

Rongsheng Petrochemical Co.,Ltd.

2022 Annual Report



Making Concerted Efforts to Forge Ahead on a New Journey:

A Letter to Our Investors

Distinguished investors,

An old Chinese poem has a line that reads, “I find the face of vernal wind in an easy way: Myriads of reds and violets reveal only spring.” Our new annual report is released at a time when everything is thriving. Rongsheng Petrochemical made great progress and once again performed admirably over the course of the previous year with the help and support of all investors.

“Strong and firm, we will ride the wind, cleave the waves, and cross the sea which raves.” The year 2022 was significant to the 14th Five-Year Plan and marked the start of the second centenary goal. The year was a transition period for the Company from “vertical and horizontal” development to comprehensive, high-quality development. There is no denying that the overall context led us to a difficult situation that had not been seen in our Company in many years. It included unprecedented domestic and international complexities such as international uncertainty, fluctuations in crude oil prices, and an economic downturn, all of which were overlaid with numerous challenges from the downstream consumer market. Nonetheless, we stuck to our project investment and business management responsibilities, progressed ongoing prevention and control, and overall high-quality production and operations, and delivered satisfactory results. In FY2022, we earned RMB 289.1 billion in operating income, a 58% increase over the previous

year. The Company's total assets reached RMB 362.6 billion at the end of the year, up 7% from the start of the year.

In 2022, Rongsheng Petrochemical, the industry leader in China's private refining, saw an increase in the global influence of its brand. We were ranked eighth in the Brand Finance Chemicals 25 ranking, 27th among C&EN's Global Top 50 Chemical Firms for 2022, 21st among the ICIS Top 100 Chemical Companies, and 15th in Chemical Week's Billion-Dollar Club. We are committed to dominating the global market as a shining icon of the Chinese petrochemical and refining industry.

“At full speed, we are moving, like a horse galloping, like a hawk roaring.”

Throughout the past year, all members of the Company maintained a positive attitude in order to overcome obstacles and move forward, making new investments and developments. Zhejiang Petroleum & Chemical (ZPC) completed the second phase of its refining-chemical integration project (40 million tons per year) in January. It added a refining capacity of 20 million tons per year and a production capacity of 6.6 million tons per year for aromatics and 1.4 million tons per year for ethylene, further enriching and increasing the value of our chemical products. In September, ZPC's polycarbonate plant (260,000 tons per year) was successfully fed and produced qualified products, increasing China's engineering plastics self-sufficiency. Furthermore, the PTA project (6 million tons per year) of Ningbo Yisheng New Materials, the second phase of Shaoxing Yongsheng Technology's polyester film expansion project (250,000 tons per year), the second phase of Shengyuan Chemical Fiber, and other projects moved forward smoothly. We

announced three major projects in August of the same year, each with an investment scale of more than RMB 100 billion, to accelerate our layout in downstream high-end fine chemical materials. Among the products used in the projects were EVA, DMC, PC, ABS, α -olefin, POE, adiponitrile, and PMMA. These projects are expected to boost the average annual net profit by RMB 16.4 billion.

“We are making big strides on a journey towards a bright future.” In the course of comprehensively promoting high-quality development, we undertake the great mission of serving the country through industry and enhancing the fundamental skills of corporate governance. We consolidate the key segments of our production and operations and create a favorable environment for personnel training. We boldly take on challenges in scientific research and innovation, enthusiastically pursue green and low-carbon transition, and consistently lead the Company into the fast lane of development. In 2023, our general business strategy is to adhere to the policies of the 20th National Congress of the Communist Party of China and governments at all levels and be more confident and determined to expand more extensively and innovatively. We intend to continue making new investments. While ensuring the stable and high-quality operation of the recently launched upstream and downstream projects, we will advance and break down our business in the high-end petrochemical industry chain, continuously expand our industrial functions, explore new markets, and develop new profit growth points.

We may face a variety of unknown risks and challenges in the coming year, but that should not deter us from moving forward. In the promising new era, we will

strengthen our belief, fix our goals, and maintain craftsmanship for excellence and patience for long-term diligence. We will pursue precision in production and operations, increase our tenacity, and move forward without stopping. As long as we achieve all of these goals, we will be able to seize new opportunities for growth in the face of risks and challenges, propelling the Company to new heights.

As the world economy quickens, we will continue working with all our investment partners to create a brighter tomorrow for Rongsheng Petrochemical!

Board of Directors of Rongsheng Petrochemical Co., Ltd.

April 2023

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 9,842,382,348 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 (tax included) or conversion of equity reserve into share capital of the Company.

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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 2022 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
Rongtong Logistics	Refers to	Zhejiang Rongtong Logistics Co., Ltd., a subsidiary of the Company
Rongsheng Venture Capital	Refers to	Zhejiang Rongsheng Venture Capital Co., Ltd., a subsidiary of the Company's controlling shareholder
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. 2022 to 31 Dec. 2022

Section II Company Profile and Key Financial Indicators

I. Company Profile

Stock abbreviation	Rongsheng Petrochemical	Stock code	002493
Abbreviation before change (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 Weiyang	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</i> , <i>Shanghai Securities News</i> and Cninfo (www.cninfo.com.cn)

Archiving place for the annual report of the Company	Office of the Board of Directors
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IV. Registration Changes

Uniform social credit 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, Shengcheng District, Hangzhou
Name of signing accountants	Jia Chuan, Xu Haihong

