheng	Director											
Sun Guoming	Supervisor	Incumbency	Male	41	May 10, 2019							--
Li Guoqing	Supervisor	Incumbency	Male	52	April 8, 2010		64,350,000			32,175,000	96,525,000	Provident Funds Movement
Xu Yongming	Supervisor	Incumbency	Male	51	April 8, 2010							--
Wang Yafang	Chief Financial Officer	Incumbency	Female	43	May 10, 2019							--
Meng Fanqiu	Deputy General Manager	Incumbency	Male	54	May 10, 2019							--
Total	--	--	--	--	--	--	557,550,000			278,775,000	836,325,000	--

Personnel Change of Directors, Supervisors and Senior Executives

Name	Title	Type	Date	Reason
Yao Zheng	Independent Director	Expiration of Tenure	May 20, 2021	Departure after Expiration of Tenure
Shao Yiping	Independent Director	Recruitment	May 20, 2021	New Appointment

Holding of Post at Shareholder Organization

Name	Shareholder Organization	Title	Start Date of Tenure	End Date of Tenure	Whether Receiving Remuneration and Benefit at Shareholder Organization
Li Shuirong	Rongsheng Holdings Group	Chairman	June 20, 2007	/	No
Li Yongqing	Rongsheng Holdings Group	Director	June 20, 2007	/	Yes
Sun Guoming	Rongsheng Holdings Group	Supervisor	May 10, 2019	/	Yes
Li Guoqing	Rongsheng Holdings Group	Director	June 20, 2007	/	Yes
Yu Fengdi	Rongsheng Holdings Group	Vice President	May 9, 2017	/	Yes
Li Caie	Rongsheng Holdings Group	Vice President	May 11, 2019	/	No
Additional Information	N/A				

2. Remuneration of the Board members, Supervisors and senior executives

Decision-making Process, Remuneration Determination Basis, and Actual Payment for the Board Members, Supervisors, and Senior Executives

According to the *Articles of Association* and the *Work Regulations of the Remuneration and Appraisal Committee of the Board of Directors*, the remuneration of and its payment to directors and supervisors should be determined by the General Meeting of Shareholders. The directors and supervisors who hold specific positions in the Company receive remuneration based on their post and the internal remuneration system, and receive no further allowances. The Remuneration and Appraisal Committee would assess the annual performance of the senior executives and determine their remuneration based on the evaluation findings. The pay package is then submitted to the Board of Directors for deliberation and approval. In conclusion, the remuneration of the Company's directors, supervisors and senior executives is determined by corporate performance, the current remuneration system and personnel performance appraisal.

Remuneration of the Company's Board Members, Supervisors and Senior Executives During the Reporting

Period

Unit: RMB 10,000

Name	Title	Sex	Age	Status	Total Pre-tax Remuneration from the Company	Whether Receiving Remuneration from the Company's Connected Party
Li Shuirong	Chairman	Male	66	Incumbency	481.57	No
Li Yongqing	Director	Male	58	Incumbency	--	Yes
Li Caie	Director	Female	59	Incumbency	139.24	No
Yu Fengdi	Director	Female	54	Incumbency	--	Yes
Xiang Jiongjiong	Director and General Manager	Male	39	Incumbency	262.39	No
Quan Weiyong	Director and Board Secretary	Female	44	Incumbency	102.71	No
Yan Jianmiao	Independent Director	Male	57	Incumbency	9.81	No
Yao Zheng	Independent Director	Male	65	Demission	4.11	No
Shao Yiping	Independent Director	Female	59	Incumbency	5.7	No
Zheng Xiaodong	Independent Director	Male	44	Incumbency	9.81	No
Sun Guoming	Chairman of the Board of Supervisors	Male	41	Incumbency	--	Yes
Li Guoqing	Supervisor	Male	52	Incumbency	--	Yes
Xu Yongming	Supervisor	Male	51	Incumbency	167.77	No
Wang Yafang	Chief Financial Officer	Female	43	Incumbency	103.69	No
Meng Fanqiu	Deputy General Manager	Male	54	Incumbency	272.73	No
Total	--	--	--	--	1,559.53	--

V. The Performance of Duties of Board Members During the Reporting Period

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

Session	Convening Date	Disclosure Date	Meeting Resolution
The Fourteenth Meeting of the Fifth Session of Board of Directors	April 14, 2021	April 15, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209689755&announcementTime=2021-04-15
The Fifteenth Meeting of the Fifth Session of Board of Directors	April 27, 2021	April 28, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209825467&announcementTime=2021-04-28
The Sixteenth Meeting of the Fifth Session of Board of Directors	May 31, 2021	June 1, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1210129923&announcementTime=2021-06-01
The Seventeenth Meeting of the Fifth Session of Board of Directors	August 12, 2021	August 13, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1210734872&announcementTime=2021-08-13
The Eighteenth Meeting of the Fifth Session of Board of Directors	October 26, 2021	October 27, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1211384550&announcementTime=2021-10-27
The Nineteenth Meeting of the Fifth Session of Board of Directors	December 13, 2021	December 14, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1211893380&announcementTime=2021-12-14

2. Directors' attendance at the Board of Directors Meetings and General Meeting of Shareholders

Directors' Attendance at the Board of Directors Meetings and General Meeting of Shareholders							
Name of Directors	Number of the Board of Directors Meeting that	Number of Presence at the	Number of Attendance at the Board of Directors	Number of Attendance at the Board of	Number of Absence from the	Whether Being Absent from the Board of Directors Meeting Twice in a	Number of Attendance at the General

	Should be Attended During the Reporting Period	Board of Directors Meeting	Meeting via Videolink or Telephone	Directors Meeting by Proxy	Board of Directors Meeting	Row	Meeting of Shareholders
Li Shuirong	6	1	5	0	0	No	1
Li Yongqing	6	1	5	0	0	No	1
Li Caie	6	1	5	0	0	No	1
Yu Fengdi	6	1	5	0	0	No	1
Xiang Jiongjiong	6	1	5	0	0	No	1
Quan Weiyong	6	1	5	0	0	No	1
Yan Jianmiao	6	1	5	0	0	No	0
Shao Yiping	4	0	4	0	0	No	0
Zheng Xiaodong	6	1	5	0	0	No	0
Yao Zheng	2	1	1	0	0	No	1

3. Disagreement voiced by Board Members on relevant corporate matters

During the reporting period, the Board members voiced no disagreement on relevant corporate matters.

4. Additional information on the performance of duties of Board members

Acting in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, the *Code of Independent Directors* and other applicable laws and regulations, the Company's directors seek to have a detailed understanding of corporate activities, focus on the standardized business operations, exercise their rights prudently, earnestly perform their duties, and attend relevant meetings. They also put forward valuable suggestions to improve the Company's systems and business decision-making, and conscientiously review different proposals so as to play their role in strengthening the internal supervision mechanism and safeguarding the legitimate rights and interests of the Company and all its shareholders.

VI. The Special Committees under the Board of Directors During the Reporting Period

Name	Members	Number of Sessions	Convening Date	Content of Meeting	Important Opinions and Suggestions	Other Matters Concerning Performance of Duties	Matters that Raise Disagreement (If Any)
The Audit Committee	Shao Yiping (Yao Zheng); Zheng Xiaodong; Li Yongqing; Li Caie; Yan Jianmiao	4	January 20, 2021	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2020 Internal Audit Work Report</i> , the <i>Rongsheng Petrochemical Co., Ltd. 2020 Q4 Work Report</i> , the <i>Rongsheng Petrochemical Co., Ltd. 2021 Internal Audit Work Plan</i> , and the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q1 Internal Audit Work Plan</i> .	In terms of internal audit, the Audit Committee examined the implementation of the internal audit department's work plan and verified the audit results. In terms of financial reports, the Audit Committee communicated with the accounting department and external accountants, examined the norms of the financial system and the preparation process for financial reports, and ensured the accuracy and integrity of the reports. In terms of internal control, the Audit Committee agreed that the Company has established a well-designed internal control framework, and that the internal control department has fully carried out the internal control test process in strict accordance with the relevant norms and regulations, so as to effectively control the gaps in internal control and improve the capability in this respect.	All the motions were passed after review.	No
			April 17, 2021	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q1 Work Report</i> and the	In line with the legal guidance and the Company's actual conditions, the Audit Committee reviewed the quarterly report, put	All the motions were passed after	No

				<i>Rongsheng Petrochemical Co., Ltd. 2021 Q2 Internal Audit Work Plan.</i>	forward opinions on the internal audit results, and guided the internal audit efforts.	review.	
			July 16, 2021	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q2 Work Report</i> and the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q3 Internal Audit Work Plan.</i>	In line with the legal guidance and the Company's actual conditions, the Audit Committee reviewed the quarterly report, put forward opinions on the internal audit results, and guided the internal audit efforts.	All the motions were passed after review.	No
			October 25, 2021	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q3 Internal Audit Work Report</i> and the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q4 Internal Audit Work Plan.</i>	In line with the legal guidance and the Company's actual conditions, the Audit Committee reviewed the quarterly report, put forward opinions on the internal audit results, and guided the internal audit efforts.	All the motions were passed after review.	No
The Nominating Committee	Yao Zheng; Li Shuirong; Yu Fengdi; Zheng Xiaodong; Yan Jianmiao	1	April 15, 2021	Reviewed the <i>2020 Work Summary.</i>	During the reporting period, the Nominating Committee met to fully discuss the size and composition of the Board of Directors, and studied the rationality of the election conditions, selection procedures and term of office of the Company's directors and senior executives in accordance with the <i>Company Law of the People's Republic of China</i> , the <i>Guidelines on Corporate Governance for Listed Companies</i> , the <i>Articles of Association</i> and other applicable laws and regulations, and in combination with the Company's actual conditions.	All the motions were passed after review.	No
The Strategy Committee	Li Shuirong; Li Yongqing; Yao	1	April 15, 2021	All the members summarized the work in 2020 and	Major business plan for 2021: Strengthen the monitoring of major projects; Deepen the	The major business plan	No

	Zheng; Zheng Xiaodong; Yan Jianmiao			reviewed the major business plan for 2021.	research on major investment decisions; and Prevent and control market risks and maintain stable operations.	for 2021 was passed after review.	
The Remuneration and Appraisal Committee	Yan Jianmiao; Li Shuirong; Yu Fengdi; Yao Zheng; Zheng Xiaodong	1	April 15, 2021	Reviewed the <i>2020 Remuneration of the Company's Board Members, Supervisors and Senior Executives</i> .	During the reporting period, the Remuneration and Appraisal Committee reviewed the rationality of the remuneration package and policy of the Company's directors, supervisors and senior executives, and conducted performance evaluation on them according to their authority and major responsibilities, along with the internal finances and KPI performance for 2020.	All the motions were passed after review.	No
The Risk Control Committee	Zheng Xiaodong; Yan Jianmiao; Li Caie; Xiang Jiongjiong	1	April 15, 2021	Reviewed the <i>Assessment of the Company's Operational Risks in 2020</i> and the <i>Suggestions on Controlling Operational Risks in 2021</i> .	The Risk Control Committee analyzed the situation in 2020 and agreed that in 2021, the Company should continue to focus on the overarching business objectives, summarize and implement the fundamental risk control processes across the major links, key fields and even the whole process, foster a good risk control culture, and improve the comprehensive risk management system. To that end, the Company should develop risk management strategies, evaluate the functional structure of the risk control organization, and improve the risk control information system and internal control system, so as to achieve the annual targets in managing risks and enhance the Company's risk resilience and long-term profitability.	All the motions were passed after review.	No

VII. The Work of the Board of Supervisors

The Board of Supervisors voiced no disagreement on the supervisory matters during the reporting period.

VIII. Corporate Staff

1. Staff number, professional composition, and educational background

Number of Staff on the Parent Company's Payroll at the End of the Reporting Period	2,262
Number of Staff on the Main Subsidiaries' Payroll at the End of the Reporting Period	17,069
Total Number of Staff on the Company's Payroll at the End of the Reporting Period	19,331
Total Number of Staff Receiving Remuneration	19,331
Number of Retired Staff Whose Pensions Are Covered by the Parent Company and Main Subsidiaries	0
Professional Composition	
Category	Number
Production Staff	13,947
Sales Staff	329
Technical Staff	2,682
Financial Staff	143
Administrative Staff	1,559
Logistical Staff	671
Total	19,331
Educational Background	
Category	Number
Bachelor's Degree or Above	4,901
Junior College	7,179
Senior High School and Technical Secondary School	2,753
Others	4,498
Total	19,331

2. Remuneration policy

The Company abides by the *Labor Law of the People's Republic of China* and other applicable rules and regulations, and takes a performance-based remuneration allocation approach. The Company continues to improve the pay and benefits structure, determines the salary based on an employee's responsibility and

capability, and employs a differential reward mechanism, so as to motivate the employees and inspire their creativity.

3. Training program

The Company values the development of employees' business skills and has built a well-designed career development platform to enable employees to identify their future paths and unlock their full potential. The Company delivers professional and practical training programs in a systematic way by combining theory and practice to improve the employees' comprehensive capability in the professional field.

IX. Distribution of Corporate Profits and Shift of Public Accumulation Funds to Capital Stock

Number of Bonus Share Given for Ten Shares	0
Interest Earned for Ten Shares (in RMB; tax included)	1.50
Equity Base in the Distribution Plan (Share)	10,099,179,979
Cash Dividends (in RMB; tax included)	1,514,876,996.85
Cash Dividends Through Other Means (e.g. Share Repurchase)	0.00
Total Cash Dividends (Including Through Other Means; in RMB)	1,514,876,996.85
Attributable Profits (in RMB)	1,704,130,316.18
Proportion of Total Cash Dividends (Including Through Other Means) to Total Attributable Profits	100%

Detailed Information on Distribution of Corporate Profits and the Shift Plan of Public Accumulation Funds to Capital Stock

According to the profit distribution plan for 2021 approved at the 22nd Meeting of the Fifth Session of Board of Directors on April 23, 2022, the Company plans to give RMB 1.5 in cash (including tax) to all its shareholders for every 10 shares they hold. Based on the current equity base of 10,099,179,979 shares after having deducted the cumulative repurchase of 26,345,021 shares from the total as of the disclosure date of this announcement, the Company plans to distribute RMB 1,514,876,996.85 (including tax) in cash dividends, while the remaining undistributed profits are reserved for the subsequent year. The Company will not give bonus shares this year, nor will it increase its capital stock with the addition of the accumulation funds. The shares held in the Company's dedicated securities repurchase account will not be included in this round of profit distribution. If the total capital stock changes due to the conversion of convertible bonds into shares, repurchase of shares, cancellation of repurchasing grant shares due to incentives and registration of reserved grant shares before the date of equity distribution and registration, the total amount of distribution should be adjusted according to the principle of unaltered distribution proportion.

X. Institutional Development and Implementation of Internal Control During the Reporting Period

The Company has established a sound internal control management system in accordance with the applicable laws, regulations and normative documents such as the *Company Law of the People's Republic of*

China, the Securities Law of the People's Republic of China, the Guidelines on the Bylaws of Listed Companies, and the Guidelines on Corporate Governance for Listed Companies and in combination with the actual conditions facing the Company. The Company has developed internal management systems concerning external guarantees and related-party transactions, regularly inspected and evaluated various systems, and amended them in line with the new laws and regulations issued by the regulatory authorities.

XI. Internal Control Self-Assessment Report and Internal Control Audit Report

1. Internal control self-assessment report

Report Disclosure Date	April 26, 2022	
Report Disclosure Index	The <i>Corporate Internal Control Self-Assessment Report 2021</i> is available on Juchao Zixun Website (http://www.cninfo.com.cn).	
Proportion of the Total Assets of the Organizations Included in the Assessment Scope to Those of the Company's Consolidated Financial Statements	92.36%	
Proportion of the Operating Revenues of the Organizations Included in the Assessment Scope to Those of the Company's Consolidated Financial Statements	93.17%	
Defect Identification Standards		
Category	Financial Statements	Non-Financial Statements
Qualitative Standards	Signs of major defects in financial statements include: (1) Invalid internal control environment; (2) Misconduct committed by directors, supervisors and senior executives; (3) External auditors identify a material mistake in the current financial statement neglected by the Company; (4) Invalid supervision by the Audit Committee and internal audit department on internal control; and (5) Other defects that may affect the judgment of readers of the report. Signs of important defects in financial statements include: Individual internal control defects, or in combination with other defects, have a reasonable possibility that prevents the timely detection and correction of any misstatements in the financial statement that should be paid heed to by the Board and management although such misstatements may not	The following scenarios are identified as constituting material defects: (1) The decision-making procedures are not sound; (2) Violation of national laws and regulations, such as causing environmental pollution; (3) Gradual loss of managers or technicians; (4) Frequent negative news in the media; (5) The flaws of internal control assessments, especially material or important defects, are not rectified; and (6) Lack of institutional control for important operations or systematic institutional failure. Other scenarios are identified as representing important and general defects in line with the severity.

	reach or exceed the importance level. General defects refer to other control defects apart from the material and important defects mentioned above.	
Quantitative Standards	<p>The operating income and total assets are taken as the measurement indicators. If the losses resulting from internal control defects are related to the profit statement, the operating revenue will be taken as the indicator. If the amount of misstatement in the financial report caused by the individual defect or in combination with other defects is less than 0.5% of the operating revenue, it is recognized as a general defect. If the amount exceeds 0.5% but lower than 1% of the operating revenue, it is recognized as an important defect. If the amount exceeds 1% of the operating revenue, it is recognized as a material defect. If the losses resulting from internal control defects are related to asset management, the total assets will be taken as the indicator. If the amount of misstatement in the financial report caused by the individual defect or in combination with other defects is less than 0.5% of the operating revenue, it is recognized as a general defect. If the amount exceeds 0.5% but lower than 1% of the operating revenue, it is recognized as an important defect. If the amount exceeds 1% of the operating revenue, it is recognized as a material defect.</p>	<p>The operating income and total assets are taken as the measurement indicators. If the losses resulting from internal control defects are related to the profit statement, the operating revenue will be taken as the indicator. If the amount of misstatement in the financial report caused by the individual defect or in combination with other defects is less than 0.5% of the operating revenue, it is recognized as a general defect. If the amount exceeds 0.5% but lower than 1% of the operating revenue, it is recognized as an important defect. If the amount exceeds 1% of the operating revenue, it is recognized as a material defect. If the losses resulting from internal control defects are related to asset management, the total assets will be taken as the indicator. If the amount of misstatement in the financial report caused by the individual defect or in combination with other defects is less than 0.5% of the operating revenue, it is recognized as a general defect. If the amount exceeds 0.5% but lower than 1% of the operating revenue, it is recognized as an important defect. If the amount exceeds 1% of the operating revenue, it is recognized as a material defect.</p>
Number of Material Defects in Financial Statements		0
Number of Material Defects in Non-Financial Statements		0
Number of Important Defects in Financial Statements		0
Number of Important Defects in Non-Financial Statements		0

2. Internal control audit report

Review Suggestions Section in the Internal Control Audit Report

We believe that Rongsheng Petrochemical Co., Ltd. maintained effective internal control of financial statements across all the material aspects in accordance with the *Guidelines No.1 for Self-Discipline Regulation of Listed Companies on Shenzhen Stock Exchange—Standard Operations of Listed Companies on the Main Board (SZS 2022 No. 13)* on December 31, 2021.

Report Disclosure Status	Disclosed
Report Disclosure Index	The <i>Internal Control Assurance Report 2021</i> is available on Juchao Zixun Website (http://www.cninfo.com.cn).
Report Disclosure Date	April 26, 2022
Suggestions Category	Standard Clean Opinion
Whether Having Material Defects in Non-Financial Statements	No

XII. Rectification of Self-Examined Problems under the Special Campaign of Corporate Governance for Listed Companies

During the reporting period, the Company complied with the China Securities Regulatory Commission's *Notice on Launching the Special Campaign of Corporate Governance for Listed Companies (CSRC 2020 No. 69)* and examined the problems in corporate governance conscientiously and responsibly. The Company also received effective guidance from the local regulatory authorities, improved the ledger documenting the progress of the Special Campaign, and offered timely feedback on the self-examination results. We found zero problems that need rectifying.

Section V Environmental and Social Responsibility

I Major Environmental Issues

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

Company (subsidiaries)	Main pollutants and characteristic pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlet	Emission concentration	Emission standards for the pollutant	Total emission (tonne/year)	Sanctioned total emissions (tonne/year)	Excess emission
Rongsheng Petrochemical Co., Ltd	SO ₂	Organized discharge	2	super-clean workshop in Rongxiang furnace area	4.95mg/Nm ³	<50mg/Nm ³	7.06	121.93	Nil
	NO _x	Organized discharge	2	super-clean workshop in Rongxiang furnace area	38.05mg/Nm ³	<150mg/Nm ³	51.55	102.59	Nil
	Smoke	Organized discharge	2	super-clean workshop in Rongxiang furnace area	3.297mg/Nm ³	<20mg/Nm ³	4.57	21	Nil
	Ammonia nitrogen	Sewerage cutoff	1	the gate of Shengyuan plant	3.302mg/L	≤35mg/L	0.19	2.15	Nil

	COD	Sewerage cutoff	1	the gate of Shengyuan plant	45.87mg/L	≤500mg/L	2.27	30.7	Nil
Zhejiang Petrochemical Co., Ltd	SO ₂	Discharge after treatment	53	Inside the plant	Average: 4.23mg/m ³ Range: 0.21-10.68mg/m ³	GB31570 GB31571 GB31572	165.14	2,360	Nil
	NO _x	Discharge after treatment	54	Inside the plant	Average: 41.76mg/m ³ Range: 2.8-90.39mg/m ³	GB31570 GB31571 GB31572	1,631.026	4,951	Nil
	PM	Discharge after treatment	36	Inside the plant	Average: 0.40mg/m ³ Range: 0.001-2.13mg/m ³	GB31570 GB31571 GB31572	15.691	1,232	Nil
	COD	Discharge after treatment	1	Inside the plant	23.9mg/m ³	GB31570 GB31571 GB31572	71.511	291	Nil
	Ammonia nitrogen	Discharge after treatment	1	Inside the plant	0.56mg/m ³	GB31570 GB31571 GB31572	0.546	30	Nil
Zhoushan Yushan Petrochemical Engineering Co., Ltd	SO ₂	Discharge after treatment	9	Inside the plant	Average: 1.36mg/m ³ Range: 0.72-2.68mg/m ³	DB332147 GB18484	114.866	1,100.74	Nil
	NO _x	Discharge after treatment	9	Inside the plant	Average: 26.94mg/m ³ Range: 16.64-45.52mg/m ³	DB332147 GB18484	1,210.354	1,572.48	Nil
	PM	Discharge after treatment	9	Inside the plant	Average: 1.67mg/m ³ Range: 0.42-4.03mg/m ³	DB332147 GB18484	28.517	157.25	Nil

Ningbo Zhongjin Petrochemical Co., Ltd	SO ₂	Continuous emission	15	Across the whole plant	7.33mg/m ³	GB13223 GB31570	104.22	420.69	Nil
	NO _x	Continuous emission	14	Across the whole plant	31.15mg/m ³	GB13223 GB31570	443.04	1,191.84	Nil
	Smoke	Continuous emission	14	Across the whole plant	3.69mg/m ³	GB13223 GB31570	52.50	210.82	Nil
	COD	Continuous emission	2	East side of the plant	73.24mg/L	GB8978	89.56	469.68	Nil
	Ammonia nitrogen	Continuous emission	2	East side of the plant	2.74mg/L	GB8978	3.35	49.29	Nil
Zhejiang Shengyuan Chemical Fiber Co., Ltd	SO ₂	Organized discharge	2	Furnace area	6.6mg/Nm ³	50mg/Nm ³	9.82	17.38	Nil
	NO _x	Organized discharge	2	Furnace area	27.1mg/Nm ³	150mg/Nm ³	40.35	52.15	Nil
	Smoke	Organized discharge	2	Furnace area	3.1mg/Nm ³	20mg/Nm ³	7.4	8.74	Nil
	Ammonia nitrogen	Sewerage cutoff	1	the gate of the plant	5mg/L	35mg/L	0.24	1.3	Nil
	COD	Sewerage cutoff	1	the gate of the plant	40mg/L	500mg/L	1.92	2.74	Nil
Zhejiang Yisheng Petrochemical Co., Ltd	COD	Discharge after treatment	1	Sewage station	44.85mg/L	100mg/L	277.81	1,214.36	Nil
	Ammonia nitrogen	Discharge after treatment	1	Sewage station	0.51mg/L	8mg/L	2.65	17.35	Nil

	SO ₂	Discharge after treatment	2	Boiler island	7.99mg/m ³	35mg/m ³	57.24	197.45	Nil
	NO _x	Discharge after treatment	2	Boiler island	18.46mg/m ³	50mg/m ³	122.15	859.17	Nil
	Smoke	Discharge after treatment	2	Boiler island	1.51mg/m ³	5mg/m ³	10	426.11	Nil
Hainan Yisheng Petrochemical Co., Ltd	SO ₂	Discharge after treatment	2	Boiler / HTM furnace	69.18/74.02mg/m ³	GB13223 GB13271	266.10	600	Nil
	NO _x	Discharge after treatment	2	Boiler / HTM furnace	44.09/279.20mg/m ³	GB13223 GB13271	509.50	850	Nil
	Smoke	Discharge after treatment	2	Boiler / HTM furnace	9.5/9.82mg/m ³	GB13223 GB13271	35.40	214.5	Nil
	COD	Discharge after treatment	1	Sewage station	34.18mg/l	GB31572	150.93	224.59	Nil
	Ammonia nitrogen	Discharge after treatment	1	Sewage station	0.12mg/l	GB31572	0.53	17.35	Nil
Yisheng Dahua Petrochemical Co., Ltd	COD	Continuous emission	2	Northwest corner and the north side of the plant	81mg/L	300mg/L	882.79	1,680	Nil

	Ammonia nitrogen	Continuous emission	2	Northwest corner and the north side of the plant	1.37mg/L	30mg/L	14.86	182	Nil
	NOx	Continuous emission	3	Southeast corner of the plant	27.16mg/m ³	50mg/m ³	68.39	405	Nil
	SO ₂	Continuous emission	3	Southeast corner of the plant	2.97mg/m ³	35mg/m ³	5.91	251	Nil
	Smoke	Continuous emission	3	Southeast corner of the plant	1.6mg/m ³	5mg/m ³	4.3	51	Nil

Construction and operation of pollution prevention and control facilities

(1) Rongsheng Petrochemical: the company started the construction of super-clean desulfurization tower and flue gas denitration and dust removal devices in March 2016 and put them into operation in September 2016. At present, the devices are in good operation and can meet the flue gas emission standard of Xiaoshan District.

(2) ZPC: the company's pollution prevention and control facilities have been completed and are in normal operation.

(3) Zhongjin Petrochemical: the company designed, built and put into use the prevention and control measures of waste gas, waste water, solid waste and noise simultaneously with the main unit according to the requirements of environmental impact assessment, and now the operation of the unit is in good condition.

(4) Shengyuan Chemical Fiber: the company started the construction of super-clean desulfurization tower and flue gas denitration and dust removal devices in March 2016 and put them into operation in September 2016. At present, the devices are in good operation and can meet the flue gas emission standard of Xiaoshan District.

(5) Zhejiang Yisheng: the company designed, built and put into use the prevention and control measures of waste gas, waste water, solid waste and noise simultaneously with the main unit according to the requirements of environmental impact assessment, and now the operation of the unit is in good condition. According to other remediation requirements put forward by environmental protection departments, the company added some pollution prevention and control facilities to further improve the environmental protection treatment level of the unit.

(6) Hainan Yisheng: the company designed, built and put into use the prevention and control measures of waste gas, wastewater, solid waste and noise simultaneously with the main unit according to the requirements of environmental impact assessment, and now the operation of the unit is in good condition. According to other remediation requirements put forward by environmental protection departments, the company added some pollution prevention and control facilities to further improve the environmental protection treatment level of the unit.

(7) Yisheng Dahua:

Pollutant	Pollution prevention and control facilities	Operation date	processing capacity	Operating condition
Water pollutants	Sewage treatment station	March 2009	19,200 tonnes/day	Stable
	Sewage treatment station	November 2012	28,800 tonnes/day	Stable
Air contaminant	RTO heat reserve burning oven	March 2009	900,000 m ³ /hour	Stable
	RTO heat reserve burning oven	November 2012	1800,000m ³ /hour	Stable
	Flue gas treatment facilities of HTM stove	October 2020	458,000m ³ /hour	Stable

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

Project	EIA approval document number	Completion acceptance document number
Direct spinning project of polyester filament with an annual output of 180,000 tonnes	2002.3.29	2006.4.4
Technical transformation project of multi-functional differentiated fiber with an annual output of 30,000 tonnes	NO. 15 [2004] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	2007.12.27
Expansion project of PET melt direct spinning with an annual output of 180,000 tonnes	NO. 53 [2003] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	2006.4.4
Supporting project for PET melt direct spinning with an annual output of 60,000 tonnes	NO. 212 [2003] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	2007.12.27
Construction project with an annual output of 55000 tonnes of functional differentiated POY silk, 45,000 tonnes of FDY wire and 30,000 tonnes of differentiated low elastic wire	NO. 188 [2004] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	2006.4.4
Expansion project of differentiated chemical fiber with an annual output of 150,000 tonnes	NO. 667 [2005] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	2007.12.27
Expansion project of differential melt direct spinning with an annual output of 180,000 tonnes	2005.12	2007.12.27
40 million tonnes/year integrated refining-chemical ZPC integration project	NO. 45 [2017] Project Construction Audit by Ecology and Environment Bureau/ NO. 12 [2019] Letter from the Zhejiang Ecology and Environment Bureau	The independent acceptance of phase I project was completed on January 27, 2022
Supporting Mamu crude oil depot project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 82 [2017] Project Construction Audit by Dinghai branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project and the 1# tank group, 2# tank group and 1603 storage tank was completed on July 12, 2019 and March 22, 2022 respectively
Crude oil storage and transportation system (phase I) Mamu oil depot-Yushan oil pipeline project (sea area) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 8 [2017] Fishery Audit by (Zhoushan) Zhejiang Ecology and Environment Bureau	NO. 122 [2019] Letter from Zhoushan Ecology and Environment Bureau
Crude oil storage and transportation system (phase I) Mamu oil depot-Yushan oil pipeline project (land area) of the 40 million tonnes/year refining and chemical	NO. 23 [2017] Project Construction Audit by Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on

integration project of ZPC		January 20, 2022
Multipurpose wharf of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 18 [2018] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on September 29, 2020
Dry bulk terminal of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 19 [2018] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on September 29, 2020
Liquid chemical wharf of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 20 [2018] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on September 29, 2020
Oil product terminal of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 21 [2018] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on September 29, 2020
Workboat wharf of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 11 [2019] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Crude oil storage and transportation system (phase I) Chikan-Mamu oil depot oil pipeline connection project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 40 [2018] Project Construction Audit by Dinghai branch of Zhoushan Ecology and Environment Bureau	/
Product structure optimization for acrylonitrile combined unit of phase II project of the 40 million tonnes/year refining and chemical integration project	NO. 24 [2019] Project Construction Audit by Zhoushan Ecology and Environment Bureau	/
Power center supporting project of Zhoushan Green Petrochemical Base	NO. 3 [2019] Project Construction Audit by Zhoushan Ecology and Environment Bureau	Canceled
Sewage treatment plant project of Zhoushan Green Petrochemical Base	NO. 28 [2016] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on January 28, 2022
Construction project of industrial solid waste disposal center of Zhoushan Green Petrochemical Base	NO. 83 [2016] Project Construction Audit by Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on January 29, 2022
Seawater desalination project of Zhoushan Green Petrochemical Base	NO. 27 [2018] Letter on Fishery by Daishan County Marine and Fishery Bureau	/

Material wharf of the supporting wharf project (phase I) of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 10 [2019] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Multipurpose wharf screw unloader and supporting technical transformation project of ZPC (phase I) project	NO. 2 [2020] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	The independent acceptance of the project was completed on January 20, 2022
Supporting water intake and drainage project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 1 [2021] Sea Area Utilization Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Cezi oil depot connecting line project of ZPC integration project	NO. 23 [2021] Project Construction Adjudication by Zhoushan Ecology and Environment Bureau	/
Supporting materials optimization project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 14 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Liquid chemical wharf 8-12# berth project of supporting wharf project (phase II) of the 40 million tonnes/year refining and chemical integration project	NO. 15 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Phase II project of seawater desalination project of Zhoushan Green Petrochemical Base	NO. 18 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Phase III project of seawater desalination project of Zhoushan Green Petrochemical Base	NO. 19 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Self provided gas-fired cogeneration project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 11 [2021] Project Construction Audit by Zhoushan Ecology and Environment Bureau	/
Power center supporting project of Zhoushan Green Petrochemical Base	NO. 12 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Ethylene cracking by-products comprehensive utilization 2# truck loading and unloading station project	NO. 22 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Liquid chemical wharf 13-18# berth project of supporting wharf project (phase II) of the 40 million tonnes/year refining and chemical integration project	NO. 25 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Loading and unloading facilities reconstruction project of liquid chemical wharf (phase I) of ZPC	NO. 29 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/

New high density polyethylene and other chemical plant projects of ZPC	NO. 31 [2021] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Heavy metal ash recovery project of oil residue gasification filter cake incineration of ZPC	NO. 2 [2022] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Chemical waste liquid incinerator project of the 40 million tonnes/year refining and chemical integration project of ZPC	NO. 3 [2022] Project Construction Audit by Daishan branch of Zhoushan Ecology and Environment Bureau	/
Aromatics production adjustment project with the annual output increasing from 900,000 tonnes to 2 million tonnes	NO. 57 [2014] Project of Yongjinag branch of Ningbo Ecology and Environment Bureau	NO. 21 [2017] Environmental Acceptance by Yongjiang Ecology and Environment Bureau
Niluoshan power station project	NO. 61 [2015] Project of Yongjinag branch of Ningbo Ecology and Environment Bureau	NO. 1 [2018] Environmental Acceptance by Yongjiang Ecology and Environment Bureau
Technical transformation project for synthetic gas comprehensive utilization	NO. 136 [2017] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Independent acceptance
PTA project with an annual output of 3 million tonnes	NO. 2 [2018] Project of Yongjinag branch of Ningbo Ecology and Environment Bureau	Independent acceptance
Technical transformation project for raffinate efficiency enhancement	NO. 9 [2019] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Independent acceptance
Reconstruction project of Niluoshan power station	NO. 85 [2019] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Under adjusting and testing
Tank farm expansion project	NO. 212 [2020] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Under construction
Supporting energy-saving transformation project of Niluoshan power station	NO. 30 [2021] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Under adjusting and testing
New chemical warehouse project	NO. 42 [2021] Permission from Zhenhai branch of Ningbo Ecology and Environment Bureau	Under construction
Transformation and upgrading project of 290,000 tonnes/year differentiated polyester filament	NO. 1849 [2011] Project of Xiaoshan branch of Hangzhou Ecology and Environment Bureau	NO. 169 [2017] Environmental

		Acceptance by Xiaoshan Ecology and Environment Bureau
Melt direct spinning differentiated polyester filament project with annual output of 300,000 tonnes	NO. 115 [2013] Project of Zhejiang Ecology and Environment Bureau	NO. 4 [2017] Environmental Acceptance by Hangzhou Ecology and Environment Bureau
PTA project with an annual output of 2.1 million tonnes	NO. 128 [2013] Environmental Acceptance by Ministry of Environmental Protection	NO. 808 [2016] Letter from the Hainan Provincial Department of Ecology and Environmental Protection
Multifunctional sheet project with an annual output of 1 million tonnes	NO. 418 [2011] Qualification Examination of Hainan Provincial Department of Land, Environment and Resources	NO. 918 [2015] Letter from the Hainan Provincial Department of Ecology and Environmental Protection
High performance resin new material project with an annual output of 500,000 tonnes	NO. 1537 [2016] Letter from the Hainan Provincial Department of Ecology and Environmental Protection	The independent acceptance of the project was completed on March 30, 2018
Multifunctional new material project with an annual output of 500,000 tonnes	NO. 1653 [2018] Letter from the Hainan Provincial Department of Ecology and Environmental Protection	The independent acceptance of the project was completed on January 20, 2021
Polyester plant process for waste water pre-treatment project	NO. 169 [2018] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone	The independent acceptance of the project was completed on January 20, 2021
Wharf project of Lianhuashan Lingang Petrochemical Logistics Park	NO. 24 [2015] Letter from the Hainan Provincial Department of Ecology and Environmental Protection	NO. 1549 [2015] Letter from the Hainan Provincial Department of Ecology and Environmental Protection
Wharf upgrading project of Lianhuashan Lingang Petrochemical Logistics Park	NO. 994 [2018] Letter from the Hainan Provincial Department of Ecology and Environmental Protection	The independent acceptance of the project was completed on June 10, 2019

PTA project with an annual output of 2.5 million tonnes	NO. 58 [2021] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone	Under construction
1.8 million tonnes/year functional material project	NO. 149 [2021] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone	Under construction
Wharf reconstruction and expansion project of Lianhuashan Lingang Petrochemical Logistics Park in Yangpu	NO. 4 [2022] Letter from the Ecology and Environment Bureau of Yangpu Economic Development Zone	Under construction
PTA project of Yisheng Dahua Petrochemical Co., Ltd with an annual output of 1.2 million tonnes	NO. 576 [2007] Environmental Audit	NO. 118 [2010] Environmental Acceptance
PTA project of Yisheng Dahua Petrochemical Co., Ltd with an annual output of 2.5 million tonnes	/	NO. 013 [2016] Filing of Dalian Jinzhou New Area Environmental Protection Bureau
PET project of Yisheng Dahua Petrochemical Co., Ltd with an annual output of 1 million tonnes	NO. 2016-01-045 Permission from Ecology and Environment Bureau	The independent acceptance of the project was completed on October 18, 2020
PET expansion project of Yisheng Dahua Petrochemical Co., Ltd with an annual output of 500,000 tonnes	NO. 000018 [2022] Environmental Review and Approval by the Government	/

Emergency response plans for paroxysmal environment events

(1) The *Emergency Response Plan for Paroxysmal Environment Events of Rongsheng Petrochemical Co., Ltd.* has been presented to Xiaoshan District Ecological and Environmental Protection Bureau.

(2) The *Emergency Response Plan for Paroxysmal Environment Events of Zhejiang Petrochemical Co., Ltd.* has been presented to the local environmental protection department.

(3) The *Emergency Response Plan for Paroxysmal Environment Events of Ningbo Zhongjin Petrochemical Co., Ltd.* has been revised and reviewed in February 2021 and presented to the local environmental protection department, filing number 330211-2021-009-H.

(4) The *Emergency Response Plan for Paroxysmal Environment Events of Zhejiang Shengyuan Chemical Fiber Co., Ltd.* has been presented to Xiaoshan District Ecological and Environmental Protection Bureau.

(5) The *Emergency Response Plan for Paroxysmal Environment Events of Hainan Yisheng Petrochemical Co., Ltd.* has been revised and reviewed in December 2020 and presented to the local environmental protection department.

(6) The *Emergency Response Plan for Paroxysmal Environment Events of Zhejiang Yisheng Petrochemical Co., Ltd.* has been revised and reviewed in September 2020 and presented to the local environmental protection

department.

(7) The *Comprehensive Emergency Response Plan for Paroxysmal Environment Events of Yisheng Dahua Petrochemical Co., Ltd.*, the *Special Emergency Response Plan for Paroxysmal Environment Events of Yisheng Dahua Petrochemical Co., Ltd.*, the *Environmental Risk Assessment Report for Paroxysmal Environment Events of Yisheng Dahua Petrochemical Co., Ltd.* and the *Investigation Report on Emergency Resources for Paroxysmal Environment Events of Yisheng Dahua Petrochemical Co., Ltd.* were revised, reviewed and presented to the local environmental protection department in April 2020.