VI. Key Accounting Data and Financial Indicators

	2022	2021		Increase or decrease of this year compared with the previous year	2020	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating income (RMB)	289,094,841.6 12.76	177,024,277.4 92.78	183,074,930.2 86.51	57.91%	107,264,993.1 19.44	107,264,993.1 19.44
Net profit attributable to shareholders of the listed company (RMB)	3,340,162,428.95	12,823,546.81 3.07	13,236,054.38 8.76	-74.76%	7,308,588,924.22	7,308,588,924.22
Net profit attributable to shareholders of the listed company net of non-recurring gain and loss (RMB)	2,011,613,277.71	12,431,679.42 2.84	12,844,186.99 8.53	-84.34%	6,345,743,862.12	6,345,743,862.12
Net cash flow from operating activities (RMB)	19,058,136.88 5.36	33,564,785.43 3.94	33,564,785.43 3.94	-43.22%	17,506,772.75 9.88	17,506,772.75 9.88
Basic earnings per share (RMB per share)	0.33	1.27	1.31	-74.81%	0.75	0.75
Diluted earnings per share (RMB per share)	0.33	1.27	1.31	-74.81%	0.75	0.75
Weighted average return on net assets	6.87%	29.95%	30.76%	-23.89%	26.34%	26.34%
	End of 2022	End of 2021		Increase/decrease at the end of the year over the end of the previous year	End of 2020	

		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB)	362,587,416,687.68	337,177,246,196.66	338,230,598,101.17	7.20%	241,514,928,108.98	241,514,928,108.98
Net assets attributable to shareholders of the listed company (RMB)	47,260,382,901.11	48,838,798,372.71	49,251,305,948.40	-4.04%	36,966,341,775.73	36,966,341,775.73

Causes and circumstances of changes in accounting policies

The Company has implemented the provisions of *Interpretation No. 15 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance on the "accounting treatment of external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process" since January 1, 2022, and the trial operation occurred between the beginning of the earliest period presented in the financial statements for the first time to January 1, 2022.

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

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

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	68,601,165,295.11	79,026,427,997.33	77,490,635,849.75	63,976,612,470.57
Net profit attributable to shareholders of the listed company	3,115,867,722.70	2,250,723,677.64	83,999,008.05	-2,110,427,979.44
Net profit attributable to shareholders of the listed company net of non-recurring gain and loss	2,981,777,010.18	2,264,159,321.06	158,393,369.12	-3,392,716,422.65
Net cash flow from operating activities	18,597,950,648.78	12,481,119,210.83	1,599,666,393.71	-13,620,599,367.96

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

Unit: RMB

Item	Amount of 2022	Amount of 2021	Amount of 2020
Gains or losses on disposal of non-current assets (including the part	14,208,115.78	10,301,050.55	1,845,426.60

written-off with provision for asset impairment accrued)			
Tax refund or reduction and exemption upon ultra vires approval or without official approval documents		379,932.50	51,916,769.65
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)	2,359,477,514.76	114,513,331.64	122,096,499.53
Fund possession cost included in current gain and loss charged to non-financial enterprises	205,188.67	2,035,569.54	589,494.21
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
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	292,348,639.74	785,398,586.27	974,267,028.62
Gain/loss from external entrusted loans		26,123,140.37	36,617,287.74
Other non-operating revenues and expenditures except for the aforementioned items	-9,253,736.65	6,062,244.39	2,247,644.34
Other profit/loss items falling within the definition of non-recurring gain or loss	2,748,797.01	9,366,961.04	2,897,012.17
Less: Affected amount of income tax	371,798,967.48	134,234,216.27	122,175,835.06
Affected amount of minority shareholders' equity (after tax)	959,386,400.59	428,986,306.49	107,511,128.71
Total	1,328,549,151.24	391,867,390.23	962,845,062.10

Section III Management Discussion and Analysis

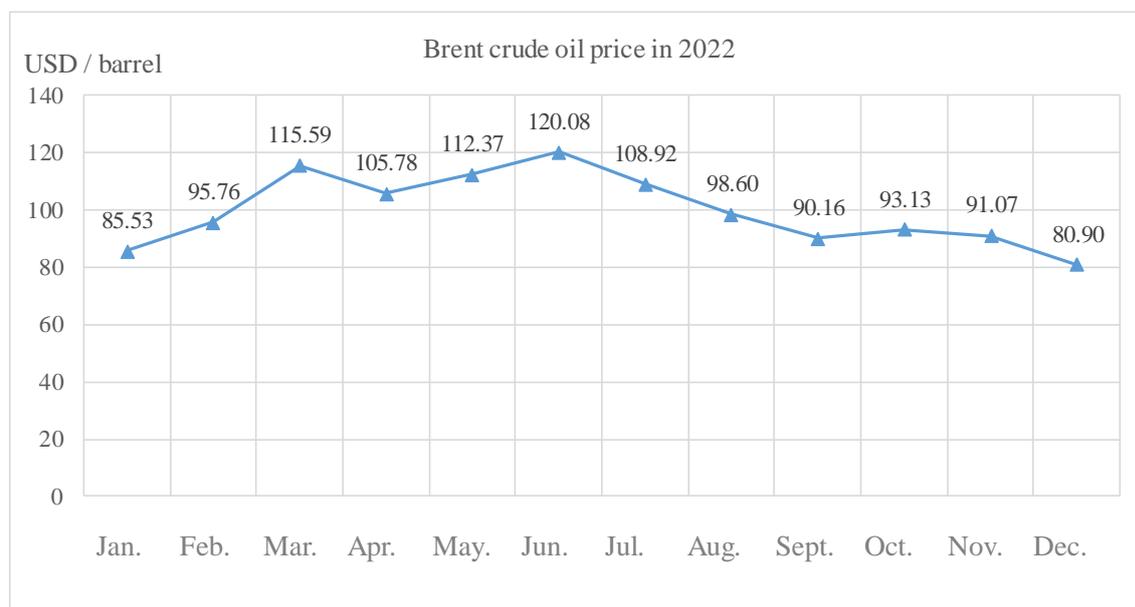
I. Industry of the Company during the Reporting Period

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*.