Environmental self-monitoring scheme

The Company and its subsidiaries strictly abide by the environmental protection laws, regulations and relevant regulations of the state and local governments. The Company has established an environmental self-monitoring scheme to ensure that all pollutants are discharged and disposed of in strict accordance with the requirements of laws and regulations. The self-monitoring scheme is disclosed in the pollution source monitoring data management system. The Company carries out pollution source monitoring in strict accordance with the monitoring scheme to ensure that all pollutants are discharged in strict accordance with the requirements of laws and regulations, and entrusts a qualified third-party monitoring agency to carry out monitoring on a regular basis.

Environmental protection-related administrative penalties during the reporting period:

Throughout the reporting period, the Company did not receive any environmental protection-related administrative penalties.

Other environmental information that should be disclosed:

Other environmental information that should be disclosed has been disclosed as required.

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

As the impact of climate change on the Earth's ecology intensifies, the Company is deeply aware that corporate development should not come at the expense of natural environment destruction; instead, enterprises should embrace environmental responsibilities and protect the sustainable future of the Earth. As a pioneer in the petrochemical industry, the Company is committed to China's solemn goal to "peak carbon dioxide emissions in 2030 and become carbon neutrality in 2060," takes effective measures to reduce carbon emissions at the plants, and assists the industry to achieve low-carbon transformation.

(1) System construction

ZPC and some other subsidiaries have established carbon emission management groups, which are responsible for the overall oversight of the Company's carbon emission reduction, carbon asset management, and carbon emission trading, and coordinating with other relevant departments to advance the cause.

(2) Carbon verification

ZPC, Ningbo Zhongjin Petrochemical, and some other subsidiaries have made steady progress in carbon verification. With a thorough investigation of the Company's carbon emissions, they promote the centralized

management of the Company's carbon emissions and establish normalized data collection and statistical methods.

(3) Risk management

The Company has carried out comprehensive risk investigations and formulated emergency plans for extreme weather caused by climate change (such as typhoons, extreme cold, extreme heat, and floods). Emergency drills are also carried out on a regular basis to improve employees' risk response capabilities.

(4) Energy conservation publicity

During the reporting period, in response to the national call for energy conservation and emission reduction, the Company and its subsidiaries carried out various energy conservation publicity campaigns to promote the Company to transform into a resource-saving and environment-friendly enterprise and strive to achieve the goals of peaking carbon dioxide emissions and carbon neutrality as soon as possible.

(5) Technological innovation

During the reporting period, to actively respond to the strategic goals of "peaking carbon dioxide emissions and achieving carbon neutrality," ZPC focused on refining-chemical integration and key technological innovation of new materials to conserve energy and reduce emission, oil and enhance the chemical, improve quality and efficiency, and develop and use new material. The Company collaborated with Tsinghua University to exchange green innovation of petrochemical technology to address industry challenges together. After discussions, both sides agreed on several major areas of cooperation, such as "capture and high value-added utilization of carbon dioxide, direct cracking of crude oil to olefins, application of micro-chemical technology in the refining process and volatile organic compounds (VOCs) treatment technology." Starting from 2022, they will actively implement and steadily advance key scientific research projects.

In addition, ZPC made full use of the exhaust gas emitted by the existing units as a sufficient and stable carbon resource to recover and purify carbon dioxide. The carbon dioxide processed using the adsorbent refining technology was used as the raw material gas in the Company's units to synthesize dimethyl carbonate and other products. With this approach, ZPC was able to reduce 120,000 tonnes of carbon dioxide emissions in a single year. In addition, the excess carbon dioxide was used for carbon asset trading, which reduced the raw material sourcing cost while recovering carbon dioxide, benefiting both environmental protection and profits.

Other environmental protection related information:

The Company and its subsidiaries attach great importance to environmental protection and make major decisions on environmental protection periodically or irregularly. The Company has established a Health, Safety and Environment (HSE) Management Committee to comprehensively supervise and manage the Company's HSE issues. Each subsidiary has a full-time environmental protection department responsible for daily comprehensive management, supervision and inspection. To understand dynamic situation of pollution, the Company has established a strict monitoring system and entrusted the environmental management and monitoring department to monitor the water, gas, sound and slag of the whole plant.

2. Social responsibility information

The Company actively performs its social responsibility. For the full text of the *2021 Rongsheng Petrochemical Co., LTD. Social Responsibility Report* published on April 26, 2022, please visit www.cninfo.com.cn.

The Company shall comply with the disclosure requirements of the chemical industry in the *Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 3 - Industrial Information Disclosure*.

The Company abides by relevant state and local laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Work Safety Regulations of Zhejiang Province*. The Company has developed and improved a number of internal work safety rules and operational procedures, including the *Management Regulations on Work Safety and Environmental Protection*, the *Management Regulations on Lifting Operation Safety*, the *Rules for the Implementation of Safety Training and Education Management*, and the *Fire Emergency Plan of Rongsheng Petrochemical*. The Company comprehensively promotes the standardization of work safety in all subsidiaries and has established a work safety management system and maintained its effectiveness, ensuring work safety in all aspects of production and operation. By the end of the reporting period, Rongsheng Petrochemical had received the Grade-3 work safety standardization certificate. During the reporting period, no work-related deaths occurred.

The Company adheres to two principles, that the "person in charge takes the responsibility" and that "safety is the foundation of production and business." The Company strengthens the work safety accountability system for all employees and promote all subsidiaries and production units to build and strengthen a solid work safety organizational structure, and assigns work safety responsibilities at all levels. The Company uses a combination of rewards and penalties to encourage employees to strictly assure their primary responsibility in their position to ensure work safety.

3. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

The Company continued to share development achievements with the society. In 2021, the Company has set up the "Rongsheng Education Reward Fund" and awarded about RMB 900,000 to teachers and students in Yinong Town. The newly established "ZPC Daishan Education Fund" fully promotes the high-quality development of Daishan County's education with an annual support of about RMB 10 million. The RMB 100 million worth of fund (contributed by installment) for the Charity Federation in Xiaoshan District has been increased to RMB 130 million to carry out various social assistance activities such as "poverty relief, education assistance, medical assistance, elderly care, disabled assistance, orphans care and disaster relief". In addition, the Company also contributes to the construction of a harmonious and beautiful society in many fields every year, such as education assistance, poverty alleviation, medical assistance and care for needy groups.

(1) **Education assistance:** the Company has set up the Rongsheng Education Reward Fund, which awards about RMB 1.4 million every year to teachers and students in Yinong, and the Xinjiang Aqsu Education Fund with an investment of RMB 20 million (all contributed in 10 years) to assist the cause of education in Aqsu.

(2) **Poverty relief:** the Company pairs up with Tonglu's Eshan Township and invests RMB 200,000 every year to support local social development.

(3) **Medical assistance:** the Company has established the Rongsheng Health Care Fund to assist families or individuals hit by serious illnesses in Yinong Town. The Company donated an ambulance to Yinong Town Health Center and paid to invite experts and famous doctors to Yinong Town to provide clinic consultations.

(4) **Care for needy groups:** the Company has set up the Hangzhou Police Care Fund, with an annual contribution of RMB 500,000 to support the police and auxiliary police in difficulties.

Section VI Important Matters

I. Fulfillment of Commitments

Cause of commitment	Commitment party	Commitment type	Content of commitment	Time of commitment	Term of Commitment	Fulfillment
Share reform commitment	N/A	N/A	N/A		N/A	N/A
Commitments stated in the Report of Acquisition or Equity Change Report	N/A	N/A	N/A		N/A	N/A
Commitments made in assets reorganization	N/A	N/A	N/A		N/A	N/A
Commitment made during IPO or re-financing	Directors and supervisors of the Company	Commitment made during IPO	Directors Li Shuirong and Li Yongqing and Supervisor Li Guoqing promised that during their term of office, they would not transfer shares they held (including directly and indirectly) in the issuer of more than 25% of the total shares held (including directly and indirectly) by them in the issuer every year. Within half a year after resignation, they would not transfer shares directly or indirectly held by them in the issuer.	November 2, 2010	Term of commitment for share lock-up is 36 months	Commitments honored
Equity incentive commitment	N/A	N/A	N/A		N/A	N/A
Other commitments to minority shareholders of the Company	Shareholders before issuance	Commitment made during IPO	Zhejiang Rongsheng Holding Group Co., Ltd., the controlling shareholder of the Company, signed the <i>Non-competition Agreement</i> with the Company and promised not to compete with the Company in the same industry. Li Shuirong, the de facto controller and the largest natural person shareholder of the Company, and other shareholders, including Li Yongqing, Li Guoqing, Ni Xincan, Xu Yuejuan and Zhao Guanlong, respectively issued the <i>Letter of Commitment on Avoiding</i>	November 2, 2010	Long term	Commitments honored

			<i>Horizontal Competition</i> and promised not to compete with the company in the same industry.			
	Controlling shareholder	Share lock-up	Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as "Rongsheng Petrochemical") would not transfer or entrust others to manage the subscribed shares of Rongsheng Petrochemical within 36 months from the closing date of the non-public offering of shares in 2017 (i.e. the first day of listing of new shares), nor would Rongsheng Petrochemical repurchase those shares.	July 18, 2018	36 months	Commitments honored
	Other shareholders (Horizon Asset Management Co., Ltd., Caitong Fund Management Co., Ltd., Hangzhou Fenhua Investment Partnership (Limited Partnership), BOCOM Schroeder Asset Management Co., Ltd., Fullgoal Fund Management Co., Ltd., Zhejiang Invest Equity Investment & Management Co., Ltd. - Yinwanhuayi No. 1 Private Securities Investment Fund, Qian Xiaomei, Zhejiang Invest Equity Investment & Management Co., Ltd. - Yinwanquanying No. 5 Private Securities Investment Fund, Hangzhou Jintou Shengnan Investment Partnership (Limited Partnership), Qiao Xiaohui, Qi Guohong, Shanghai Orient Securities Asset Management Co., Ltd., JT Asset Management Co., Ltd., Guotai Asset Management Co., Ltd., Shenzhen Boyi Anying Asset Management Co., Ltd., Morgan Stanley & Co. International PLC, Nuode Fund Management Co., Ltd., Ningbo Meishan Free Trade Port Junheng Investment Partnership (Limited Partnership), Boseru Funds Management Co., Ltd.)	Share lock-up	Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as "Rongsheng Petrochemical") would not transfer or entrust others to manage the subscribed shares of Rongsheng Petrochemical within 6 months from the closing date of the non-public offering of shares in 2019 (i.e. the first day of listing of new shares), nor would Rongsheng Petrochemical repurchase those shares.	October 12, 2020	6 months	Commitments honored
Whether the commitments are performed on time			Yes			
If the commitments have not been fulfilled after the deadline, the specific reasons for the failure to complete the performance and the work plan for the next step should be explained in details			N/A			

II. Non-operating Occupation of Funds of the Listed Company by the Controlling Shareholder and Other Related Parties

There was no non-operating occupation of funds of the listed company by the controlling shareholder and other related parties during the reporting period.

III. Illegal External Guarantee

There is no illegal external guarantee during the reporting period.

IV. Explanation of Changes in Accounting Policies, Accounting Estimates or Correction of Major Accounting Errors Compared with the Financial Report of the Previous Year

Since January 1, 2021, the Company has implemented the *Accounting Standards for Business Enterprises No.21—Leasing* revised and issued by the Ministry of Finance on December 7, 2018. According to the transition provisions of relevant old and new standards, no adjustment shall be made to the information of comparable periods.

V. Explanation of Changes in the Scope of Consolidated Statements Compared with the Financial Report of the Previous Year

Company name	Method of acquisition and disposal of subsidiaries during the reporting period
Dalian Yisheng New Materials Co., Ltd.	New establishment
Rongtong Logistics (Singapore) Pte. Ltd.	New establishment
Rongsheng Petrochemical (Hong Kong) Co., Ltd.	New establishment
Zhejiang ZPC Sales Co., Ltd.	New establishment
Rongsheng Chemical (Shanghai) Co., Ltd.	New establishment
Zhejiang Rongyi Trading Co., Ltd.	New establishment
Zhejiang Yisheng New Materials Co., Ltd.	Business combinations not under the same control

Zhejiang Juxing Chemical Fiber Co., Ltd.

Equity transfer

VI. Appointment and Dismissal of Accounting Firm

The accounting firm employed currently

Name of domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Remuneration of domestic accounting firm (RMB 10,000)	600
Consecutive audit services year of domestic accounting firm	16
Name of the certified public accountant of a domestic accounting firm	Jia Chuan, Xu Haihong
Consecutive audit services year of the certified public accountant of a domestic accounting firm	2, 1

VII. Significant Related Party Transactions

Related party	Relationship	Type of related party transaction	Contents of related party transaction	Pricing principles of related party transaction	Price of related party transaction	Amount of related party transaction (RMB 10,000)	Proportion to similar transaction amount	Trading limit approved (RMB 10,000)	Above the approved limit or not	Settlement of related party transaction	Available market price for similar transaction	Date of disclosure	Disclosure index
Zhejiang Yisheng Petrochemical Co., Ltd.	Associated enterprise	Sales of goods	Xylene, m-xylene, PTA, etc.	Market price	Market price	552,015.23	34.27%	650,000	No	Banker's acceptance bill, spot exchange, etc.	Market price	April 15, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209689753&announcementTime=2021-04-155
Zhejiang Kunsheng Petrochemical	Associated enterprise	Sales of goods	EG, petroleum benzene, petroleum	Market price	Market price	789,132.73	11.53%	2,000,000	No	Banker's acceptance bill, spot	Market price	April 15, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcement

cal Co., Ltd.			p-xylene, etc.							exchange, etc.			entId=1209689753&announcementTi me=2021-04-15
Zhejiang Rongsheng Holding Group Co., Ltd.	Parent company	Purchase of goods	Coal, low-value consumption goods, etc.	Market price	Market price	561,206.03	54.29%	1,000,000	No	Banker's acceptance bill, spot exchange, etc.	Market price	April 15, 2021	<a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209689753&announcementId=1209689753&announcementTi
me=2021-04-15">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1209689753&announcementTi me=2021-04-15
Total				--	--	1,902,353.99	--	3,650,000	--	--	--	--	--
Details of return of large sales						N/A							
Actual performance during the reporting period where the total amount of daily related party transactionsto occur in the current period is estimated by category (if any)						None							
Reason for substantial differences between the transaction price and market reference price (if applicable)						N/A							

VIII. Major Contracts and Performance

1. Major guarantee

Unit: RMB 10,000

External guarantees provided by the Company and its subsidiaries (excluding the guarantees for subsidiaries)			
Total limits of external guarantees approved at the end of the reporting period (A3)	50,000	Total balance of actual external guarantees at the end of the reporting period (A4)	20,000
Guarantees of the Company to its subsidiaries			
Total limits of guarantees to subsidiaries approved at the end of the reporting period (B3)	11,800,000	Total balance of guarantees actually provided to subsidiaries at the end of the reporting period (B4)	7,265,318.12
Guarantees provided by subsidiaries to subsidiaries			
Total limits of guarantees to subsidiaries approved at the end of the reporting period (C3)	212,000	Total balance of guarantees actually provided to subsidiaries at the end of the reporting period (C4)	55,974.01
Total amount of guarantees of the Company (Including the above three mentioned guarantees)			
Total limits of guarantees approved at the end of the reporting period (A3+B3+C3)	12,062,000	Total balance of guarantees actually provided at the end of the reporting period (A4+B4+C4)	7,341,292.13
Proportion of total amount of guarantees (i.e. A4+B4+C4) in net assets of the Company		150.32%	

2. Cash asset management entrusted to others

(1) Entrusted wealth management

Unit: RMB 10,000

Specific type	Capital source of entrusted wealth management	Amount incurred of entrusted wealth management	Undue balance	Amount overdue but not recovered	Impairment amount accrued for overdue but not recovered wealth management
Bank financial products	Self-owned fund	15,000	0	0	0
Total		15,000	0	0	0

(2) Entrusted loans

Unit: RMB 10,000

Total amount incurred of entrusted loans	Capital source of entrusted loans	Undue balance	Amount overdue but not recovered
100,000	Self-owned	0	0

Specific information about high-risk entrusted loans with a large single-item amount or low safety and poor liquidity

Unit: RMB 10,000

Prospective borrower	Type of prospective borrower	Loan interest rate	Loan amount	Source of funding	Beginning date	Ending date	Expected income (if any)	Amount of actual gain and loss in the reporting period	Actual recovery of gain and loss in the reporting period	Amount of impairment provision accrued (if any)	Approved by legal procedures or not	Any entrusted loan plan in the future or not	Item overview and relevant query index (if any)
Zhejiang Yisheng New Materials Co., Ltd.	Related party	4.79%	100,000	Bank borrowings	January 23, 2020	December 14, 2021	2,612.31	2,612.31	2,612.31	0	Yes	Yes	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1208635435&announcementTime=2020-10-29
Total			100,000	--	--	--	2,612.31	2,612.31	--	0	--	--	--

Section VII Changes in Shares and Shareholders

I. Changes in Shares

Unit: share

	Before the change		Increase or decrease (+, -)					After the change	
	Number	Proportion	New issue of shares	Issue of bonus shares	Conversion of provident fund into shares	Others	Subtotal	Number	Proportion
I. Shares subject to sales restrictions	934,115,525	13.84%			237,436,637	-544,308,412	-306,871,775	627,243,750	6.19%
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	920,912,311	13.64%			237,436,637	-531,105,198	-293,668,561	627,243,750	
Including: Shares held by domestic legal persons	438,341,086	6.50%			28,355,387	-466,696,473	-438,341,086	0	0.00%
Shares held by domestic natural persons	482,571,225	7.14%			209,081,250	-64,408,725	144,672,525	627,243,750	6.19%
4. Shares held by foreign investors	13,203,214	0.20%			0	-13,203,214	-13,203,214	0	0.00%
Including: Shares held by foreign legal persons	13,203,214	0.20%			0	-13,203,214	-13,203,214	0	0.00%
Shares held by foreign natural persons									
II. Shares without sales restrictions	5,816,234,475	86.16%			3,137,738,363	544,308,412	3,682,046,775	9,498,281,250	93.81%

1. RMB ordinary shares	5,816,234,475	86.16%			3,137,738,363	544,308,412	3,682,046,775	9,498,281,250	93.81%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total shares	6,750,350,000	100.00%			3,375,175,000	0	3,375,175,000	10,125,525,000	100.00%

Reasons for changes in shares

The 2020 Annual Profit Distribution Plan approved by the 2020 Annual General Meeting of Shareholders of the Company was: the Company would distribute cash dividends of RMB 1.5 (including tax) for every 10 shares to all shareholders based on the existing total share capital of 6,750,350,000 shares, and increase 5 shares for every 10 shares to all shareholders with capital reserve. Before the equity distribution, the total share capital of the Company was 6,750,350,000 shares, which increased to 10,125,525,000 shares after the equity distribution.

II. Shareholders and De Facto Controllers

1. Number of shareholders and shareholding of the Company

Unit: share

Total number of ordinary shareholders at the end of the reporting period	87,354	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	84,083	Total number of preferred shareholders with restored voting rights at the end of the reporting period (if any)	0	Total number of preferred shareholders with restored voting rights at the end of the previous month before the disclosure date of the annual report (if any)	0
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Shareholdings of shareholders holding more than 5% of shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Increase or decrease during the reporting period	Number of shares held subject to sales restrictions	Number of shares held without sales restrictions	Pledge, marking or freezing	
							Status of shares	Number
Zhejiang Rongsheng Holding Group Co., Ltd.	Domestic non-state-owned legal person	61.46%	6,222,789,981	2,092,063,766	0	6,222,789,981		
Li Shuirong	Domestic natural person	6.35%	643,275,000	214,425,000	482,456,250	160,818,750		
Hong Kong Securities Clearing Company Limited	Foreign legal person	1.36%	137,861,004	67,181,752	0	137,861,004		
Shanghai Pudong Development Bank Co., Ltd. - GF High-End Manufacturing Stock Sponsored Securities Investment Fund	Others	0.97%	98,427,229	56,906,424	0	98,427,229		
Li Guoqing	Domestic natural person	0.95%	96,525,000	32,175,000	72,393,750	24,131,250		
Xu Yuejuan	Domestic natural person	0.95%	96,525,000	32,175,000	0	96,525,000		
Li Yongqing	Domestic natural person	0.95%	96,525,000	32,175,000	72,393,750	24,131,250		
China Construction Bank Co., Ltd. - GF Technology Pioneer Hybrid Securities Investment Fund	Others	0.72%	73,188,935	38,183,516	0	73,188,935		
Horizon Asset - Huaneng Trust · Jiayue No. 7 Single Fund Trust - Horizon Asset Huixin No. 43	Others	0.65%	65,343,887	19,419,662	0	65,343,887		

Single Asset Management Plan								
Hangzhou Fenhua Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	0.56%	56,831,227	18,943,742	0	56,831,227		
Strategic investors or general legal persons becoming the top 10 shareholders due to rights issue (if any)	Horizon Asset - Huaneng Trust · Jiayue No. 7 Single Fund Trust - Horizon Asset Huixin No. 43 Single Asset Management Plan, Shanghai Pudong Development Bank Co., Ltd. - GF High-End Manufacturing Stock Sponsored Securities Investment Fund, Hangzhou Fenhua Investment Partnership (Limited Partnership) and China Construction Bank Co., Ltd. - GF Technology Pioneer Hybrid Securities Investment Fund became the top 10 shareholders due to their participation in the Company's non-public offering of shares, and the agreed shareholding period is from October 12, 2020 to April 12, 2021.							
Explanation of the relationship or concerted action among the above shareholders	Among the top 10 shareholders, Zhejiang Rongsheng Holding Group Co., Ltd. is the controlling shareholder of the Company, Li Yongqing and Li Guoqing are nephews of Li Shuirong, Chairman of the Board of Directors of Zhejiang Rongsheng Holding Group Co., Ltd., and Xu Yuejuan is sister-in-law of Li Shuirong, forming associated relationships. In addition to the above-associated relationships, the Company has no knowledge of whether other shareholders are related to each other or act in concert.							
Explanation of the above shareholders on delegating/receiving/waiving voting rights	N/A							
Special explanation of the existence of a special repurchase account among the top 10 shareholders (if any)	N/A							

Shareholdings of the top 10 shareholders not subject to sales restrictions

Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Class of shares	
		Class of shares	Number
Zhejiang Rongsheng Holding Group Co., Ltd.	6,222,789,981	RMB ordinary shares	6,222,789,981
Li Shuirong	160,818,750	RMB ordinary shares	160,818,750
Hong Kong Securities Clearing Company Limited	137,861,004	RMB ordinary shares	137,861,004
Shanghai Pudong Development Bank Co., Ltd. - GF High-End Manufacturing Stock Sponsored Securities Investment Fund	98,427,229	RMB ordinary shares	98,427,229

Xu Yuejuan	96,525,000	RMB ordinary shares	96,525,000
China Construction Bank Co., Ltd. - GF Technology Pioneer Hybrid Securities Investment Fund	73,188,935	RMB ordinary shares	73,188,935
Horizon Asset - Huaneng Trust · Jiayue No. 7 Single Fund Trust - Horizon Asset Huixin No. 43 Single Asset Management Plan	65,343,887	RMB ordinary shares	65,343,887
Hangzhou Fenhua Investment Partnership (Limited Partnership)	56,831,227	RMB ordinary shares	56,831,227
China Merchants Bank Co., Ltd. - BOCOM Schroeder New Growth Hybrid Securities Investment Fund	55,807,996	RMB ordinary shares	55,807,996
China Minsheng Bank Co., Ltd. - GF Industry Best-Choice Three-Year Hybrid Securities Investment Fund	53,103,758	RMB ordinary shares	53,103,758
Explanation of the relationship or concerted action among the top 10 shareholders of outstanding shares without sales restrictions and among the top 10 shareholders of outstanding shares without sales restrictions and the top 10 shareholders	Among the top 10 shareholders, Zhejiang Rongsheng Holding Group Co., Ltd. is the controlling shareholder of the Company, Xu Yuejuan is the sister-in-law of Li Shuirong, Chairman of the Board of Directors of Zhejiang Rongsheng Holding Group Co., Ltd., and Ni Xincan is the brother-in-law of Li Shuirong, forming associated relationships. In addition to the above-associated relationships, the Company has no knowledge of whether other shareholders are related to each other or act in concert.		
Explanation of the top 10 shareholders' participation in securities margin trading (if any)	N/A		

2. Controlling shareholders of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person-in-charge	Date of establishment	Organization code	Main business
Zhejiang Rongsheng Holding Group Co., Ltd.	Li Shuirong	September 13, 2006	9133000079338631XM	Industrial investment, enterprise management consulting, indoor and outdoor building decoration, sales of chemical raw materials and products (excluding dangerous chemicals and easily made drugs), precious metals (excluding those under special control), gold products, coal (no storage), metal materials and products, steel, building materials, light textile raw materials and products, fuel oil (excluding finished oil), photovoltaic products, cement and products, wood and products, hardware and electrical appliances and daily necessities, computer software development, information consulting services, and import and export business. (Except for projects prohibited or restricted by national laws and regulations). (Business activities subject to the approval shall be carried out upon approval by relevant departments according to law.)
Equity of other domestic and overseas listed companies in which controlling shareholders have controlled and held shares during the reporting period		Zhejiang Rongsheng Holding Group Co., Ltd. has held 61.46% of shares of the Company and 29.08% of shares of Ningbo United Group Co., Ltd., respectively as their de facto controller.		

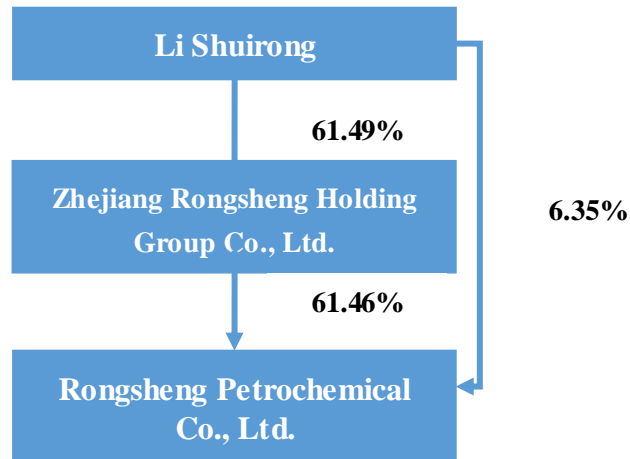
3. De facto controllers and persons acting in concert with the Company

Nature of de facto controller: domestic natural person

Type of de facto controller: natural person

Name of the de facto controller	Relationship with de facto controller	Nationality	Obtaining the right of residence in other countries or regions or not
Li Shuirong	Same person	China	No
Main occupation and position	Chairman of the Board of Directors of Zhejiang Rongsheng Holding Group Co., Ltd., Chairman of Ningbo United Group Co., Ltd., ViceChairman of Yibin Tianyuan Group Co., Ltd. and Chairman of the		

	Company.
Domestic and foreign listed companies under his control in the past 10 years	As of the end of the reporting period, Mr. Li has held 61.49% of the shares of Zhejiang Rongsheng Holding Group Co., Ltd. as its de facto controller. Zhejiang Rongsheng Holding Group Co., Ltd. has held 61.46% of shares of the Company and 29.08% of shares of Ningbo United Group Co., Ltd., respectively as their de facto controller.



Section VIII Preferred Shares

The Company had no preferred shares during the reporting period.

Section IX Bonds

I. Enterprise Bond

The Company had no enterprise bond during the reporting period.

II. Corporate Bond

1. Basic information of corporate bond

Unit: RMB

Name of bond	Bond abbreviation	Bond code	Issue date	Value date	Maturity date	Bond balance	Interest rate	Mode of repayment of principal and interest	Trading venue
2019 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	19 Rongsheng GI	112914	November 22, 2019	November 22, 2019	November 26, 2021	0	5.42%	The interest shall be accrued per year on a simple interest basis, instead of compound interest. The interest shall be paid once a year, and the last interest shall be paid together with the principal.	Shenzhen Stock Exchange
2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	20 Rongsheng GI	149087	April 21, 2020	April 21, 2020	April 22, 2024	1,000,000,000	4.77%	The interest shall be accrued per year on a simple interest basis, instead of compound interest. The interest shall be paid once a year, and the last interest shall be paid together with the principal.	Shenzhen Stock Exchange

2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 2)	20 Rongsheng G2	149220	August 31, 2020	August 31, 2020	September 2, 2024	1,000,000,000	4.79%	The interest shall be accrued per year on a simple interest basis, instead of compound interest. The interest shall be paid once a year, and the last interest shall be paid together with the principal.	Shenzhen Stock Exchange
Investor suitability arrangements (if any)	Qualified institutional investor								
Applicable transaction mechanism	Competitive price transaction								
Any risk of termination of listing and trading (if any) or not and countermeasures	None								

2. Trigger and implementation of issuer or investor option clauses and investor protection clauses

Name of bond	Bond abbreviation	Type of clause covered under bond	Option clause	Implementation of investor protection clause
2019 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	19 Rongsheng G1	Investor accelerated settlement clause	--	The implementation conditions for the above clause have not been triggered during the reporting period
2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	20 Rongsheng G1	Option to adjust coupon rate, put-back option and accelerated settlement clause	There is no need to enforce the option clause during the reporting period	The implementation conditions for the above clause have not been triggered during the reporting period
2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	20 Rongsheng G2	Option to adjust coupon rate, put-back option and accelerated settlement clause	There is no need to enforce the option clause during the reporting period	The implementation conditions for the above clause have not been triggered during the reporting period

3. Intermediaries

Name of bond projects	Name of intermediaries	Office address	Name of signing accountants	Contacts of intermediaries	Contact number
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19 Rongsheng G1, 20 Rongsheng G1 and 20 Rongsheng G2	Pan-China Certified Public Accountants (Special General Partnership)	Tower B, China Resources Building, No.1366, Qianjiang Road, Jianggan District, Hangzhou	Yu Jianan, Xu Xiaofeng, Xu Haihong, Xu Cheng	Zheng Qihua	0571-88216888
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4. Utilization of funds raised

Unit: RMB

Name of bond projects	Total amount of raised funds	Used amount	Unused amount	Operation of a special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Consistent with the purpose, use plan and other agreements promised in the prospectus or not
19 Rongsheng G1	1,000,000,000	1,000,000,000	0	Normal	None	Yes
20 Rongsheng G1	1,000,000,000	1,000,000,000	0	Normal	None	Yes
20 Rongsheng G2	1,000,000,000	1,000,000,000	0	Normal	None	Yes

As of the end of 2019, all the net funds raised by the bond "19 Rongsheng G1" had been used for the construction of the refining-chemical integration project (40 million tons per year) of ZPC, and the raised funds had been used up. The use of funds raised by the bond "19 Rongsheng G1" was consistent with the relevant commitments in the prospectus.

As of the end of June 2020, the net funds raised by the bond "20 Rongsheng G1" had been used for the construction of the refining-chemical integration project (40 million tons per year) of ZPC and to supplement the working capital of the Company, and the raised funds had been used up. The use of funds raised by the bond "20 Rongsheng G1" was consistent with the relevant commitments in the prospectus.

As of the end of 2020, the net funds raised by the bond "20 Rongsheng G2" had been used for the construction of the refining-chemical integration project (40 million tons per year) of ZPC and to supplement the working capital of the Company, and the raised funds had been used up. The use of funds raised by the bond "20 Rongsheng G2" was consistent with the relevant commitments in the prospectus.

5. Implementation and changes of guarantee, debt repayment plan and other debt repayment security measures during the reporting period and the impact on interests of bond investors

Bond abbreviation	19 Rongsheng G1
Substance of credit enhancement mechanism, debt repayment plan and other debt repayment security measures	Establishing a special account for raised funds and a special account for debt repayment
Bond guarantee	None
Changes in credit enhancement mechanism, debt repayment plan and other debt repayment security measures and the impact on	None

interests of bondholders (if any)	
Implementation of credit enhancement mechanism, debt repayment plan and other debt repayment security measures during the reporting period	The special account for raised funds and the special account for debt repayment operated as agreed in the prospectus
Bond abbreviation	20 Rongsheng G1
Substance of credit enhancement mechanism, debt repayment plan and other debt repayment security measures	Establishing a special account for raised funds and a special account for debt repayment
Bond guarantee	None
Changes in credit enhancement mechanism, debt repayment plan and other debt repayment security measures and the impact on interests of bondholders (if any)	None
Implementation of credit enhancement mechanism, debt repayment plan and other debt repayment security measures during the reporting period	The special account for raised funds and the special account for debt repayment operated as agreed in the prospectus
Bond abbreviation	20 Rongsheng G2
Substance of credit enhancement mechanism, debt repayment plan and other debt repayment security measures	Establishing a special account for raised funds and a special account for debt repayment
Bond guarantee	Irrevocable guarantee for joint and several liabilities provided by Zhejiang Rongsheng Holding Group Co., Ltd.
Changes in credit enhancement mechanism, debt repayment plan and other debt repayment security measures and the impact on interests of bondholders (if any)	None
Implementation of credit enhancement mechanism, debt repayment plan and other debt repayment security measures during the reporting period	The special account for raised funds and the special account for debt repayment operated as agreed in the prospectus

III. Key Accounting Data and Financial Indicators of the Company in Recent Two Years as of the End of the Reporting Period

Unit: RMB 10,000

Item	At the end of the reporting period	At the end of the previous year	Increase or decrease at the end of the reporting period over the end of the previous year
Current ratio	70.32%	50.33%	19.99%
liability-asset ratio	71.75%	71.07%	0.68%
Quick ratio	33.32%	27.56%	5.76%
	In the reporting period	In the same period of the previous year	Increase or decrease in the reporting period over the same period of the previous year

Net profit net of non-recurring gain and loss	1,243,167.94	634,574.39	95.91%
EBITDA total debt ratio	26.04%	21.20%	4.84%
Interest coverage ratio	4.92	3.55	38.59%
Cash interest coverage ratio	6.39	4.4	45.23%
EBITDA interest coverage ratio	5.89	4.5	30.89%
Loan repayment rate	100.00%	100.00%	0.00%
Interest cover ratio	100.00%	100.00%	0.00%

Section X Financial Reports

I. Audit Report

Type of audit opinions	Standard unqualified opinion
Signing date of audit report	April 23, 2022
Name of auditor	Pan-China Certified Public Accountants (Special General Partnership)
Reference No. of audit report	TJS [2022] No. 4098
Name of certified public accountants	Jia Chuan, Xu Haihong

Text of Audit Report

To all shareholders of Rongsheng Petrochemical Co., Ltd.,

I. Audit Opinions

We have audited the accompanying financial statements of Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as "Rongsheng Petrochemical"), which comprise the consolidated and parent company's balance sheets as of December 31, 2021, consolidated and parent company's income statements, consolidated and parent company's cash flow statements, and consolidated and parent company's statements of changes in owner's equity for the year 2021, and the notes to relevant financial statements.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and fairly reflect Rongsheng Petrochemical's consolidated and the parent company's financial positions as of December 31, 2021, as well as the consolidated and the parent company's business results and cash flows for 2021.

II. Basis for Audit Opinions

We have performed our audit in accordance with the Auditing Standards for Certified Public Accountants of China. The section "Responsibility of Certified Public Accountant for Auditing Financial Statements" herein further elaborates our responsibilities under these standards. According to the Code of Professional Ethics for Chinese Certified Public Accountants, we are independent of Rongsheng Petrochemical and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for the audit opinions.

III. Key Audit Matters

Key audit matters are those we consider to be the most important for the auditing of financial statements according to our professional judgment. Those matters are handled in the context that we audit the financial statements as a whole and form an audit opinion. We do not express a separate opinion on these matters.

(I) Net realizable value of inventories

1. Description of matters

See Notes III (XI) and V (I) 7 to the financial statements for relevant information disclosure.

As of December 31, 2021, the book balance of inventory of Rongsheng Petrochemical was RMB 47,134,078,609.24, the falling price reserves were RMB 23,858,493.60, and the book value was RMB 47,110,220,115.64.

On the balance sheet date, the inventory was measured at the lower of the cost and net realizable value. Inventory falling price reserves were accrued based on the difference between the cost of a single inventory and the net realizable value. The Management of Rongsheng Petrochemical (hereinafter referred to as the Management) determined the estimated selling price on the basis of considering holding inventory purpose according to the market selling price and future market trend of the same or similar products, deducted the estimated costs to be incurred by completion, estimated sales expenses and related taxes according to the estimated selling price and determined the net realizable value of inventory.

As the amount of inventory is great and the determination of the net realizable value of inventory involves the Management's material judgment, we determine the net realizable value of inventory as a key audit matter.

2. Audit response

In terms of the net realizable value of inventory, our main audit procedures are:

(1) Understanding key internal controls related to the net realizable value of inventory, evaluating the design of these controls to confirm whether they have been implemented, and testing the operational effectiveness of related internal controls;

(2) Reviewing the forecast of the net realizable value of the inventory in previous years by the Management and actual operating results, and evaluating the accuracy of the forecast by the Management in the past;

(3) Reviewing the Management's forecast of the estimated selling price of inventory by sampling and comparing the estimated selling price with the subsequent conditions and market information;

(4) Evaluating the reasonableness of the estimates by the Management of the costs, sales expenses, and related taxes to be incurred on inventory upon completion;

(5) Testing whether the calculation of the net realizable value of the inventory by the Management is accurate;

(6) Based on the supervision of inventory, checking whether the ending inventory has a long storage period, obsolete models, a declined output or fluctuating production costs or selling prices or is under changes in technology or market demand and evaluating whether the Management has reasonably estimated the net realizable value;

(7) Checking whether the information related to the net realizable value of inventory has been properly presented in the financial statements.

(II) Measurement of Fixed Assets and Construction in Progress

1. Description of matters

See Notes III (XV), III (XVI), III (XVII) and V (I) 11 and 12 to the financial statements for relevant information disclosure.

As of December 31, 2021, the book value of the fixed assets shown in the financial statements of Rongsheng Petrochemical stood at RMB 123,345,273,369.67, mainly including the machinery and equipment used for the production of petroleum refining-chemical products, chemical products and the appropriate plants constructed. Such fixed assets are recorded in the account as being ready for the intended use, and the depreciation is accrued by the straight-line method over the estimated service life.

As of December 31, 2021, the book balance of construction in progress shown in the financial statements of Rongsheng Petrochemical was RMB 108,547,450,324.03, mainly including a refining-chemical integration project (40 million tons per year). The construction in progress of Rongsheng Petrochemical is measured at the actual cost, including construction cost, installation cost, borrowing cost qualified for capitalization and other necessary expenses incurred to make the construction in progress ready for intended use, including engineering design, supervision, cost consultation and other expenses.

The Management's judgment on the following aspects will have an impact on the book value of fixed assets and construction in progress and the depreciation policy of fixed assets, including determination of expenses qualified for capitalization, determination of the time points when the construction in progress is transferred into fixed assets and when the depreciation gets started; and estimate of the useful economic life and the residual value of appropriate fixed assets.

Evaluation of the book value of fixed assets and construction in progress involves significant Management judgment and accounts for a large share in the consolidated financial statements. We determine the measurement and identification of fixed assets and construction in progress as key audit matters.

2. Audit response

Our main audit procedures are as follows:

(1) Understanding the key internal controls related to fixed assets and construction in progress (including estimated economic useful life and residual value), evaluating the design of these controls to confirm whether they have been implemented and testing the operational effectiveness of relevant internal controls;

(2) Checking the new construction in progress by sampling, judging whether the above investment is qualified for capitalization, conducting a spot check of the new construction and installation costs with the significant amount this year, checking the relevant project contracts, and checking the actual payment amount against the invoice and payment voucher;

(3) Obtaining the loan contract and reviewing the accuracy and completeness of the capitalized interest confirmation in combination with the investment in construction in progress;

(4) Inspecting the construction site, learning about and evaluating the project progress, and judging whether there is any significant deviation from the Company's book;

(5) Confirming the time point when construction in progress is carried forward to fixed assets, and confirm the accuracy of such time point in combination with the on-site supervision and acceptance report of fixed assets;

(6) Evaluating the reasonableness of the depreciation method of fixed assets and reviewing the reasonableness of depreciation provision on this basis.

IV. Other Information

The Management of Rongsheng Petrochemical (hereinafter referred to as the Management) is responsible for other information. Other information includes information covered in the annual report, but does not include the financial statements and our audit reports.

Our audit opinions on the financial statements do not cover other information, nor do we issue any form of authentication conclusion on other information.

In connection with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there are material inconsistencies or appear to be material misstatements with the financial statements or what we have learned during the audit.

Based on the work that we have already done, if we determine that other information contains a material misstatement, we are obliged to report truthfully. We have nothing to report in this regard.

V. Responsibility of the Management and the Governance for Financial Statements

The Management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation and designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

The Governance of Rongsheng Petrochemical (hereinafter referred to as the Governance) is responsible for overseeing the financial reporting process of Rongsheng Petrochemical.

IV. Responsibilities of Certified Public Accountants for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether there is no material misstatement in the financial statements as a whole due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is of a high level, but it is not a guarantee that an audit conducted in accordance with auditing standards is always able to detect a material misstatement when it exists. Misstatements may be caused by fraud or error, and are often considered significant if it is reasonably anticipated that the misstatements alone or in

aggregate may affect the economic decisions made by users of the financial statements on the basis of the financial statements.

In the process of the audit performed in accordance with auditing standards, we have applied professional judgments and maintained professional skepticism. Meanwhile, we also execute the following work:

(I) Identify and assess risks of material misstatement of financial statements due to frauds or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for expressing audit opinions. Since fraud may involve collusion, forgery, deliberate omission, misrepresentation or overstepping internal control, the risk of failing to find material misstatements due to fraud is higher than the risk of failing to find material misstatements due to error.

(II) Understand internal control related to audit so as to design proper audit procedures.

(III) Evaluate the appropriateness of the accounting policy selected by the Management and the rationality of making accounting estimates and relevant disclosures.

(IV) Draw conclusions on the appropriateness of the going concern assumption used by the Management. In addition, based on the audit evidence obtained, a conclusion is drawn as to whether there is any material uncertainty existing in the matters or situations that may lead to major doubts about the going concern ability of Rongsheng Petrochemical. If we conclude that there is material uncertainty, the auditing standards require us to draw the statement user's attention in the audit report to relevant disclosures in the financial statements; and if the disclosure is inadequate, we shall give non-unqualified opinions. Our conclusion is made as per the information available as of the audit report date. However, future events or circumstances may prevent Rongsheng Petrochemical from continuing as a going concern.

(V) We have evaluated the overall presentation, structure and contents of financial statements and assessed whether the financial statements fairly reflected relevant transactions and matters.

(VI) We have obtained sufficient and appropriate audit evidence on the financial information of entities or business activities of Rongsheng Petrochemical to express our opinions on the financial statements. We are responsible for guiding, supervising and implementing the group audit and taking full responsibility for the audit opinions.

We have communicated with the Governance on the planned audit scope, timing and major audit findings, including the noteworthy deficiencies in internal control identified by us in the audit.

We also provide a statement to the Governors that we have complied with the professional ethics requirements related to our independence and communicate with the Governors all relationships and other matters that may reasonably be considered to affect our independence as well as relevant preventive measures (if applicable).

From the matters on which we communicate with the Governors, we determine which matters are the most important for the audit of the financial statements for the current period and thus constitute the key audit matters.

We describe these matters in our audit report, and unless laws and regulations prohibit the public disclosure of these matters or in rare cases, if it is reasonably expected that the negative consequence of communicating certain matters in the audit report will outweigh the benefits in the public interest, we determine that such matters shall not be communicated in the audit report.

II. Financial Statements

The financial statement notes are represented in RMB.

1. Consolidated Balance Sheet

Prepared by: Rongsheng Petrochemical Co., Ltd.

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	17,681,643,415.29	10,637,514,758.91
Settlement provision		
Lending funds		
Trading financial assets	345,151,994.32	128,083,947.02
Derivative financial assets		
Notes receivable		
Accounts receivable	5,411,114,000.05	1,349,670,164.65
Receivables financing	357,547,507.32	138,850,525.93
Advance payment	3,670,682,160.81	3,554,849,794.36
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserves receivables		
Other receivables	3,424,586,902.89	2,114,720,404.93
Including: Interest receivables		
Dividends receivable	434,500,000.00	366,250,000.00
Redemptory monetary capital for sale		
Inventory	47,110,220,115.64	23,546,003,920.29
Contract assets		
Held-for-sale assets		

Non-current assets due within one year		
Other current assets	11,540,476,645.16	10,580,368,432.63
Total current assets	89,541,422,741.48	52,050,061,948.72
Non-current assets:		
Loans and advances		
Creditors investment		
Other creditors investment		
Long-term receivables		
Long-term equity investment	7,590,869,411.21	8,003,779,985.69
Investment in other equity instruments		
Other non-current financial assets		
Investment property	10,938,466.60	7,863,669.98
Fixed assets	123,345,273,369.67	86,002,947,910.65
Construction in progress	108,547,450,324.03	88,192,503,272.41
Productive biological assets		
Oil & gas assets		
Right-of-use assets	253,078,428.01	
Intangible assets	5,704,214,546.10	5,807,327,622.92
Development expenses		
Goodwill		
Long-term deferred expense	185,020.17	1,590,298.34
Deferred income tax assets	226,321,293.72	68,828,627.84
Other non-current assets	1,957,492,595.67	1,380,024,772.43
Total non-current assets	247,635,823,455.18	189,464,866,160.26
Total assets	337,177,246,196.66	241,514,928,108.98
Current liabilities:		
Short-term borrowings	37,870,906,450.61	45,690,948,420.05
Borrowings from the central bank		
Borrowing funds		
Trading financial liabilities	214,744,004.37	15,505,695.61
Derivative financial liabilities		
Notes payable	2,486,446,489.85	3,696,354,818.17

Accounts payable	57,988,810,816.03	36,675,981,083.71
Advance collections		
Contract liabilities	4,240,816,908.28	2,547,005,029.24
Financial assets sold for repurchase		
Deposits from customers and interbank		
Funds from securities trading agency		
Funds from securities underwriting agency		
Payroll payable	912,271,936.49	662,321,071.31
Taxes payable	7,615,686,791.36	1,787,869,476.45
Other payables	2,102,611,949.60	696,404,982.27
Including: Interests payable		
Dividends payable	187,500,000.00	63,750,000.00
Handling charges and commissions payable		
Reinsurance payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	13,376,297,922.08	11,315,997,630.94
Other non-current liabilities	532,865,110.32	326,375,397.00
Total current liabilities	127,341,458,378.99	103,414,763,604.75
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	109,118,407,483.85	62,426,316,325.79
Bonds payable	2,042,929,924.77	3,043,646,042.64
Including: Preferred share		
Perpetual bond		
Lease liabilities	233,775,736.95	
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	213,751,341.57	226,222,224.92
Deferred income tax liabilities	2,983,456,736.45	2,543,974,447.23

Other non-current liabilities		
Total non-current liabilities	114,592,321,223.59	68,240,159,040.58
Total liabilities	241,933,779,602.58	171,654,922,645.33
Owner's equity:		
Share capital	10,125,525,000.00	6,750,350,000.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserve	10,820,095,850.58	14,188,879,508.65
Less: Treasury stock		
Other comprehensive income	-12,469,066.84	-67,540,008.82
Special reserves		
Surplus reserves	712,695,666.11	532,602,703.33
Generic risk reserves		
Undistributed profits	27,192,950,922.86	15,562,049,572.57
Total owner's equity attributable to the parent company	48,838,798,372.71	36,966,341,775.73
Minority equity	46,404,668,221.37	32,893,663,687.92
Total owners' equity	95,243,466,594.08	69,860,005,463.65
Total liabilities and owner's equity	337,177,246,196.66	241,514,928,108.98

Legal representative: Li Shuirong

Person in charge of accounting: Wang Yafang

Person in charge of the accounting firm: Zhang Shaoying

2. Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	566,119,525.78	510,403,135.10
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	204,047,317.74	18,545,247.89
Receivables financing	42,533,303.43	16,495,637.91
Advance payment	112,437,688.85	92,401,218.56

Other receivables	1,370,820,726.54	842,831,624.19
Including: Interest receivables		
Dividends receivable	997,000,000.00	842,500,000.00
Inventory	326,023,373.10	326,459,957.65
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
Total current assets	2,621,981,935.44	1,807,136,821.30
Non-current assets:		
Creditors investment		
Other creditors investment		
Long-term receivables		2,000,000,000.00
Long-term equity investment	40,036,462,206.99	39,312,179,239.96
Investment in other equity instruments		
Other non-current financial assets		
Investment property	10,938,466.60	11,209,912.60
Fixed assets	289,213,855.22	322,993,509.97
Construction in progress	15,782,000.00	9,568,286.00
Productive biological assets		
Oil & gas assets		
Right-of-use assets	3,263,965.63	
Intangible assets	7,957,122.30	11,015,666.91
Development expenses		
Goodwill		
Long-term deferred expense		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	40,363,617,616.74	41,666,966,615.44
Total assets	42,985,599,552.18	43,474,103,436.74
Current liabilities:		
Short-term borrowings	7,374,054,128.91	6,665,062,839.33

Trading financial liabilities		
Derivative financial liabilities		
Notes payable	417,000,000.00	1,685,000,000.00
Accounts payable	4,877,675,693.95	3,753,950,958.90
Advance collections		
Contract liabilities	228,308,556.35	39,109,694.27
Payroll payable	43,445,201.37	33,336,056.39
Taxes payable	23,981,109.46	26,672,427.04
Other payables	2,345,308,128.31	3,767,615,507.17
Including: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	249,889,346.35	804,190,240.58
Other non-current liabilities	29,220,936.27	5,084,260.26
Total current liabilities	15,588,883,100.97	16,780,021,983.94
Non-current liabilities:		
Long-term borrowings	1,468,996,156.68	628,861,208.33
Bonds payable	2,042,929,924.77	3,043,646,042.64
Including: Preferred share		
Perpetual bond		
Lease liabilities	1,571,788.59	
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	11,149,526.44	12,275,458.09
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,524,647,396.48	3,684,782,709.06
Total liabilities	19,113,530,497.45	20,464,804,693.00
Owner's equity:		
Share capital	10,125,525,000.00	6,750,350,000.00
Other equity instruments		
Including: Preferred share		

Perpetual bond		
Capital reserve	11,243,136,840.58	14,618,311,840.58
Less: Treasury stock		
Other comprehensive income	86,581,231.86	12,188,048.65
Special reserves		
Surplus reserves	712,695,666.11	532,602,703.33
Undistributed profits	1,704,130,316.18	1,095,846,151.18
Total owners' equity	23,872,069,054.73	23,009,298,743.74
Total liabilities and owner's equity	42,985,599,552.18	43,474,103,436.74

3. Consolidated Income Statement

Unit: RMB

Item	2021	2020
I. Gross operating income	177,024,277,492.78	107,264,993,119.44
Including: Operating income	177,024,277,492.78	107,264,993,119.44
Interest income		
Earned premium		
Handling charge and commission income		
II. Gross operating costs	146,573,755,790.58	92,689,796,013.52
Including: Operating costs	130,089,762,228.14	86,122,421,703.79
Interest expense		
Handling charge and commission expenses		
Surrender value		
Net payments for insurance claims		
Net appropriation of reserves for insurance liability contracts		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	8,832,682,225.90	2,465,586,436.51
Selling expenses	154,972,404.33	115,809,625.10
Administrative expenses	682,723,375.14	472,908,591.25
R&D expenses	3,915,264,380.48	1,963,680,578.93

Financial expenses	2,898,351,176.59	1,549,389,077.94
Including: Interest expenses	3,597,132,178.72	3,302,645,684.24
Interest income	308,939,839.82	157,098,956.40
Add: Other income	124,260,225.18	176,275,520.65
Investment income (losses expressed with "-")	611,068,070.82	1,847,393,716.73
Including: Return on investment in associated enterprises and joint ventures	127,213,716.43	948,823,639.56
Gains on derecognition of financial assets measured at amortized cost		
Exchange gains (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Gains on changes in fair value (losses expressed with "-")	146,935,772.45	112,958,596.41
Credit impairment loss (losses expressed with "-")	-74,973,487.19	8,591,589.97
Loss on assets impairment (losses marked with "-")	-23,858,493.60	-41,472,196.35
Gains on disposal of assets (losses expressed with "-")	12,386,164.33	2,466,177.00
III. Operating profit (losses expressed with "-")	31,246,339,954.19	16,681,410,510.33
Add: Non-operating income	9,053,454.51	5,885,902.02
Less: Non-operating expenses	4,532,608.13	4,259,008.08
IV. Total profits (total losses expressed with "-")	31,250,860,800.57	16,683,037,404.27
Less: Income tax expenses	7,602,479,585.72	3,311,247,708.73
V. Net profit (net losses expressed with "-")	23,648,381,214.85	13,371,789,695.54
(I) By business continuity		
1. Net profit from going concern (net losses expressed with "-")	23,648,381,214.85	13,371,789,695.54
2. Net profit from discontinued operations (net losses expressed with "-")		

(II) By ownership		
1. Net profit attributable to shareholders of the parent company	12,823,546,813.07	7,308,588,924.22
2. Minority interest income	10,824,834,401.78	6,063,200,771.32
VI. Other comprehensive income, net of tax	58,069,090.16	-101,623,329.35
After-tax net of other comprehensive income attributable to the owners of parent company	55,070,941.98	-102,394,145.57
(I) Other comprehensive income which may not be reclassified to gain and loss		
1. Re-measurement of changes in defined benefit plans		
2. Other comprehensive income which may not be transferred to gain and loss under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of the credit risk of the Company		
5. Others		
(II) Other comprehensive income which may be reclassified to gain and loss	55,070,941.98	-102,394,145.57
1. Other comprehensive income which may be transferred to gain and loss under the equity method	77,445,551.44	-13,854,443.53
2. Changes in fair value of other creditors investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditors investments		
5. Cash flow hedging reserves		
6. Difference in translation of foreign currency financial statements	-22,374,609.46	-88,539,702.04
7. Others		

Other comprehensive income attributable to minority shareholders, net of tax	2,998,148.18	770,816.22
VII. Total comprehensive income	23,706,450,305.01	13,270,166,366.19
Total comprehensive income attributable to owners of the parent company	12,878,617,755.05	7,206,194,778.65
Total comprehensive income attributable to minority shareholders	10,827,832,549.96	6,063,971,587.54
VIII. Earnings per share:		
(I) Basic earnings per share	1.27	0.75
(II) Diluted earnings per share	1.27	0.75

As for business combination under the same control in the current period, the net profit of the combined party prior to combination is RMB, while the net profit of the combined party in the prior period was: RMB.

Legal representative: Li Shuirong

Person in charge of accounting: Wang Yafang

Person in charge of the accounting firm: Zhang Shaoying

4. Income Statement of the Parent Company

Unit: RMB

Item	2021	2020
I. Operating income	3,840,738,496.70	7,807,343,453.93
Less: Operating costs	3,549,322,292.60	7,910,203,000.33
Taxes and surcharges	8,477,767.12	5,266,002.24
Selling expenses	20,494,773.82	13,759,283.56
Administrative expenses	49,375,381.91	42,605,719.97
R&D expenses	81,114,053.14	67,868,737.78
Financial expenses	621,143,804.50	693,255,484.99
Including: Interest expenses	640,631,396.95	708,537,347.64
Interest incomes	40,945,533.49	36,802,647.97
Add: Other incomes	3,859,388.03	19,436,392.49
Investment incomes (losses expressed with "-")	2,295,909,624.90	2,012,023,747.29
Including: Return on investment in associated enterprises and joint ventures	236,916,416.17	526,449,143.53
Gains on derecognition of		

financial assets measured at amortized cost (loss expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Gains on changes in fair value (losses expressed with "-")		
Credit impairment loss (losses expressed with "-")	-9,399,693.11	576,986.02
Losses on assets impairment (losses marked with "-")		-9,303,878.89
Gains on the disposal of assets (losses expressed with "-")		
II. Operating profits (losses expressed with "-")	1,801,179,743.43	1,097,118,471.97
Add: Non-operating incomes	55,591.86	174,150.90
Less: Non-operating expenses	305,707.51	
III. Total profits (total losses expressed with "-")	1,800,929,627.78	1,097,292,622.87
Less: Income tax expenses		
IV. Net profits (net losses expressed with "-")	1,800,929,627.78	1,097,292,622.87
(1) Net profits from going concern (net losses expressed with "-")	1,800,929,627.78	1,097,292,622.87
(2) Net profits from discontinued operations (net losses expressed with "-")		
V. Other comprehensive incomes, net of tax	74,393,183.21	-12,525,681.81
(I) Other comprehensive income which may not be reclassified to gain and loss		
1. Re-measurement of changes in defined benefit plans		
2. Other comprehensive income which may not be transferred to gain and loss under the equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of		

the credit risk of the Company		
5. Others		
(II) Other comprehensive incomes which may be reclassified to gain and loss	74,393,183.21	-12,525,681.81
1. Other comprehensive incomes which may be transferred to gain and loss under the equity method	74,393,183.21	-12,525,681.81
2. Changes in fair value of other creditors investment		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Provision for credit impairment of other creditors investments		
5. Cash flow hedging reserves		
6. Difference in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive incomes	1,875,322,810.99	1,084,766,941.06
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2021	2020
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	213,329,886,608.17	126,629,878,975.26
Net increase in deposits from customers and other banks		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investment of the insured		
Cash received from interests, handling charges and commissions		
Net increase in borrowing funds		
Net increase in repurchase business capital		
Net cash received from securities trading agency		
Refunds of taxes and levies	997,424,916.70	4,414,753,667.11
Cash received relating to other operating activities	4,868,809,048.89	4,038,832,352.05
Subtotal of cash inflows for operating activities	219,196,120,573.76	135,083,464,994.42
Cash paid for goods purchased and services received	166,794,082,955.23	106,956,571,011.78
Net increase in loans and advances to customers		
Net increase in deposits with the central bank and other banks		
Cash paid for claims under original insurance contracts		

Net increase in lending funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	3,482,252,588.46	2,256,896,970.96
Payments of all types of taxes	10,382,317,425.71	2,523,774,794.68
Cash paid relating to other operating activities	4,972,682,170.42	5,839,449,457.12
Subtotal of cash outflows from operating activities	185,631,335,139.82	117,576,692,234.54
Net cash flow from operating activities	33,564,785,433.94	17,506,772,759.88
II. Cash flows from investing activities:		
Cash received from investment recovery	4,476,729,753.45	2,639,557,372.52
Cash received from the return on investment	38,906,664.24	1,040,800,249.85
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	27,726,047.56	4,555,922.56
Net cash received from the disposal of subsidiaries and other business units	16,552,525.23	
Cash received relating to other investing activities	2,369,587,005.40	1,653,806,008.43
Subtotal of cash inflows from investing activities	6,929,501,995.88	5,338,719,553.36
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	58,246,390,580.12	55,846,107,603.58
Cash paid for investments	4,349,151,259.07	3,445,250,561.24
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	1,174,716,306.10	2,331,275,399.01
Subtotal of cash outflows from investing activities	63,770,258,145.29	61,622,633,563.83
Net cash flows from investing activities	-56,840,756,149.41	-56,283,914,010.47

III. Cash flow from financing activities:		
Cash received from absorption of investment	1,780,000,000.00	15,929,150,938.40
Including: Cash received by subsidiaries from investments of minority shareholders	1,780,000,000.00	7,965,000,000.00
Cash received from borrowings	141,013,920,343.94	102,456,899,896.76
Cash received relating to other financing activities	3,770,870,000.00	4,367,000,000.00
Subtotal of cash inflows from financing activities	146,564,790,343.94	122,753,050,835.16
Cash paid for repayment of debts	104,088,124,313.86	75,228,709,790.24
Cash paid for distribution of dividends and profits or payment of interests	7,845,601,934.08	6,111,603,052.19
Including: Dividends or profits paid by subsidiaries to minority shareholders		149,250,000.00
Cash paid relating to other financing activities	3,793,609,522.73	5,835,416,984.94
Subtotal of cash outflows from financing activities	115,727,335,770.67	87,175,729,827.37
Net cash flow from financing activities	30,837,454,573.27	35,577,321,007.79
IV. Effect of change in exchange rate on cash and cash equivalents	185,009,743.86	218,116,012.09
V. Net increase in cash and cash equivalents	7,746,493,601.66	-2,981,704,230.71
Add: Opening balance of cash and cash equivalents	6,592,344,043.01	9,574,048,273.72
VI. Ending balance of cash and cash equivalents	14,338,837,644.67	6,592,344,043.01

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2021	2020
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	13,417,117,895.84	8,663,076,040.62
Refunds of taxes and levies	28,623,582.42	62,500,718.42
Cash received relating to other operating activities	2,343,843,739.08	7,456,856,231.73
Subtotal of cash inflows for operating activities	15,789,585,217.34	16,182,432,990.77
Cash paid for goods purchased and services received	14,449,287,480.56	8,696,023,086.27
Cash paid to and on behalf of employees	224,505,836.45	209,974,734.61
Payments of all types of taxes	69,767,755.77	41,676,806.93
Cash paid relating to other operating activities	2,451,030,841.44	7,575,765,791.12
Subtotal of cash outflows from operating activities	17,194,591,914.22	16,523,440,418.93
Net cash flow from operating activities	-1,405,006,696.88	-341,007,428.16
II. Cash flows from investing activities:		
Cash received from investment recovery	73,351,891.01	
Cash received from the return on investment	112,026,036.00	448,578,108.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from the disposal of subsidiaries and other business units		
Cash received relating to other investing activities	5,515,829,166.67	1,415,866,333.96
Subtotal of cash inflows from investing activities	5,701,207,093.68	1,864,444,441.96
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	7,928,554.12	11,103,720.20
Cash paid for investments	493,569,488.20	10,942,120,000.00

Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	3,500,000,000.00	2,000,000,000.00
Subtotal of cash outflows from investing activities	4,001,498,042.32	12,953,223,720.20
Net cash flows from investing activities	1,699,709,051.36	-11,088,779,278.24
III. Cash flow from financing activities:		
Cash received from absorption of investment		7,964,150,938.40
Cash received from borrowings	10,303,422,085.05	12,568,452,835.34
Cash received relating to other financing activities	11,369,000,000.00	16,185,000,000.00
Subtotal of cash inflows from financing activities	21,672,422,085.05	36,717,603,773.74
Cash paid for repayment of debts	10,310,557,276.50	9,608,443,894.15
Cash paid for distribution of dividends and profits or payment of interests	1,517,645,790.42	1,168,420,185.99
Cash paid relating to other financing activities	9,770,907,194.33	14,478,961,945.16
Subtotal of cash outflows from financing activities	21,599,110,261.25	25,255,826,025.30
Net cash flow from financing activities	73,311,823.80	11,461,777,748.44
IV. Effect of change in the exchange rate on cash and cash equivalents	1,286,226.77	847,200.42
V. Net increase in cash and cash equivalents	369,300,405.05	32,838,242.46
Add: Opening balance of cash and cash equivalents	94,804,505.27	61,966,262.81
VI. Ending balance of cash and cash equivalents	464,104,910.32	94,804,505.27

7. Consolidated Statement of Changes in Owner's Equity

Current amount

Unit: RMB

Item	2021														
	Owner's equity attributable to the parent company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred shares	Perpetual bond	Others												
I. Ending balance of the previous year	6,750,350,000.00				14,188,879,508.65		-67,540,008.82		532,602,703.33		15,562,049,572.57		36,966,341,775.73	32,893,663,687.92	69,860,005,463.65
Add: Changes in accounting policies															
Correction of errors in the previous period															
Business combinations under the same control															
Others															
II. Opening balance of the year	6,750,350,000.00				14,188,879,508.65		-67,540,008.82		532,602,703.33		15,562,049,572.57		36,966,341,775.73	32,893,663,687.92	69,860,005,463.65
III. Increases/decreases	3,375,175,000.00				-3,368,78		55,070,941.		180,092,96		11,630,901,35		11,872,456,	13,511,004,	25,383,461,13

in the current period (decrease expressed with "-")					3,658.07		98		2.78		0.29		596.98	533.45	0.43
(I) Total comprehensive income							55,070,941. 98				12,823,546.81 3.07		12,878,617, 755.05	10,827,832, 549.96	23,706,450.30 5.01
(II) Capital contributed and reduced by owners														1,780,000.0 00.00	1,780,000,000 .00
1. Ordinary shares invested by the owners														1,780,000.0 00.00	1,780,000,000 .00
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity															
4. Others															
(III) Profit distribution									180,092.96 2.78		-1,192,645.462 .78		-1,012,552, 500.00	-123,750.00 0.00	-1,136,302.50 0.00
1. Withdrawal of surplus reserve									180,092.96 2.78		-180,092,962.7 8				
2. Withdrawal of generic risk reserves															
3. Distribution to owners (or shareholders)											-1,012,552.500 .00		-1,012,552, 500.00	-123,750.00 0.00	-1,136,302.50 0.00
4. Others															
(IV) Intenal	3,375,175,000.00				-3,375.17										

carry-forward of owner's equity					5,000.00										
1. Capital reserve transferred into capital (or share capital)	3,375,175,000.00				-3,375,175,000.00										
2. Surplus reserve transferred into capital (or share capital)															
3. Surplus reserves for making up loss															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive incomes carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Amount appropriated in the current period								132,443,516.71				132,443,516.71	93,236,173.89	225,679,690.60	
2. Use in the current period								132,443,516.71				132,443,516.71	93,236,173.89	225,679,690.60	
(VI) Others					6,391,341.93							6,391,341.93	1,026,921.93	1,033,313,325.42	

IV. Ending balance of the current period	10,125,525,000.00				10,820,095,850.58		-12,469,066.84		712,695,666.11		27,192,950,922.86		48,838,798,372.71	46,404,668,221.37	95,243,466,594.08
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Amount of prior period

Unit: RMB

Item	2020														Minority equity	Total owners' equity
	Owner's equity attributable to the parent company															
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
Preferred shares		Perpetual bond	Others													
I. Ending balance of the previous year	6,291,107,750.00				6,687,640,659.81		34,854,136.75		422,873,441.04		9,118,122,840.64		22,554,598,828.24	19,013,073,351.97	41,567,672,347.95	
Add: Changes in accounting policies																
Correction of errors in the previous period																
Business combinations under the same control																
Others																
II. Opening balance of the year	6,291,107,750.00				6,687,640,659.81		34,854,136.75		422,873,441.04		9,118,122,840.64		22,554,598,828.24	19,013,073,351.97	41,567,672,347.95	

III. Increases/decreases in the current period (decrease expressed with "-")	459,242.25 0.00				7,501.23 8,848.84		-102,394,145.57		109,729.26 2.29		6,443,926,731 .93		14,411.7 42,947.4 9	13,880,590,16 8.21	28,292,333,11 5.70
(I) Total comprehensive income							-102,394,145.57				7,308,588,924 .22		7,206,19 4,778.65	6,063,971,587 .54	13,270,166,36 6.19
(II) Capital contributed and reduced by owners	459,242.25 0.00				7,500.25 8,459.86								7,959,50 0,709.86	7,965,000,000 .00	15,924,500,70 9.86
1. Ordinary shares invested by the owners	459,242.25 0.00				7,500.25 8,459.86								7,959,50 0,709.86	7,965,000,000 .00	15,924,500,70 9.86
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment recognized in owners' equity															
4. Others															
(III) Profit distribution									109,729.26 2.29		-864,662,192. 29		-754,932, 930.00	-149,250,000. 00	-904,182,930. 00
1. Withdrawal of surplus reserve									109,729.26 2.29		-109,729,262. 29				
2. Withdrawal of generic risk reserves															
3. Distribution to owners (or shareholders)											-754,932,930. 00		-754,932, 930.00	-149,250,000. 00	-904,182,930. 00
4. Others															
(IV) Internal carry-forward															

of owner's equity															
1. Capital reserve transferred into capital (or share capital)															
2. Surplus reserve transferred into capital (or share capital)															
3. Surplus reserves for making up loss															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive incomes carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Amount appropriated in the current period								86,549,074.57					86,549,074.57	33,151,166.31	119,700,240.88
2. Use in the current period								86,549,074.57					86,549,074.57	33,151,166.31	119,700,240.88
(VI) Others					980,388.98								980,388.98	868,580.67	1,848,969.65
IV. Ending balance of the current period	6,750,350.00.00				14,188.879,508.6			-67,540,008.823.33	532,602,703.33			15,562,049.572.57	36,966.341,775.7	32,893,663.687.92	69,860,005.463.65

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

Current amount

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preferred shares	Perpetu al bond	Others								
I. Ending balance of the previous year	6,750,350,000.00				14,618,311,840.58		12,188,048.65		532,602,703.33	1,095,846,151.18		23,009,298,743.74
Add: Changes in accounting policies												
Correction of errors in the previous period												
Others												
II. Opening balance of the year	6,750,350,000.00				14,618,311,840.58		12,188,048.65		532,602,703.33	1,095,846,151.18		23,009,298,743.74
III. Increases/decreases in the current period (decrease expressed with "-")	3,375,175,000.00				-3,375,175,000.00		74,393,183.21		180,092,962.78	608,284,165.00		862,770,310.99
(I) Total comprehensive income							74,393,183.21			1,800,929,627.78		1,875,322,810.99
(II) Capital contributed and reduced by owners												

1. Ordinary shares invested by the owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution									180,092,962.78	-1,192,645,462.78		-1,012,552,500.00
1. Withdrawal of surplus reserve									180,092,962.78	-180,092,962.78		
2. Distribution to owners (or shareholders)										-1,012,552,500.00		-1,012,552,500.00
3. Others												
(IV) Internal carry-forward of owner's equity	3,375,175,000.00					-3,375,175,000.00						
1. Capital reserve transferred into capital (or share capital)	3,375,175,000.00					-3,375,175,000.00						
2. Surplus reserve transferred into capital (or share capital)												
3. Surplus reserves for making up loss												
4. Changes in defined benefit plans carried forward to retained earnings												

5. Other comprehensive incomes carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Amount appropriated in the current period												
2. Use in the current period												
(VI) Others												
IV. Ending balance of the current period	10,125,525,000.00				11,243,136,840.58		86,581,231.86		712,695,666.11	1,704,130,316.18		23,872,069,054.73

Amount of prior period

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preferre d shares	Perpetual bond	Others								
I. Ending balance of the previous year	6,291,107,750.00				7,118,053,380.72		24,713,730.46		422,873,441.04	863,215,720.60		14,719,964,022.82
Add: Changes in accounting policies												
Correction of errors in the previous period												
Others												
II. Opening balance of the year	6,291,107,750.00				7,118,053,380.72		24,713,730.46		422,873,441.04	863,215,720.60		14,719,964,022.82
III. Increases/decreases in the current period (decrease expressed with "-")	459,242,250.00				7,500,258,459.86		-12,525,681.81		109,729,262.29	232,630,430.58		8,289,334,720.92
(I) Total comprehensive income							-12,525,681.81			1,097,292,622.87		1,084,766,941.06
(II) Capital contributed and reduced by owners	459,242,250.00				7,500,258,459.86							7,959,500,709.86
1. Ordinary shares invested by the owners	459,242,250.00				7,500,258,459.86							7,959,500,709.86
2. Capital contributed by holders of other equity instruments												

3. Amount of share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution									109,729,262.29	-864,662,192.29		-754,932,930.00
1. Withdrawal of surplus reserve									109,729,262.29	-109,729,262.29		
2. Distribution to owners (or shareholders)										-754,932,930.00		-754,932,930.00
3. Others												
(IV) Internal carry-forward of owner's equity												
1. Capital reserve transferred into capital (or share capital)												
2. Surplus reserve transferred into capital (or share capital)												
3. Surplus reserves for making up loss												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Other comprehensive incomes carried forward to retained earnings												
6. Others												
(V) Special reserve												
1. Amount appropriated in the current period												

2. Use in the current period												
(VI) Others												
IV. Ending balance of the current period	6,750,350,000.00				14,618,311,840.58		12,188,048.65		532,602,703.33	1,095,846,151.18		23,009,298,743.74

III. Company Profile

Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as the Company) is a joint-stock limited company initiated and established on the foundation of Rongsheng Chemical Fiber Group Co., Ltd. by Zhejiang Rongsheng Holding Group Co., Ltd., as well as natural persons including Li Shuirong, Li Yongqing, Li Guoqing, Xu Yuejuan, Ni Xincan and Zhao Guanlong. The Company was registered on June 18, 2007 and is headquartered in Hangzhou, Zhejiang Province. The Company now holds the Business License (Unified Social Credit Code: 91330000255693873W) issued by the Industry and Commerce Administration of Zhejiang Province, with a registered capital of RMB 10,125,525,000 and a total of 10,125,525,000 shares (par value: RMB 1 per share), including outstanding shares subject to sales restrictions: 627,243,750 A shares, and outstanding shares not subject to sales restrictions: 9,498,281,250 A shares. Shares of the Company were listed for trading at Shenzhen Stock Exchange on November 2, 2010.

The Company operates in the petrochemical fiber industry. Business scope: manufacturing and processing of polyester yarn and chemical fabric, processing of paper products, sales of light textile raw materials and products, hardware, chemical products and raw materials (other than hazardous chemicals and precursor chemicals), industrial investment, warehousing services of ordinary goods (excluding dangerous goods), road cargo transportation (operation with a valid license), import and export business. (Business activities subject to the approval shall be carried out upon approval by relevant departments according to law.) Main products include oil refining products, chemical products, PTA, polyester chip, polyester yarn and film, and so forth.

These financial statements were released upon approval by the 22nd Meeting of the 5th Board of Directors of the Company on April 23, 2022.

The Company has included its 30 subsidiaries in the consolidated financial statements of the current period, such as Zhejiang Shengyuan Chemical Fiber Co., Ltd., Hong Kong Sheng Hui Co., Ltd., Ningbo Yisheng Chemical Co., Ltd., Dalian Yisheng Investment Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Hong Kong Yisheng Dahua Petrochemical Co., Ltd., Dalian Rongxincheng Trading Co., Ltd., Zhejiang Rongtong New Materials Co., Ltd. Dalian Yisheng New Material Co., Ltd., Ningbo Zhongjin Petrochemical Co., Ltd., Ningbo Niluoshan New Energy Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., Rongtong Logistics (Singapore) Pte. Ltd., Rongsheng Petrochemical (Hong Kong) Co., Ltd., Rongsheng International Trading Co., Ltd., Rongxiang (Shanghai) Chemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Zhoushan Yushan Petrochemical Engineering Company Limited, ZPC Zheyou Technology Co., Ltd., Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd., Zhejiang Free Trade Zone Rongxin Trading Co., Ltd., ZPC Jintang Logistics Co., Ltd., Zhejiang ZPC Sales Co., Ltd., Rongxiang Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd., Zhejiang Zhuosheng Trading Co., Ltd., Rongsheng International Trading (Hainan) Co., Ltd., Rongsheng Chemical (Shanghai) Co., Ltd., and Zhejiang Rongyi Trading Co., Ltd. See Notes VI and VII to these financial statements for details.

IV. Preparation Basis of Financial Statements

1. Preparation basis

The financial statements of the Company are prepared on a going concern basis.

2. Going concern

There are no matters or circumstances that cause the Company to have serious doubts about its going concern ability within 12 months from the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Tips for specific accounting policies and accounting estimates:

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

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, which truthfully and completely reflect the Company's financial position, business achievements, cash flow and other relevant information.

2. Accounting period

The accounting year is the calendar year from January 1 to December 31.

3. Operating cycle

The business cycle of the Company is short, and 12 months is taken as the liquidity division standard of assets and liabilities.

4. Recording currency

The Company and its domestic subsidiaries adopt RMB as the recording currency, while overseas subsidiaries such as Hong Kong Sheng Hui Co., Ltd., Hong Kong Yisheng Dahua Petrochemical Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., Rongtong Logistics (Singapore) Pte. Ltd., Rongsheng Petrochemical (Hong Kong) Co., Ltd. and Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd. engaging in overseas operations, choose the currency in the main economic environment where they operate as the recording currency.

5. Accounting methods for business combinations under the same control and not under the same control

1. Accounting methods for business combinations under the same control

The assets and liabilities acquired by the Company in business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the final controlling party on the date of combination. The Company shall adjust the capital reserve according to the difference between the book value share of the owner's equity of the combined party in the consolidated financial statements of the final controlling party and the book value of the consolidated consideration paid or the total face value of the issued shares; If the capital reserve is not sufficient for offsetting, the adjustment is made to retained earnings.

2. Accounting methods for business combinations not under the common control

On the purchase date, the difference between the combined cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill. If the combined cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, first, the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combined cost are reviewed. If the combined cost is still less than the fair value share of identifiable net assets of the acquiree obtained in the merger after review, the difference is included in the current gain and loss.

6. Preparation method for 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 based on the financial statements of the parent company and its subsidiaries and are prepared according to other related documents by the parent company in accordance with the *Accounting Standards for Business Enterprises No. 33—Consolidated Financial Statements*.

7. Classification of joint arrangement and accounting methods for joint operation

1. The joint arrangement is divided into joint operation and joint venture.

2. When the Company is a party to a joint operation, the following items are recognized in relation to the share of interest in the joint operation:

(1) Recognition of assets held individually and assets held jointly on a holding share basis;

(2) Recognition of liabilities assumed individually and liabilities assumed jointly on a holding share basis;

(3) Recognition of revenue from the sale of the Company's share of common operation output;

(4) Recognition of income from joint operations arising from the sale of assets based on the Company's share of ownership;

(5) Recognition of expenses incurred separately and recognition of expenses incurred in joint operations based on the Company's share of ownership.

8. Recognition standard for cash and cash equivalents

Cash listed in the statement of cash flows refers to cash on hand and deposits that can be used for payment at any time. The term "cash equivalents" refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency business and conversion of foreign currency statements

1. Translation of foreign currency business

In foreign currency transactions, the spot exchange rate at the transaction date shall be adopted at the initial recognition to convert the foreign currency into the amount of RMB. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate on the balance sheet date. The exchange differences arising from the exchange rate are included in current gain and loss except for the exchange difference between the principal and interest of foreign currency-specific borrowings related to the acquisition and construction of assets eligible for capitalization. The foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate at the transaction date, and their RMB amount shall not be changed. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the determination date of fair value, and the exchange differences are included in current gain and loss or other comprehensive income.

2. Translation of foreign currency financial statements

Items of assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date. Except for the "undistributed profit" item, other items of owner's equity are translated at the spot exchange rate at the transaction date. Income and expense items in the income statement are translated at the approximate spot exchange rate at the transaction date. The converted difference in foreign currency financial statements arising from the above translations is included in other comprehensive income.

10. Financial instruments

1. Classification of financial assets and financial liabilities

At initial recognition, financial assets are classified into the following three categories: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through gain and loss.

At initial recognition, financial liabilities are classified into four categories: (1) financial liabilities at fair value through gain and loss; (2) financial liabilities that are formed since the transfer of financial assets do not comply with the conditions for derecognition or continue to involve in the financial assets to be transferred; (3) financial guarantee contracts not falling under the above (1) or (2), and loan commitments not falling under the above (1) and lending at a rate lower than the market interest rate; (4) financial liabilities at amortized cost.

2. Recognition basis, measurement methods and derecognition conditions for financial assets and financial liabilities

(1) Recognition basis and initial measurement methods for financial assets and financial liabilities

A financial asset or a financial liability shall be recognized when the Company becomes a party to a financial instrument contract. A financial asset or financial liability shall be measured at fair value at the initial recognition. For financial assets or financial liabilities at fair value through gain and loss, the transaction expenses thereof shall be directly recorded in current gain and loss. For other categories of financial assets or financial liabilities, the related transaction expenses are included in the initial recognition amount. However, if the accounts receivable initially recognized by the Company do not contain significant financing components or the Company does not consider the financing components in contracts less than one year, the initial recognition shall be carried out according to transaction price as defined in the *Accounting Standards for Business Enterprises No. 14—Revenue*.