After experiencing a deep recession in 2021, the world economy rebounded in 2022, and the growth momentum was obviously insufficient. In the face of the international environment with high wind and waves, China's economic aggregate reached a new level. However, under the impact of many unexpected factors, the operation trend of the petrochemical industry showed a trend of falling back to a high level.

(1) Global economy

In 2022, high inflation and geopolitical issues continued to impact the global economy, tightening supply chains, rising energy and food prices, pushing up global inflation, further suppressing demand and increasing downward pressure on the global economy. Due to the high inflation, major central banks raised interest rates sharply, monetary policy continued to shrink, and the dollar index kept rising. The dollar index was 90.242 in January 2021 and rose to 96.208 in December. Global commodity market volatility intensified in 2022, and commodity prices generally continued their growth trend in 2021. According to IMF estimates, the global commodity price index in 2022 was 227.2, an increase of 40.9% compared to that in 2021.

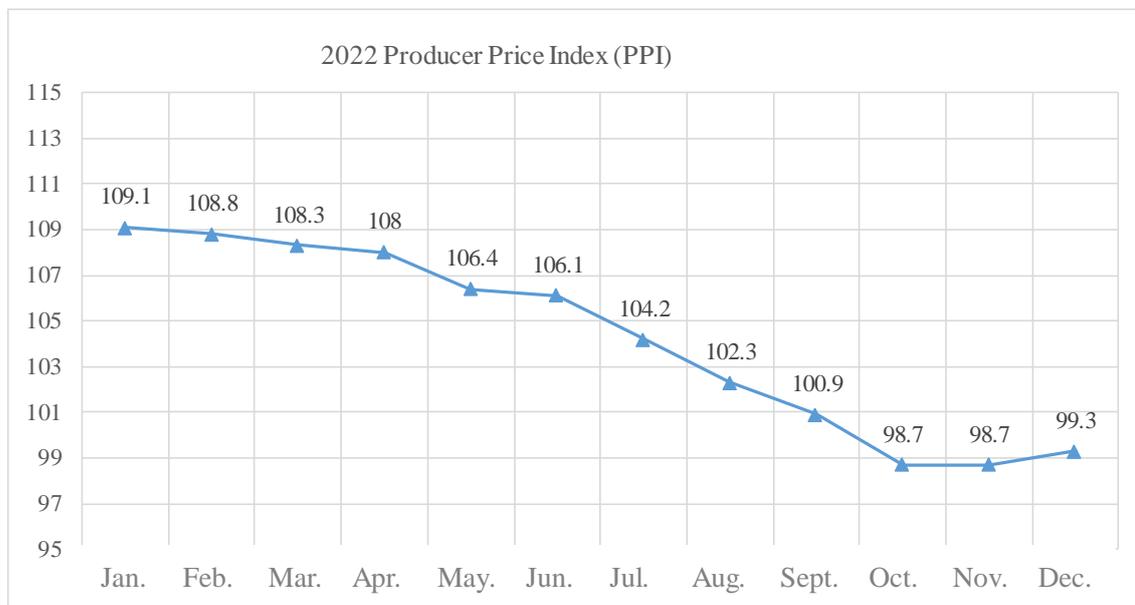


Source: Hithink RoyalFlush iFind

(2) China's economic situation

In 2022, China's economy faced triple pressures of shrinking demand, supply shocks and weakening expectations, but China's gross domestic product reached RMB 121 trillion, an increase of 3.0% compared to that of the previous year at constant prices; It ranked at the absolute forefront among major global economies. In 2022, influenced by the differences in the pace of interest rate increases in some developed economies and the expected changes, RMB depreciated and rose against some major international reserve currencies. In the fluctuation, RMB generally showed a trend of rapid depreciation first and then a stable recovery. The closing price of the USD/RMB rate was 6.37 at the beginning of the year, climbing to 7.32 in early November, and down to 6.95 at

the end of the year. The Industrial Producer Price Index (PPI) increased by 4.1%, a decrease of 4.0 percentage points compared to that of the previous year. The decline was relatively obvious. Since October, it has been mainly affected by the increase in the base during the same period last year. The year-on-year growth rate of PPI has shifted from positive to negative, and downstream demand was very weak, causing a huge impact on the operation of industrial enterprises.



Source: National Bureau of Statistics

(3) Situation of the petrochemical industry

For the global petrochemical industry, 2022 is an extraordinary year. As an important pillar industry of China's national economy, the petrochemical industry once again played a role as a ballast. According to the 2022 China Petroleum and Chemical Economic Operation Report, the entire petrochemical industry achieved an operating income of RMB 16.56 trillion in 2022, an increase of 14.4% compared to that of the previous year; The total import and export volume reached USD 1.05 trillion, an increase of 21.7% compared to that of the previous year, and both the operating income and total import and export volume reached new historical records. Although the total profit decreased by 2.8% compared to that of the previous year, the total amount remained above RMB 1.1 trillion.

The differentiation of the oil and gas, refining, and chemical sectors in China's petrochemical industry is intensifying, and the overall market demand is also showing a downward trend. From the perspective of internal sectors in the petrochemical industry, the operating income of the oil and gas sector increased by 32.9% compared to that of the previous year, and the profit margin increased by 114.7% compared to that of the previous year; The operating income of the refining sector increased by 18.6% compared to that of the previous year, and the profit decreased by 87.6% compared to that of the previous year. The operating revenue of the chemical industry sector increased by 10.1%, and the profit decreased by 8.1% compared to that of the previous year. Affected by the high prices of crude oil and natural gas, the profit differentiation of the three major sectors has significantly intensified. The profits of the upstream oil and gas sector have increased by 1.15 times compared to that of the previous year, while the profits of the downstream refining and chemical sectors have both shown negative growth.

In 2022, relevant ministries such as the National Development and Reform Commission and the Ministry of Industry and Information Technology have successively issued multiple industrial policies closely related to the petrochemical industry, which have also brought new opportunities to the petrochemical industry. Especially in November, the "Notice on Further Improving the Work of Excluding Energy Consumption from Raw Material Energy" was issued. This policy has been a demand of many petrochemical enterprises and petrochemical parks

for many years, as raw material energy (coal, oil, natural gas, etc.) is the raw material for the production of chemicals. Unlike fuel energy, the carbon used in raw material energy is converted into synthetic materials and chemicals, and almost no greenhouse gas carbon dioxide is emitted.

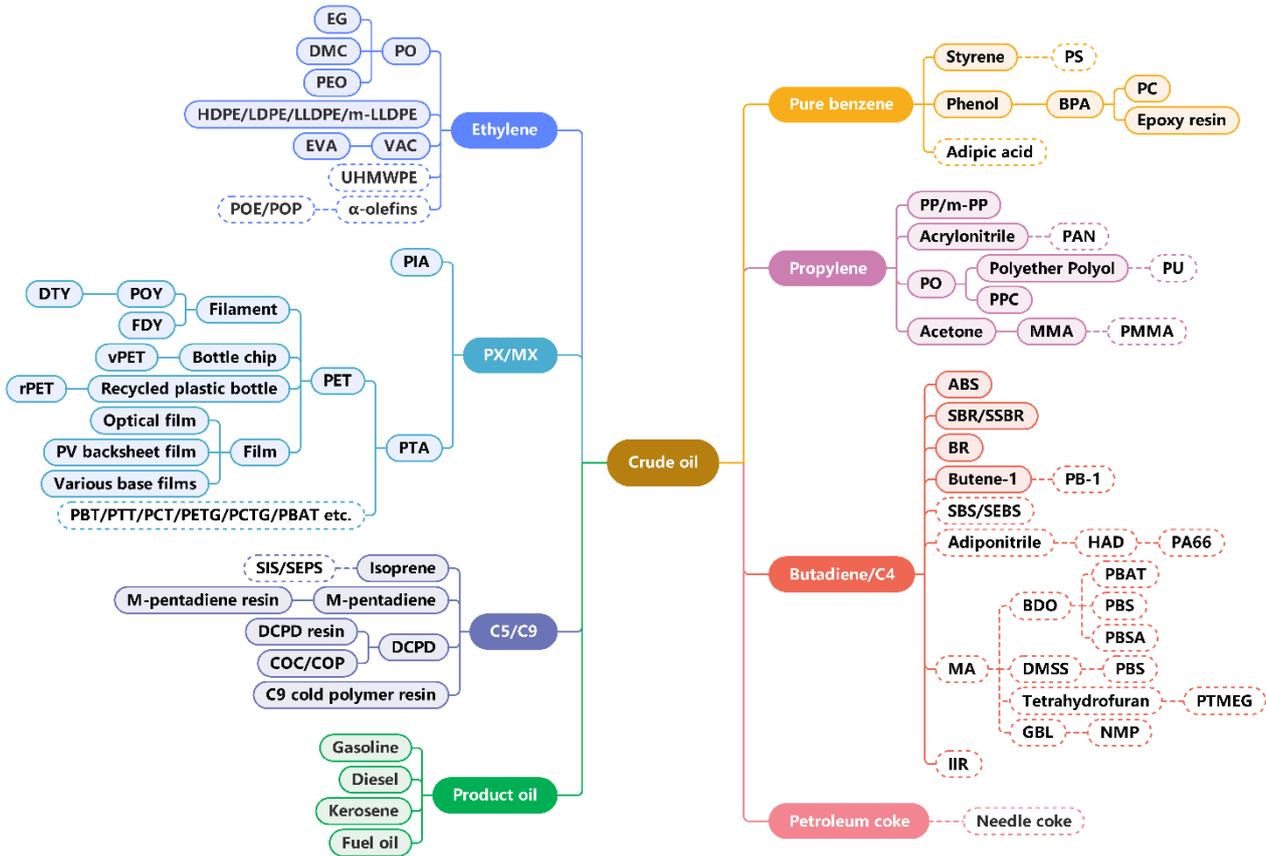
S/N	Time	Policy
1	Feb.	<i>Implementation Guide for Energy Conservation and Carbon Reduction Transformation and Upgrading in Key Fields of High Energy Consumption Industries (2022 Edition)</i>
2	Mar.	<i>Guiding Opinions on Promoting High Quality Development of Petrochemical and Chemical Industry during the 14th Five-Year Plan</i>
3	Aug.	<i>Implementation Plan for Carbon Peaking in the Industrial Sector</i>
4	Aug.	<i>Guidelines for Development and Construction of Chemical Industrial Park</i>
5	Aug.	<i>Guiding Catalogue of Industrial Structure Adjustment</i>
6	Aug.	<i>National Catalogue of Advanced Clean Production Technologies</i>
7	Nov.	<i>Notice on Further Improving the Work of Excluding Energy Consumption from Raw Material Energy</i>

II. Main Businesses of the Company during the Reporting Period

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*.