(2) Subsequent measurement method for financial assets

1) Financial assets measured at amortized cost

They are subsequently measured at amortized cost by adopting the effective interest method. Gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship are included in current gain and loss upon derecognition, reclassification, amortization under the effective interest method or recognition of impairment.

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

They are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains and losses calculated by the effective interest method are included in current gain and loss, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gain or loss previously included in other comprehensive incomes is transferred from other comprehensive incomes and included in the current gain and loss.

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

They are subsequently measured at fair value. Dividends obtained (except those falling under the recovery of investment costs) are included in current gain and loss, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gain or loss previously included in other comprehensive incomes is transferred out from other comprehensive incomes and included in retained earnings.

4) Financial assets at fair value through gain and loss

They are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in current gain and loss, unless the financial asset is part of the hedging relationship.

(3) Subsequent measurement method for financial liabilities

1) Financial liabilities at fair value through gain and loss

Such financial liabilities comprise trading financial liabilities (including derivatives of financial liabilities)

and those specified as financial liabilities at fair value through gain and loss. Such financial liabilities are subsequently measured at fair value. Change in fair value of financial liability designated to be measured at fair value through gain and loss due to change in the Company's own credit risk is included in other comprehensive income, unless the treatment will cause or expand the accounting mismatch in gain and loss. Other gains or losses arising from such financial liabilities (including interest expenses, except changes in fair value caused by changes in the own credit risk) are included in current gain and loss, unless the financial liabilities are part of the hedging relationship. Upon derecognition, the accumulated gain or loss previously included in other comprehensive incomes is transferred out from other comprehensive incomes and included in retained earnings.

2) Financial liabilities that are formed since the transfer of financial asset does not comply with the conditions for derecognition or continue to involve in the financial assets to be transferred

They are measured pursuant to relevant provisions under *Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets*.

3) Financial guarantee contracts not falling under the above 1) or 2), and loan commitments not falling under the above 1) and to lend at a rate lower than the market interest rate

A subsequent measurement shall be made after they are initially recognized according to the higher one of the following: ① the amount of loss reserve determined in accordance with the impairment provisions of financial instruments; ② the remaining amount after the determined accumulative amortization amount is deducted from the initially recognized amount in accordance with relevant provisions of the *Accounting Standards for Business Enterprises No. 14—Revenue*.

4) Financial liabilities at amortized cost

They are measured at amortized cost under the effective interest method. Gains or losses arising from financial liabilities measured at amortized cost and not part of any hedging relationship are included in current gain and loss when derecognized and amortized under the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) The Company will derecognize the financial assets when one of the following conditions are met:

① The contractual rights to the cash flows from the financial asset expire;

② The transfer of such financial assets has been completed and is in line with the provisions on derecognition of a financial asset under the *Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets*.

2) When the current obligations of financial liabilities (or part thereof) have been discharged, the recognition of the financial liabilities (or part thereof) shall be terminated accordingly.

3. Recognition basis and measurement method for transfer of financial assets

Where the Company transfers almost all risks and returns related to the ownership of the financial assets transferred, these financial assets will be derecognized, and the rights and obligations that occurred or were retained during the transfer are separately recognized as assets or liabilities. Where almost all risks and rewards on

the ownership of financial assets are retained, the transferred financial assets shall continue to be recognized. Where the Company has neither transferred nor retained any risk and reward relating to the ownership of the financial assets, it shall be disposed of in the following conditions: (1) where the control over the financial asset is not retained, the recognition of the financial asset shall be terminated, and the rights and obligations arising or retained in the transfer shall be separately recognized as assets or liabilities; 2) where the control over the financial asset is retained, the relevant financial asset shall be recognized according to the degree of continued involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

When the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current gain and loss: (1) the book value 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 derecognized part in a cumulative amount of change in fair value which is originally included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments at fair value through other comprehensive income). A part of financial assets is transferred, and if the transferred part meets the conditions for derecognition entirely, the book value of the whole financial asset before transfer shall be allocated between the derecognized part and the continued recognition part according to their relative fair values on the transfer date, and the difference between the following two amounts shall be included in current gain and loss: (1) the book value of the derecognized part; (2) the sum of the consideration of the derecognized part and the amount of the corresponding derecognized part in the accumulated amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments at fair value through other comprehensive income).

4. Methods for determination of the fair value of financial assets and financial liabilities

When determining the fair value of related financial assets and financial liabilities, the Company adopts the valuation technique applicable in the prevailing circumstance and supported by sufficient available data and other information. The Company classifies the input values used by the valuation technique as the following tiers and uses them in turns:

(1) Tier 1 input value refers to the unadjusted quotations of the same assets or liabilities in an active market which can be obtained on the measurement date;

(2) Tier 2 input value refers to them directly or indirectly observable input value of relevant assets or liabilities apart from Tier 1 input value, including: quotations of similar assets or liabilities on an active market; quotations of identical or similar assets or liabilities in markets that are not active; observable input values other than quotations, such as interest rates and yield curves that are observable during normal quotation intervals; input values for market validation, etc.;

(3) Tier 3 input value refers to the unobservable input value of relevant assets or liabilities, including the volatility of interest rate and stock that cannot be directly observed or cannot be verified by observable market data, the future cash flows of the disposal obligations assumed in the business combination, financial forecasts made

using its own data, etc.

5. Impairment of financial instruments

(1) Measurement and accounting treatment of impairment of financial instruments

On the basis of expected credit loss, for financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, lease receivables, loan commitments classified as financial liabilities at fair value through gain and loss, financial guarantee contracts that do not belong to financial liabilities at fair value through gain and 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 shall be impaired and loss reserve shall be recognized.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contract cash flow receivables according to the contract, and all cash flows expected to be collected, that is, the present value of all cash shortages. The financial assets purchased or generated by the Company that have suffered credit impairment are discounted according to the credit-adjusted effective interest rate of the financial assets.

For the purchased or originated financial assets with credit impairment, the Company only recognizes the cumulative change of expected credit loss in the whole existence period after initial recognition as the loss reserve on the balance sheet date.

For receivables and contract assets arising from transactions as stipulated under the *Accounting Standards for Business Enterprises No. 14—Revenue* that do not contain significant financing components or where the Company does not consider the financing components in contracts not exceeding one year, the Company uses simplified measurement methods to measure the loss reserve according to the expected credit loss amount equivalent to 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 the initial recognition, the Company shall measure the loss reserve according to the amount of expected credit loss during the whole existence period. If the credit risk has not increased significantly since the 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 uses available reasonable and based information, including forward-looking information, to determine whether the credit risk of financial instruments has increased significantly since the initial recognition by comparing the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date.

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

The Company evaluates the expected credit risk and measures the expected credit loss on the basis of a single financial instrument or combination of financial instruments. When based on the portfolio of financial instruments, the Company divides the financial instruments into different portfolios according to the common risk characteristics.

The Company re-measures the expected credit loss on each balance sheet date, and the resulting increase or reversal of the loss reserve is included in the current gain and loss as impairment loss or profit. For financial assets at amortized cost, the loss provision is offset against the book value of the financial asset as given in the balance sheet; For debt investment measured at fair value through other comprehensive income, the loss allowances are recognized in other comprehensive income by the Company instead of offsetting the book value of the financial assets.

(2) Financial instruments where expected credit risk is evaluated and expected credit loss is measured by portfolio

Item	Basis for determining portfolios	Method for measuring expected credit loss
Other receivables - entrusted loan portfolio	Nature of account	With reference to historical credit loss experience and in combination with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate in the next 12 months or the whole duration.
Other receivables - Loan margin portfolio		
Other receivables - tax rebate receivables portfolio		
Other receivables - futures margin portfolio		
Other receivables - paper goods transaction settlement portfolio		
Other receivables - deposit and margin receivables portfolio		
Other receivables - reserve fund receivables portfolio		
Other receivables - current account portfolio		
Other receivables - Related party dealings portfolio within the scope of consolidation	Related parties within the scope of consolidation [note]	

[Note]: Related parties of the Company and within the scope of consolidated financial statements

(3) Receivables and contract assets with expected credit losses measured by portfolio

1) Specific portfolio and method for measuring expected credit loss

Item	Basis for determining portfolios	Method for measuring expected credit loss
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Banker's acceptance receivables	Type of notes	With reference to historical credit loss experience and in combination with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate in the whole duration
Commercial acceptance bill receivables		
Accounts receivable - aging portfolio	Aging	With reference to historical credit loss experience and in combination with the current situation and the forecast of future economic conditions, the comparison table between the aging of accounts receivable and the expected credit loss rate of the whole duration is compiled to calculate the expected credit loss
Accounts receivable - trade accounts portfolio of overseas subsidiaries	Nature of account	With reference to historical credit loss experience and in combination with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate in the whole duration
Accounts receivable - Related party dealings portfolio within the scope of consolidation	Related parties within the scope of consolidation	With reference to historical credit loss experience and in combination with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate in the whole duration

2) Accounts receivable—comparison table between aging of aging portfolio and expected credit loss rate of the whole duration

Aging	Expected credit loss rate of accounts receivable (%)
Within 1 year (included, the same below)	5
1-2 year(s)	10
2-3 years	30
Above 3 years	100

6. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately on the balance sheet and can not offset each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the balance sheet: (1) the Company has the legal right to set off the recognized amount, and such legal right is currently enforceable; (2) the Company intends either to settle on a net basis, or to realize the financial assets and pay off the financial liabilities simultaneously.

For the transfer of financial assets not in line with the conditions for derecognition, the Company does not offset the transferred financial assets and liabilities.

11. Inventories

1. Classification of inventories

Inventory includes finished products or commodities held for sale in daily activities, products in the process of production, materials and supplies consumed in the process of production or providing labor services.

2. Valuation method for delivered inventories

Inventories delivered shall be weighted average at the end of each month.

3. Recognition basis for the net realizable value of inventories

On the balance sheet date, the inventory was measured at the lower of the cost and net realizable value. Inventory falling price reserves were accrued based on the difference between the cost of a single inventory and the net realizable value. The net realizable value of inventory directly used for sale will be determined by the amount of the estimated selling price of the inventory minus the estimated sales expenses and related taxes. For inventories that need to be processed, the net realizable value shall be determined in the normal production and operation process by subtracting the estimated selling price of finished products produced from the estimated cost to be incurred when completion, the estimated sales expenses and relevant taxes and fees. On the balance sheet date, if a part of the same inventory has a contract price agreement and other parts do not have a contract price, the net realizable value shall be determined respectively, and the corresponding cost shall be compared to determine the accrual or reversal amount of inventory depreciation reserve respectively.

4. Inventory system of inventories

The perpetual inventory system is adopted for inventories.

5. Amortization method for low-value consumables and packaging materials

(1) Low-value consumables

Low-value consumables are amortized using the one-off amortization method.

(2) Packaging materials

Low-value consumables are amortized using the one-off amortization method.

12. Contract assets

The Company presents contract assets or liabilities in the balance sheet based on the relation between performance obligation and customer payment. The Company will record the net amount of contract assets and contract liabilities under the same contract after they are set off against each other.

The Company records the right to receive consideration from customers unconditionally (i.e., only depending on the time lapses) as the receivables, and presents the right to receive consideration when goods have been transferred to the customers, which depends on other factors other than the time lapses, as contract assets.

13. Contract costs

Assets relating to contract cost comprise contract acquisition cost and contract performance cost.

Where the incremental cost incurred by the Company to acquire the contract is expected to be recovered, it is recognized in the form of contract acquisition cost as an asset. The contract acquisition cost for which the amortization period does not exceed one year shall be directly included in the current gain and loss as incurred

The costs incurred by the Company for performing the contract, if not within the applicability scope of relevant standards relating to inventories, fixed assets or intangible assets, can be recognized as an asset within the contract performance cost if the following conditions are met:

1. The cost is related to a current contract or a contract to be obtained, including direct labor cost, direct material/manufacture cost (or similar costs), cost to be undertaken by the customer and other costs incurred under the contract;

2. The cost increases the resources available to the Company to fulfill performance duties in the future;

3. The costs are expected to be recovered.

Assets related to contract cost are amortized on the same basis as recognition of revenue of goods or services related to the asset and recognized in current gain and loss.

If the book value of assets relating to contract cost is higher than the remaining consideration expected to be obtained due to the transfer of goods or services relating to the assets minus the estimated cost to be incurred, the Company accrues impairment reserves for the excess portion and recognizes it as an asset impairment loss. If the factors causing the impairment of the prior period change and make the remaining consideration expected to be obtained due to the transfer of goods or services relating to the assets minus the estimated cost to be incurred higher than the book value of the asset, the withdrew asset impairment provision shall be reversed and recorded in the current gains or losses, but the book value of the asset after reversion shall not exceed the book value of the asset at the reversion date under the condition of not withdrawing the impairment provision.

14. Long-term equity investment

1. Judgment of joint control and significant influence

Joint control refers to the shared control over a certain arrangement according to the relevant agreement, and the activities under such arrangement are subject to approval by the parties sharing the control power. Significant influence refers to that one party has the power to participate in the decision-making of financial and operating policies of the investee but is unable to control or jointly control these policies with other parties.

2. Determination of investment cost

- (1) For business combination under the same control, where the combining party uses cash payment, transfer of non-cash assets, assumption of debts or issuing of equity securities as combination consideration, the share of owner's equity of the combined party acquired in the book value of total owner's equity in consolidated financial

statements of the ultimate controller on the combination date shall be identified as the initial investment cost of long-term equity investment. The difference between the initial investment cost of long-term equity investment and the book value of the combination consideration paid or the par value of the issued shares is adjusted against the capital reserve. If the capital reserve is not sufficient for offsetting, the adjustment is made to retained earnings.

For the long-term equity investments formed through business combination under the same control] and implemented through multiple transactions step by step by the Company, it is a must to judge whether they are “package deals”. If they are package deals, each deal is regarded as a deal to obtain control right for accounting treatment. If it is not a package deal, on the date of combination, the share of the book value of net assets of the combined party that should be enjoyed after combination in the consolidated financial statements of the ultimate controller, is recognized as an initial investment cost. The difference between the initial investment cost of long-term equity investment on the date of combination and the sum of the book value of long-term equity investment before the combination is realized and the book value of consideration additionally paid to further acquire shares on the date of combination is adjusted against the capital reserve. If the capital reserve is not sufficient for offsetting, the adjustment is made to retained earnings.

(2) As for business combinations not under the same control, the fair value of the combination consideration paid on the combination date is recorded as the initial investment cost of long-term equity investment.

For the long-term equity investments formed through business combination not under the same control and implemented through multiple transactions step by step by the Company, the accounting treatment is different in unconsolidated financial statements and consolidated financial statements:

1) In individual financial statements, the initial investment cost of long-term equity investment accounted using the cost method is measured at the sum of the book value of equity investment originally held and investment cost additionally paid.

2) In consolidated financial statements, it is a must to judge whether they are “package deals”. If they are package deals, each deal is regarded as a deal to obtain control right for accounting treatment. Suppose these transactions are not “package deals”, the equities of the acquiree held before the purchase date shall be re-measured at fair value at the purchase date. The difference between the fair value and its book value shall be recognized as current investment income. In case the equity of the acquiree held before the purchase date involves other comprehensive income under the equity method, relevant other comprehensive income shall be transferred to the current return on the purchase date, Except for other comprehensive income resulting from the re-measurement of the investee's net defined benefit plan liabilities or changes in net assets.

(3) Except for the formation of business combination: As for those obtained by cash payment, the actually paid purchase price is taken as the initial investment cost; the long-term equity investment formed by issuing equity securities, the fair value of issuing equity securities is taken as the initial investment costs. If acquired through debt restructuring, its initial investment cost shall be determined in accordance with the *Accounting Standards for Business Enterprises No. 12—Debt Restructuring*; in the case of non-monetary asset exchange, the

initial investment cost shall be determined in accordance with the *Accounting Standards for Business Enterprises No. 7—Exchange of Non-monetary Assets*.

3. Methods for subsequent measurement and gain and loss recognition

The long-term equity investment in the invested entity under its control will be accounted for through the cost method; long-term equity investment in associated enterprises and joint ventures is accounted for under the equity method.

4. Treatment methods for investments in subsidiaries through multiple deals step by step until control losing

(1) Individual financial statements

For disposal of equity, the difference between book value and the actual price of the acquisition shall be recorded into current gain and loss. For the remaining equity, if the investor still has significant influence over the investee or imposes joint control with other parties, it is accounted for by the equity method; In case of failure to control, jointly control or significantly influence the investee, it shall be calculated in accordance with the provisions of the *Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*.

(2) Consolidated financial statements

1) Investments in subsidiaries through multiple deals step by step until control losing and not belonging to “package deals.”

Before losing control, the capital reserves (capital premium) are adjusted at the difference between the disposal cost and the share in net assets of subsidiaries calculated continuously from the acquisition date or combination date corresponding to the disposal of long-term equity investment; if the capital premium is not sufficient to be offset, retained earnings are offset.

When losing control over a former subsidiary, the remaining equity is re-measured at the fair value on the date of control loss. The balance of the sum of the consideration received through the disposal of equity and the fair value of the remaining equity after deducting the entitled share of net assets continuously calculated at the original shareholding ratio from the purchase date or the date of combination in the subsidiary is recognized in the investment income for the period during which the control is lost, and is written off against goodwill. Other comprehensive income related to equity investment in the former subsidiary is transferred into return on investment for the period during which the control is lost.

2) Investments in subsidiaries through multiple deals step by step until control losing and belonging to “package deals.”

Each deal is considered as a deal for the disposal of the subsidiary and losing control of accounting treatment. However, the difference between the disposal cost of each deal before losing the control and the entitled share of net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in consolidated financial statements, and when the control is lost, transferred together into gain and loss for the

period during which the control is lost.

15. Investment properties

Measurement model of investment properties

Measurement by the cost method

Depreciation or amortization methods

1. Investment properties of the Company include the land use rights leased and held for sale after appreciation, and leased buildings.

2. Investment properties are initially measured by cost and subsequently measured by the cost model, with its depreciation or amortization conducted by the same methods for fixed assets and intangible assets.

16. Fixed assets

(1) Recognition conditions

Fixed assets refer to tangible assets held for production, service, lease or operation with a service life of more than one accounting year. Fixed assets can be recognized only when related economic benefits are very likely to flow into the Company, and their costs can be measured reliably.

(2) Depreciation method

Category	Depreciation method	Depreciable life (years)	Residual value rate	Annual depreciation rate
Housing and buildings	Straight-line depreciation method	5-30	5 or 10	19.00-3.00
Machinery and equipment	Straight-line depreciation method	10-15	5 or 10	9.50-6.00
Transportation facilities	Straight-line depreciation method	4-5	5 or 10	23.75-18.00
Other equipment	Straight-line depreciation method	3-10	5 or 10	31.67-9.00

17. Construction in progress

The Company shall comply with the disclosure requirements for the chemical industry as set forth in the *Self-Regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 3 — Industry Information Disclosure*

1. Construction in progress is able to be recognized only when related economic benefits are very likely to

flow into the Company, and its costs can be measured reliably. Construction in progress is measured at the actual cost incurred before such asset is ready for the intended use.

2. Construction in progress is carried forward to fixed assets based on actual costs of the project when it is ready for its intended use. As for construction in progress which is ready for the intended use but has not gone through the formalities of final accounts of completion, it shall be transferred into fixed assets at the estimated value. Upon the final accounts of completion, the previous tentatively estimated value other than accrued depreciation shall be adjusted based on actual costs.

18. Borrowing costs

1. Recognition principle of the capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of a qualifying asset for capitalization, it shall be capitalized and recognized as costs of relevant assets; Other borrowing costs shall be recognized as an expense when they are incurred and included in current gain and loss.

2. Capitalization period of borrowing costs

(1) Capitalization begins when the borrowing cost meets the following conditions: 1) asset expenditure has been incurred; 2) the borrowing costs have been incurred; 3) the acquisition, construction or production activities necessary to bring the asset to its intended use or sales have been initiated.

(2) Where the acquisition and construction or production process of assets eligible for capitalization are interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses of the current period until the asset's acquisition and construction or production activity restarts.

(3) When the assets acquired, constructed or produced qualified for capitalization conditions are ready for intended use or sales, the capitalization of the borrowing costs shall be ceased.

3. Capitalization rate and amount of borrowing costs

In case of special borrowing for the acquisition & construction or production of assets eligible for capitalization conditions, interest income to be capitalized shall be recognized after deducting the bank interests for the unused portion or the investment income for short-term investment from the interest costs (including recognized depreciation or amortization of premium under effective interest method) actually occurred in the current period of specific borrowing. Where a general borrowing is used for the acquisition, construction, or production of assets eligible for capitalization, it shall determine the capitalization amount of interests on the general borrowing by multiplying the weighted average asset expenses of the part of the accumulative asset expenses minus the special borrowings by the capitalization rate of the general borrowings used.

19. Intangible assets

(1) Pricing method, service life, and impairment test

1. Intangible assets include land use rights, patent rights and non-patented technology and so on, which are initially measured according to cost.

2. Any intangible asset with a limited service life shall be amortized in a systematic and rational manner based on the expected realization method of economic benefits related to it within its service life; where the expected realization method cannot be confirmed reliably, the straight-line method shall be adopted.

Details are as follows:

Item	Amortization period (year)
Land-use right	15-50
Know-how	6-10
Management software	5-10
Pollution dumping right	5-20
Sea area use right	1-50

(2) Internal R&D expenditure accounting policy

The expenditure in the research stage of internal research and development projects is included in the current gain and loss. The expenditures incurred during the development of an internal R&D project shall be recognized as intangible assets if they simultaneously meet the following conditions: (1) It is technically feasible to complete the intangible assets so that they can be used or sold; (2) it is intended to finish and use or sell the intangible assets; (3) the ways for intangible assets to generate economic benefits shall be proven useful, including the way to prove that there is a potential market for the products manufactured with the intangible assets or there is a potential market for the intangible assets or the intangible assets will be used internally; (4) enough technical and financial resources and other resources are available to support the development of such intangible assets, and the Company is able to use or sell such intangible assets; (5) the expenses incurred from developing the intangible asset can be reliably measured.

20. Impairment of some long-term assets

Long-term assets such as long-term equity investment, investment properties measured by the cost model, fixed assets, construction in progress, and intangible assets with limited service lives shall be evaluated for their recoverable amount in case of any sign of impairment at the balance sheet date. For goodwill formed by business combination and intangible assets with uncertain service life, an impairment test should be carried out every year regardless of whether there is a sign of impairment. Goodwill impairment testing must be done in combination with

the asset group or asset group portfolio to which it is linked.

Where the recoverable amount of asset is lower than its book value, the Company shall recognize the provision for asset impairment based on the difference and recognize such loss into the current gains and losses.

21. Long-term deferred expenses

Long-term deferred expenses refer to all expenses that have been paid and have an amortization period of more than one year (excluding one year). Long-term deferred expenses are recorded at the actual incurred amount and amortized on an average basis by stages over the beneficial period or prescribed period. In case that long-term deferred expense items cannot benefit the future accounting periods, the amortized value of such unamortized items shall be fully transferred into the current gain and loss.

22. Contract liabilities

The Company presents contract assets or liabilities in the balance sheet based on the relation between performance obligation and customer payment. The Company will record the net amount of contract assets and contract liabilities under the same contract after they are set off against each other.

The Company presents the obligation to transfer goods to the customer for considerations received or receivable from the customer as a contract liability.

23. Employee remuneration

(1) Accounting treatment method for short-term remuneration

1. Employee remuneration includes short-term remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits.

2. Accounting treatment method for short-term remuneration

The actual short-term remuneration in the accounting period when employees offer services for the Company will be recognized as liabilities and included in current gain and loss or relevant asset cost.

(2) Accounting treatment method of post-employment benefits

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

(1) During the accounting period when an employee provides services to the Company, the amount to be deposited according to the defined contribution plan shall be recognized as the liability and recorded into the current gain and loss or the cost of the relevant assets.

(2) The accounting treatment for a defined benefit plan generally includes the following steps:

1) In accordance with the projected unit credit method, demographic and financial variables are estimated

using unbiased and consistent actuarial assumptions, the obligations arising from the defined benefit plan are measured, and the period for the relevant obligation is determined. In the meantime, the obligations arising from the defined benefit plan are discounted to determine the present value and current cost of service of the defined benefit plan.

2) Where the defined benefit plan involves any assets, the deficit or surplus resulting from the present value of obligations in the defined benefit plan minus the fair value of assets shall be recognized as net liabilities or net assets of the defined benefit plan. Where the defined benefit plan has any surplus, the Company will measure the net assets of the defined benefit plan based on the surplus or asset limit of the defined benefit plan (whichever is the lower);

3) At the end of the period, the Company shall recognize the cost of employee remuneration as cost of service, the net interest of net liabilities or net assets of the defined benefit plan and changes arising from the re-measurement of net liabilities or net assets of the defined benefit plan, in which the cost of service and net interest of net liabilities or net assets of the defined benefit plan are recorded in the current gain and loss or relevant asset cost, changes arising from the re-measurement of net liabilities or net assets of the defined benefit plan are recorded in other comprehensive incomes and is not allowed to be carried back to gains or losses during the subsequent accounting period, but the amounts recognized in other comprehensive incomes can be transferred within the equity scope.

(3) Accounting treatment method for dismissal benefits

Where dismissal benefits are provided to employees, liabilities in employee remuneration are recognized and included in the current gain and loss when: (1) the Company is not in a position to unilaterally withdraw dismissal benefits provided under termination plans or layoff proposals; (2) when the Company recognizes the costs or expenses related to restructuring involving the payment of dismissal benefits.

(4) Accounting treatment method for other long-term employee benefits

Where the Company provides other long-term employee benefits for its employees and the employee reaches the conditions of the defined benefit plan, accounting treatment shall be adopted based on relevant provisions of the defined benefit plan. For long-term employee benefits other than the aforesaid ones, the accounting treatment should be conducted in accordance with relevant provisions of the defined benefit plan. In order to simplify relevant accounting treatments, the employee remuneration cost resulting from other long-term employee benefits shall be recognized as cost of service, the total net amount of component items, including net interest of net liabilities or net asset of other long-term employee benefits, as well as changes arising from re-measurement of net liabilities or net asset of other long-term employee benefits and so on, is recorded in current gain and loss or relevant asset cost.

24. Revenue

1. Revenue recognition principle

The Company assesses the contract from the commencement date of the contract and recognizes each individual performance obligation included by the contract, and determines whether each individual performance obligation will be fulfilled during a certain period or at a certain time point.

It will constitute performance of the obligation in a certain period of time if any of the following conditions are met; otherwise it will constitute performance of obligation at a certain time point: (1) the customer obtains and consumes economic benefits arising from contract performance by the Company; (2) the customer can control goods in progress during the process of contract performance by the Company; (3) goods arising from contract performance by the Company have irreplaceable purposes, and the Company is entitled to receive payment for accumulatively completed performance proportion to date throughout the contract term.

If the performance obligations are performed within the specified period, the Company will recognize the income within this period in accordance with the progress of the contract's performance. If the performance progress cannot be determined reasonably and the costs incurred are expected to be compensated, the income will be recognized according to the costs incurred until the performance progress is determined reasonably. If the performance obligations are performed at a time point, the Company will recognize the income at the time when the customer obtains control power over goods or services. When judging whether the customer has already obtained the right of control over goods, the Company shall consider the following items: (1) the Company has the right to receive payment currently; namely, the customer assumes the obligation of making payment currently in regards to the goods; 2) the Company has already transferred the legal ownership of the goods to the customer; namely, the customer has already obtained the legal ownership of such goods; 3) the Company has already transferred the material object of the goods to the customer, namely the customer has already obtained such goods in the material object; 4) the Company has already transferred the significant risk and consideration of the property in the goods to the customer, namely, the customer has already obtained the significant risk and consideration of the property in the goods; (5) the customer has accepted such goods; (6) other signs that indicate the customer has already obtained the control over goods.

2. Revenue measurement principles

(1) The income shall be measured by the Company according to the transaction price apportioned to each single performance obligation. Transaction price refers to the amount of consideration the Company expects to receive for the transfer of goods or services to the customer, but it does not include payments received on behalf of the third party or funds to be returned to the customer.

(2) In case of variable consideration in contract, the Company will determine the best estimate of variable consideration in line with the expected or most possible amount, but the transaction price that contains variable consideration will not exceed the amount of accumulated recognized income that is least likely to be reversed when

relevant uncertainties are removed.

(3) If there is significant financing in the contract, the Company shall determine the transaction price according to the amount payable in cash when the client obtains control of the goods or services. The difference between the transaction price and contract consideration is amortized by the effective interest method during the term of the contract. On the contract commencement date, if the Company estimates that the time between the customer's acquisition of control over goods or services and the payment of the price by the customer will not exceed one year, the significant financing in the contract shall not be considered.

(4) If there are two or more performance obligations in the contract, at the beginning of the contract, the Company shall allocate the transaction price to each separate performance obligation according to the relative proportion of the stand-alone selling price of the goods promised by each performance obligation.

3. Specific methods for revenue recognition

The Company mainly sells oil refining products, chemical products, PTA, polyester chip, polyester yarn and film, and so forth, fulfilling its performance obligation at a certain time point. Proceeds from domestic sales are recognized when the Company has delivered the products to the buyer, the amount of product sales revenue has been determined, the payment for goods has been recovered, or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in. Proceeds from overseas market sales are recognized when the Company has declared the products at the customs and obtained the bill of lading according to the contract, the amount of product sales revenue has been determined, the payment for goods has been recovered, or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in.

25. Government grants

1. Government grants are recognized when both of the following conditions are met: (1) the Company is able to meet the conditions attached to the government grants; (2) the Company can receive government grants. In the case of a monetary asset, the government subsidies shall be measured according to the amount received or accrued. In the case of a non-monetary asset, the government grants shall be measured at fair value; where the fair value cannot be reliably obtained, it shall be measured in accordance with the nominal amount.

2. Judgment basis and accounting method for asset-related government grants

Government grants or subsidies that are required by government documents to be used for the acquisition or other formation of long-term assets are classified as asset-related government grants. If the government documents are not clear, judgment shall be made on the basis of the basic conditions that must be met to obtain the grants, and those that are based on the acquisition, construction or other formation of long-term assets are treated as asset-related government grants. Government grants relating to the assets are either written off against the book value of the relevant assets or recognized as deferred income. The government grants recognized as deferred income shall be recorded in the gain and loss on a reasonable and systematic basis over the service life of relevant assets. The government grants measured according to notional amount shall be directly included in current gain

and loss. If the relevant asset has been sold, transferred, retired or damaged before the end of the service life, the balance of the relevant deferred income that has not been allocated will be transferred into the current gain and loss of asset disposal.

3. Judgment basis and accounting method for income-related government grants

Government grants other than those related to assets will be classified into income-related government grants. For government grants that include both the asset-related and the income-related components, it is difficult to distinguish between government grants that are asset-related or income-related and such grants are generally classified as asset-related. Income-related government grants of the Company are used for compensation for relevant costs & expenses or losses in subsequent periods, which are recognized as deferred income, and recorded in current gain and loss or offset against relevant costs in the period of recognition of relevant costs, expenses or losses. Government grants for compensation for incurred relevant costs and expenses or losses are directly included in current gain and loss or offset against relevant costs.

4. The government grants related to the daily business activities of the Company shall be recorded into other incomes or written down related costs and expenses according to the economic and business nature. Government grants not related to the daily activities of the Company are recorded in non-operating incomes and expenses.

5. Accounting treatment method for policy-based preferential loans with discounted interest

(1) Where the Treasury disburses the discount interest funds to the lending bank, and the lending bank provides loans to the Company at preferential policy interest rates, the Company shall use the actual amount of loans received as the entry value, and calculate the borrowing costs based on the principal and the preferential policy interest rate.

(2) If the Treasury allocates the discount interest funds directly to the Company, the discount interest will be used to offset the borrowing costs.

26. Deferred tax assets/deferred tax liabilities

1. Depending on the difference between the book value and the tax base of assets or liabilities (the difference between the tax base and the book value if the tax base of items not recognized as assets or liabilities can be determined based on tax laws), the deferred income tax assets or deferred income tax liabilities shall be calculated and recognized based on the applicable tax rate during the expected asset recovery or liability settlement period.

2. Deferred income tax assets shall be recognized to the extent of probable taxable income used for deducting temporary deductible difference. On the balance sheet date, if there is concrete evidence indicating that it is likely to obtain enough taxable income in the future to offset temporary deductible difference, the deferred income tax assets that were not recognized in previous accounting periods should be recognized.

3. At the balance sheet date, the Company should recheck the book value of deferred income tax assets. If it is unlikely to obtain enough taxable income to offset gains generated from the deferred income tax assets, then it is

necessary to write down the book value of deferred income tax assets. If it is likely to obtain enough taxable income, the deducted amount shall be recovered.

4. The current income taxes and deferred income taxes of the Company are recorded as income tax expense or income in the current gains or losses, excluding income taxes arising from: (1) business combination; (2) transactions or events recognized directly in owner's equity.

27. Lease

1. The Company as lessee

On the commencement date of the lease term, the Company recognizes the lease with a lease term of no more than 12 months and without the purchase option as a short-term lease; and recognizes the lease with lower value when a single leased asset is brand new as a low-value asset lease. In case of a sublease or expected sublease of lease asset, the original lease will not be deemed as a low-value asset lease.

For all short-term leases and low-value asset leases, the Company will recognize the lease payment in the relevant asset cost or current gain and loss under the straight-line method during each period of the lease term.

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

(1) Right-of-use assets

The right-of-use assets shall be initially measured at cost. The cost includes: 1) the initial measurement amount of the lease liability; 2. the amount of lease payment made on or before the commencement date of lease term, net of the relevant amount of used lease incentives (if any); 3. the initial direct expenses incurred by the lessee; 4) expected cost to be incurred by the lessee for the purpose of disassembly and removal of lease assets, restoration of the site where leased assets are located or restoration of leased assets to the status as agreed in lease terms.

The Company will use the straight-line method to calculate the depreciation of the right-of-use assets. Where it is reasonably certain that the ownership of the leased assets can be obtained at the expiry of the lease term, the leased assets shall be depreciated by the Company over its remaining service life. Where it is not reasonably certain that the ownership of the leased assets can be obtained at the time the term of the lease expires, the Company shall accrue the depreciation within the shorter of the lease period and the remaining service life of the leased assets.

(2) Lease liabilities

On the commencement date of the lease, the Company recognizes the present value of outstanding lease payments as lease liabilities. In calculating the present value of the lease payments, the Company adopts the interest rate embedded in the lease as the discount rate. If the Company is unable to determine the interest rate

embedded in the lease, it will adopt the incremental borrowing rate as the discount rate. The difference between the lease payment and its present value is treated as unrecognized financing expenses, on which the interest expenses are recognized at the discount rate of the present value of the lease payment during each period of the lease term and included in the current gain and loss. The variable lease payments not included in the measurement of lease liabilities shall be included in current gain and loss when actually incurred.

After the inception of the lease, the Company measures lease liabilities again according to the present value of the lease payments after the change, and adjusts the book value of the right-of-use asset accordingly in case of changes in the actual fixed payment amount, the expected payable amount of the guarantee residual value, the index or ratio used to determine the lease payment amount, the purchase option, and evaluation result or the actual exercise situation of the lease renewal option or the termination option. Where the book value of the right-of-use asset has been reduced to zero, but a further reduction is required for the lease liabilities, the remaining amount shall be included in the current gain and loss.

2. The Company as lessor

At the inception of the lease, a lease that transfers in substance almost all risks and rewards related to the ownership of leased assets is classified as a financing lease by the Company. Except for the financing lease, others are treated as the operating lease.

(1) Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income under the straight-line method, and the initial direct costs incurred are capitalized and amortized on the same basis as the recognition of rental income, which is included in the current gain and loss by installment. Variable lease payments the Company acquired in connection with operating leases that are not included in the lease receipts are recognized in the current gain and loss when actually incurred.

(2) Financing lease

At the inception of the lease, the Company recognizes the financing lease receivables based on the net lease investment (the sum of the unsecured residual value and the present value of the lease collection not received on the first date of the lease term and discounted at the interest rate implicit in the lease), and derecognizes the financing lease assets. During each period of the lease term, the Company calculates and recognizes the interest income at the interest rate implicit in the lease.

The variable lease payments obtained by the Company that are not included in the measurement of the net lease investment are included in the current gain and loss when actually incurred.

28. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

√ Applicable □ Not applicable

Contents and causes of changes in accounting policies	Approval procedure	Remarks
The Ministry of Finance issued the <i>Notification on Revising and Issuing Accounting Standards for Business Enterprises No. 21 - Lease</i> (CK [2018] No. 35), requiring those enterprises listed at home and abroad at the same time and the enterprises listed abroad and preparing financial statements according to the international financial reporting standards or accounting standards to implement the Standards as of January 1, 2019. Other enterprises under the accounting standards for business enterprises shall implement such Standards as of January 1, 2021. As a result of the revision to the above accounting standards, the Company needs to adjust the original relevant accounting policies accordingly.	The Company deliberated and adopted the Proposal on Changes in Accounting Policies at the 14th Meeting of the 5th Board of Directors held on April 14, 2021.	The Ministry of Finance issued the <i>Notification on Revising and Issuing Accounting Standards for Business Enterprises No. 21 - Lease</i> (CK [2018] No. 35).

1. The Company has implemented the revised *Accounting Standards for Business Enterprises No. 21 - Lease* (hereinafter referred to as the New Standards for Lease) from January 1, 2021 (hereinafter referred to as the First Implementation Date).

(1) For contracts in existence prior to the date of initial execution, the Company has elected not to reassess whether they are leases or contain leases.

(2) For the lease contract to which the Company served as the lessee, the Company has adjusted the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements based on the cumulative impact of the implementation of the New Standards for Lease on the First Implementation Date and the original standards, and has not adjusted the information during the comparable period. Details on treatment were as follows:

For financing lease prior to the First Implementation Date, the Company has respectively measured the right-of-use asset and lease liability based on the original book values of the assets under financing lease and financing lease payables on the First Implementation Date.

For operating lease prior to the First Implementation Date, the Company has measured the lease liabilities on the First Implementation Date based on the remaining lease payment at the present value discounted at the Company's incremental borrowing rate on the First Implementation Date, and measured the right-of-use asset based on the amount equal to the lease payment and made necessary adjustments against the prepaid rent.

On the First Implementation Date, the Company has conducted an impairment test on the right-of-use assets and carried out corresponding accounting treatment as required in Note III (XIX) to these financial statements.

The main impact of the implementation of the New Standards for Lease on the financial statements of the Company dated January 1, 2021 were as follows:

Unit: RMB

Item	Balance Sheet		
	December 31, 2020	Impact of adjustment to New Standards for Lease	January 1, 2021

Right-of-use assets		268,277,793.79	268,277,793.79
Non-current liabilities due within one year	11,315,997,630.94	18,131,486.69	11,334,129,117.63
Lease liabilities		250,146,307.10	250,146,307.10

(3) For the operating lease contracts of low-value assets in existence prior to the First Implementation Date, the Company has adopted a simplified method, has not recognized the right-of-use assets and lease liabilities, and has carried out accounting treatment in accordance with the New Standards for Lease from the First Implementation Date.

(4) The lease contract to which the Company served as the lessor was subject to accounting treatment in accordance with the New Standards for Lease from the First Implementation Date.

2. From January 26, 2021 on, The Company has implemented the *Interpretation of Accounting Standards for Business Enterprises No. 14* issued by the Ministry of Finance in 2021. Changes in this accounting policy had no impact on the Company's financial statements.

3. The Company has implemented the provisions of "Relevant Presentation of Centralized Fund Management" in the *Interpretation of Accounting Standards for Business Enterprises No. 15* since December 31, 2021. Changes in this accounting policy had no impact on the Company's financial statements.

(2) Changes in significant accounting estimate

Applicable Not applicable

(3) Relevant financial statement items at the beginning of 2021 when the adjustments stipulated in the New Standards for Lease apply for the first time

Applicable Not applicable

Should the balance sheet items be adjusted at the beginning of the year?