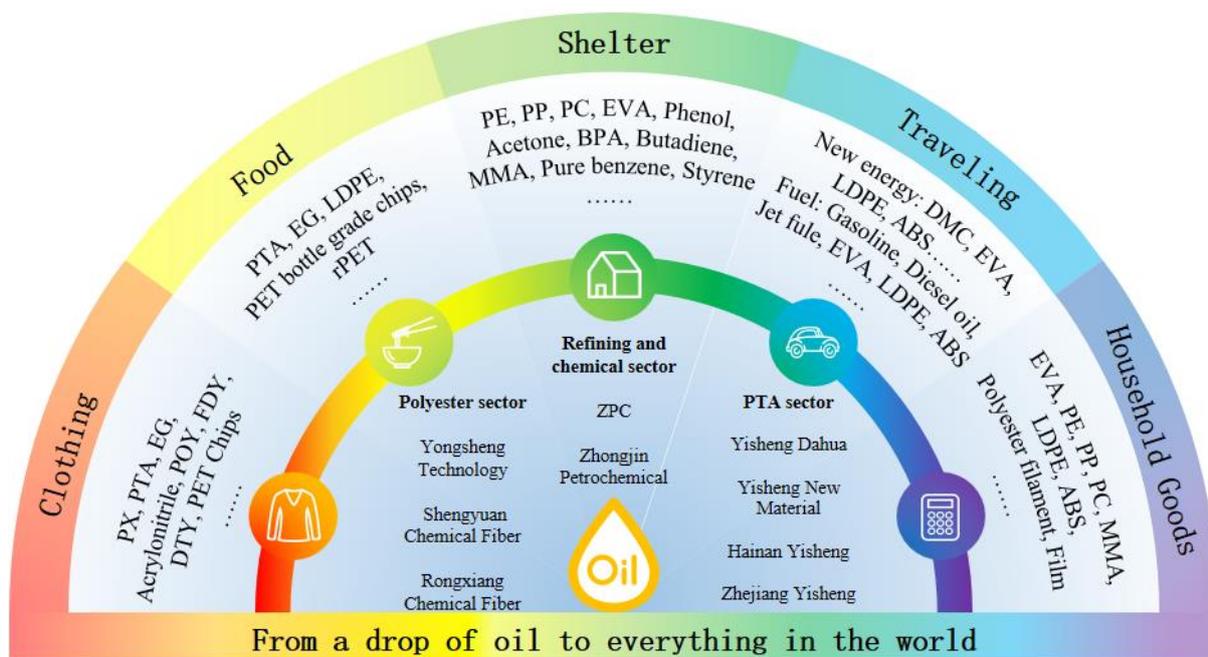
(1) Main products

The Company operates the 40 million tonne refining and chemical integration project of Zhejiang Petroleum & Chemical Co., Ltd. (hereinafter referred to as "ZPC"), the world's largest single-unit refinery. It is an important producer of polyester, new energy materials, engineering plastics, and high value-added polyolefins in China and Asia, with the world's largest production capacity of chemicals such as PTA and PX. At the same time, it ranks among the world's top in production capacity of multiple products such as polyethylene, polypropylene, PET, EVA, ABS, etc. In 2022, it was rated as the 8th most valuable chemical brand in the world by the renowned brand evaluation agency Brand Finance in the "Chemicals 25 2022" report.



Note: products marked by dotted line / dotted box are products under the plan.

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.



(2) Management measures

Against the backdrop of ever-changing internal and external environments, the Company has not only effectively guaranteed 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.

1. Focus on operational management to fully promote project construction

In January 2022, the 40 million tons/year refining and chemical integration project (Phase II) of ZPC was fully put into operation. ZPC added 20 million tons/year of oil refining capacity, 6.6 million tons/year of aromatics and 1.4 million tons/year of ethylene production capacity. The units of the 3 # ethylene and downstream chemical projects are also smoothly put into operation, further improving the richness and added value of chemical products. In addition, projects such as ZPC 3 # ethylene and downstream chemical products project, high-performance resin project, high-end new materials project, Shaoxing Yongsheng Technology 250000 tons/year polyester film expansion project Phase II, and Shengyuan Chemical Fiber Phase II are also progressing smoothly.