Yes No

Consolidated balance sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Amount adjusted
Current assets:			
Monetary funds	10,637,514,758.91	10,637,514,758.91	
Settlement provision			
Lending funds			
Trading financial assets	128,083,947.02	128,083,947.02	

Derivative financial assets			
Notes receivable			
Accounts receivable	1,349,670,164.65	1,349,670,164.65	
Receivables financing	138,850,525.93	138,850,525.93	
Advance payment	3,554,849,794.36	3,554,849,794.36	
Premium receivables			
Reinsurance receivables			
Reinsurance contract reserves receivables			
Other receivables	2,114,720,404.93	2,114,720,404.93	
Including: Interest receivables			
Dividends receivable	366,250,000.00	366,250,000.00	
Redemptory monetary capital for sale			
Inventory	23,546,003,920.29	23,546,003,920.29	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	10,580,368,432.63	10,580,368,432.63	
Total current assets	52,050,061,948.72	52,050,061,948.72	
Non-current assets:			
Loans and advances			
Creditors investment			
Other creditors investment			
Long-term receivables			
Long-term equity investment	8,003,779,985.69	8,003,779,985.69	
Investment in other equity instruments			
Other non-current			

financial assets			
Investment property	7,863,669.98	7,863,669.98	
Fixed assets	86,002,947,910.65	86,002,947,910.65	
Construction in progress	88,192,503,272.41	88,192,503,272.41	
Productive biological assets			
Oil & gas assets			
Right-of-use assets		268,277,793.79	268,277,793.79
Intangible assets	5,807,327,622.92	5,807,327,622.92	
Development expenses			
Goodwill			
Long-term deferred expense	1,590,298.34	1,590,298.34	
Deferred income tax assets	68,828,627.84	68,828,627.84	
Other non-current assets	1,380,024,772.43	1,380,024,772.43	
Total non-current assets	189,464,866,160.26	189,733,143,954.05	268,277,793.79
Total assets	241,514,928,108.98	241,783,205,902.77	268,277,793.79
Current liabilities:			
Short-term borrowings	45,690,948,420.05	45,690,948,420.05	
Borrowings from the central bank			
Borrowing funds			
Trading financial liabilities	15,505,695.61	15,505,695.61	
Derivative financial liabilities			
Notes payable	3,696,354,818.17	3,696,354,818.17	
Accounts payable	36,675,981,083.71	36,675,981,083.71	
Advance collections			
Contract liabilities	2,547,005,029.24	2,547,005,029.24	
Financial assets sold for repurchase			

Deposits from customers and interbank			
Funds from securities trading agency			
Funds from securities underwriting agency			
Payroll payable	662,321,071.31	662,321,071.31	
Taxes payable	1,787,869,476.45	1,787,869,476.45	
Other payables	696,404,982.27	696,404,982.27	
Including: Interests payable			
Dividends payable	63,750,000.00	63,750,000.00	
Handling charges and commissions payable			
Reinsurance payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	11,315,997,630.94	11,334,129,117.63	18,131,486.69
Other non-current liabilities	326,375,397.00	326,375,397.00	
Total current liabilities	103,414,763,604.75	103,432,895,091.44	18,131,486.69
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	62,426,316,325.79	62,426,316,325.79	
Bonds payable	3,043,646,042.64	3,043,646,042.64	
Including: Preferred share			
Perpetual bond			
Lease liabilities		250,146,307.10	250,146,307.10
Long-term payables			
Long-term payroll payable			
Estimated liabilities			

Deferred income	226,222,224.92	226,222,224.92	
Deferred income tax liabilities	2,543,974,447.23	2,543,974,447.23	
Other non-current liabilities			
Total non-current liabilities	68,240,159,040.58	68,490,305,347.68	250,146,307.10
Total liabilities	171,654,922,645.33	171,923,200,439.12	268,277,793.79
Owner's equity:			
Share capital	6,750,350,000.00	6,750,350,000.00	
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserve	14,188,879,508.65	14,188,879,508.65	
Less: Treasury stock			
Other comprehensive income	-67,540,008.82	-67,540,008.82	
Special reserves			
Surplus reserves	532,602,703.33	532,602,703.33	
Generic risk reserves			
Undistributed profits	15,562,049,572.57	15,562,049,572.57	
Total owner's equity attributable to the parent company	36,966,341,775.73	36,966,341,775.73	
Minority equity	32,893,663,687.92	32,893,663,687.92	
Total owners' equity	69,860,005,463.65	69,860,005,463.65	
Total liabilities and owner's equity	241,514,928,108.98	241,783,205,902.77	268,277,793.79

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Amount adjusted
Current assets:			
Monetary funds	510,403,135.10	510,403,135.10	
Trading financial			

assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	18,545,247.89	18,545,247.89	
Receivables financing	16,495,637.91	16,495,637.91	
Advance payment	92,401,218.56	92,401,218.56	
Other receivables	842,831,624.19	842,831,624.19	
Including: Interest receivables			
Dividends receivable	842,500,000.00	842,500,000.00	
Inventory	326,459,957.65	326,459,957.65	
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets	1,807,136,821.30	1,807,136,821.30	
Non-current assets:			
Creditors investment			
Other creditors investment			
Long-term receivables	2,000,000,000.00	2,000,000,000.00	
Long-term equity investment	39,312,179,239.96	39,312,179,239.96	
Investment in other equity instruments			
Other non-current financial assets			
Investment property	11,209,912.60	11,209,912.60	
Fixed assets	322,993,509.97	322,993,509.97	
Construction in progress	9,568,286.00	9,568,286.00	
Productive biological assets			

Oil & gas assets			
Right-of-use assets			
Intangible assets	11,015,666.91	11,015,666.91	
Development expenses			
Goodwill			
Long-term deferred expense			
Deferred income tax assets			
Other non-current assets			
Total non-current assets	41,666,966,615.44	41,666,966,615.44	
Total assets	43,474,103,436.74	43,474,103,436.74	
Current liabilities:			
Short-term borrowings	6,665,062,839.33	6,665,062,839.33	
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	1,685,000,000.00	1,685,000,000.00	
Accounts payable	3,753,950,958.90	3,753,950,958.90	
Advance collections			
Contract liabilities	39,109,694.27	39,109,694.27	
Payroll payable	33,336,056.39	33,336,056.39	
Taxes payable	26,672,427.04	26,672,427.04	
Other payables	3,767,615,507.17	3,767,615,507.17	
Including: Interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	804,190,240.58	804,190,240.58	

Other non-current liabilities	5,084,260.26	5,084,260.26	
Total current liabilities	16,780,021,983.94	16,780,021,983.94	
Non-current liabilities:			
Long-term borrowings	628,861,208.33	628,861,208.33	
Bonds payable	3,043,646,042.64	3,043,646,042.64	
Including: Preferred share			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	12,275,458.09	12,275,458.09	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	3,684,782,709.06	3,684,782,709.06	
Total liabilities	20,464,804,693.00	20,464,804,693.00	
Owner's equity:			
Share capital	6,750,350,000.00	6,750,350,000.00	
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserve	14,618,311,840.58	14,618,311,840.58	
Less: Treasury stock			
Other comprehensive income	12,188,048.65	12,188,048.65	
Special reserves			
Surplus reserves	532,602,703.33	532,602,703.33	

Undistributed profits	1,095,846,151.18	1,095,846,151.18	
Total owners' equity	23,009,298,743.74	23,009,298,743.74	
Total liabilities and owner's equity	43,474,103,436.74	43,474,103,436.74	

(4) Notes to comparative data at the early stage of retroactive adjustment stipulated in the New Standards for Lease apply from 2021 for the first time

Applicable Not applicable

29. Others

(1) Work safety cost

The work safety costs withdrawn by the Company in accordance with the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (CQ [2012] No. 16) promulgated by the Ministry of Finance and State Administration of Work Safety were charged to the costs of relevant products or current profits or losses and also to the "special reserve". In the case of using the withdrawn work safety costs, if they belong to cost expenditure, they shall directly offset the special reserve. Where a fixed asset is formed, the expenditures incurred shall be collected under the item "Construction in Progress" and shall be recognized as a fixed asset when the completed security project reaches the intended usable state. Moreover, the special reserves shall be written down upon the cost of the formed fixed assets, and the accumulated depreciation of the same amount shall be confirmed, and such fixed assets will not be depreciated in any following period.

(2) Segment report

The Company determines the operating segment on the basis of its internal organizational structure, management requirements, internal reporting system and so on. Operating segments refer to components within the Company satisfying all the following conditions:

- 1) It engages in business activities from which it may earn revenues and incur expenses;
- 2) The management can evaluate the operating results of such components on a regular basis, so as to decide to allocate resources to them and evaluate their performance;
- 3) It has access to accounting information of the component, such as its financial condition, operation result and cash flow.

VI. Taxes

1. Main tax categories and tax rates

Tax category	Basis of taxation	Tax rate
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Value-added tax	The value-added tax received is calculated on the basis of sales of goods and taxable service income calculated according to the tax law. After deducting the VAT paid allowed for the current period, the difference is VAT payable.	13%, 9%, 6% [Note 1]
Excise (consumption) tax	Taxable sales (volume)	[Note 2]
Urban maintenance and construction tax	Actual payment of turnover tax	7%
Enterprise income tax	Taxable income	[Note 3]
Property tax	1.2% of the residual value after deducting 30% from the original value of the house property for ad valorem collection. 12% of the rental income for rent-based collection.	1.2%, 12%
Education surcharge	Actual payment of turnover tax	3%
Local education surcharge	Actual payment of turnover tax	2%

[Note 1] VAT is calculated and paid at the tax rate of 13% for goods sold. Rental income and sales of liquefied petroleum gas and steam shall be subject to VAT at the rate of 9%. Warehousing services and other businesses and interest income shall be subject to VAT at the rate of 6%. The policy of "tax exemption, credit and refund" is implemented for export goods, and the export tax rebate rate is 13%.

[Note 2] Sales of fuel oil, diesel and aviation kerosene are subject to consumption tax at RMB 1.2/liter. Sales of gasoline and naphtha are subject to consumption tax at RMB 1.52/liter.

[Note 3] Explanation for enterprise income tax rate of taxpayers at different tax rates.

Name of taxpayer	Income tax rate
Subsidiaries: Zhejiang Shengyuan Chemical Fiber Co., Ltd., Ningbo Zhongjin Petrochemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd. and Zhejiang Yongsheng Technology Co. Ltd.	15%
Subsidiaries: Hong Kong Sheng Hui Co., Ltd., Hong Kong Yisheng Dahua Petrochemical Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., Rongtong Logistics (Singapore) Pte. Ltd., Rongsheng Petrochemical (Hongkong) Co., Ltd. and Zhejiang Petroleum&Chemical (Singapore) Pte. Ltd.	The tax shall be calculated and paid according to the relevant tax rates of the country and region where the business is located.
Subsidiaries: Rongxiang Chemical Fiber Co., Ltd., Jintang Logistics Co., Ltd., Rongsheng International (Hainan), Dalian Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Rongyi Trading Co., Ltd.	20%
Other taxpayers other than the above	25%

2. Tax preference

1. According to requirements in *the Notice on the Continuation of the Policy of Partial Consumption Tax on Naphth and Fuel Oil* by the Ministry of Finance, People's Bank of China and State Taxation Administration (No. 87 [2011] of the Ministry of Finance), *the Notice on Improving the Tax Refund Policy of Consumption Tax for Ethylene Aromatic Chemical Products from Naphth and Fuel Oil* by the Ministry of Finance, People's Bank of China, General Administration of Customs and State Taxation Administration (No. 2 [2013] of the Ministry of Finance), *the Interim Measures for the Refund (Exemption) of Consumption Tax for Naphth and Fuel Oil Used in the Production of Ethylene and Aromatic Chemical Products* by the State Taxation Administration (Announcement of the State Administration of Taxation No. 36 of 2012) and *the Announcement on the Refund of Consumption Tax for Ethylene and Aromatic Chemical Products from Naphth and Fuel Oil* by the State Administration of Taxation and General Administration of Customs (Announcement No. 29 of 2013 of the State Administration of Taxation and the General Administration of Customs), in the case that the production enterprise implementing the fixed-point direct supply plan and selling naphth and fuel oil within the planned quantity limit, with a Chinese anti-counterfeiting special VAT invoice with "DDZG" logo, it shall be exempted from consumption tax. The subsidiaries Ningbo Zhongjin Petrochemical Co., Ltd. and Zhejiang Petroleum & Chemical Co., Ltd. are qualified for the tax refund, and the preferential policy of refunding consumption tax paid in the procurement stage is applicable. The subsidiaries Ningbo Zhongjin Petrochemical Co., Ltd. and Zhejiang Petroleum & Chemical Co., Ltd. implementing the fixed-point direct supply plan meet the above conditions, and the preferential policy of exemption from consumption tax on the sales stage is applicable.

According to the requirements of the *Notice on Continuing the Increase of Refined Oil Consumption Tax* by the Ministry of Finance and State Administration of Taxation (No. 11 [2015] of the Ministry of Finance), the unit consumption tax of diesel, aviation kerosene and fuel oil increase from RMB 1.1/L to RMB 1.2/L, and suspension of consumption tax continues to apply in aviation kerosene. The subsidiary Zhejiang Petroleum & Chemical Co., Ltd. enjoys the preferential policy of suspension of consumption tax for selling aviation kerosene.

2. According to the *Announcement of the State Taxation Administration on Matters concerning Tax Collection Administration Supporting the Prevention and Control of COVID-19 Outbreak* (Announcement No. 4 [2020] of the State Taxation Administration) issued by the State Taxation Administration, the Company and its subsidiary Zhejiang Shengyuan Chemical Fiber Co., Ltd. are identified as the enterprises producing key guarantee supplies for prevention and control of pandemic, and they are qualified for applying for a refund of the incremental excess input VAT balance. In the current period, the excess input VAT balance of the Company, the subsidiary Zhejiang Shengyuan Chemical Fiber Co., Ltd. and the subsidiary Zhejiang Yisheng New Materials Co., Ltd. are RMB 21,619,161.73, RMB 8,352,693.47 and RMB 126,830,697.39, respectively.

3. The subsidiary Yisheng Dahua Petrochemical Co., Ltd. was recognized as a high-tech enterprise by the office of the domestically leading group for the identification and management of high-tech enterprises in 2021, with the certificate number GR202121200832. The enterprise income tax is calculated and paid at the tax rate of 15%

in the current period.

The subsidiary Zhejiang Yongsheng technology Co. Ltd. has passed the recognition by the office of the domestically leading group for the identification and management of high-tech enterprises, and obtained the high-tech enterprise certificate No. GR202133009456, which is valid from 2021 to 2023. In the current period, the enterprise income tax is calculated and paid at the reduced tax rate of 15%.

According to the *Reply on the Filing of High-tech Enterprises in Zhejiang Province in 2019 (GKHZ [2020] No. 32)* issued by the office of the domestically leading group for the identification and management of high-tech enterprises, the subsidiary Zhejiang Shengyuan Chemical Fiber Co., Ltd. has passed the recognition of high-tech enterprise and obtained the certificate of high-tech enterprise with the number of GR201933003102, which is valid from 2019 to 2021. In the current period, the enterprise income tax is calculated and paid at the reduced tax rate of 15%.

According to the *Reply on the Filing of the First Batch of High-tech Enterprises in Ningbo in 2019 (GKHZ [2020] No. 13)* issued by the office of the domestically leading group for the identification and management of high-tech enterprises, the subsidiary Ningbo Zhongjin Petrochemical Co., Ltd. has passed the recognition of high-tech enterprise and obtained the certificate of high-tech enterprise with the number of GR201933100520, which is valid from 2019 to 2021. In the current period, the enterprise income tax is calculated and paid at the reduced tax rate of 15%.

4. According to the *Notice On Issues Related to the Implementation of the Preferential Catalogue of Enterprise Income Tax for Special Equipment of Environmental Protection, the Preferential Catalogue of Enterprise Income Tax for Special Equipment of Energy and Water Conservation and the Preferential Catalogue of Enterprise Income Tax for Special Equipment of Work Safety (No. 48 [2008] of the Ministry of Finance)*, for the special equipment purchased by the Company that can be used for environmental protection, energy and water conservation, safe production and other purposes, the enterprise income tax payable of the current year can be deducted by 10% of the equipment investment. If the tax payable of the enterprise in the current year is insufficient for credit, it can be carried forward to the next year, and the carryforward period shall not exceed five tax years. The subsidiary Zhejiang Petroleum & Chemical Co., Ltd. has special equipment that can be used for environmental protection, energy and water conservation and safe production, which is qualified for the preferential policy of 10% of the investment to credit the taxable income of the enterprise income tax in the current year.

5. According to requirements of Article 2 in the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (No. 13 [2019] of the Ministry of Finance)*, If the annual taxable income of small low-profit enterprises does not exceed RMB 1 million (inclusive), it shall be included in the taxable income at the reduced rate of 25%, and the enterprise income tax shall be paid at the tax rate of 20%. For the part with an annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million, 50% thereof is included in the payable income, and the enterprise income tax is paid at the tax rate of 20%.

According to the requirements of the *Announcement on the Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2021] of the Ministry of Finance and the State Taxation Administration)*, for the part of small low-profit enterprises' annual taxable income not exceeding RMB 1 million, the enterprise income tax shall be further half-reduced on the basis of the preferential policy stipulated in Article 2 of the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (No. 13 [2019] of the Ministry of Finance)*. The subsidiaries Rongxiang Chemical Fiber Co., Ltd., ZPC Jintang Logistics Co., Ltd., Rongsheng International Trade (Hainan) Co., Ltd., Dalian Zhejiang Yisheng New Materials Co., Ltd. and Zhejiang Rongyi Trading Co., Ltd. meet the above requirements in the current period.

VII. Notes to Items in the Consolidated Financial Statements

1. Monetary fund

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	1,563,293.44	2,362,303.54
Bank deposit	14,060,975,134.33	6,273,310,479.90
Other monetary funds	3,619,104,987.52	4,361,841,975.47
Total	17,681,643,415.29	10,637,514,758.91
Including: Total amount of overseas deposits	2,759,160,520.29	550,393,875.27

Other description

Among other monetary funds at the end of the period, RMB 873.6146 million is the deposit made for issuing bank acceptance bills, RMB 1.6,609,565 billion is the deposit made for issuing letters of credit, RMB 503.7449 million is the deposit made for issuing a letter of guarantee, RMB 300 million is the deposit made for handling bank loans, RMB 276.2992 million is the investment funds and RMB 4.4897 million is the deposit interest accrued based on the effective interest rate method at the end of the period.

2. Trading financial assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through current gain and loss	345,151,994.32	128,083,947.02
Including: derivative financial assets	345,151,994.32	128,083,947.02

Total	345,151,994.32	128,083,947.02
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3. Accounts receivable

(1) Classified disclosure of accounts receivable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Percentage of provision		Amount	Proportion	Amount	Percentage of provision	
Accounts receivable with provision for bad debt reserves based on aging portfolio	5,527,285,482.39	100.00%	116,171,482.34	2.10%	5,411,114,000.05	1,378,386,466.54	100.00%	28,716,301.89	2.08%	1,349,670,164.65
Total	5,527,285,482.39	100.00%	116,171,482.34	2.10%	5,411,114,000.05	1,378,386,466.54	100.00%	28,716,301.89	2.08%	1,349,670,164.65

Provision made for bad debt reserves based on aging portfolio

Unit: RMB

Name	Ending balance		
	Book balance	Bad-debt provision	Percentage of provision
Trade fund portfolio of overseas subsidiaries	4,172,221,977.62	48,344,225.09	1.16%
Aging portfolio	1,355,063,504.77	67,827,257.25	5.01%
Total	5,527,285,482.39	116,171,482.34	--

For provision for bad debt reserves of the accounts receivable by the general model of the expected credit loss, relevant information on bad debt reserves is disclosed based on the disclosure method of other receivables:

Applicable Not applicable

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	5,526,319,321.62
1-2 years	917,836.48
2-3 years	25,311.27
Above 3 years	23,013.02
3-4 years	23,013.02

Total	5,527,285,482.39
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(2) Bad debt provision and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	The amount of change in the current period				Ending balance
		Provision [note]	Recovered or returned	Write-off	Others [note]	
Provision made for bad debt reserves based on aging portfolio	28,716,301.89	83,605,180.78			3,849,999.67	116,171,482.34
Total	28,716,301.89	83,605,180.78			3,849,999.67	116,171,482.34

[Note] In the current period, the bad debt provision of Zhejiang Yisheng Petrochemical Co., Ltd. is increased by RMB 3,850,000.00 due to business merger not under the same control, and the bad debt provision is decreased by RMB 0.33 because Zhejiang Juxing Chemical Fiber Co., Ltd. is no longer included in the scope of consolidated financial statements due to equity transfer.

(3) Accounts receivable of top 5 ending balances collected by debtors

Unit: RMB

Company name	Ending balance of accounts receivable	Proportion in a total ending balance of accounts receivable	Ending balance of provision for bad debts
REPSOL TRADING SINGAPORE PTE. LTD.	1,009,760,539.15	18.27%	
VITOL ASIA PTE LTD	580,845,799.92	10.51%	
BHILOSA INDUSTRIES PRIVATE LIMITED	504,152,181.87	9.12%	25,207,609.09
Zhejiang Juxing Chemical Fiber Co., Ltd.	431,932,803.47	7.81%	21,596,640.17
TotalEnergies Trading Asia Pte. Ltd.	300,839,968.42	5.44%	
Total	2,827,531,292.83	51.15%	46,804,249.26

4. Receivables financing

Unit: RMB

Item	Ending balance	Beginning balance
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Banker's acceptance	357,547,507.32	138,850,525.93
Total	357,547,507.32	138,850,525.93

Increase/decrease of accounts receivable financing in the current period and changes in fair value

Applicable Not applicable

For impairment provision for the financing of the amount receivables by the general model of the expected credit loss, relevant information of impairment provision is disclosed based on the disclosure method of other receivables:

Applicable Not applicable

5. Advance payments

(1) Advance payments presented by age

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	3,637,221,467.16	99.09%	3,537,253,620.86	99.51%
1-2 years	33,460,693.65	0.91%	17,596,173.50	0.49%
Total	3,670,682,160.81	--	3,554,849,794.36	--

(2) Top five payers with the biggest ending balances of advance payments

Unit: RMB

Company name	Book balance	Proportion in balance of advance payments (%)
Zhenhai China Customs	2,315,427,424.51	63.08
CHIMET SPA	197,035,198.21	5.37
Rongsheng Coal Co., Ltd.	186,792,701.58	5.09
China Dayaowan Customs	94,967,517.00	2.59
Dalian Fujia Dahua Petrochemical Co., Ltd.	76,837,785.83	2.09
Subtotal	2,871,060,627.13	78.22

6. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	434,500,000.00	366,250,000.00

Other receivables	2,990,086,902.89	1,748,470,404.93
Total	3,424,586,902.89	2,114,720,404.93

(1) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Hainan Yisheng Petrochemical Co., Ltd.	265,000,000.00	212,500,000.00
Hengyi Trade	169,500,000.00	153,750,000.00
Total	434,500,000.00	366,250,000.00

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of account	Ending book balance	Beginning book balance
Tax refund receivables	2,191,866,778.70	132,530,022.84
Paper goods transaction settlement	441,074,641.63	255,882,279.92
Loan deposit	190,363,520.00	216,870,000.00
Futures deposit	138,785,432.51	86,891,192.23
Deposit receivables	23,262,033.18	35,128,752.48
Reserve fund receivables and others	11,272,719.47	12,596,377.46
Current accounts	4,800,000.00	23,500,000.00
Entrusted loan		1,000,000,000.00
Total	3,001,425,125.49	1,763,398,624.93

2) Bad debt provision

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2021	3,420,301.33	247,446.24	11,260,472.43	14,928,220.00

The balance as of January 1, 2021 in the current period	—	—	—	—
--Transferred to Stage II	-690,461.54	690,461.54		
--Transferred to Stage III		-149,986.20	149,986.20	
Provision in current period [Note 1]	-550,440.88	771,628.71	-3,808,948.81	-3,587,760.98
Other changes [Note 2]	-2,236.42			-2,236.42
Balance as of December 31, 2021	2,177,162.49	1,559,550.29	7,601,509.82	11,338,222.60

[Note 1] In the current period, the provision increased by RMB 5,043,932.61 due to the merger of Zhejiang Yisheng Petrochemical Co., Ltd. as an enterprise not under the same control.

[Note 2] Other changes are the bad debt reserves of other receivables transferred out by the Company in the current period due to the transfer of equity and the fact that Zhejiang Juxing Chemical Fiber Co., Ltd. is no longer included in the scope of consolidated financial statements.

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

Applicable Not applicable

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	2,836,808,063.70
1-2 years	101,231,502.91
2-3 years	56,252,412.97
Above 3 years	7,133,145.91
3-4 years	7,133,145.91
Total	3,001,425,125.49

3) Bad debt provision and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	The amount of change in the current period				Ending balance
		Provisions	Recovered or returned	Write-off	Others	
Other receivables with provision for	14,928,220.00	-3,587,760.98			-2,236.42	11,338,222.60

bad debts based on a combination of credit risk characteristics						
Total	14,928,220.00	-3,587,760.98			-2,236.42	11,338,222.60

[Note] Other changes are the bad debt reserves of other receivables transferred out by the Company in the current period due to the transfer of equity and the fact that Zhejiang Juxing Chemical Fiber Co., Ltd. is no longer included in the scope of consolidated financial statements.

4) Top five debtors with the biggest ending balances of other accounts receivable

Unit: RMB

Company name	Nature of the payment	Ending balance	Aging	Proportion in a total ending balance of other receivables
Consumption tax refund receivables	Tax refund receivables	2,191,866,778.70	Within 1 year	73.03%
GLORY TRADE PTE. LTD.	Paper goods transaction settlement	149,469,504.42	Within 1 year	4.98%
CHANG RUN PTE. LTD.	Paper goods transaction settlement	116,278,105.23	Within 1 year	3.87%
Huarong Financial Leasing Co., Ltd.	Loan deposit	70,363,520.00	Within 1 year, 1-2 years	2.34%
Mogen stanley	Paper goods transaction settlement	64,606,800.73	Within 1 year	2.15%
Total	--	2,592,584,709.08	--	86.37%

7 Inventory

Whether the Company is required to comply with the disclosure requirements for the real estate industry?

No

(1) Classification of inventories

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Inventory depreciation reserves or provision for impairment of contract performance cost	Book value	Book balance	Inventory depreciation reserves or provision for impairment of contract performance cost	Book value
Raw materials	34,647,512,557.36		34,647,512,557.36	18,687,096,722.12	293,838.94	18,686,802,883.18
Products in process	7,574,608,096.73	11,183,116.80	7,563,424,979.93	3,030,451,130.63	29,301,649.57	3,001,149,481.06
Commodity stocks	4,759,952,870.48	12,675,376.80	4,747,277,493.68	1,740,277,070.90	11,876,707.84	1,728,400,363.06
Work in process - outsourced	2,082,494.41		2,082,494.41	1,524,991.59		1,524,991.59
Low-value consumables	149,922,590.26		149,922,590.26	128,126,201.40		128,126,201.40
Total	47,134,078,609.24	23,858,493.60	47,110,220,115.64	23,587,476,116.64	41,472,196.35	23,546,003,920.29

(2) Provision for obsolete inventory or for impairment of the cost of contract performance

Unit: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provisions	Others	Reversal or write-off	Others	
Raw materials	293,838.94			293,838.94		
Products in process	29,301,649.57	11,183,116.80		29,301,649.57		11,183,116.80
Commodity stocks	11,876,707.84	12,675,376.80		11,876,707.84		12,675,376.80
Total	41,472,196.35	23,858,493.60		41,472,196.35		23,858,493.60

[Note 1] For the specific basis for determining the net realizable value, please refer to Note III (XI) for the detailed description of inventories in the financial statements. The decrease of inventory falling price reserves in the current period is written off according to the consumption of products and the sales of inventory goods in the

current period.

[Note 2] In the ending inventory, RMB 33,537,600.00 has been used for the pledge of futures warehouse receipts.

8 Other current assets

Unit: RMB

Item	Ending balance	Beginning balance
VAT input tax to be deducted	11,526,246,116.96	10,306,585,268.91
Business income tax pre-paid	14,230,528.20	273,783,163.72
Total	11,540,476,645.16	10,580,368,432.63

9. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Increase and decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments	Other equity changes	Declared distribution of cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
II. Associated enterprise											
Zhejiang Yisheng Petrochemical Co., Ltd.	2,625,770,702.35			114,872,361.03	10,029,111.52					2,750,672,174.90	
Ningbo Hengyi Trading Co., Ltd	277,320,609.82			-68,871,147.09	929,957.72		15,750,000.00			193,629,420.45	
Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd.	1,523,446,813.83			242,985,618.16	68,090,964.75		12,026,036.00			1,822,497,360.74	
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	469,800.86	14,210,000.00		-246,238.42						14,433,562.44	
Zhejiang Kunsheng	486,516.24	14,210,000.00		1,514,888.79						16,211,405.03	

Petroleum & Chemical Sales Co., Ltd.											
Hainan Yisheng Petrochemical Co., Ltd.	1,753,404,833.57	373,500,000.00		173,147,284.52	-1,029,317.68		52,500,000.00			2,246,522,800.41	
Zhejiang Provincial Petroleum Co., Ltd.	446,481,247.38			-385,929,961.93	-1,733,255.24	12,109,947.94				70,927,978.15	
ZPC-ENN (Zhoushan) Gas Co., Ltd.	17,907,999.95			-1,193,539.09						16,714,460.86	
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	17,498,470.15			8,618,701.54						26,117,171.69	
Zhejiang Derong chemicals Co. Ltd.	344,912,998.76			-8,298,652.72		412,120.04				337,026,466.08	
Zhoushan ZPC Zhougang Tugboat Co., Ltd.	48,114,256.65			11,737,755.71		9,975.01				59,861,987.37	
Zhejiang Oil Products Trading Co.,	10,354,997.99			522,941.97						10,877,939.96	

Ltd.											
Ningbo Coastal Public Pipe Gallery Co., Ltd.	7,494,045.80			-498,156.29						6,995,889.51	
Zhejiang Zhenshi Port Service Co., Ltd.	15,000,000.00			3,380,793.62						18,380,793.62	
Zhejiang Yisheng New Materials Co., Ltd.	915,116,692.34	100,000,000.00		35,471,066.63					1,050,587,758.97		
Subtotal	8,003,779,985.69	501,920,000.00		127,213,716.43	76,287,461.07	12,532,042.99	80,276,036.00		1,050,587,758.97	7,590,869,411.21	
Total	8,003,779,985.69	501,920,000.00		127,213,716.43	76,287,461.07	12,532,042.99	80,276,036.00		1,050,587,758.97	7,590,869,411.21	

10. Investment real estates

(1) Investment real estate under the cost measurement mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Initial balance	10,021,965.73	10,021,965.73
2. Increase in the current period	4,264,666.27	4,264,666.27
(1) Outsourcing		
(2) Transfers from inventories/fixed assets/construction in progress		
(3) Increase due to business merger		
(1) Transfer-in of fixed assets	4,264,666.27	4,264,666.27
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer-out		
4. Ending balance	14,286,632.00	14,286,632.00
II. Accumulated depreciation and accumulated amortization		
1. Initial balance	2,158,295.75	2,158,295.75
2. Increase in the current period	1,189,869.65	1,189,869.65
(1) Accrual or amortization	271,446.00	271,446.00
(2) Transfer-in of fixed assets	918,423.65	918,423.65
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer-out		
4. Ending balance	3,348,165.40	3,348,165.40
III. Provision for impairment		
1. Initial balance		
2. Increase in the current period		
(1) Accrual		
3. Decreased amount in the current period		

(1) Disposal		
(2) Other transfer-out		
4. Ending balance		
IV. Book value		
1. Closing book value	10,938,466.60	10,938,466.60
2. Beginning book value	7,863,669.98	7,863,669.98

(2) Investment real estate under the fair value method

Applicable Not applicable

11. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	123,345,273,369.67	86,002,947,910.65
Total	123,345,273,369.67	86,002,947,910.65

(1) Fixed assets

Unit: RMB

Item	Housing and buildings	Machinery and equipment	Transportation facilities	Other equipment	Total
I. Original book value:					
1. Initial balance	28,616,746,232.30	69,982,687,468.63	206,907,320.59	240,487,828.71	99,046,828,850.23
2. Increase in the current period	12,227,160,849.24	32,229,286,526.66	15,234,074.78	57,375,386.14	44,529,056,836.82
(1) Acquisition	13,270,057.81	64,410,873.73	14,068,710.43	52,783,746.25	144,533,388.22
(2) Transfer-in from construction in progress	12,213,890,791.43	32,164,875,652.93		3,899,259.04	44,382,665,703.40
(3) Increase due to business merger			1,165,364.35	692,380.85	1,857,745.20
3. Decrease in the current period	84,657,803.65	320,944,977.85	1,866,310.40	1,727,899.45	409,196,991.35
(1)		30,146,786.57	1,660,275.92	512,766.71	32,319,829.20

Disposal or scrapping					
(2) Reduction due to disposal of subsidiaries	80,393,137.38	290,798,191.28	206,034.48	1,215,132.74	372,612,495.88
(3) Transfer out to investment real estate	4,264,666.27				4,264,666.27
4. Ending balance	40,759,249,277.89	101,891,029,017.44	220,275,084.97	296,135,315.40	143,166,688,695.70
II. Accumulated depreciation					
1. Initial balance	2,046,364,417.73	10,769,423,867.08	110,854,147.07	105,698,835.48	13,032,341,267.36
2. Increase in the current period	1,251,355,351.86	5,512,697,398.54	32,785,631.85	46,431,200.18	6,843,269,582.43
(1) Accrual	1,251,355,351.86	5,512,697,398.54	32,612,708.77	46,314,245.08	6,842,979,704.25
(2) Increase in the business combinations			172,923.08	116,955.10	289,878.18
3. Decrease in the current period	7,146,430.17	56,329,926.02	1,605,471.00	653,368.79	65,735,195.98
(1) Disposal or scrapping		17,022,852.92	1,525,117.48	438,521.66	18,986,492.06
(2) Reduction due to disposal of subsidiaries	6,228,006.52	39,307,073.10	80,353.52	214,847.13	45,830,280.27
(3) Transfer out to investment real estate	918,423.65				918,423.65
4. Ending balance	3,290,573,339.42	16,225,791,339.60	142,034,307.92	151,476,666.87	19,809,875,653.81
III. Provision for impairment					
1. Initial balance		11,539,672.22			11,539,672.22
2. Increase in the current period					
(1) Accrual					
3. Decrease in					

the current period					
(1) Disposal or scrapping					
4. Ending balance		11,539,672.22			11,539,672.22
IV. Book value					
1. Closing book value	37,468,675,938.47	85,653,698,005.62	78,240,777.05	144,658,648.53	123,345,273,369.67
2. Beginning book value	26,570,381,814.57	59,201,723,929.33	96,053,173.52	134,788,993.23	86,002,947,910.65

(2) Fixed assets with the certificate of title not transacted

Unit: RMB

Item	Original book value	Reasons for incomplete certificates of title
Houses and buildings - tank farm, supporting buildings and others of ZPC	1,419,440,951.68	
Houses and buildings - polymerization building and others of Zhejiang Shengyuan Chemical Fiber Co., Ltd.	505,264,696.35	
Houses and buildings -office buildings and others of Yisheng Dahua Petrochemical Co., Ltd.	197,972,690.71	
Houses and buildings -warehouse, supporting facilities and others of Zhejiang Yisheng New Materials Co., Ltd.	120,229,088.05	
Houses and buildings -film warehouse and others of Zhejiang Yongsheng Technology Co. Ltd.	62,725,896.38	
Subtotal	2,305,633,323.17	

12. Projects under construction

Unit: RMB

Item	Ending balance	Beginning balance
Project under construction	107,661,149,115.69	87,123,681,994.61
Engineering materials	886,301,208.34	1,068,821,277.80

Total	108,547,450,324.03	88,192,503,272.41
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(1) Construction in progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Refining and chemical integration project phase I (40 million tons per year)				9,045,881,686.86		9,045,881,686.86
Refining and chemical integration project phase II (40 million tons per year)	82,819,529,345.26		82,819,529,345.26	53,023,726,599.28		53,023,726,599.28
Utilities and supporting facilities	17,037,751,780.17		17,037,751,780.17	14,614,261,862.77		14,614,261,862.77
Functional polyester film expansion project with annual output of 250,000 tons per year	253,229,505.24		253,229,505.24	453,096,317.82		453,096,317.82
PTA project with annual output of 3 million tons and reconstruction and expansion of 3 million tons	4,047,659,718.39		4,047,659,718.39			
Sporadic	3,502,978,766.63		3,502,978,766.63	2,190,193,718.62		2,190,193,718.62

projects						
Maintenance works				7,772,906,919.38		7,772,906,919.38
Differential fiber technical transformation project with an annual output of 200,000 tons				23,614,889.88		23,614,889.88
Total	107,661,149,115.69		107,661,149,115.69	87,123,681,994.61		87,123,681,994.61

(2) Current changes in major projects under construction

Unit: RMB

Name	Budget	Beginning balance	Increase in the current period	Amount of fixed assets carried over in the current period	Other decreases in the current period	Ending balance	Percentage of the actual cost to budget (%)	Project progress (%)	Accumulated capitalized interest	Including: Capitalized amount of interest in the current period	Interest capitalization rate in the current period	Source of funding
Refining and chemical integration project phase I (40 million tons per year)	90,155,500,000.00	9,045,881,686.86	182,647,513.44	9,228,529,200.30			106.51%	100.00		207,133,137.33	5.29%	Raised funds, bank loans and other sources
Refining and chemical integration project phase II (40 million tons per year)	82,929,350,000.00	53,023,726,599.28	41,573,714,286.13	11,777,911,540.15		82,819,529,345.26	125.48%	85.00	3,082,531,125.18	2,346,625,983.32	4.96%	Raised funds, bank loans and other sources
Utilities and supporting facilities		14,614,261,862.77	12,361,711,799.51	9,938,221,882.11		17,037,751,780.17			645,110,572.50	697,756,132.81	4.96%	Bank loans, other sources
Functional polyester film expansion project with annual	2,000,000,000.00	453,096,317.82	159,962,512.40	359,829,324.98		253,229,505.24	30.65%	35.00	5,549,667.76	7,324,109.16	3.17%	Bank loans, other sources

output of 250,000 tons per year												
PTA project with annual output of 3 million tons and reconstruction and expansion of 3 million tons			8,848,246,529.95	4,800,586,811.56		4,047,659,718.39	93.73%	90.00	131,408,099.90	217,455,180.42	4.70%	Bank loans, other sources
Sporadic projects		2,190,193,718.62	1,320,564,527.56	7,779,479.55		3,502,978,766.63			132,232,600.12	16,418,575.41	3.46%	Other sources
Maintenance works		7,772,906,919.38	481,961,720.38	8,254,868,639.76								Other sources
Differential fiber technical transformation project with an annual output of 200,000 tons	550,000,000.00	23,614,889.88		14,938,824.99	8,676,064.89							Other sources
Total	175,634,850,000.00	87,123,681,994.61	64,928,808,889.37	44,382,665,703.40	8,676,064.89	107,661,149,115.69	--	--	3,996,832,065.46	3,492,713,118.45		--

(3) Engineering materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Special materials	508,244,449.16		508,244,449.16	830,694,022.47		830,694,022.47
Special Equipment	378,056,759.18		378,056,759.18	238,127,255.33		238,127,255.33
Total	886,301,208.34		886,301,208.34	1,068,821,277.80		1,068,821,277.80

13. Right-of-use assets

Unit: RMB

Item	Housing and buildings	Total
I. Original book value:		
1. Initial balance	268,277,793.79	268,277,793.79
2. Increase in the current period	21,987,824.09	21,987,824.09
1) Rent in	21,987,824.09	21,987,824.09
3. Decrease in the current period		
4. Ending balance	290,265,617.88	290,265,617.88
II. Accumulated depreciation		
1. Initial balance		
2. Increase in the current period	37,187,189.87	37,187,189.87
(1) Accrual	37,187,189.87	37,187,189.87
3. Decrease in the current period		
(1) Disposal		
4. Ending balance	37,187,189.87	37,187,189.87
III. Provision for impairment		
1. Initial balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
4. Ending balance		

IV. Book value		
1. Closing book value	253,078,428.01	253,078,428.01
2. Beginning book value	268,277,793.79	268,277,793.79

Other descriptions:

[Note]: For the difference between the beginning balance and the ending balance of the previous year (December 31, 2020), see Note III (XXIX) 1 to the Financial Statements.

14. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land-use right	Know-how	Management software	Pollution dumping right	Sea area use right	Total
I. Original book value						
1. Initial balance	6,181,673,654.30	3,992,718.45	44,526,168.68	122,448,528.30	18,424,820.90	6,371,065,890.63
2. Increase in the current period	61,549,022.23	1,886,792.40	13,161,055.73	1,604,600.00	7,545,597.09	85,747,067.45
(1) Acquisition	61,549,022.23	1,886,792.40	12,298,223.83	1,604,600.00	7,545,597.09	84,884,235.55
(2) Internal R&D						
(3) Increase in the business combinations			862,831.90			862,831.90
3. Decrease in the current period	57,283,590.54					57,283,590.54
(1) Disposal	57,283,590.54					57,283,590.54
4. Ending balance	6,185,939,085.99	5,879,510.85	57,687,224.41	124,053,128.30	25,970,417.99	6,399,529,367.54
II. Accumulated amortization						
1. Initial balance	469,189,434.88	3,992,718.45	10,721,512.34	72,483,440.73	7,351,161.31	563,738,267.71
2. Increase in the current period	132,080,678.05	172,955.97	5,188,653.51	16,866,766.35	4,748,913.14	159,057,967.02
(1) Accrual	132,080,678.05	172,955.97	5,087,989.80	16,866,766.35	4,748,913.14	158,957,303.31
2) Increase in the business combinations			100,663.71			100,663.71
3. Decrease in the current period	27,481,413.29					27,481,413.29
(1) Disposal	27,481,413.29					27,481,413.29

4. Ending balance	573,788,699.64	4,165,674.42	15,910,165.85	89,350,207.08	12,100,074.45	695,314,821.44
III. Provision for impairment						
1. Initial balance						
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Closing book value	5,612,150,386.35	1,713,836.43	41,777,058.56	34,702,921.22	13,870,343.54	5,704,214,546.10
2. Beginning book value	5,712,484,219.42		33,804,656.34	49,965,087.57	11,073,659.59	5,807,327,622.92

(2) Land use right with an incomplete certificate of title

The land use right with the original book value of RMB 6,375,916.19 at the end of the period has not yet been completed on the property right certificate.

15. Long-term deferred expenses

Unit: RMB

Item	Beginning balance	Increase in the current period	Amortization amount in the current period	Other reductions	Ending balance
Improvement expense for fixed assets rented through operating lease	1,590,298.34		1,405,278.17		185,020.17
Total	1,590,298.34		1,405,278.17		185,020.17

16. Deferred tax assets/deferred tax liabilities
(1) Deferred tax assets not offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	80,749,430.32	15,882,234.03	50,678,801.84	11,137,043.59
Unrealized profits from internal transactions	249,216,636.77	52,322,278.68	101,500,866.23	16,894,513.37
Deductible uncovered loss	720,277,397.91	109,873,410.16		
Deferred income	202,601,815.13	36,553,016.71	213,946,766.83	38,831,292.81
Changes in fair value of trading financial instruments and derivative financial instruments	198,216,221.87	11,690,354.14	15,505,695.61	1,965,778.07
Total	1,451,061,502.00	226,321,293.72	381,632,130.51	68,828,627.84

(2) Deferred income tax liabilities before offset

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
The parent company, reflected at the level of consolidated statements,	1,842,522,375.83	458,607,792.87	1,431,430,880.35	355,639,164.06

invests the loan as paid-in capital into the subsidiary company, which serves as the loan interest for the capitalization of long-term asset construction.				
Changes in fair value of trading financial instruments and derivative financial instruments	284,066,208.36	39,166,227.36	127,429,155.10	18,959,006.24
One time pre-tax deduction of long-term assets	9,947,156,731.79	2,485,682,716.22	8,681,528,501.85	2,169,376,276.93
Total	12,073,745,315.98	2,983,456,736.45	10,240,388,537.30	2,543,974,447.23

(3) Deferred income tax assets or liabilities presented in net amount after offset

Unit: RMB

Item	Offset amount of deferred income tax assets and liabilities at the end of the period	Ending balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the beginning of the period	Beginning balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		226,321,293.72		68,828,627.84
Deferred income tax liabilities		2,983,456,736.45		2,543,974,447.23

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible loss	3,150,327,780.68	2,641,624,011.26
Deferred income	11,149,526.44	12,275,458.09
Provision for impairment of assets	59,280,545.62	19,509,696.40
Total	3,220,757,852.74	2,673,409,165.75

(5) The deductible losses of unrecognized deferred income tax assets will be due in the following years

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
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2021		77,840,390.20	
2022	115,167,084.36	125,427,450.34	
2023	795,987,438.71	843,971,050.80	
2024	653,770,827.38	666,568,261.33	
2025	913,566,588.84	915,484,851.09	
2026	640,338,430.60		
2029		12,332,007.50	
2030	31,497,410.79		
Total	3,150,327,780.68	2,641,624,011.26	--

17. Other non-current assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayment for purchase of long-term assets	1,957,492,595.67		1,957,492,595.67	1,380,024,772.43		1,380,024,772.43
Total	1,957,492,595.67		1,957,492,595.67	1,380,024,772.43		1,380,024,772.43

18. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage borrowing	67,000,000.00	
Guaranteed loan	36,363,709,711.96	44,883,458,308.94
Credit borrowings	1,440,196,738.65	520,490,111.11
Mortgage and guarantee borrowings		287,000,000.00
Total	37,870,906,450.61	45,690,948,420.05

19. Trading financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Trading financial liabilities	214,744,004.37	15,505,695.61
Including: derivative financial liabilities	214,744,004.37	15,505,695.61
Total	214,744,004.37	15,505,695.61

20. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Commercial acceptance bill	160,000,000.00	
Banker's acceptance	2,326,446,489.85	3,696,354,818.17
Total	2,486,446,489.85	3,696,354,818.17

21. Accounts payable

(1) Presentation of accounts payable

Unit: RMB

Item	Ending balance	Beginning balance
Payable for material procurement and operation	44,326,450,223.83	22,748,082,703.80
Payable for purchase of long-term assets	13,662,360,592.20	13,927,898,379.91
Total	57,988,810,816.03	36,675,981,083.71

22. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Payments for goods	4,240,816,908.28	2,547,005,029.24
Total	4,240,816,908.28	2,547,005,029.24

23. Employee benefits payable

(1) Presentation of employee benefits

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	655,831,141.05	3,707,899,867.27	3,460,881,755.27	902,849,253.05

II. Post-employment benefits - defined contribution plan	6,489,930.26	119,245,814.14	116,313,060.96	9,422,683.44
III. Dismissal welfare		82,320.00	82,320.00	
Total	662,321,071.31	3,827,228,001.41	3,577,277,136.23	912,271,936.49

(2) Short-term remuneration

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
(I) Wage, bonus, allowance and subsidy	648,454,994.87	3,523,284,741.30	3,276,167,911.12	895,571,825.05
2. Employee welfare expenses		21,086,765.55	21,086,765.55	
3. Social insurance premium	4,407,027.12	88,025,281.98	85,990,620.45	6,441,688.65
Including: Medical insurance premium	4,150,380.48	74,208,430.92	72,202,487.69	6,156,323.71
Work-related injury insurance premium	198,850.34	4,178,540.31	4,092,025.71	285,364.94
Birth insurance premium	57,796.30	9,638,310.75	9,696,107.05	
4. Housing provident fund	2,525,322.50	60,530,875.72	63,007,046.72	49,151.50
5. Labor union and personnel education expenses	443,796.56	14,972,202.72	14,629,411.43	786,587.85
Total	655,831,141.05	3,707,899,867.27	3,460,881,755.27	902,849,253.05

(3) Presentation of defined contribution plan

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	6,266,139.52	115,457,484.82	112,625,927.16	9,097,697.18
2. Unemployment insurance premium	223,790.74	3,788,329.32	3,687,133.80	324,986.26
Total	6,489,930.26	119,245,814.14	116,313,060.96	9,422,683.44

24. Taxes payable

Unit: RMB

Item	Ending balance	Beginning balance
Value-added tax	81,233,550.52	140,849,626.28
Excise (consumption) tax	2,472,727,765.46	1,330,123,644.65
Enterprise income tax	4,149,312,868.95	127,972,501.25
Personal income tax	10,125,161.89	6,486,904.81
Urban maintenance and construction tax	404,155,723.75	20,563,014.74
Education surcharge	181,014,534.62	8,867,429.63
Local education surcharge	122,293,916.44	5,911,619.75
Property tax	9,405,940.06	8,848,825.70
Land use tax	108,947,797.65	75,662,052.70
Stamp duty	74,941,067.92	61,534,246.63
Environmental protection tax	1,528,464.10	1,049,610.31
Total	7,615,686,791.36	1,787,869,476.45

25. Other payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	187,500,000.00	63,750,000.00
Other payables	1,915,111,949.60	632,654,982.27
Total	2,102,611,949.60	696,404,982.27

(1) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable on ordinary shares by subsidiaries	187,500,000.00	63,750,000.00
Total	187,500,000.00	63,750,000.00

(2) Other payables

1) Other payables listed by the nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Entrusted loan	1,079,486,911.13	

Current accounts	3,628,215.25	
Deposit and security	596,361,605.72	408,398,173.29
Settled but unpaid operating expenses	219,272,451.35	213,493,680.00
Others	16,362,766.15	10,763,128.98
Total	1,915,111,949.60	632,654,982.27

26. Non-current liabilities due within one year

Unit: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	13,352,556,707.30	11,315,997,630.94
Lease liabilities due within one year	23,741,214.78	18,131,486.69
Total	13,376,297,922.08	11,334,129,117.63

27. Other non-current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Output tax to be transferred	532,865,110.32	326,375,397.00
Total	532,865,110.32	326,375,397.00

28. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage borrowing		821,093,333.32
Guaranteed loan	6,882,714,776.15	2,679,384,208.80
Mortgage and guarantee borrowings	102,235,692,707.70	58,925,838,783.67
Total	109,118,407,483.85	62,426,316,325.79

29. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
Green corporate bonds (first tranche)		1,002,893,069.59
Green corporate bonds (second tranche)	1,030,412,856.33	1,029,248,500.45
Green corporate bonds (third tranche)	1,012,517,068.44	1,011,504,472.60
Total	2,042,929,924.77	3,043,646,042.64

(2) Increase/decrease of bonds payable: (excluding preferred stock, perpetual bond and other financial instruments classified as financial liabilities)

Unit: RMB

Name of bond	Par value	Issue date	Bond period	Issue amount	Beginning balance	Interest accrued by par value	Amortization of premiums or discounts	Repayment in current period	Ending balance
19 Rongsheng G1	1,000,000,000	November 22, November 25, November 26, 2019	2 years	994,614,150.95	1,002,893,069.59	48,854,246.58	2,452,683.83	1,054,200,000.00	
20 Rongsheng G1	1,000,000,000	April 21, April 22, 2020	4 years (2 + 2)	995,452,830.20	1,029,248,500.45	47,700,000.04	1,211,525.65	47,747,169.81	1,030,412,856.33
20 Rongsheng G2	1,000,000,000	August 31, 2020, September 1, 2020,	This tranche of bonds has a maturity of 4 years, with the	995,405,660.39	1,011,504,472.60	47,834,246.60	1,172,688.86	47,994,339.62	1,012,517,068.44

		September 2, 2020	right to adjust the nominal interest rate by the issuer and sell back by the investor at the end of the second year.						
Total	--	--	--	2,985,472,641.54	3,043,646,042.64	144,388,493.22	4,836,898.34	1,149,941,509.43	2,042,929,924.77

30. Lease liabilities

Item	Ending balance	Opening balance [note]
Lease payments	306,566,976.44	323,407,795.64
Unacknowledged financial charges	-72,791,239.49	-73,261,488.54
Total	233,775,736.95	250,146,307.10

[Note]: For the difference between the beginning balance and the ending balance of the previous year (December 31, 2020), see Note III (XXIX) 1 to the Financial Statements.

31. Deferred income

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reasons for incurrence
Government subsidies	226,222,224.92	15,960,000.00	28,430,883.35	213,751,341.57	Government grants related to assets
Total	226,222,224.92	15,960,000.00	28,430,883.35	213,751,341.57	--

32. Share capital

(1) Details

Unit: RMB

	Beginning balance	Increase and decrease of this change (+, -)					Ending balance
		New issue of shares	Issue of bonus shares	Conversion of provident fund into shares	Others	Subtotal	
Total number of shares	6,750,350,000.00			3,375,175,000.00		3,375,175,000.00	10,125,525,000.00

(2) Description of changes in paid-in capital:

According to the resolution of the 2020 annual general meeting of shareholders and the amendment to the articles of association of the Company, the Company applied to increase the registered capital by RMB 3,375,175,000.00, which was converted from the capital reserve. The base date of conversion was December 31, 2020, and the registered capital after the change was RMB 10,125,525,000.00.

33. Capital reserves

(1) Details

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (equity premium)	14,154,901,139.51		3,375,175,000.00	10,779,726,139.51
Other capital reserves	33,978,369.14	6,391,341.93		40,369,711.07
Total	14,188,879,508.65	6,391,341.93	3,375,175,000.00	10,820,095,850.58

(2) Description of changes in capital reserve:

1) The increase in the current period refers to other changes in the owner's equity of associated enterprises other than net gain and loss, other comprehensive income and profit distribution. The company calculates the share to be entitled by shareholding ratio, which is included in the capital reserve (other capital reserves).

2) The decrease in the current period is detailed in the notes of share capital to the consolidated financial statements.

34. Other comprehensive incomes

Unit: RMB

Item	Beginning balance	Current amount incurred						Ending balance
		Amount before income tax in the current period	Less: amount included in other comprehensive income previously and then transferred into current gain and loss	Less: amount included in other comprehensive incomes previously and then transferred into current retained earnings	Less: Income tax expense	Attributable to the parent company after tax	Attributable to the minority shareholders after tax	
Other comprehensive income which may be reclassified to gain and loss	-67,540,008.82	58,069,090.16				55,070,941.98	2,998,148.18	-12,469,066.84
Including: Other comprehensive income which may be transferred to gain and loss under the equity method	15,402,886.37	76,287,461.07				77,445,551.44	-1,158,090.37	92,848,437.81
Converted difference in foreign currency statements	-82,942,895.19	-18,218,370.91				-22,374,609.46	4,156,238.55	-105,317,504.65
Total other comprehensive income	-67,540,008.82	58,069,090.16				55,070,941.98	2,998,148.18	-12,469,066.84

35. Special reserves

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety cost	0.00	132,443,516.71	132,443,516.71	0.00
Total		132,443,516.71	132,443,516.71	

Other descriptions, including the increase/decrease in the current period & the reasons for the change:

The increase and decrease of the special reserve in the current period are the work safety expenses of the subsidiaries Yisheng Dahua Petrochemical Co., Ltd., Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd. and Zhejiang Petrochemical Co., Ltd.

36. Surplus reserve

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	532,602,703.33	180,092,962.78		712,695,666.11
Total	532,602,703.33	180,092,962.78		712,695,666.11

Explanation for surplus reserves, including that for current changes and related reasons:

According to the articles of association, 10% of the net profit realized by the parent company in 2021 has been withdrawn for the statutory surplus reserve.

37. Undistributed profit

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of prior period before adjustment	15,562,049,572.57	9,118,122,840.64
Undistributed profits at the beginning of period after adjustment	15,562,049,572.57	9,118,122,840.64
Add: Net profits attributable to owners of the parent company in the current period	12,823,546,813.07	7,308,588,924.22
Less: withdrawal of statutory surplus reserve	180,092,962.78	109,729,262.29
Dividends payable on ordinary shares	1,012,552,500.00	754,932,930.00
Undistributed profit at the end of period	27,192,950,922.86	15,562,049,572.57

38. Operating income and operating costs

(1) Details

Unit: RMB

Item	Current amount incurred		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	176,350,016,979.61	129,689,683,313.73	106,963,030,284.87	86,006,412,337.32
Other services	674,260,513.17	400,078,914.41	301,962,834.57	116,009,366.47
Total	177,024,277,492.78	130,089,762,228.14	107,264,993,119.44	86,122,421,703.79
Including: income from contracts with customers	177,024,277,492.78		107,264,993,119.44	

(2) Breakdown of revenue generated by contracts with customers by major categories

1) Breakdown of income by commodity type

Unit: RMB

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Oil refining	52,587,161,375.41	32,778,382,642.21	27,673,737,592.23	20,583,551,180.88
Chemical	68,450,484,484.85	42,592,589,377.80	41,811,204,287.20	29,814,924,832.70
PTA	20,507,940,673.93	20,287,589,253.14	12,740,598,047.62	11,856,496,825.42
Polyester chemical fiber film	14,259,804,470.92	13,137,851,783.97	10,118,412,016.07	9,237,588,629.86
Trade and others	21,218,886,487.67	21,293,349,171.02	14,921,041,176.32	14,629,860,234.93
Total	177,024,277,492.78	130,089,762,228.14	107,264,993,119.44	86,122,421,703.79

2) Breakdown of income by the time of commodity transfer

Item	Amount in the current period	Amount in the previous period
Revenue recognized at a certain point of time	177,010,265,001.96	107,253,843,277.29
Revenue recognized in a period of time	14,012,490.82	11,149,842.15
Subtotal	177,024,277,492.78	107,264,993,119.44

(3) Transaction price allocated to remaining performance obligations

Qualitative disclosure

On December 31, 2021, the transaction price apportioned from the sales contract to the remaining performance obligations was the settlement price agreed in the agreement. The Company expected that this amount

would be recognized as revenue in the next 1 year with the transfer of commodity control to customers.

(4) The revenue recognized in the current period included in the book value of contract liabilities at the beginning of the period is RMB 2,547,005,029.24.

39. Taxes and surcharges

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Excise (consumption) tax	7,721,236,286.64	2,077,953,006.49
Urban maintenance and construction tax	556,794,874.07	162,276,796.64
Education surcharge	239,174,945.93	69,793,843.36
Property tax	14,081,463.56	12,114,216.40
Land use tax	59,206,084.72	51,441,294.34
Vehicle and vessel usage tax	73,318.16	86,507.81
Stamp duty	73,219,215.75	41,846,895.05
Local education surcharge	159,449,963.96	46,529,228.91
Environmental protection tax	9,446,073.11	3,544,647.51
Total	8,832,682,225.90	2,465,586,436.51

40. Selling expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee compensation	102,383,987.13	90,388,323.44
Sales business expenses	35,016,783.01	9,492,265.10
Others	17,571,634.19	15,929,036.56
Total	154,972,404.33	115,809,625.10

41. Administrative expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee compensation	279,131,824.22	192,397,859.73
Office expenses	159,754,695.73	95,106,939.24
Depreciation and amortization expense	142,756,241.54	117,251,469.72
Insurance premium	50,727,169.75	40,652,082.49

Business entertainment expenses	15,352,519.06	9,030,828.21
Others	35,000,924.84	18,469,411.86
Total	682,723,375.14	472,908,591.25

42. R&D expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Direct input	3,058,866,691.17	1,336,004,984.18
Depreciation and amortization	518,854,535.63	321,541,851.78
Employee compensation	311,285,572.04	275,158,766.66
Equipment commissioning fee	22,065,866.97	25,769,898.38
Outsourcing R&D and others	4,191,714.67	5,205,077.93
Total	3,915,264,380.48	1,963,680,578.93

43. Financial expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Interest expense	3,597,132,178.72	3,302,645,684.24
Interest income	308,939,839.82	157,098,956.40
Net exchange losses/gains	-633,280,926.60	-1,785,394,904.04
Others	243,439,764.29	189,237,254.14
Total	2,898,351,176.59	1,549,389,077.94

44. Other income

Unit: RMB

Sources generating other incomes	Current amount incurred	Amount incurred in the previous period
Government grants related to assets	27,550,883.35	23,412,807.76
Government grants related to income	87,342,380.79	149,965,700.72
Return of fees for withheld individual income tax	2,304,612.04	2,897,012.17
Others	7,062,349.00	
Total	124,260,225.18	176,275,520.65

45. Investment income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Investment income from disposal of financial instruments	455,332,263.56	861,308,432.21
Including: Derivative financial instruments	638,462,813.82	861,308,432.21
Receivables financing	-183,130,550.26	
Long-term equity investment income calculated by equity method	127,213,716.43	948,823,639.56
Entrusted loan income	26,123,140.37	36,617,287.74
Interest income from related party lending	2,035,569.54	589,494.21
Proceeds from wealth management products	625,599.45	54,863.01
Investment income from disposal of long-term equity investments	-262,218.53	
Total	611,068,070.82	1,847,393,716.73

46. Gain from change in fair value

Unit: RMB

Sources of income from changes in fair value	Current amount incurred	Amount incurred in the previous period
Financial assets at fair value through current gain and loss	345,151,994.32	128,083,947.02
Financial liabilities at fair value through current gain and loss	-198,216,221.87	-15,125,350.61
Total	146,935,772.45	112,958,596.41

47. Credit impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Bad debt losses	-74,973,487.19	8,591,589.97
Total	-74,973,487.19	8,591,589.97

48. Asset impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Inventory falling price loss	-23,858,493.60	-41,472,196.35
Total	-23,858,493.60	-41,472,196.35

49. Income from asset disposal

Unit: RMB

Sources of asset disposal income	Current amount incurred	Amount incurred in the previous period
Income from disposal of assets	12,386,164.33	1,488,553.76
Income from disposal of construction in progress		977,623.24
Total	12,386,164.33	2,466,177.00

50. Non-operating income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period	Amount included in non-recurring gain and loss of the current period
Income of indemnity	8,152,030.22	3,174,612.72	8,152,030.22
Income from fines and penalties	479,539.36	2,331,480.13	479,539.36
When the investment cost of the subsidiary acquired by the enterprise is less than that of the investment, it shall enjoy the income generated by the fair value of the identifiable net assets of the invested entity.	281,497.24		281,497.24
Others	140,387.69	379,809.17	140,387.69
Total	9,053,454.51	5,885,902.02	9,053,454.51

51. Non-operating expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period	Amount included in non-recurring gain and loss of the current period
External donations	1,300,000.00	2,260,949.42	1,300,000.00
Total losses from disposal of non-current assets	1,822,895.25	620,750.40	1,822,895.25
Penalty expense	550,095.93	1,325,719.80	550,095.93
Others	859,616.95	51,588.46	859,616.95
Total	4,532,608.13	4,259,008.08	4,532,608.13

52. Income tax expenses

(1) Presentation of income tax expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Income tax expenses in the current period	7,319,747,462.46	764,308,242.99
Deferred income tax expenses	282,732,123.26	2,546,939,465.74
Total	7,602,479,585.72	3,311,247,708.73

(2) Adjustment of accounting profit and income tax expense

Unit: RMB

Item	Current amount incurred
Total profit	31,250,860,800.57
Income tax expense calculated at statutory/applicable tax rate	7,812,715,200.15
Impact of subsidiaries' application to different tax rates	-291,285,755.83
Influence of income tax during periods prior to adjustment	468,260,243.49
Influence of non-taxable income	-81,960,939.18
Influence of non-deductible costs, expenses and losses	64,958,853.27
Impact of using the deductible loss of unrecognized deferred income tax assets in the prior period	-9,735,838.87
Influence of temporary deductible difference or deductible losses of deferred income tax assets not recognized in the current	251,657,892.96

period	
Impact of R&D cost plus deduction	-536,997,498.47
Additional deduction of wages for the disabled	-91,412.82
Tax credit for the investment amount of enterprise in purchasing special equipment for environmental protection	-75,041,158.98
Income tax expense	7,602,479,585.72

53. Other comprehensive incomes

For details, see Note V (I) 34 of the financial statements for the net amount after tax of other comprehensive income.

54. Cash flow statement items

(1) Other cash received relating to operating activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Recovery of bills, letters of credit and other deposits	2,949,165,665.49	2,436,269,093.76
Temporary loan received from Zhejiang Rongsheng Holding Group Co., Ltd.	1,264,300,000.00	805,000,000.00
Interest income received from bank deposits	308,568,217.48	156,954,350.61
Recovery of operating deposit and security deposit	228,168,687.59	467,087,737.15
Government subsidies received	102,922,448.29	148,408,991.77
Others	15,684,030.04	25,112,178.76
Total	4,868,809,048.89	4,038,832,352.05

(2) Other cash paid relating to operating activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Payment of bills, letters of credit and other deposits	2,866,495,137.32	2,949,165,665.49
Repayment of temporary loan to Zhejiang Rongsheng Holding Group Co., Ltd.	1,264,300,000.00	805,000,000.00
Cash disbursements from administrative expenses, R&D expenses and sales expenses	520,114,641.86	1,481,688,490.80

Payment of bank charges	228,583,346.21	180,494,355.56
Payment of operating deposit and security deposit	86,541,494.70	386,803,360.50
Others	6,647,550.33	36,297,584.77
Total	4,972,682,170.42	5,839,449,457.12

(3) Other cash received from investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Recovery of bills, letters of credit and other deposits	791,886,996.41	274,969,367.37
Recovery of entrusted loan from Zhejiang Yisheng New Materials Co., Ltd.	430,000,000.00	
Net cash received from subsidiaries due to business combination not under the same control	362,049,182.95	
Receipt of project deposit	277,983,728.72	267,711,777.20
Recovery of temporary loan from Zhejiang Derong chemicals Co. Ltd.	245,196,642.30	
Recovery of temporary loan and interest from Juxing Chemical Fiber Co., Ltd.	222,096,722.22	
Recovery of temporary loan and interest from ZPC-ENN (Zhoushan) Gas Co., Ltd.	20,323,759.33	580,862.33
Received royalties	16,527,782.50	
Recovery of temporary loan and interest from Zhejiang Zhenshi Port Service Co., Ltd.	3,522,190.97	1,544,001.53
Recovery of entrusted loan from Hainan Yisheng Petrochemical Co., Ltd.		820,000,000.00
Recovery of structured deposits		289,000,000.00
Total	2,369,587,005.40	1,653,806,008.43

(4) Other cash paid relating to investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Payment of entrusted loan to Zhejiang Yisheng New Materials Co., Ltd.	530,000,000.00	1,000,000,000.00
Payment of temporary loan to Zhejiang Derong chemicals	244,977,000.00	

Co. Ltd.		
Payment of temporary loan to Zhejiang Zhenshi Port Service Co., Ltd.		5,000,000.00
Payment of project related security deposit	223,118,349.15	214,388,402.60
Payment of bills, letters of credit and other deposits	171,820,956.95	787,743,996.41
Payment of entrusted loan to Hainan Yisheng Petrochemical Co., Ltd.		300,000,000.00
Payment of temporary loan to ZPC-ENN (Zhoushan) Gas Co., Ltd.	4,800,000.00	20,000,000.00
Payment of deposit for forwarding foreign exchange settlement and sales business		4,143,000.00
Total	1,174,716,306.10	2,331,275,399.01

(5) Cash received from other financing activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Temporary loan received from Zhejiang Rongsheng Holding Group Co., Ltd.	3,316,000,000.00	4,217,000,000.00
Entrusted loan received from Zhejiang Yisheng Petrochemical Co., Ltd.	328,000,000.00	
Recovery of loan deposit	126,870,000.00	150,000,000.00
Total	3,770,870,000.00	4,367,000,000.00

(6) Other cash paid for financing activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Repayment of temporary loan to Zhejiang Rongsheng Holding Group Co., Ltd.	3,351,019,903.50	5,694,506,919.60
Entrusted loan and interest repaid to Zhejiang Yisheng Petrochemical Co., Ltd.	376,515,280.75	
Payment of financing fees	33,234,766.53	8,742,898.58
Expenditure of right-of-use assets	32,294,131.95	
Payment of loan deposit	545,440.00	126,870,000.00
Payment of non-public offering expenses		4,929,242.25

Payment for the issuance of green bonds		367,924.51
Total	3,793,609,522.73	5,835,416,984.94

55. Supplementary information of Cash Flow Statement

(1) Supplementary information of Cash Flow Statement

Unit: RMB

Supplementary information	Current amount	Amount of prior period
1. Converting net profit into cash flow from operating activities:	--	--
Net profit	23,648,381,214.85	13,371,789,695.54
Add: Provision for impairment of assets	98,831,980.79	32,880,606.38
Fixed assets depreciation, oil and gas assets depletion, productive biological assets depreciation	6,742,740,005.58	5,224,829,268.56
Depreciation of assets with right of use	37,187,189.87	
Amortization of intangible assets	128,891,257.47	110,634,489.17
Amortization of long-term deferred expenses	1,405,278.17	1,418,850.26
Loss on disposing fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-12,386,164.33	-2,466,177.00
Losses on disposal of fixed assets (gains expressed with "-")	1,822,895.25	620,750.40
Loss from changes in fair value (gains expressed with "-")	-146,935,772.45	-112,958,596.41
Financial expenses (gains expressed with "-")	2,978,707,670.20	1,320,361,086.24
Loss from investment (gains expressed with "-")	-611,068,070.82	-1,847,393,716.73
Reduction of deferred income tax assets (increase expressed with "--")	-156,750,165.96	247,308,917.40
Increase of deferred income tax liabilities (decrease expressed with "-")	439,482,289.22	2,299,630,548.34
Decrease in inventories (increase expressed with "-")	-23,212,372,297.26	2,997,215,270.13
Decrease of operating receivables (increase expressed with "-")	-5,123,016,294.04	-2,964,771,805.97
Increase in operating payables (decrease expressed with "-")	30,835,741,755.33	2,415,026,755.21
Others	-2,085,877,337.93	-5,587,353,181.64
Net cash flow from operating activities	33,564,785,433.94	17,506,772,759.88
2. Significant investment and financial activities not involving cash receipts and payments:	--	--
Debt into capital		
Convertible corporate bonds due within one year		
Fixed assets leased under finance leases		

3. Net change in cash and cash equivalents:	--	--
Ending balance of cash	14,338,837,644.67	6,592,344,043.01
Less: Beginning balance of cash	6,592,344,043.01	9,574,048,273.72
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	7,746,493,601.66	-2,981,704,230.71

(2) Net cash paid for acquiring subsidiaries in the current period

Unit: RMB

Item	Amount in the current period
Cash or cash equivalents paid for business mergers incurred in the current period	120,730,257.94
Including: Zhejiang Yisheng New Materials Co., Ltd.	120,730,257.94
Less: Cash and cash equivalents held by the subsidiaries at the purchase date	482,779,440.89
Including: Zhejiang Yisheng New Materials Co., Ltd.	482,779,440.89
Net cash paid for acquisition of subsidiaries	-362,049,182.95

(3) Net cash received from disposing subsidiaries in current period

Unit: RMB

Item	Amount in the current period
Cash and cash equivalent received for the disposal of subsidiaries in the current period	21,699,198.00
Including: Zhejiang Juxing Chemical Fiber Co., Ltd.	21,699,198.00
Less: Cash and cash equivalents held by the subsidiaries at the date of loss of the right of control	5,146,672.77
Including: Zhejiang Juxing Chemical Fiber Co., Ltd.	5,146,672.77
Add: Cash or cash equivalents received in this period from the disposal of subsidiaries in previous periods	
Including: Zhejiang Juxing Chemical Fiber Co., Ltd.	
Net cash received from the disposal of subsidiaries	16,552,525.23

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	14,338,837,644.67	6,592,344,043.01
Including: cash on hand	1,563,293.44	2,362,303.54
Bank deposits available for payment at any time	14,060,975,134.33	6,273,310,479.90
Other monetary funds available on demand	276,299,216.90	316,671,259.57
III. Ending balance of cash and cash equivalents	14,338,837,644.67	6,592,344,043.01

56. Assets with limited ownership or use right

Unit: RMB

Item	Closing book value	Reasons
Monetary fund	3,342,805,770.62	See note to monetary funds in the notes to the financial statements for details.
Receivables financing	4,450,000.00	Pledged for issuing bank acceptance bills pledge
Inventory	33,537,600.00	Pledged for futures warehouse receipts
Fixed assets	105,566,455,963.73	Pledged for bank loan
Project under construction	99,536,648,568.20	Pledged for bank loan
Intangible assets	4,311,978,860.80	Pledged for bank loan
Total	212,795,876,763.35	--

57. Monetary items denominated in foreign currencies

(1) Monetary items in foreign currency

Unit: RMB

Item	Ending balance in foreign currencies	Translation rate	Ending balance in RMB
Monetary fund	--	--	
Including: USD	537,272,730.30	6.3757	3,425,489,746.57
EUR	11,644,571.18	7.2197	84,070,310.55
HKD	362,944.09	0.8176	296,743.09
SGD	1,346,349.07	4.7179	6,351,940.28
Accounts receivable	--	--	

Including: USD	684,264,718.78	6.3757	4,362,666,567.53
Other receivables			
Including: USD	74,517,426.11	6.3757	475,100,753.65
Short-term borrowings			
Including: USD	1,604,366,133.25	6.3757	10,228,957,155.76
EUR	23,591,638.13	7.2197	170,324,549.81
Accounts payable			
Including: USD	1,548,861,307.80	6.3757	9,875,075,040.14
EUR	175,939,036.14	7.2197	1,270,227,059.22
CHF	17,722.00	6.9776	123,657.03
Other payables			
Including: USD	29,182,929.65	6.3757	186,061,604.57
Non-current liabilities due within one year			
Including: USD	465,152,595.20	6.3757	2,965,673,401.22
Long-term borrowings	--	--	
Including: USD	205,381,910.60	6.3757	1,309,453,447.41
EUR			
HKD			

(2) Description of the overseas operating entity, including important overseas operating entity, shall disclose its main overseas business place, recording currency and the basis for selection, and shall also disclose reasons in the case of changes in recording currency.

√ Applicable □ Not applicable

Company name	Place of registration	Recording currency	Selection basis
Hong Kong Sheng Hui Co., Ltd.	Hong Kong, China	USD	General settlement currency for company operation
Hong Kong Yisheng Dahua Petrochemical Co., Ltd.	Hong Kong, China		
Rongsheng Petrochemical (Singapore) Pte. Ltd.	Singapore		
Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd.	Singapore		
Rongtong Logistics (Singapore) Pte. Ltd.	Singapore		
Rongsheng Petrochemical (Hong Kong) Co., Ltd.	Hong Kong, China		

58. Government grants

(1) Basics of government grants

Unit: RMB

Category	Amount	Presented items	Amounts included in current gain and loss
Government grants related to assets	27,550,883.35	Deferred income	27,550,883.35
Income-related government grants for compensation for incurred relevant costs or losses.	87,342,380.79	Other income	87,342,380.79

(2) Return of government subsidies

 Applicable Not applicable

(3) Details of government grants

1) Government grants related to assets

Item	Beginning deferred income	New grants in the current period	Amortization in the current period	Other decreases [note]	Ending deferred income	Amortization in current period Presented items	Remarks
Construction funds for infrastructure supporting projects	48,835,713.94		3,685,714.32		45,149,999.62	Other income	Funds allocated by the Finance Bureau of Dalian Jinzhou New Area for supporting project construction of a wharf, sewage treatment and other infrastructure.
National special subsidy fund	47,075,444.43		3,382,666.68		43,692,777.75	Other income	Reply of Zhejiang Provincial Development and Reform Commission on the approval of 40 MTPA Refining and Chemical Integration Project for Zhejiang Petroleum & Chemical Co., Ltd.
Subsidy fund for boiler cleaning transformation	27,562,028.43		2,359,851.84		25,202,176.59	Other income	The first batch of special subsidy funds for the clean transformation of coal-fired boilers of Hangzhou coal-fired power plants (thermal power) and other industrial enterprises issued by Hangzhou Municipal Bureau of Finance and Hangzhou Municipal Ecology and Environment Bureau in 2002.
Seawater desalination project of Zhoushan Green Petrochemical Base (phase I)	19,245,333.28		1,374,666.72		17,870,666.56	Other income	Special funds allocated by the Daishan County Development and Reform Bureau for investment projects in the central budget for the construction of ecological civilization in 2019.
Interest subsidy fund for PTA project loan.	17,488,446.42		5,381,058.24		12,107,388.18	Other income	Interest subsidy fund for PTA project loan granted by Dalian Finance Bureau.

Subsidy fund for industrial technological transformation projects in Xiaoshan District.	14,283,057.81		2,006,611.84		12,276,445.97	Other income	Funds allocated by Hangzhou Municipal Finance Bureau and Xiaoshan District Finance Bureau for industrial technological transformation projects.
Government subsidies for imported equipment	10,000,000.00	8,000,000.00	1,599,999.99		16,400,000.01	Other income	The fifth batch of special financial incentive funds (for promoting industrial development) for revitalizing the real economy (transformation of traditional industries) issued by Shaoxing Keqiao District Finance Bureau and Shaoxing Keqiao District Economic and Information Bureau.
Subsidy for closed seawater cooling system project of science and technology program.	8,883,207.03		2,733,345.36		6,149,861.67	Other income	Subsidy for closed seawater cooling system project of science and technology program granted by the Finance Bureau of Dalian Economic and Technological Development Zone.
Financial subsidy for land change	8,693,238.38		248,970.96		8,444,267.42	Other income	Financial subsidy fund for land change allocated by the Finance Bureau of Dalian Economic and Technological Development Zone.
Subsidy for recycling transformation project of mother solid project.	6,261,111.08	7,960,000.00	1,778,888.88		12,442,222.20	Other income	The central subsidy fund for the demonstration pilot project of circular transformation of the park in 2013 allocated by the Finance Bureau of Dalian Jinpu New Area.
Subsidy for 100,000 tons of environmental protection and healthy multifunctional fiber project.	4,187,324.56		612,779.04		3,574,545.52	Other income	Funds allocated by Hangzhou Municipal Bureau of Finance and Xiaoshan District Bureau of Finance for enterprise technological transformation projects.
Special subsidy for provincial science and technology development in 2019	3,000,000.00				3,000,000.00		Subsidy for provincial key R&D projects allocated by the Science and Technology Department of Zhejiang Province
Subsidy for low nitrogen	2,665,722.64		251,328.32	880,000.00	1,534,394.32	Other	Subsidy for low nitrogen transformation of gas-fired

transformation of gas-fired boiler						income	boilers issued by Shaoxing Keqiao District Finance Bureau and Keqiao Branch of Shaoxing Ecological Environment Bureau
Special fund for 1.2 million tons of PTA major project	2,166,666.04		666,666.72		1,499,999.32	Other income	Special subsidy allocated by the Dalian Finance Bureau for the "fiber grade purified terephthalic acid (PTA) project with an annual output of 1.2 million tons".
90,000 tons of PTT project	1,988,000.00		298,200.00		1,689,800.00	Other income	Subsidy funds allocated by Xiaoshan District Finance Bureau for the project of PTT new chemical fiber with an annual output of 90,000 tons.
Support fund for mother solid recovery system project of PTA refining unit within the science and technology program.	1,564,333.49		481,333.32		1,083,000.17	Other income	Subsidy allocated by the Finance Bureau of Dalian Economic and Technological Development Zone for the "mother solid recovery system project of PTA refining unit" within the science and technology program.
Interest subsidy for supporting industrial projects in the "five points and one line" coastal economic belt park of Liaoning Province.	1,560,000.00		480,000.00		1,080,000.00	Other income	Interest subsidy for supporting industrial projects in the "five points and one line" coastal economic belt park of Liaoning Province allocated by the Finance Bureau of Dalian Economic and Technological Development Zone.
Subsidy fund for key industrial technological transformation projects.	169,694.03		56,231.76		113,462.27	Other income	Interest subsidy for technological transformation of enterprises allocated by Hangzhou Finance Bureau.
Interest subsidy for enterprise technological transformation	152,142.87		50,714.28		101,428.59	Other income	Funds allocated by Xiaoshan District Finance Bureau for key industrial technological transformation projects.
Others	440,760.49		101,855.08		338,905.41	Other income	The special financial funds for energy conservation and industrial circular economy of Zhejiang Province allocated

							by the Xiaoshan District Finance Bureau.
Subtotal	226,222,224.92	15,960,000.00	27,550,883.35	880,000.00	213,751,341.57		

[Note]: Other decreases are due to the company's disposal of equity in the current period, resulting in Zhejiang Juxing Chemical Fiber Co., Ltd. no longer being included in the scope of consolidated financial statements.