2. Highlights of ecological management to practice green development

As one of the leading enterprises in China's petrochemical industry, we are well aware of our significant mission of protecting the ecological environment. The Company has always adhered to the concept of green development, regarded environmental protection as the foundation of sustainable development of the Company, and explored low-carbon emission reduction and resource management measures on the basis of environmental protection compliance, so as to minimize the impact on the ecological environment and continuously practice the corporate environmental protection responsibility. In 2022, the Company invested a total of RMB 875 million in environmental protection, achieving a 100% compliance rate for sewage discharge, noise, and environmental training coverage. In addition, 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. Features in public welfare management to promote common prosperity

The Company advocates the concept of public welfare, is enthusiastic about public welfare undertakings, and is committed to assisting students and teaching, medical assistance, poverty alleviation and caring for special

groups. It encourages employees to participate in various volunteer service activities, such as blood donation and condolences, so as to carry forward the volunteer spirit and continuously promote the healthy development of public welfare undertakings and communities. In 2022, the Company carried out 193 voluntary activities, with a public welfare donation amount of RMB 19.37 million. This year, in addition to the original public welfare fund expenditures, we launched a new assistance plan for Xinjiang and Tibet, providing medical resources to the local area starting in 2022.

4. Concentrate on capital management to fully safeguard shareholders' rights and interests

Adhering to the concept of "respecting investors and rewarding investors", the Company has formulated the "Investor Relations Management System", and has established an investor hotline and "IRM platform" online reply to communicate with investors on a daily basis. In addition, the Company regularly holds performance briefings, and investor reception day activities, receives offline research of reception institutions, participates in large-scale investment strategy meetings of institutions, etc. Through effective and full communication and dialogue, the Company carries out exchanges and interactions with investors in multiple channels, builds a good image of the capital market, and improves the understanding of the capital market of the Company. Furthermore, last year, the Company issued two stock repurchase plans, with a total repurchase amount of RMB 3.978 billion for the year, which is the highest among all A-share listed companies. At the same time, the company successfully completed the 2021 equity distribution and truly returned to the majority of investors.

(3) Operation synergy

1. Controlling shareholder

Rongsheng Holding ranks 180th among Fortune 500, 59th among the top 500 Chinese enterprises and 10th 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; The Rongtong Logistics, a subsidiary of Rongsheng Holding, is a national AAAA-rated logistics enterprise with a mature and stable cooperative operation platform for carriers; Suzhou Shenghui Equipment controlled by Rongsheng Holding 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 Holding, has rich experience in engineering EPC; Many projects invested by Rongsheng Venture Capital have not only achieved good economic benefits, but also promoted the synergy of the industrial chain. There are also a number of other investments of Rongsheng Holding in progress. The above projects 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 tons/year of refining and chemical integration project of ZPC has distinct scale advantages. Currently, it has a production capacity of 11.8 million tons of aromatic hydrocarbons per year and 4.2 million tons of olefins per year. 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 tons 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"; The Company has established Zhejiang Green Petrochemical Technology Innovation Center with Ningbo Science and Technology Innovation Center of Zhejiang University and Ningbo Institute of Materials of Chinese Academy of Sciences. Centering on the new green petrochemical process, the Center focuses on energy conservation and zero emission, petrochemical industry air pollution prevention, solid waste reduction and resource utilization and efficient separation and clean production. The Center has carried out research and development on key technologies such as carbon footprint assessment technology for petrochemical products, low energy consumption and near zero emission green complete set technology for petrochemical processes, waste gas treatment and purification technology for the petrochemical industry, and reduction and resource utilization of landfill solid waste. ZPC Zheyou Technology Co., Ltd. was jointly established by ZPC and UOP for catalyst R&D and production, and 20,000 tons/year of hydrogenation catalyst has been put into operation; 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 Petroleum & Chemical Xinao (Zhoushan) Gas Co., Ltd., a joint-stock subsidiary of ZPC, is contributing to the stability of natural gas supply.

ZPC takes advantage of its world-class refining and chemical integration projects with large processing scale, advanced technology, strong adaptability of raw materials, and flexible processing methods, focusing on the development of basic raw materials, synthetic monomers and intermediates required for downstream chemical new materials. Projects such as 3 #downstream, high-energy resin projects and high-end new materials are promoted in an orderly manner, and α olefin, POE and other devices are also under construction, which will lay a solid foundation for the downstream high-end new material sector of the company.

2.2. Zhongjin Petrochemical

The Zhongjin Petrochemical project selects a new technical route, partly using fuel oil (cheaper than naphtha) as raw material to produce aromatic hydrocarbon products. While solving the global naphtha supply shortage, the project can greatly save the raw material procurement cost, introduce the concept of "circular economy", and innovatively utilize the by-product hydrogen to process fuel oil into naphtha, which can not only process the fuel oil and naphtha of ZPC, but also can reprocess the products produced by itself to increase the added value.

In 2022, Zhongjin Petrochemical continuously strengthened refined management, strengthened overall budget management, strictly controlled costs and expenses, and made use of advanced management tools to go hand in hand in terms of quality improvement, income increase and expenditure reduction, so as to comprehensively improve management level and operation quality. For example, on the premise of ensuring the emission of desulfurization environmental protection data up to standard and the high-load operation of desulfurization system, Zhongjin Petrochemical successfully achieved the transformation from the paid disposal of desulfurization residue using the "magnesium oxide" method to the delivery of desulfurization gypsum using the "limestone gypsum" method, creating economic value.

2.3. Rongsheng New Materials (Zhoushan)

As the expansion area of Zhoushan Green Petrochemical Base, relying on ZPC and Ningbo Zhongjin Petrochemical, it extends the industrial chain downstream and develops fine chemicals and new chemical materials. The company focuses on developing downstream products of the existing industrial chains of Zhongjin Petrochemical and ZPC, as a supplement and extension to Zhongjin and ZPC, to achieve value-added and efficiency increase in raw materials of Zhongjin and ZPC. At present, the preliminary work is progressing in an orderly manner.