2) Income-related government grants for compensation for incurred relevant costs or losses.

Item	Amount	Presented items	Remarks
Financial support funds	63,067,867.00	Other income	<i>The Notice of Ningbo Zhenhai District People's Government on implementing the Special Action of "Celebrating the Chinese New Year in Zhejiang and Enjoying Favorable Treatment in Zhenghai" (ZZF [2021] No. 7) issued by the Financial Office of the Management Committee of Ningbo Petrochemical Economic & Technological Development Zone, the Interim Measures of Yangpu Economic Development Zone on Promoting the Development of Headquarters Economy (PGG [2019] No. 1) issued by the Management Committee of Yangpu Economic Development Zone, the Notice on Issuing the First Batch of Provincial Special Financial Funds for Industrial and Information Development in 2021 (ZCCY [2021] No. 16) issued by the Zhoushan Finance Bureau and Zhoushan Economic and Information Bureau, and the Several Opinions on Supporting Enterprises to Retain Workers and Develop Steadily (No. 31 of [2021] of Shaoxing Keqiao District Prevention and Control Office) issued by the Office of Leading Group for Joint Prevention and Control of COVID-19 of Shaoxing Keqiao District.</i>
Industrial development promotion fund	21,803,091.00	Other income	<i>The Notice on Organizing the Preparation and Reporting of the Draft Investment Plan for the Special Project of Pollution Control and Resource Utilization within the 2021 Central Budget (FGBHZ [2020] No. 892) issued by the General Office of the National Development and Reform Commission, the Opinions of Ningbo Municipal People's Government on Promoting the Construction of Ningbo as the Pilot Demonstration City of "Made in China 2025" (YZF [2017] No. 12) issued by Ningbo Municipal People's Government and Notice on Issuing the Central Special Fund for Foreign Economic and Trade Development in 2021 (the First Batch) (ZCCY [2021] No. 27) issued by Zhoushan Finance Bureau and Zhoushan Commerce Bureau.</i>
Subsidy fund for professional talents introduction	1,772,550.29	Other income	<i>The Notice on Approving and Allocating Seven Grants For Postdoctoral Undertakings Both at the Municipal and District Levels From 2020 To 2021 (CRS [2021] No. 44) issued by the Hangzhou Xiaoshan District Human Resources and Social Security Bureau, the Operation Process of Social Security Subsidies for College Graduates Absorbed by Various Employers (DZF [2017] No. 46) issued by the Dalian Municipal People's Government, the Notice On the Approval and Allocation of Funding for the Program of Introducing Foreign Intelligence of 2020 (XK [2021] No. 26) issued by Hangzhou Xiaoshan District Finance Bureau and the</i>

			<i>Notice on Publishing the 2020 Candidate List for Introducing Foreign Engineers into Jinhua and Expanding the Foreign Engineers in Zhejiang Province (ZKFWZ [2020] No. 67) issued by Zhejiang Provincial Department of Science and Technology and Zhejiang Provincial Department of Finance, etc.</i>
Tax refund	379,932.50	Other income	<i>Opinions on Further Promoting Cost Reduction and Burden Reduction and Promoting Steady Growth of the Real Economy (YZBF [2018] No. 125). issued by the General Office of Ningbo Municipal People's Government.</i>
Other rewards and subsidies	318,940.00	Other income	<i>Notice on Issuing Environmental Protection Subsidy for Operation Cost of Automatic Pollution Source Monitoring System of Key Supervised Enterprises of 2020 (ZH [2021] No. 26) issued by the Zhenhai Branch of Ningbo Ecological Environment Bureau and Ningbo Zhenhai District Finance Bureau, Notice on Printing and Distributing the Management Methods of Work Safety Social Emergency Rescue Linkage Team in Ningbo (YYJ [2020] No. 49) issued by the Office of Ningbo Emergency Management Bureau, Notice on Issuing the First Batch Subsidies of Intellectual Property Projects in Ningbo for the Year of 2021 (YCH [2021] No. 539) issued by the Office OF Ningbo Finance Bureau.</i>
Subtotal	87,342,380.79		

(2) The amount of government subsidies included in the current gain and loss is RMB 114,893,264.14.

VIII. Changes in the Scope of Consolidated Financial Statements

1. Business combination not under the same control

(1) Consolidation between entities under different control in the current period

Unit: RMB

Name of the acquiree	Date of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition	Acquisition method	Purchase date	Determination basis of purchase date	Income of the acquiree from the purchase date to the end of the period	Net profits of the acquiree from the purchase date to the end of the period
Zhejiang Yisheng New Materials Co., Ltd.	November 27, 2017	1,000,000,000.00	50.00%	Contribution in currency	July 9, 2021	The purchase price has been paid and the industrial and commercial change procedures have been completed.	5,054,005,057.50	-50,233,174.22
	July 9, 2021	20,730,257.94	1.00%	Purchase of equity				

Other descriptions:

Zhejiang Yisheng New Materials Co., Ltd. is invested and established by its subsidiaries, Ningbo Zhongjin Petrochemical Co., Ltd. and Zhejiang Hengyi Petrochemical Co., Ltd., with a registered capital of RMB 2 million. Ningbo Zhongjin Petrochemical Co., Ltd. originally held 50% equity in the Company, which had a significant impact on the company. According to the *Equity Transfer Agreement* signed between Ningbo Zhongjin Petrochemical Co., Ltd. and Zhejiang Hengyi Petrochemical Co., Ltd., Zhejiang Hengyi Petrochemical Co., Ltd. has transferred its 1% equity to Zhejiang Yisheng New Materials Co., Ltd. to Ningbo Zhongjin Petrochemical Co., Ltd. Ningbo Zhongjin Petrochemical Co., Ltd. completed the equity change registration procedures on July 9, 2021 and made the equity transfer payment on July 9, 2021. After the equity transfer, Ningbo Zhongjin Petrochemical Co., Ltd. has substantial control over the company and has included the company in the scope of consolidated financial statements from July 9, 2021.

(2) Combination cost and goodwill

Unit: RMB

Combined cost	
Cash	20,730,257.94
Fair value at the purchase date of equity held before the purchase date	1,050,587,758.97
Total combined cost	1,071,318,016.91
Less: Fair value of identifiable net assets acquired	1,071,599,514.14
Goodwill/amount of combined cost less than the fair value of the identifiable net assets acquired	281,497.23

Notes to the determination method for the fair value of combined costs, contingency consideration and its changes:

The company has realized the business combination is not under the same control step by step through multiple transactions, and the sum of the book value of the original equity investment plus the new investment cost is regarded as the initial investment cost on the purchase date.

(3) Identifiable assets and liabilities of the acquiree on the purchase date

Unit: RMB

Item	Zhejiang Yisheng New Materials Co., Ltd.	
	Fair Value at the acquisition date	Book value on the acquisition date
Assets:		
Monetary fund	482,779,440.89	482,779,440.89
Receivables	73,150,000.00	73,150,000.00
Inventory	507,278,567.23	507,278,567.23
Fixed assets	1,567,867.02	1,567,867.02
Intangible assets	762,168.19	762,168.19
Advance payment	304,826,138.05	304,826,138.05
Other receivables	95,570,919.66	95,570,919.66
Other current assets	550,740,225.04	550,740,225.04
Project under construction	6,849,310,030.59	6,849,310,030.59
Deferred income tax assets	962,500.00	962,500.00
Liabilities:		
Short-term borrowings	977,849,232.25	977,849,232.25
Trade payables	353,718,576.04	353,718,576.04
Notes payable	848,263,960.98	848,263,960.98
Payroll payable	4,053,989.01	4,053,989.01

Taxes payable	2,624,813.99	2,624,813.99
Other payables	2,208,626,881.83	2,208,626,881.83
Long-term borrowings	2,370,634,884.64	2,370,634,884.64
Net assets	2,101,175,517.93	2,101,175,517.93
Less: minority shareholders' equity	1,029,576,003.79	1,029,576,003.79
Net assets acquired	1,071,599,514.14	1,071,599,514.14

Method for determining fair values of identifiable assets and liabilities:

Zhejiang Yisheng Petrochemical Co., Ltd. is in the initial stage of investment and construction. The Company has carried out operations by leasing the land use right of related parties. Its main assets are the plant and equipment put into use in the current period and the engineering projects still under construction. Its book value is regarded as the approximate fair value of identifiable assets and liabilities.

2. Changes in consolidation scope due to other reasons

Notes to changes in the scope of consolidation for other reasons (such as the establishment and liquidation of subsidiaries) and their related situations:

1. Increase in consolidation scope

Unit: RMB

Company name	Acquisition method	Date of equity acquisition	Amount of contribution	Ratio of contributions
Dalian Yisheng New Materials Co., Ltd.	New establishment	March 19, 2021	20,000,000.00	100%
Rongtong Logistics (Singapore) Pte. Ltd.	New establishment	August 31, 2021		100%
Rongsheng Petrochemical (Hong Kong) Co., Ltd.	New establishment	February 26, 2021		100%
Zhejiang ZPC Sales Co., Ltd.	New establishment	May 27, 2021	50,000,000.00	100%
Rongsheng Chemical (Shanghai) Co., Ltd.	New establishment	May 20, 2021	20,000,000.00	100%
Zhejiang Rongyi Trading Co., Ltd.	New establishment	September 6, 2021	1,000,000.00	100%

2. Reduction of consolidation scope

Unit: RMB

Company name	Method of equity disposal	Date of disposal	Net assets on the disposal date	Net profit from the beginning of the period to the disposal date
Zhejiang Juxing Chemical Fiber Co., Ltd.	Equity transfer	November 2, 2021	31,373,452.20	26,855,747.17

IX. Equities in Other Entities

1. Rights and interests in subsidiaries

(1) Group composition

Name of subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio		Acquisition method
				Direct	Indirect	
Zhejiang Shengyuan Chemical Fiber Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Manufacturing	100.00%		Opening new operations
Hong Kong Sheng Hui Co., Ltd.	Hong Kong, China	Hong Kong, China	Commercial	100.00%		Business combinations under the same control
Ningbo Yisheng Chemical Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing		95.00%	Opening new operations
Dalian Yisheng Investment Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Manufacturing	70.00%		Opening new operations
Yisheng Dahua Petrochemical Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Manufacturing		59.21%	Opening new operations
Hong Kong Yisheng Dahua Petrochemical Co., Ltd.	Hong Kong, China	Hong Kong, China	Commercial		100.00%	Opening new operations
Dalian Rongxincheng Trading Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Commercial		100.00%	Opening new operations
Zhejiang Rongtong Chemical Fiber New Material Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Commercial		100.00%	Opening new operations
Dalian Yisheng New Materials Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Manufacturing		100.00%	Opening new operations
Ningbo Zhongjin Petrochemical Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing	100.00%		Business combination under the same control

Ningbo Niluoshan New Energy Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing		100.00%	Opening new operations
Zhejiang Yisheng New Materials Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing		51.00%	Business combination not under the same control
Rongsheng Petrochemical (Singapore) Pte. Ltd.	Singapore	Singapore	Commercial	100.00%		Opening new operations
Rongtong Logistics (Singapore) Pte. Ltd.	Singapore	Singapore	Commercial		100.00%	Opening new operations
Rongsheng Petrochemical (Hong Kong) Co., Ltd.	Hong Kong, China	Hong Kong, China	Commercial		100.00%	Opening new operations
Rongsheng International Trading Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Commercial	100.00%		Opening new operations
Shanghai Rongxiang Chemical Co., Ltd.	Shanghai, China	Shanghai, China	Commercial		100.00%	Opening new operations
Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Manufacturing	51.00%		Business combinations under the same control
Zhoushan Yushan Petrochemical Engineering Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Manufacturing		100.00%	Business combinations under the same control
ZPC Zheyong Technology Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Manufacturing		70.00%	Opening new operations
Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd.	Singapore	Singapore	Commercial		100.00%	Business combination under the same control
ZPC Jintang Logistics Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Commercial		100.00%	Opening new operations
Rongxin Trade Co., Ltd. of Zhejiang Free-Trade Zone	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Commercial		100.00%	Opening new operations
Zhejiang ZPC Sales Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Commercial		100.00%	Opening new operations
Rongxiang Chemical Fiber Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Manufacturing	100.00%		Opening new operations
Zhejiang Yongsheng Technology Co. Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Manufacturing	70.00%		Business combinations under the same control
Zhejiang Zhuosheng Industry &	Shaoxing,	Shaoxing,	Commercial		100.00%	Opening new

Trade Co., Ltd.	Zhejiang	Zhejiang				operations
Hainan Rongsheng International Trade Co., Ltd.	Hainan, China	Hainan, China	Commercial	100.00%		Opening new operations
Rongsheng Chemical (Shanghai) Co., Ltd.	Shanghai, China	Shanghai, China	Commercial	100.00%		Opening new operations
Zhejiang Rongyi Trading Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00%		Opening new operations

(2) Major non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	gain and loss attributable to minority shareholders in the current period	Dividend announced to be distributed to minority shareholders in the current period	Ending balance of minority equity
Dalian Yisheng Investment Co., Ltd	30.00%	-122,148,467.44	15,750,000.00	1,876,726,207.74
Yisheng Dahua Petrochemical Co., Ltd.	15.40%	-102,816,741.31		1,080,303,596.56
Zhejiang Petroleum & Chemical Co., Ltd.	49.00%	10,956,320,924.91		41,745,154,923.05
Zhejiang Yongsheng technology Co. Ltd.	30.00%	109,652,295.98	108,000,000.00	207,137,824.74
Zhejiang Yisheng New Materials Co., Ltd.	49.00%	-24,230,334.51		1,495,345,669.27

(3) Main financial information of important partially-owned subsidiaries

Unit: RMB

Name of subsidiary	Ending balance						Beginning balance					
	Current asset	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dalian Yisheng Investment Co., Ltd	7,715,553,073.98	8,909,244,736.44	16,624,797,810.42	8,387,366.434.19	1,087,673.482.82	9,475,039.917.01	7,923,151.368.99	8,896,972.841.88	16,820,124,210.87	8,664,162.633.44	440,805.545.59	9,104,968.179.03
Yisheng Dahua Petrochemical Co., Ltd.	8,793,138,776.82	6,663,520,619.64	15,456,659,396.46	8,120,170.116.58	1,087,673.482.82	9,207,843.599.40	8,682,184.668.32	7,144,366.691.92	15,826,551,360.24	8,451,062.633.44	440,805.545.59	8,891,868.179.03
Zhejiang Petroleum & Chemical Co., Ltd.	60,232,724,784.09	203,197,727,465.63	263,430,452,249.72	76,184,565,745.11	102,131,574,319.18	178,316,140,064.29	34,687,773,631.88	154,258,166,099.40	188,945,939,731.28	63,602,133,606.87	63,860,646,565.50	127,462,780,172.37
Zhejiang Yongsheng technology Co. Ltd.	786,518,542.14	974,383,129.91	1,760,901.672.05	767,926.698.80	302,515.557.44	1,070,442.256.24	837,957.212.40	849,494.676.39	1,687,451.888.79	989,285.630.80	13,214.495.45	1,002,500.126.25
Zhejiang Yisheng New Materials Co., Ltd.	2,701,054,442.28	8,871,302,645.80	11,572,357,088.08	6,288,300.160.67	2,233,114.583.70	8,521,414.744.37						

Unit: RMB

Name of subsidiary	Current amount incurred				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Dalian Yisheng Investment Co., Ltd	29,402,156,939.80	-512,976,295.67	-509,876,436.60	1,005,444,756.48	25,364,168,603.77	1,092,065,344.42	1,072,120,429.77	1,717,169,702.82
Yisheng Dahua Petrochemical Co., Ltd.	29,402,156,939.81	-686,974,859.07	-685,867,384.15	609,487,159.99	25,364,168,603.77	598,708,284.15	598,708,284.15	1,717,207,655.03
Zhejiang Petroleum & Chemical Co., Ltd.	117,626,011,416.15	22,322,793,457.10	22,351,340,505.99	26,760,544,698.60	64,900,507,199.09	11,208,361,869.62	11,227,786,268.62	18,702,050,808.18
Zhejiang Yongsheng technology Co. Ltd.	2,163,627,582.96	365,507,653.27	365,507,653.27	-101,798,811.27	1,794,464,397.95	337,539,020.59	337,539,020.59	149,187,981.28
Zhejiang Yisheng New Materials Co., Ltd.	7,484,762,137.20	274,641.46	274,641.46	47,549,851.33				

2. Equity in joint ventures or associated enterprises

(1) Important joint ventures or associated enterprises

Name of the joint venture or associated enterprise	Principal place of business	Place of registration	Business nature	Shareholding ratio		Accounting method for investments in joint ventures and associated enterprises
				Direct	Indirect	
Zhejiang Yisheng Petrochemical Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing	16.07%	13.93%	Accounting by the equity method
Hainan Yisheng Petrochemical Co., Ltd.	Yangpu, Hainan	Yangpu, Hainan	Manufacturing		50.00%	Accounting by the equity method
Ningbo Hengyi Trading Co., Ltd	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	30.00%		Accounting by the equity method
Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd.	Xiaoshan, Zhejiang	Xiaoshan, Zhejiang	Finance	9.71%		Accounting by the equity method

Basis for one having voting rights of below 20% and significant influences or one having voting rights of 20% or above but no significant influences:

The company holds 9.712% of the shares of Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd. and has a representative on the board of directors of the company, who has the substantive right to participate in decision-making. The representative can participate in the formulation of financial and operating policies of Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd., so as to exert significant influence on it.

(2) Main financial information of important associated enterprises

Unit: RMB

	Ending balance/amount incurred in the current period				Beginning balance/amount incurred in the prior period			
	Zhejiang Yisheng Petrochemical Co., Ltd.	Hainan Yisheng Petrochemical Co., Ltd.	Ningbo Hengyi Trading Co., Ltd.	Zhejiang Xiaoshan Rural Commercial Bank.	Zhejiang Yisheng Petrochemical Co., Ltd.	Hainan Yisheng Petrochemical Co., Ltd.	Ningbo Hengyi Trading Co., Ltd.	Zhejiang Xiaoshan Rural Commercial Bank.
Current asset	13,925,029,252.49	5,692,696,309.03	558,104,813.53	183,563,439,674.23	11,150,946,943.66	4,720,433,432.29	935,560,455.78	150,672,957,399.06
Non-current assets	4,015,230,448.69	5,761,418,676.67	2,895,857,322.78	55,427,378,428.94	4,503,925,053.39	5,497,015,140.04	1,904,797,827.77	52,671,559,510.76
Total assets	17,940,259,701.18	11,454,114,985.70	3,453,962,136.31	238,990,818,103.17	15,654,871,997.05	10,217,448,572.33	2,840,358,283.55	203,344,516,909.82
Current liabilities	7,901,860,289.20	5,801,102,638.20	2,812,659,641.56	209,590,669,354.56	6,192,298,828.19	5,522,995,486.71	1,915,956,250.83	179,767,390,611.17
Non-current liabilities	907,070,818.70	835,643,407.65		10,734,813,506.22	747,347,717.40	717,202,695.78		8,005,189,542.59
Total liabilities	8,808,931,107.90	6,636,746,045.85	2,812,659,641.56	220,325,482,860.78	6,939,646,545.59	6,240,198,182.49	1,915,956,250.83	187,772,580,153.76
Minority equity								
Shareholders' equity attributable to the parent company	9,131,328,593.28	4,817,368,939.85	641,302,494.75	18,665,335,242.39	8,715,225,451.46	3,977,250,389.84	924,402,032.72	15,571,936,756.06
Share of net assets calculated by the shareholding	2,739,398,577.98	2,158,684,469.93	192,390,748.43	1,812,777,358.74	2,614,567,635.44	1,765,271,056.62	277,320,609.82	1,512,346,497.75

ratio								
Adjustments								
- Goodwill		102,420,730.97		4,040,414.35		2,278,705.42		4,040,414.35
--Unrealized profits from internal transactions		-14,582,400.49				-14,144,928.47		
--Others	11,273,596.92		1,238,672.03	5,679,587.65	11,203,066.91			7,059,901.73
Book value of equity investment in associated enterprise	2,750,672,174.90	2,246,522,800.41	193,629,420.45	1,822,497,360.74	2,625,770,702.35	1,753,404,833.57	277,320,609.82	1,523,446,813.83
Fair value of equity investment in associated enterprise with the public offer								
Operating income	30,308,423,232.02	16,804,595,536.76	13,327,029,392.53	5,723,057,439.93	23,524,677,046.99	18,087,649,345.56	14,310,437,315.93	4,955,461,259.91
Net profit	382,672,770.10	342,177,185.37	-229,570,490.29	1,637,177,704.17	1,096,300,055.07	982,672,641.29	679,467,396.04	1,522,181,267.58
Net profit from termination of operation								
Other comprehensive	33,430,371.72	-2,058,635.36	-1,029,047.68	164,523,585.41	-28,642,213.72	12,405,187.49	6,202,593.75	-100,739,959.51

income								
Total comprehensive income	416,103,141.82	340,118,550.01	-230,599,537.97	1,801,701,289.58	1,067,657,841.35	995,077,828.78	685,669,989.79	1,421,441,308.07
Dividends received from associated enterprises in the current year				12,026,036.00		212,500,000.00	63,750,000.00	36,078,100.00

(3) Summary of the financial information of minor joint ventures and associated enterprises

Unit: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the prior period
Associated enterprise:	--	--
Total book value of investments	577,547,654.71	1,823,837,026.12
Total of the following items calculated as per the respective shareholding proportion	--	--
--Net profit	-334,920,400.19	-243,817,371.55
--Other comprehensive income	-1,733,255.24	-3,295,523.46
--Total comprehensive income	-336,653,655.43	-247,112,895.01

X. Risks Relating to Financial Instruments

The Company conducts risk management to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on this objective, the Company's basic policy for risk management is to confirm and analyze all kinds of risks faced by the Company, set up an appropriate risk bottom line, conduct risk management, and monitor all risks promptly and reliably to limit risks within a specific range.

The Company faces various risks related to financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Management has deliberated and approved the policies governing such risks, as outlined below.

(I) Credit risk

Credit risk refers to the risk that may bring financial loss to one party of the financial tool caused by the other party's failure to perform its obligations in the contract.

1. Practice of credit risk management

(1) Evaluation method of credit risk

On each balance sheet date, the Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. When confirming whether the credit risks have increased significantly since the initial recognition, the Company considers reasonable and well-founded information, including qualitative and quantitative analysis based on the Company's history data, external credit risk ratings and forward-looking information, without incurring additional costs or efforts. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compares the default risks of the financial instruments on the balance sheet date with the default risks on the

initial recognition date so as to determine changes in the expected default risks of financial instruments during the duration.

When one or more of the following quantitative and qualitative criteria is/are triggered, the Company considers that the credit risks of financial instruments have increased significantly:

1) The quantitative criteria mainly refer to that the probability of default of the remaining duration on the balance sheet date increases by more than a certain proportion compared with the initial recognition.

2) The qualitative criteria mainly include significant adverse changes in the debtor's business or financial situation, and existing or expected changes in the technical, market, economic or legal environment, which will have a significant adverse impact on the debtor's repayment ability to the Company, etc.

(2) Definition of default and credit-impaired assets

When a financial instrument meets one or more of the following conditions, the Company defines the financial asset as a default, and its standard is consistent with the definition of credit impairment:

1) The debtor has major financial difficulties;

2) The debtor violates the binding provisions on the debtor in the contract;

3) The debtor is likely to go bankrupt or undergo another financial restructuring;

4) The creditor gives the debtor concessions that the debtor would not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.

2. Measurement of expected credit loss

Key parameters for measuring expected credit loss include the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Company has taken into account the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, collateral type and repayment method), and established the PD, LGD and EAD models.

3. For the reconciliation between the opening balance and the closing balance of the provision for loss of financial instruments, please see notes V (I) 3 and V (i) 6 of the financial statements for details.

4. Credit risk exposure and credit risk concentration

The credit risk to the Company mainly comes from monetary funds and accounts receivable. In order to control the above related risks, the Company has taken the following measures respectively.

(1) Monetary fund

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

(2) Receivables

The Company regularly evaluates the credit of customers who trade by credit. According to the credit evaluation results, the Company chooses to trade with recognized customers with good credit and monitors their accounts receivable balance to ensure that the Company will not face significant bad debt risk.

Since the Company only conducts transactions with recognized third parties with good credit, no collateral is required. Credit risk concentration is managed according to customers. As of December 31, 2021, the Company has a certain credit concentration risk, because 51.15% (December 31, 2020: 56.25%) of the Company's accounts receivable are from the top five customers ranking in terms of balance. The Company holds no collateral or other credit enhancement for the balance of accounts receivable.

The maximum credit risk exposure of the Company is the book value of each financial asset on the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of occurrence of capital shortage when the Company fulfills its obligations settled by delivering cash or other financial assets. Liquidity risk may result from the inability to sell financial assets at fair value as soon as possible; or because the other party is unable to repay its contractual debts; or from debts due in advance; or from the inability to generate expected cash flow.

In order to control this risk, the Company comprehensively uses various financing means, such as bill settlement and bank loan, and adopts the method of the appropriate combination of long-term and short-term financing methods to optimize the financing structure, so as to maintain the balance between financing sustainability and flexibility. The Company has obtained bank credit lines from a number of commercial banks to meet working capital needs and capital expenditure.

Financial liabilities are classified by remaining maturity date

Unit: RMB

Item	Ending balance				
	Book value	Undiscounted contract price	Within 1 year	1-3 years	Above 3 years
Bank borrowings	160,341,870,641.76	212,505,605,319.51	51,552,425,565.18	22,101,099,754.94	138,852,079,999.39
Trading financial liabilities	214,744,004.37	214,744,004.37	214,744,004.37		
Notes payable	2,486,446,489.85	2,486,446,489.85	2,486,446,489.85		
Accounts payable	57,988,810,816.03	57,988,810,816.03	57,988,810,816.03		
Other payables	2,102,611,949.60	2,102,611,949.60	2,102,611,949.60		
Bonds payable	2,042,929,924.77	2,286,800,000.00	95,600,000.00	2,191,200,000.00	
Lease liabilities	257,516,951.73	337,998,065.20	33,654,985.85	66,875,006.40	237,468,072.95
Subtotal	225,434,930,778.11	277,923,016,644.56	114,474,293,810.88	24,359,174,761.34	139,089,548,072.34
Item	Ending balance of the previous year				

	Book value	Undiscounted contract price	Within 1 year	1-3 years	Above 3 years
Bank borrowings	119,433,262,376.78	135,593,763,687.55	61,753,679,703.66	28,941,438,298.41	44,898,645,685.48
Trading financial liabilities	15,505,695.61	15,505,695.61	15,505,695.61		
Notes payable	3,696,354,818.17	3,696,354,818.17	3,696,354,818.17		
Accounts payable	36,675,981,083.71	36,675,981,083.71	36,675,981,083.71		
Other payables	696,404,982.27	696,404,982.27	696,404,982.27		
Bonds payable	3,043,646,042.64	3,436,600,000.00	1,149,800,000.00	191,200,000.00	2,095,600,000.00
Subtotal	163,561,154,999.18	180,114,610,267.31	103,987,726,283.42	29,132,638,298.41	46,994,245,685.48

(III) Market risk management

Market risk means a risk that the fair value or future cash flow of the financial instrument fluctuates due to changes in market price. Market risk mainly includes interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or cash flow in the future may fluctuate due to changes in the market interest rate. The interest-bearing financial instruments with fixed interest rates expose the Company to fair value interest rate risk, and the interest-bearing financial instruments with floating interest rates expose the Company to cash flow interest rate risk. The Company determines the ratio of fixed interest rate and floating interest rate financial instruments according to the market environment, and maintains an appropriate combination of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the Company is mainly related to the bank borrowings with floating interest rates.

As of December 31, 2021, the bank borrowings with the floating interest rate of the Company is RMB 116.0,773,634 billion (December 31, 2020: RMB 80.919,729 billion). Under the assumption that other variables remain unchanged, assuming that the interest rate changes by 50 benchmark points, we believe that it will not have a significant impact on the total profits and shareholders' equity.

2. Foreign exchange risk

Foreign exchange risk means a risk that the fair value or future cash flow of a financial instrument fluctuates due to a change in the foreign exchange rate. The risk of exchange rate changes faced by the Company is mainly related to the Company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, in case of short-term imbalance, the Company will buy and sell foreign currencies at the market exchange rate when necessary to ensure that the net risk exposure is maintained at an acceptable level.

The Company's monetary assets and liabilities in foreign currencies at the end of the period are detailed in

Notes to the Financial Statements V (4) 2 to the financial statements.

XI. Disclosure of Fair Value

1. Fair value at the end of the period of assets and liabilities measured at fair value

Unit: RMB

Item	Ending fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Sustained measurement of fair value	--	--	--	--
1. Financial assets at fair value through gain and loss	345,151,994.32			345,151,994.32
(1) Derivative financial assets	345,151,994.32			345,151,994.32
2. Receivables financing			357,547,507.32	357,547,507.32
Total assets continuously measured at fair value	345,151,994.32		357,547,507.32	702,699,501.64
3. Trading financial liabilities	214,744,004.37			214,744,004.37
Derivative financial liabilities	214,744,004.37			214,744,004.37
Total liabilities continuously measured at fair value	214,744,004.37			214,744,004.37

2. Basis for determination of the market prices of sustained and unsustained Level 1 fair value measurement items

It is based on the floating gain and loss amount determined by the futures and paper cargo position contract in accordance with the fair value on the balance sheet date.

3. Qualitative and quantitative information of valuation techniques and important parameters adopted for sustained and unsustained level 3 fair value measurement items

Basis: the fair value is determined by using a specific valuation technique, and the important parameters adopted include interest rates that cannot be directly observed and so on.

4. Adjustment information between the beginning and ending book values and sensitivity analysis of unobservable parameters of sustained Level 3 fair value measurement items

XII. Related Party and Related Transactions

1. The Company's parent company

Name of parent company	Place of registration	Business nature	Registered capital	Proportion of the Company's shares held by the parent company	Proportion of the Company's voting rights held by the parent company
Zhejiang Rongsheng Holding Group Co., Ltd.	Xiaoshan, Zhejiang	Industrial investment	RMB 834.664 million	61.46%	61.46%

Note to information about the Company's parent company

The ultimate controlling party of the Company is Li Shuirong.

Other descriptions:

Li Shuirong directly holds 6.35% equity in the Company. Zhejiang Rongsheng Holding Group Co., Ltd. holds 61.46% of the equity of the Company, and Li Shuirong holds 61.4937% of the equity of Zhejiang Rongsheng Holding Group Co., Ltd., thus indirectly holding 37.79% of the equity of the Company, with a total of holding 44.14% of the equity of the Company.

2. Information on subsidiaries of the Company

See Note 7 for details of the Company's subsidiaries.

3. The Company's joint ventures and associated enterprises

See Note VII for details of important joint ventures or associated enterprises of the Company.

Other joint ventures and associated enterprises that form balances in related party transactions with the Company in the current or previous period are as follows:

Name of joint venture or associated enterprise	Relation with the Company
Zhejiang Provincial Petroleum Co., Ltd.	Associated enterprise
ZPC-ENN (Zhoushan) Gas Co., Ltd.	Associated enterprise
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	Associated enterprise
Zhejiang Oil Products Trading Co., Ltd.	Associated enterprise
Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	Associated enterprise
Zhejiang Zhenshi Port Service Co., Ltd.	Associated enterprise

Zhejiang Derong chemicals Co. Ltd.	Associated enterprise
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	Associated enterprise
Zhoushan ZPC Zhougang Tugboat Co., Ltd.	Associated enterprise

4 Other related parties

Name of other related parties	Relationship between other related parties and the Company
Li Jumei	A close family member of the actual controller
Sanyuan Holding Group Co., Ltd.	Controlled by a family member close to the actual controller
Sanyuan Holding Group Hangzhou Thermal Power Co., Ltd.	Controlled by a family member close to the actual controller
Zhejiang Saintyear Textile Co., Ltd.	Controlled by a family member close to the actual controller
Zhejiang Rongtong Logistics Co., Ltd.	The same ultimate actual controller
Thermal Power Co., Ltd. of Ningbo Economic And Technological Development Zone	The same ultimate actual controller
Ningbo United Group Co., Ltd.	The same ultimate actual controller
Ningbo Qingzhi Chemical Terminal Co., Ltd.	The same ultimate actual controller
Suzhou Shenghui Equipment Co., Ltd.	The same ultimate actual controller
Hangzhou Shengyuan Real Estate Development Co., Ltd.	The same ultimate actual controller
Hongkong Rongsheng Trading Co., Ltd.	The same ultimate actual controller
Ningbo Rongxiang Logistics Co., Ltd.	The same ultimate actual controller
Daishan Chenyu Real Estate Co., Ltd.	The same ultimate actual controller
Ningbo Haineng Blend Oil Co., Ltd.	The same ultimate actual controller
Rongsheng Coal Co., Ltd.	The same ultimate actual controller
Rongsheng Energy Co., Ltd.	The same ultimate actual controller
Hong Kong Yisheng Co., Ltd.	Hainan Yisheng Petrochemical Co., Ltd.
Hong Kong Yisheng Co., Ltd.	A subsidiary of Zhejiang Yisheng Petrochemical Co., Ltd.
Ningbo Shengmao Trading Co., Ltd.	A subsidiary of Hong Kong Yisheng Co., Ltd.
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	A subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
Zhejiang Yixin Chemical Fiber Co., Ltd.	A subsidiary of Zhejiang Yisheng Petrochemical Co., Ltd.
Dongzhan Shipping Co., Ltd.	An associated enterprise of Zhejiang Rongtong Logistics Co., Ltd.
Guangsha (Zhoushan) Energy Group Co., Ltd.	A subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	A subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
Ningbo Qijiashan Chemical Terminal Co., Ltd.	The same ultimate actual controller

Zhejiang Juxing Chemical Fiber Co., Ltd.	[Note]
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Other description

[Note]: The company transferred its equity in November 2021. After the equity transfer, the company no longer holds the equity. The notes to these financial statements disclose the transaction volume with the company from November to December.

5. Related party transactions
(1) Related party transactions regarding purchase and sales of goods as well as provision and acceptance of labor services

Table of the purchasing of goods and receiving of labor services

Unit: RMB

Related party	Contents of related party transaction	Current amount incurred	Amount incurred in the previous period
Zhejiang Rongsheng Holding Group Co., Ltd.	Coal and other materials	5,612,060,288.97	4,071,486,223.55
Zhejiang Rongtong Logistics Co., Ltd.	Freight	597,908,488.54	593,259,729.26
Ningbo Hengyi Trading Co., Ltd	PTA, PX	954,511,160.57	495,095,104.70
Sanyuan Holding Group Hangzhou Thermal Power Co., Ltd.	Steam	15,539,877.08	8,000,258.71
Ningbo Qingzhi Chemical Terminal Co., Ltd.	Lump sum fee for port operation	41,151,609.35	54,588,251.39
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Diesel	2,763,643.66	
Hainan Yisheng Petrochemical Co., Ltd.	PTA	104,870,784.25	
Ningbo Rongxiang Logistics Co., Ltd.	Freight	17,463,424.32	
Zhejiang Yisheng Petrochemical Co., Ltd.	IPA, PX, glacial acetic acid, storage fee	513,812,540.96	23,601,358.80
Rongsheng Coal Co., Ltd.	Coal, labor, etc	4,387,246,227.52	227,317.70
Ningbo United Group Co., Ltd.	Hotel service	631,433.09	120,616.11
Thermal Power Co., Ltd. of Ningbo Economic And Technological Development Zone	Water-coal-slurry processing, electric power	8,685,172.31	30,593,850.80
Guangsha (Zhoushan) Energy Group Co., Ltd.	Warehousing service	136,559,375.99	206,293,248.95
Ningbo Haineng Blend Oil Co., Ltd.	Warehousing service	30,567,005.62	

Ningbo Shengmao Trading Co., Ltd.	Glacial acetic acid	120,203,284.07	
Dongzhan Shipping Co., Ltd.	Freight	16,963,568.95	10,222,844.61
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	Plant operation guarantee service	307,563,415.17	264,212,594.67
Rongsheng Energy Co., Ltd.	Coal	152,774,249.54	
Ningbo Qijiasan Chemical Terminal Co., Ltd.	Warehousing charges	117,541.74	
Suzhou Shenghui Equipment Co., Ltd.	Equipment and materials	698,575,915.01	974,321,525.87
ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	Crude oil	4,305,202,596.17	326,365,066.01
Zhejiang Juxing Chemical Fiber Co., Ltd.	Auxiliary materials	1,474.31	
Zhejiang Oil Products Trading Co., Ltd.	Office supplies	366,048.00	
Total		18,025,539,125.19	7,058,387,991.13

Information form on goods sold/services provided

Unit: RMB

Related party	Contents of related party transaction	Current amount incurred	Amount incurred in the previous period
Zhejiang Rongsheng Holding Group Co., Ltd.	Electric charge	1,105,358.53	1,862,793.33
Zhejiang Rongtong Logistics Co., Ltd.	PTA	1,542,714.69	7,463,785.83
Ningbo Hengyi Trading Co., Ltd.	PTA	82,035,398.23	
Zhejiang Sainyear Textile Co., Ltd.	Polyester filament	6,192.90	15,297.82
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Fuel oil, diesel, gasoline	353,568,733.99	58,971,903.39
Hainan Yisheng Petrochemical Co., Ltd.	PTA	348,605,455.15	320,613.21
Zhejiang Yisheng Petrochemical Co., Ltd.	Xylene, PTA, PX	5,520,152,307.04	6,725,179,772.83
Zhejiang Yixin Chemical Fiber Co., Ltd.	PTA	139,460,176.99	
Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	PX, MEG, petroleum benzene, acrylonitrile, styrene, butadiene, phenol	[Note 1]	80,732,177.00
Zhejiang Derong chemicals Co. Ltd.	Acetonitrile, MEG, diesel, gasoline	48,216,747.80	
Zhejiang Oil Products Trading Co., Ltd.	Gasoline, diesel, fuel oil	287,004,973.22	3,227,159,556.55
Zhoushan ZPC Zhougang Tugboat Co., Ltd.	Diesel	5,218,280.88	
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	MEG, PX, cracking C5, DEG, diethylene glycol	[Note 1]	

ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	Petroleum	1,491,438,414.44	151,913,857.95
Zhejiang Yisheng New Materials Co., Ltd. [Note 2]	PX, steam, water, electricity, office supplies	486,481,138.16	2,239,051.96
Zhejiang Juxing Chemical Fiber Co., Ltd.	PTA, auxiliary materials, EG, natural gas, electricity, hardware	153,548,429.65	
Total		8,918,384,321.67	10,255,858,809.87

[Note 1]: The company sells products through related parties Zhejiang Kunsheng Petrochemical Sales Co., Ltd. and Zhejiang Jurong Petrochemical Sales Co., Ltd., in the current period. The cumulative transaction amount through these companies is RMB 8.5,672,897 billion this year.

[Note 2]: The Company incorporated Zhejiang Yisheng New Materials Co., Ltd. into the consolidation scope of the Company's financial statements in July 2021. The notes to these financial statements disclose the transaction volume with this company from January to June 2021.