2.4. Rongsheng New Materials (Taizhou)

The project company has been established, focusing on high-end polyolefins, special rubber and elastomers, engineering plastics, fine chemicals and special chemicals, and cutting-edge new materials to build a world-class new chemical material highland and a high-level open cooperation demonstration zone of RCEP. At present, the preliminary work is progressing 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 adverse external conditions, the first-line and second-line devices of Yisheng New Materials have been successfully put into operation. Based on the existing stable business, Hainan Yisheng is actively promoting new projects. Among them, 50,000 tons of food-grade RPET (rPET) were successfully put into operation in December 2021, and another 90,000 tons 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. The 2.5 million tons/year PTA project and the 1.8 million tons/year polyester bottle chip device are expected to be put into production this year.

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 150,000 tons of production lines into operation this year. The 500,000 tons of differentiated fiber project of Shengyuan Phase II, which mainly produces flame-retardant, functional and dye-free fiber products, is also in progress.

Unit: RMB

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	64.84%	No significant change	4,955.36	4,772.63
Naphth	Quotation purchase	2.19%	No significant change	5,845.85	5,355.87
Fuel oil	Quotation purchase	3.65%	No significant change	4,545.46	3,686.83
PX	Quotation purchase	6.91%	No significant change	7,241.57	7,568.96

Production technology of main products

Main products	Development stage of production technique	Core technical personnel	Proprietary technology	Product R&D advantages
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 LyondellBasell 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	LyondellBasell 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.
BPA	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.
PX	Stage of technology	Several core technical	Introduction and	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

	application	personnel	innovation	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.
ABS	Stage of technology application	Several core technical personnel	Introduction and innovation	The proprietary technology of Zhejiang Zhiying Petrochemical Technology Co., Ltd. is used to produce ABS resin with acrylonitrile (AN), butadiene (BD) and styrene (SM) as the main raw materials by emulsion grafting-bulk SAN blending method. The emulsion grafting-bulk SAN blending process is mature, because of the direct use of monomer polymerization to produce ABS, the product quality is stable, the variety is wide, the production is flexible, and the product switching is easy. The emulsion grafting-bulk SAN blending method has the advantages of less investment and low production cost and is easy to realize mass production.
Polyether polyol	Stage of technology application	Several core technical personnel	Introduction and innovation	It adopts the anion catalytic synthesis process technology, bimetallic cyanide (DMC) catalytic synthesis process technology, and POP process technology of Innovare Engineering Holding Limited. The first type of product is a polyoxypropylene polyol product, which is obtained by copolymerization with propylene oxide and ethylene oxide using glycerol or organic amines as initiator; The other type is polymer polyols, which are obtained by grafting polymerization of acrylonitrile, styrene and other polyols.
Solution polymerized styrene-butadiene rubber (SSBR) and rare earth cis-polybutadiene rubber (NDBR)	Stage of technology application	Several core technical personnel	Introduction and innovation	The process technology of SSBR and NDBR is the patented technology of ICB company in Germany. The production method of solution polymerized styrene-butadiene rubber (SSBR) is a solution polymerization method, where butadiene and styrene are polymerized in a mixed solvent of normal hexane and cyclohexane in the presence of a polymerization catalyst NBL; The rare earth cis-1,4-polybutadiene rubber (NDBR) is produced by solution polymerization. Butadiene is polymerized in an n-hexane solution in the presence of NdV, ACT and AOC catalysts.
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.
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	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

		personnel		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 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.
Multifunctional polyester film	Mass production	Several core technical personnel	Introduction and innovation	By directly sending the polymerized melt to a film drawing production line for film making, a series of processes of chip manufacturing, transportation, drying and melting are skipped, and a large amount of cost can be saved.
Backplate film	Mass production	Several core technical personnel	Introduction and innovation	Anti-hydrolysis, anti-ultraviolet and anti-oxidation additives are used, and proprietary equipment and targeted processes are used to manufacture thin films with weatherability characteristics, which can be applied to solar photovoltaic backplanes.
Film grade section	Mass production	Several core technical personnel	Introduction and innovation	By adding composite conductive substances to polyester, the problem of difficult adhesion due to high casting speed on high-speed production lines has been solved, making it applicable to high-speed film drawing production lines.
High silicon masterbatch	Mass production	Several core technical personnel	Introduction and innovation	By solving the problem of dispersion of micron-sized particles, the silica particles are added into a reaction kettle in the polymerization process, so that the master batch with high silica content is prepared, and the master batch can be widely applied to the production of polyester films.