(2) Related leasing

The Company acts as the Lessor:

Unit: RMB

Name of lessee	Type of leased asset	Rental income recognized in the current period	Lease income recognized in the previous period
Zhejiang Yisheng New Materials Co., Ltd.	Land leasing, etc	8,256,880.74	10,500,000.00
Zhejiang Rongtong Logistics Co., Ltd.	House rental	1,284,403.67	1,284,403.67

The Company acts as the Lessee:

Unit: RMB

Lessor	Type of leased asset	Lease expense recognized in the current period	Lease expense recognized in the previous period
Zhejiang Rongsheng Holding Group Co., Ltd.	House leasing	550,458.72	550,458.72
Hangzhou Shengyuan Real Estate Development Co., Ltd.	House leasing	53,465.31	1,306,545.10
Total		603,924.03	1,857,003.82

(3) Affiliated guarantees

The Company as guarantor

Unit: RMB

Secured party	Guarantee amount	Starting date of the guarantee	Ending date of the guarantee	If the guarantee has been performed (Y/N)
Hainan Yisheng Petrochemical Co., Ltd.	108,520,000.00	July 14, 2021	July 13, 2022	No
Hainan Yisheng Petrochemical Co., Ltd.	91,480,000.00	July 19, 2021	July 18, 2022	No

The Company serves as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Starting date of the guarantee	Ending date of the guarantee	If the guarantee has been performed (Y/N)
Zhejiang Rongsheng Holding Group Co., Ltd.	861,918,400.00	April 28, 2021	June 29, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 3]	81,360,000.00	April 19, 2021	May 18, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd.	4,300,946,700.00	March 24, 2021	December 29, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	674,978,100.00	March 16, 2021	April 30, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	300,000,000.00	August 4, 2021	January 1, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 9]	22,720,800.00	November 15, 2021	November 28, 2022	No
Sanyuan Holding Group Co., Ltd.	80,000,000.00	March 4, 2021	February 27, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd.	24,305,248,000.00	September 30, 2019	November 14, 2026	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	55,727,700.00	November 16, 2021	November 11, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 2]	293,250,000.00	August 31, 2021	November 21, 2026	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 3]	508,540,000.00	September 30, 2020	September 30, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 4]	200,000,000.00	December 29, 2021	December 28, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 5]	405,980,400.00	June 9, 2020	January 15, 2025	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	175,200,000.00	January 1, 2021	July 1, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd.	5,965,775,000.00	October 18, 2019	January 15, 2024	No

[Note 7]				
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	3,001,000,000.00	February 28, 2019	December 20, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 9]	31,017,000,000.00	January 20, 2021	November 15, 2032	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 8]	24,724,220,100.00	July 31, 2018	July 30, 2030	No
Zhejiang Rongsheng Holding Group Co., Ltd.	5,347,664,917.61	February 28, 2020	September 24, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	2,763,973,061.76	August 19, 2021	May 25, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	90,452,693.47	November 5, 2021	November 5, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 8]	1,177,081,734.00	August 8, 2018	July 30, 2030	No
Zhejiang Rongsheng Holding Group Co., Ltd.	86,494,893.88	May 7, 2021	April 30, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 10]	820,000,000.00	April 28, 2020	April 1, 2029	No
Zhejiang Rongsheng Holding Group Co., Ltd.	5,081,039,000.00	March 29, 2021	December 19, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	20,400,000.00	November 16, 2021	November 11, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 3]	190,000,000.00	June 21, 2021	June 16, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd.	19,905,525,152.25	November 27, 2020	March 18, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	1,003,980,841.43	August 9, 2021	May 17, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	7,964,635,377.18	September 18, 2021	April 29, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 8]	13,098,875.65	September 20, 2018	June 30, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 9]	52,173,628.24	March 9, 2021	February 28, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd.	585,550,158.65	December 16, 2020	December 30, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	1,132,662,634.50	July 27, 2021	May 24, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 8]	16,555,494.07	October 22, 2018	June 30, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 9]	176,528,884.70	March 17, 2021	October 30, 2023	No

Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	3,023,428.32	July 17, 2019	February 28, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd.	3,195,740.80	June 7, 2021	January 2, 2022	No
Zhejiang Rongsheng Holding Group Co., Ltd.	21,456,198.40	August 11, 2020	June 15, 2022	No

Description of related party guarantee

[Note 1]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 51% of the guarantee amount.

[Note 2]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 51% of the guarantee amount. The subsidiary Zhejiang Yisheng New Materials Co., Ltd. has provided a mortgage guarantee for machinery and equipment of RMB 3.0,617,994 billion.

[Note 3]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 50% of the guarantee amount.

[Note 4]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 100% of the guarantee amount. The subsidiary Zhejiang Yisheng New Materials Co., Ltd. has provided a mortgage guarantee for machinery and equipment of RMB 3.0,617,994 billion.

[Note 5]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 50% of the guarantee amount. The subsidiary Zhejiang Yisheng New Materials Co., Ltd. has provided a mortgage guarantee for machinery and equipment of RMB 3.0,617,994 billion.

[Note 6]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 60% of the guarantee amount.

[Note 7]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 100% of the guarantee amount. The subsidiary Zhejiang Petroleum & Chemical Co., Ltd. has provided a mortgage guarantee for construction in progress and fixed assets with an original book value of RMB 9.5,127,665 billion.

[Note 8] Zhejiang Rongsheng Holding Group Co., Ltd. and the Company have provided joint and several liability guarantees for 51% of the guarantee amount. The subsidiary Zhejiang Petroleum & Chemical Co., Ltd. has provided a mortgage guarantee with the completed asset - refining and chemical integration project with an annual output of 40 million tons (including but not limited to the mortgage guarantee provided in the form of land use rights, above-ground structures and equipment of the project after the completion acceptance of the construction project).

[Note 9] Zhejiang Rongsheng Holding Group Co., Ltd. and the Company have provided joint and several liability guarantees for 60% of the guarantee amount. The subsidiary Zhejiang Petroleum & Chemical Co., Ltd. has provided a mortgage guarantee with the completed asset - refining and chemical integration project with an annual output of 40 million tons (including but not limited to the mortgage guarantee provided in the form of land use rights, above-ground structures and equipment of the project after the completion acceptance of the construction

project).

[Note 10]: Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 100% of the guarantee amount. The subsidiary Ningbo Niluoshan New Energy Co., Ltd. has provided a mortgage guarantee with fixed assets and intangible assets worth RMB 53.9,209 million.

(4) Fund borrowing from/to related parties

(1) In the current period, the Company has borrowed RMB 3.316 billion from Zhejiang Rongsheng Holding Group Co., Ltd., made RMB 38.6,481 million provisions for fund possession cost, and returned RMB 3.3,510,199 billion of principal and interest on a cumulative basis. As of December 31, 2021, the amount payable by the Company is RMB 3.6282 million.

In the current period, the subsidiary Ningbo Zhongjin Petrochemical Co., Ltd. has borrowed RMB 180 million from the controlling shareholder Zhejiang Rongsheng Holding Group Co., Ltd. and returned RMB 180 million on a cumulative basis. As of December 31, 2021, Ningbo Zhongjin Petrochemical Co., Ltd. has returned all the above funds.

In the current period, the subsidiary Zhejiang Shengyuan Chemical Fiber Co., Ltd. has borrowed RMB 1.0843 billion from the controlling shareholder Zhejiang Rongsheng Holding Group Co., Ltd. and returned RMB 1.0843 billion on a cumulative basis. As of December 31, 2021, Zhejiang Shengyuan Chemical Fiber Co., Ltd. has returned all the above funds.

(2) At the beginning of the period, the entrusted loan receivables of subsidiary Yisheng Dahua Petrochemical Co., Ltd. from Zhejiang Yisheng New Materials Co., Ltd. are RMB 1 billion, and before the date of including Zhejiang Yisheng New Materials Co., Ltd. into the consolidation scope, the company has recovered RMB 430 million due from January to June 2021. Moreover, Yisheng Dahua Petrochemical Co., Ltd. has provided RMB 530 million entrusted loan for Zhejiang Yisheng New Materials Co., Ltd., with the term of one year and at a fixed annual interest rate of 4.785% calculated quarterly. In this entrusted loan, RMB 27.6905 million of interest has accrued, and RMB 26.255 million of interest has recovered. As of June 30, 2021, there were RMB 1.1 billion of entrusted loans and RMB 1.4355 million of entrusted loan interest not yet due for recovery.

At the beginning of July 2021, the entrusted loan and the related interest payable of Zhejiang Yisheng New Materials Co., Ltd. to Zhejiang Yisheng Petrochemical Co., Ltd. were RMB 1.1 billion and RMB 1.4355 million, respectively. From July to December 2021, RMB 350 million was paid in due course, RMB 328 million of the entrusted loan was received, RMB 2,656.67 of entrusted loan interest was accrued, and RMB 26.5153 million of entrusted loan interest was paid. As of December 31, 2021, RMB 1.078 billion of entrusted loan and RMB 1.4869 million of entrusted loan interest were not yet due for payment.

(3) At the beginning of the period, the amount receivables of subsidiary Zhejiang Petroleum & Chemical Co., Ltd. from ZPC-ENN (Zhoushan) Gas Co., Ltd. were RMB 20 million, with RMB 4.8 million lent in the

current period, RMB 20 million of the initial loan recovered, RMB 323,800 of fund possession cost collected. As of December 31, 2021, the amount receivables of Zhejiang Petroleum & Chemical Co., Ltd. were RMB 4.8 million.

In the current period, the subsidiary Zhejiang Petroleum & Chemical Co., Ltd. lent RMB 244.777 million to the associated enterprise Zhejiang Derong Chemicals Co. Ltd., and the lending funds were recovered in due course, with RMB 219,600 of fund possession cost collected. As of December 31, 2021, Zhejiang Petroleum & Chemical Co., Ltd. had recovered all the above funds.

At the beginning of the period, the amount receivables of Ningbo Zhongjin Petrochemical Co., Ltd. from Zhejiang Zhenshi Port Service Co., Ltd. were RMB 3.5 million, with RMB 3.5222 million of principal and interest received in the current period. As of December 31, 2021, Ningbo Zhongjin Petrochemical Co., Ltd. had returned all the above funds.

(4) In early November of 2021, the amount receivables of Zhejiang Yongsheng technology Co. Ltd. from Zhejiang Juxing Chemical Fiber Co., Ltd. were RMB 220.5046 million. From November to December 2021, RMB 1.5921 million of fund possession costs was collected, and RMB 222.0967 million of principal and interest aforementioned was received. As of December 31, 2021, Zhejiang Yongsheng Technology Co., Ltd. had fully recovered the above funds.

(5) At the beginning of the period, the subsidiary Zhejiang Petroleum & Chemical Co., Ltd. had made RMB 213,142,664.69 of house payments to Daishan Chenyu Real Estate Co., Ltd. on a cumulative basis, with RMB 364,325,158.55 paid in the current period.

(6) The subsidiary Rongsheng Petrochemical (Singapore) Pte Ltd. had conducted paper transactions with Hong Kong Yisheng Co., Ltd., with an investment loss of USD 6,199,116.87 realized in total in the current period.

The subsidiary Rongsheng Petrochemical (Singapore) Pte Ltd. had conducted paper transactions with Hong Kong Yisheng Petrochemical Investment Co., Ltd., with an investment loss of USD 7,157,830.00 realized in total in the current period.

(7) As of December 31, 2021, the deposit balance of the Company and its subsidiaries in the related party Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd. was RMB 67,053,903.63, USD 17,174.18 and EUR 129.66. At the end of the period, there were no bank acceptance bills issued but not yet due for payment.

(5) Remuneration of key management personnel

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Remuneration of key management personnel	15,595,277.70	10,303,700.12

6. Accounts receivable and payable of related parties

(1) Receivables

Unit: RMB

Name	Related party	Ending balance		Beginning balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	Zhejiang Juxing Chemical Fiber Co., Ltd.	431,932,803.47	21,596,640.17		
	Zhejiang Yisheng Petrochemical Co., Ltd.	11,714,406.80	585,720.34		
	Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	65,229,440.75	3,261,472.04		
	Zhejiang Derong chemicals Co. Ltd.	26,542,355.91	1,327,117.80		
	Rongsheng Coal Co., Ltd.			55,856.90	2,792.85
Subtotal		535,419,006.93	26,770,950.35	55,856.90	2,792.85
Advance payment	Zhejiang Rongsheng Holding Group Co., Ltd.			362,971,024.41	
	Rongsheng Coal Co., Ltd.	186,792,701.58			
	Ningbo Shengmao Trading Co., Ltd.	20,996,219.53			
	Rongsheng Energy Co., Ltd.	7,496,541.17			
	Hainan Yisheng Petrochemical Co., Ltd.	330,532.00			
Subtotal		215,615,994.28		362,971,024.41	
Other receivables	ZPC-ENN (Zhoushan) Gas Co., Ltd.	4,800,000.00	250,950.68	20,000,000.00	1,000,000.00
	Zhejiang Yisheng New Materials Co., Ltd.			1,000,000,000.00	
	Zhejiang Zhenshi Port			3,500,000.00	175,000.00

	Service Co., Ltd.				
Subtotal		4,800,000.00	250,950.68	1,023,500,000.00	1,175,000.00

(2) Payables

Unit: RMB

Name	Related party	Ending book balance	Beginning book balance
Accounts payable	Rongsheng Petrochemical (Singapore) Pte. Ltd. [Note]	29,156,220,917.75	10,040,208,593.80
	Yisheng Dahua Petrochemical Co., Ltd. [Note]	1,633,392,000.00	1,189,500,000.00
	Dalian Rongxincheng Trading Co., Ltd. [Note]	1,307,747,928.04	
	Zhejiang Rongtong Chemical Fiber New Material Co., Ltd. [Note]	1,273,000,000.00	838,000,000.00
	ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	1,016,415,181.95	168,940,409.14
	Ningbo Zhongjin Petrochemical Co., Ltd. [Note]	450,000,000.00	
	Zhejiang Yisheng New Materials Co., Ltd. [Note]	443,721,000.00	
	Zhejiang Petroleum & Chemical Co., Ltd. [Note]	413,293,018.86	1,337,811,500.00
	The Company [Note]	131,640,000.00	110,000,000.00
	Zhejiang Rongtong Logistics Co., Ltd.	86,513,249.75	113,023,912.24
	Guangsha (Zhoushan) Energy Group Co., Ltd.	36,577,868.52	64,325,543.57
	Dongzhan Shipping Co., Ltd.	1,258,096.99	
	Ningbo Rongxiang Logistics Co., Ltd.	494,329.36	
	Zhejiang Oil Products Trading Co., Ltd.	413,634.24	
	Ningbo Qingzhi Chemical Terminal Co., Ltd.	303,286.73	8,958,650.64
	Ningbo United Group Co., Ltd.	13,875.00	
	Ningbo Hengyi Trading Co., Ltd.		110,000,000.00
	Zhejiang Shengyuan Chemical Fiber Co., Ltd. [Note]		98,000,000.00
	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.		38,986,544.97
	Suzhou Shenghui Equipment Co., Ltd.		16,150,958.70
	Ningbo United Group Co., Ltd.		20,339.00
Subtotal		35,951,004,387.19	14,133,926,452.06
Notes payable	Zhejiang Yisheng Petrochemical Co., Ltd.	129,500,000.00	
	Ningbo Shengmao Trading Co., Ltd.	75,000,000.00	
	Suzhou Shenghui Equipment Co., Ltd.	5,835,878.48	
Subtotal		210,335,878.48	

Contract liabilities and other current liabilities	Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	74,434,586.53	
	Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	1,476,218.85	
	Zhoushan ZPC Zhougang Tugboat Co., Ltd.	53,342.61	
	Zhejiang Saityear Textile Co., Ltd.	46,292.23	53,290.21
	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	700.00	
	Zhejiang Oil Products Trading Co., Ltd.		326,878,633.14
	Zhejiang Yisheng Petrochemical Co., Ltd.		185,518,664.76
	Zhejiang Derong chemicals Co. Ltd.		50,000.00
Subtotal		76,011,140.22	512,500,588.11
Other payables	Zhejiang Yisheng Petrochemical Co., Ltd.	1,079,486,911.13	
	Hong Kong Yisheng Co., Ltd.	7,883,170.51	1,260,867.63
	Hong Kong Yisheng Co., Ltd.	6,069,283.86	1,030,342.91
	Zhejiang Rongsheng Holding Group Co., Ltd.	3,628,215.25	
	Zhejiang Rongtong Logistics Co., Ltd.	719,750.00	512,500.00
	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	660,000.00	
	Suzhou Shenghui Equipment Co. Ltd.	500,000.00	500,000.00
Subtotal		1,098,947,330.75	3,303,710.54

[Note]: They are the letters of credit issued by the Company and its subsidiaries, which were discounted after being received by Rongsheng Petrochemical (Singapore) Pte Ltd, Zhejiang Rongtong Chemical Fiber New Material Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Dalian Rongxincheng Trading Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., the Company, Zhejiang Yisheng New Materials Co., Ltd. and Ningbo Zhongjin Petrochemical Co., Ltd.

XIII. Commitments and Contingencies

1. Major commitments

Significant commitments at the balance sheet date

Major commitments

1. As of December 31, 2021, the number of letters of credit issued but not withdrawn in the financial institutions, including Bank of Communications Hangzhou Xiaoshan Sub-Branch by the Company and its holding subsidiaries Zhejiang Shengyuan Chemical Fiber Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Zhejiang Yongsheng technology Co. Ltd., Rongsheng Petrochemical (Singapore)

Pte Ltd., Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd. and Zhejiang Yongsheng technology Co. Ltd. were RMB 5,760,639 billion, USD 6,970,832 billion, EUR 327.3512 million, GBP 1.3927 million, JPY 440.596 million and CHF 2.104 million in total.

2. As of December 31, 2021, the letters of guarantee of the Company and its subsidiaries not yet due are as follows:

Unit: RMB 10,000

Issuing bank	Name of issuing company	Beneficiary	Guarantee amount
Dalian Jinpu New Area Branch of Bank of China Limited	Yisheng Dahua Petrochemical Co., Ltd.	Beiliang Port Customs of the People's Republic of China	CNY 24,480.00
China Construction Bank Corporation Dalian Ganjingzi Sub-branch	Yisheng Dahua Petrochemical Co., Ltd.	Zhengzhou Commodity Exchange	CNY 10,000.00
Ningbo Zhenhai Sub-Branch of Postal Savings Bank of China	Ningbo Zhongjin Petrochemical Co., Ltd.	Ningbo Customs of the People's Republic of China	CNY 8,600.00
Business Department of Industrial Bank Co., Ltd. Ningbo Branch	Ningbo Zhongjin Petrochemical Co., Ltd.	Ningbo Customs of the People's Republic of China	CNY 30,000.00
Ping An Bank Co., Ltd. Ningbo Zhenhai Sub-branch	Ningbo Zhongjin Petrochemical Co., Ltd.	Ningbo Customs of the People's Republic of China	CNY 25,300.00
Industrial and Commercial Bank of China Limited, Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY 9,765.00
Industrial and Commercial Bank of China Limited, Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 61,221.62
Ningbo Zhenhai Sub-branch of Guangfa Bank Ningbo Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 55,761.00
China Construction Bank Corporation Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY 264,467.00
China Construction Bank Corporation Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 179,194.00
Hangzhou Xiaoshan Sub-branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY 5,525.00
Hangzhou Xiaoshan Sub-branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 25,231.20
Zhoushan Branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY 17,980.00
Zhoushan Branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 18,851.00
Agricultural Bank of China Limited Xiaoshan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY 29,523.00

Agricultural Bank of China Limited Xiaoshan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 38,949.00
Shanghai Pudong Development Bank Co., Ltd. Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 47,130.00
China Citic Bank Corporation Limited. Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 14,418.00
Bank of China Limited Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Heraeus Metals (Shanghai) Co., Ltd.	CNY 5,534.43
Bank of China Limited Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY 20,602.30

2. Contingencies

XIV. Events after the Balance Sheet Date

1. Significant non-adjustment events

Unit: RMB

Item	Content	Impact on financial conditions and business performances	Reasons for failing to estimate the influence number
Repurchase of corporate shares	<p>According to the <i>Proposal on Repurchase of Shares of the Company</i> deliberated and adopted at the 21st meeting of the fifth board of directors held by the Company on March 15, 2022, the Company has used its own funds to buy back some RMB ordinary shares (A shares) issued by it in China in the form of centralized bidding transaction, which is used to convert corporate bonds issued by listed companies that can be converted into shares. In the current period, the repurchase amount is not less than RMB 1 billion (inclusive) and not more than RMB 2 billion (inclusive), the repurchase price is not more than RMB 22/share (inclusive), and the implementation period is within 12 months from the date of the repurchase plan reviewed and approved by the board of directors.</p>	<p>The increase in treasury shares is not less than RMB 1 billion (inclusive) and not more than RMB 2 billion (inclusive).</p>	

2 Profit distribution

Unit: RMB

Profit or dividend to be distributed	According to the profit distribution plan for 2021 approved at the 22nd meeting of the fifth board of directors on April 23, 2022, the Company plans to distribute RMB 1.5 per 10 shares in cash (tax-inclusive) to all shareholders. The current total number of shares of the Company is used to deduct 26,345,021 shares repurchased on a cumulative basis as of the disclosure date of this announcement, resulting 10,099,179,979 shares as the base for estimation. The total cash dividend to be distributed is RMB 1,514,876,996.85 (tax-inclusive), and the remaining undistributed profits are carried forward to the next year. In this year, no bonus shares and share capital increased by accumulation fund are made by the Company. The profit distribution doesn't include the shares of the Company held by it through the special securities repurchase account. In the case that before the registration date of equity distribution, the total share capital of the Company has changed due to the conversion of convertible bonds into shares, share repurchase, cancellation of share repurchase granted by equity incentive, reservation of partial share grant registration and others, the total amount of distribution is adjusted according to the principle of distribution proportion unchanged.
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XV. Other Important Matters

1. Segment information

(1) Determination basis and accounting policies for reporting segments

The operating income and operating costs of the Company classified by product are detailed in Note V (II) 1 to these financial statements.

Factors to be considered in determining the segment for the report

The Company establishes its reporting segment based on the internal organizational structure, management requirements and internal reporting system, and determines reporting segments on the basis of the industry segment. The business performance of the petrochemical production business, polyester fiber manufacturing business, and wholesale and retail business have been evaluated, respectively.

(2) Financial information of the reporting segments

Unit: RMB

Item	Oil refining production business	Chemical production business	Polyester fiber manufacturing business	Trade business	Inter-segment offset	Total
Revenue from main businesses	53,783,494,062.32	103,369,402,329.50	14,284,303,386.66	146,253,838,429.15	141,341,021,228.02	176,350,016,979.61
Main business costs	33,940,357,908.02	77,417,780,917.40	13,162,350,699.71	146,005,426,798.59	140,836,233,009.99	129,689,683,313.73
Total	319,529,001,981.57		50,816,018,976.73	10,723,045,242.	43,890,820,004.	337,177,246,196

Assets			64	28	.66
Total liabilities	218,527,401,277.38	24,089,009,925.97	8,684,165,246.68	9,366,796,847.45	241,933,779,602.58

2. Lease

The Company as a lessee

(1) Information related to the right-of-use asset is detailed in note V (I) 13 of these financial statements.

(2) Accounting policies of short-term leases and low-value asset leases of the Company are detailed in note III (XXVII) of these financial statements. The amounts of short-term lease expense and low-value asset lease expense included in the current gain and loss are as follows:

Unit: RMB

Item	Amount in the current period
Short-term lease expense	2,523,631.54
Lease expense of low value assets (exclude short-term lease)	31,920.24
Total	2,555,551.78

(3) Current gain and loss and cash flow related to leasing

Unit: RMB

Item	Amount in the current period
Interest expense on lease liabilities	10,554,524.56
Total cash outflow related to leasing	35,157,143.79

(4) The maturity analysis of lease liabilities and the corresponding liquidity risk management are detailed in Note VIII (II) of these financial statements.

The Company as lessor

(1) Operating lease

1) Rental income

Unit: RMB

Item	Amount in the current period
Rental income	14,012,490.82
Including: income related to variable lease payments not included in the measurement of lease receipts.	

2) Assets under operating lease

Unit: RMB

Item	Ending balance
Investment property	14,286,632.00
Subtotal	14,286,632.00

3) According to the lease contract signed with the lessee, the undiscounted lease receipts will be received for the irrevocable lease in the future.

Unit: RMB

Residual maturity	Ending balance
Within 1 year	1,284,403.67
1-2 year(s)	1,284,403.67
Total	2,568,807.34

3. Other important transactions and events impacting the investor's decision-making

Given the practical requirements for business development, the Company and its subsidiaries are mainly faced with the price fluctuation risk for hedging their main raw materials and products, and in the current period, the Company has carried out futures investment business through the futures market. As of December 31, 2021, the Company and its subsidiaries had deposited RMB 138,785,432.51 of futures margin for holding futures contracts.

XVI. Notes to Main Items of the Financial Statements of the Parent Company
1. Accounts receivable
(1) Classified disclosure of accounts receivable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Percentage of provision		Amount	Proportion	Amount	Percentage of provision	
Bad-debt provision by individual item										
Accounts receivable with provision for bad debt reserves based on aging portfolio	214,813,896.48	100.00%	10,766,578.74	5.01%	204,047,317.74	19,914,435.77	100.00%	1,369,187.88	6.88%	18,545,247.89
Total	214,813,896.48	100.00%	10,766,578.74	5.01%	204,047,317.74	19,914,435.77	100.00%	1,369,187.88	6.88%	18,545,247.89

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	214,296,218.16
1-2 years	517,678.32
Total	214,813,896.48

(2) Bad debt provision and its recovery or reversal in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	The amount of change in the current period				Ending balance
		Provisions	Recovered or returned	Write-off	Others	
Bad-debt provision by individual item						
Provision made for bad debt reserves based on aging portfolio	1,369,187.88	9,397,390.86				10,766,578.74
Total	1,369,187.88	9,397,390.86				10,766,578.74

(3) Accounts receivable of top 5 ending balances collected by debtors

Unit: RMB

Company name	Ending balance of accounts receivable	Proportion in the ending balance of accounts receivable (%) Proportion of total (%)	Ending balance of provision for bad debts
Zhejiang Juxing Chemical Fiber Co., Ltd.	198,520,000.00	92.41%	9,926,000.00
Jiaying Honglai Textile Co., Ltd.	1,058,621.89	0.49%	52,931.09
Hangzhou Xiaoshan Phoenix Light Textile Raw Materials Co., Ltd.	712,563.70	0.33%	35,628.19
TEXTIL IMPERIO AZUL SA DE CV	636,575.64	0.30%	31,828.78
Kamafil, S.A, de C.V.	594,854.47	0.28%	29,742.72
Total	201,522,615.70	93.81%	10,076,130.78

2. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	997,000,000.00	842,500,000.00
Other receivables	373,820,726.54	331,624.19
Total	1,370,820,726.54	842,831,624.19

(1) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Hong Kong Sheng Hui Co., Ltd.	300,000,000.00	300,000,000.00
Zhejiang Yongsheng technology Co. Ltd.	192,000,000.00	140,000,000.00
Ningbo Hengyi Trading Co., Ltd	169,500,000.00	153,750,000.00
Dalian Yisheng Investment Co., Ltd	185,500,000.00	148,750,000.00
Zhejiang Shengyuan Chemical Fiber Co., Ltd.	150,000,000.00	100,000,000.00
Total	997,000,000.00	842,500,000.00

2) Significant dividends receivable aged over 1 year

Unit: RMB

Project (or investee)	Ending balance	Aging	Reason for the unrecovered amount	Whether impairment occurs and its judgment basis
Hong Kong Sheng Hui Co., Ltd.	300,000,000.00	Above 3 years	Unrecovered	Subsidiaries and associated enterprises operate normally, and no risk is expected in the recovery of funds.
Ningbo Hengyi Trading Co., Ltd	153,750,000.00	1-2 year(s)	Unrecovered	
Dalian Yisheng Investment Co., Ltd	148,750,000.00	1-2 year(s)	Unrecovered	
Total	602,500,000.00	--	--	

3) Bad debt provision

 Applicable Not applicable

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of account	Ending book balance	Beginning book balance
Transactions between related parties within the consolidation scope	373,500,000.00	
Deposit receivables	1,923,419.26	600,000.00
Reserve fund receivables and others	600,000.00	1,932,014.66
Total	376,023,419.26	2,532,014.66

2) Changes in bad debt reserves

Unit: RMB

Bad-debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss over the entire duration (without credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2021	17,453.91		2,182,936.56	2,200,390.47
The balance as of January 1, 2021 in the current period	—	—	—	—
--Transferred to Stage II	-2,732.02	2,732.02		
Provision in the current period	-429.77	2,732.02		2,302.25
Balance as of December 31, 2021	14,292.12	5,464.04	2,182,936.56	2,202,692.72

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

Applicable Not applicable

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	373,785,842.34
1-2 years	54,640.36
Above 3 years	2,182,936.56
3-4 years	2,182,936.56
Total	376,023,419.26

3) Top five debtors with the biggest ending balances of other accounts receivable

Unit: RMB

Company name	Nature of the payment	Ending balance	Aging	Proportion in a total ending balance of other receivables	Bad-debt provision Ending balance
Dalian Yisheng Investment Co., Ltd	Current accounts portfolio	373,500,000.00	Within 1 year	99.33%	
Hangzhou Longda Differential Polyester Co. Ltd.	Reserve fund receivables and others	1,287,371.67	Above 3 years	0.34%	1,287,371.67

Zhengzhou Commodity Exchange	Deposit receivables portfolio	600,000.00	Above 3 years	0.16%	600,000.00
Individual A	Reserve fund receivables and other portfolios	121,000.00	Above 3 years	0.03%	121,000.00
Individual B	Reserve fund receivables and other portfolios	55,686.33	Above 3 years	0.01%	55,686.33
Total	--	375,564,058.00	--	99.87%	2,064,058.00

3. Long-term equity investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	36,481,403,720.56		36,481,403,720.56	36,069,074,316.91		36,069,074,316.91
Investment in joint ventures and associated enterprises	3,555,058,486.43		3,555,058,486.43	3,243,104,923.05		3,243,104,923.05
Total	40,036,462,206.99		40,036,462,206.99	39,312,179,239.96		39,312,179,239.96

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Increase and decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Provision for impairment	Others		
Zhejiang Petroleum & Chemical Co., Ltd.	25,907,242,115.34					25,907,242,115.34	
Ningbo Zhongjin Petrochemical Co., Ltd.	5,590,201,140.04	400,000,000.00				5,990,201,140.04	
Zhejiang Shengyuan Chemical Fiber Co., Ltd.	2,030,140,000.00					2,030,140,000.00	
Dalian Yisheng Investment Co., Ltd.	1,468,204,457.48					1,468,204,457.48	
Rongsheng Petrochemical (Singapore) Pte. Ltd.	620,889,560.00					620,889,560.00	
Zhejiang Yongsheng Technology Co. Ltd.	198,306,537.70					198,306,537.70	
Hong Kong Sheng Hui Co., Ltd.	141,419,910.00					141,419,910.00	
Rongsheng International	95,000,000.00	5,000,000.00				100,000,000.00	

Trading Co., Ltd.							
Zhejiang Juxing Chemical Fiber Co., Ltd.	13,670,596.35		13,670,596.35			0.00	
Rongxiang Chemical Fiber Co., Ltd.	3,000,000.00					3,000,000.00	
Hainan Rongsheng International Trade Co., Ltd.	1,000,000.00					1,000,000.00	
Rongsheng Chemical (Shanghai) Co., Ltd.		20,000,000.00				20,000,000.00	
Zhejiang Rongyi Trading Co., Ltd.		1,000,000.00				1,000,000.00	
Total	36,069,074,316.91	426,000,000.00	13,670,596.35			36,481,403,720.56	

(2) Investment in joint ventures and associated companies

Unit: RMB

Investor	Beginning balance (book value)	Increase and decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments	Other equity changes	Declared distribution of cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
II. Associated enterprise											
Zhejiang Yisheng Petrochemical Co., Ltd.	1,441,381,182.30			61,533,294.73	5,372,260.74					1,508,286,737.77	
Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd.	1,523,446,813.83			242,985,618.16	68,090,964.75		12,026,036.00			1,822,497,360.74	
Ningbo Hengyi Trading Co., Ltd	277,320,609.82			-68,871,147.09	929,957.72		15,750,000.00			193,629,420.45	
Zhejiang Kunsheng Petroleum &	486,516.24	14,210,000.00		1,514,888.79						16,211,405.03	

Chemical Sales Co., Ltd.										
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	469,800.86	14,210,000.00		-246,238.42						14,433,562.44
Subtotal	3,243,104,923.05	28,420,000.00		236,916,416.17	74,393,183.21		27,776,036.00			3,555,058,486.43
Total	3,243,104,923.05	28,420,000.00		236,916,416.17	74,393,183.21		27,776,036.00			3,555,058,486.43

4. Operating income and operating cost

(1) Details

Unit: RMB

Item	Current amount incurred		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	3,785,809,389.45	3,494,459,580.75	2,832,974,511.42	2,899,496,859.33
Other services	54,929,107.25	54,862,711.85	4,974,368,942.51	5,010,706,141.00
Total	3,840,738,496.70	3,549,322,292.60	7,807,343,453.93	7,910,203,000.33
Including: income from contracts with customers	3,840,738,496.70		7,807,343,453.93	

(2) Breakdown of revenue generated by contracts with customers by major categories

1) Breakdown of income by commodity type

Unit: RMB

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Polyester chemical fiber film	3,785,809,389.45	3,494,459,580.75	2,832,974,511.42	2,899,496,859.33
Trade and others	54,929,107.25	54,862,711.85	4,974,368,942.51	5,010,706,141.00
Total	3,840,738,496.70	3,549,322,292.60	7,807,343,453.93	7,910,203,000.33

2) Breakdown of income by the time of commodity transfer

Item	Amount in the current period	Amount in the previous period
Revenue recognized at a certain point of time	3,839,454,093.03	7,806,059,050.26
Revenue recognized in a period of time	1,284,403.67	1,284,403.67
Subtotal	3,840,738,496.70	7,807,343,453.93

(3) Transaction price allocated to remaining performance obligations

Qualitative disclosure

On December 31, 2021, the transaction price apportioned from the sales contract to the remaining performance obligations was the settlement price agreed in the agreement. The Company expected that this amount would be recognized as revenue in the next 1 year with the transfer of commodity control to customers.

(4) The revenue recognized in the current period included in the book value of contract liabilities at the beginning of the period is RMB 39,109,694.27.

5. Investment income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Long-term equity investment income calculated by cost method	2,138,750,000.00	1,448,250,000.00
Long-term equity investment income calculated by equity method	236,916,416.17	526,449,143.53
Interest income from related party lending	15,829,166.67	37,324,603.76
Investment income from disposal of financial assets held for trading	12,503,204.81	
Investment income from disposal of long-term equity investments	8,028,601.65	
Loss of receivables financing discount	-116,117,764.40	
Total	2,295,909,624.90	2,012,023,747.29

XVII. Supplementary Information

1. Breakdown of non-recurring gains and losses in the current period

 Applicable Not applicable

Unit: RMB

Item	Amount	Remarks
Gain or loss from disposal of non-current assets	10,301,050.55	
Tax refund or reduction and exemption upon ultra vires approval or without official approval documents	379,932.50	
Government grants recognized in current gain and loss (excluding grants entitled to in quota or ration according to certain criteria under national policies and which are closely relevant to the Company's normal business operations)	114,513,331.64	
Fund possession cost included in current gain and loss charged to non-financial enterprises	2,035,569.54	
Income generated from investment cost for acquiring subsidiaries, associated enterprises or joint ventures falling below the fair value of share in the recognizable net asset of the investee when the investment is conducted	281,497.24	
Gains/losses from the entrusted investment or asset management	625,599.45	
Except for effective hedging business related to the normal business operations of the Company, changes in gains and losses of fair value arising from trading financial assets, trading financial liabilities, investment income obtained from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	785,398,586.27	
Gain/loss from external entrusted loans	26,123,140.37	

Other non-operating revenues and expenditures except for the aforementioned items	6,062,244.39	
Other profit/loss items falling within the definition of non-recurring gain or loss	9,366,961.04	
Subtotal	955,087,912.99	
Less: Affected amount of income tax	134,234,216.27	
Affected amount of minority equity	428,986,306.49	
Total	391,867,390.23	--

Other gain/loss items falling within the definition of non-recurring gain or loss:

Applicable Not applicable

No other gain/loss items falling within the definition of non-recurring gain or loss.

Explanation of the circumstances in which the non-recurring gain and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities-Non-recurring Gains and Losses* are defined as recurring gains and losses.

Applicable Not applicable

2. Return on equity and earnings per share (EPS)

Profit within the reporting period	Weighted average return on net assets	Earnings per share (EPS)	
		Basic earnings per share (RMB per share)	Diluted earnings per share (RMB per share)
Net profit attributable to ordinary shareholders of the Company	29.95%	1.27	1.27
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	29.03%	1.23	1.23

3. Accounting data differences under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the Financial Report disclosed as per the international accounting standards and China accounting standards.

Applicable Not applicable

(2) Differences in net profits and net assets in the financial report disclosed in accordance with the foreign accounting standard and China accounting standards.

Applicable Not applicable

(3) Explanation of the reasons for accounting data differences under domestic and foreign accounting standards shall be made, and where data audited by an overseas audit institution has been adjusted based on the differences, the name of the overseas institution shall be indicated.

4. Miscellaneous

1. Calculation process of weighted average return on net assets

Unit: RMB

Item	S/N	Amount in the current period
Net profit attributable to ordinary shareholders of the Company	A	12,823,546,813.07
Non-recurring gains and losses	B	391,867,390.23
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	C=A-B	12,431,679,422.84
Net assets at the beginning of the period attributable to ordinary shareholders of the Company	D	36,966,341,775.73
Newly added net assets attributable to ordinary shareholders of the Company resulting from new shares issued or debt-to-equity swap	E	
Number of months from the following month of increased net assets to the end of the reporting period	F	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G	1,012,552,500.00
Number of months from the following month of decreased net assets to the end of the reporting period	H	7.00
Others	Translation reserve	I1 -22,374,609.46
	Increased or decreased number of months from the following month of increased net assets to the end of the reporting period	J1 6.00
	Equity method and other equity changes	I2 83,836,893.37
	Increased or decreased number of months from the following month of increased net assets to the end of the reporting period	J2 6.00
	Other equity premiums	I3
	Increased or decreased number of months from the following month of increased net assets to the end of the reporting period	J3
Number of months of the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K + I \times J/K$	42,818,190,699.22

Weighted average return on net assets	$M=A/L$	29.95%
Weighted average return on net assets after deducting non-recurring gains and losses	$N=C/L$	29.03%

2. Calculation process of basic earnings per share and diluted earnings per share

(1) Calculation process of basic earnings per share

Unit: RMB

Item	S/N	Amount in the current period
Net profit attributable to ordinary shareholders of the Company	A	12,823,546,813.07
Non-recurring gains and losses	B	391,867,390.23
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	$C=A-B$	12,431,679,422.84
Total shares at the beginning of the period	D	6,750,350,000.00
Increase in the number of shares due to the share capital transferred from the capital reserve or dividend distribution	E	3,375,175,000.00
Increase in number of shares due to new shares issued or debt-to-equity swap	F	
Number of months from the following month of increase in the number of shares to the end of the reporting period	G	
Decrease in number of shares due to repurchase and other reasons	H	
Number of months from the following month of increase in the number of shares to the end of the reporting period	I	
Number of share consolidations during the reporting period	J	
Number of months of the reporting period	K	12
Weighted average number of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	10,125,525,000.00
Basic earnings per share	$M=A/L$	1.27
Basic earnings per share after deducting non-recurring gains and losses	$N=C/L$	1.23

(2) Calculation process of diluted earnings per share

The calculation process of diluted earnings per share is the same as that of basic earnings per share.

Rongsheng Petrochemical Co., Ltd.

Chairman: Li Shuirong

April 25, 2022