Production capacity of main products

Main products	Design capacity	Capacity utilization
PX	1060	100%
Pure benzene	310	100%
M-xylene	20	100%
PTA	2200	100%
PIA	30	100%
MEG	240	100%
POY	46	100%
FDY	54	100%
DTY	42	100%
Section	25	100%
Flakes	270	100%
Ethylene	420	100%
EO	45	100%
Propylene	330	100%
Styrene	240	100%
PP	180	100%
LLDPE	90	100%
Phenol	80	100%
Butadiene	60	100%
HDPE	60	100%
Acrylonitrile	52	100%
PC	52	100%
Acetone	50	100%
Bisphenol A	48	100%
Ethylene oxide	45	100%
Thin film	43	100%
ABS	40	100%
Methanol	40	100%
LDPE	40	100%
EVA	30	100%
PO	27	100%
DMC	20	100%
MMA	20	100%

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
Chemical waste liquid incineration device for the 40 million tons/year integrated refining-chemical integration project	ZHDJS [2022] No. 3
Newly added 1.4 million tons/year ethylene and downstream chemical plant (product structure optimization of Phase II project) project	ZHDJS [2022] No. 11
Heavy metal ash recovery project by oil residue gasification & filter cake incineration	ZHDJS [2022] No. 2
DMC device sodium methoxide preparation unit for the 40 million tons/year integrated refining-chemical integration project	ZHDJS [2022] No. 14
Clean utilization project of refining and chemical by-products	ZHDJS [2022] No. 15
110kV Substation Project of Rongsheng New Materials (Zhoushan) Co., Ltd.	ZHDJS [2022] No. 9
Expansion project of the multifunctional polyester chip with an annual output of 500,000 tons	DHPZZ [2022] No. 000018 (April 1, 2022)

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 13, 2025
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	February 9, 2027
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	Pollutant Discharge Permit	Hangzhou Municipal Emergency Management Department	November 5, 2026

	Fiber		Management Department	
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

Engaged in oil processing, oil trade industry

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 tons/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.

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 tons/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 tons/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. The company has won the "Top 10 Most Valuable Brands in Global Chemical Industry in 2022", "The 27th among Top 50 Global Chemical

Enterprises in 2022", "Billion Dollar Club of Global Chemical Companies among Top 100 Global Chemical Enterprises in the World", "Top 100 Comprehensive Health Index of China Listed Companies in 2021", "Top 10 List of Sales Revenue of Petroleum and Chemical Enterprises in 2022", "Advanced Standardization List in 2021", "Top 100 Value Listed Companies on Main Board", "Outstanding Management Team of Listed Companies in China", "Best Practice Award of Directors of Listed Companies in 2022", "2022 Top 100 Enterprises in Zhejiang Province, No.1 in Top 100 Manufacturing Enterprises in Zhejiang Province", "2022 Top 100 Private Enterprises in Zhejiang Province" and other honors.

IV. Analysis of Main Business

1. Overview

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 2022, the Company achieved operating revenue of RMB 289.095 billion, a year-on-year increase of 57.91%; The Company's total assets in 2022 were RMB 362.587 billion, a year-on-year increase of 7.20%. On the whole, despite the uncertain economic situation, the Company has not only effectively guaranteed 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

	2022		2021		Year-on-year increase (decrease)
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	289,094,841,612.76	100%	183,074,930,286.51	100%	57.91%
By industry					
Petrochemical Industry	268,236,787,548.52	92.79%	147,552,390,897.55	80.60%	81.79%
Polyester chemical fiber industry	14,641,039,125.46	5.06%	14,303,652,901.29	7.81%	2.36%
Trade and others	6,217,014,938.78	2.15%	21,218,886,487.67	11.59%	-70.70%
By product					
Oil refining products	103,841,990,910.56	35.92%	52,587,161,375.41	28.72%	97.47%
Chemical products	113,898,786,080.29	39.40%	72,023,079,213.02	39.34%	58.14%
PTA	50,496,010,557.67	17.47%	22,942,150,309.12	12.53%	120.10%
Polyester chemical fiber film	14,641,039,125.46	5.06%	14,303,652,901.29	7.81%	2.36%
Trade and others	6,217,014,938.78	2.15%	21,218,886,487.67	11.59%	-70.70%

By region					
China	239,055,001,192.12	82.69%	151,014,002,117.52	82.49%	58.30%
Overseas	50,039,840,420.64	17.31%	32,060,928,168.99	17.51%	56.08%

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

The Company is required to comply with the disclosure requirements for the chemical industry as specified in the *Self-Regulatory Guidelines No. 3 for Listed Companies of Shenzhen Stock Exchange - Industry Information Disclosure*.

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	268,236,787,548.52	238,009,369,791.46	11.27%	81.79%	136.53%	-20.53%
Polyester chemical fiber industry	14,641,039,125.46	14,168,474,148.53	3.23%	2.36%	7.60%	-4.72%
Trade and others	6,217,014,938.78	5,663,310,641.28	8.91%	-70.70%	-73.40%	9.26%
By product						
Oil refining products	103,841,990,910.56	84,981,949,000.87	18.16%	97.47%	159.26%	-19.51%
Chemical products	113,898,786,080.29	102,078,088,582.19	10.38%	58.14%	125.90%	-26.88%
PTA	50,496,010,557.67	50,949,332,208.40	-0.90%	120.10%	124.84%	-2.13%
Polyester chemical fiber film	14,641,039,125.46	14,168,474,148.53	3.23%	2.36%	7.60%	-4.72%
Trade and others	6,217,014,938.78	5,663,310,641.28	8.91%	-70.70%	-73.40%	9.26%
By region						
China	239,055,001,192.12	208,576,277,718.40	12.75%	58.30%	101.21%	-18.61%
Overseas	50,039,840,420.64	49,264,876,862.88	1.55%	56.08%	56.77%	-0.43%

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

Industry	Item	Unit	2022	2021	Year-on-year increase (decrease)
Petrochemical Industry	Sales quantity	10,000 tons	4,112.26	2,860.36	43.27%
	Production quantity	10,000 tons	4,823.10	3,477.02	38.71%
	Inventory	10,000 tons	153.58	106.73	43.90%

Polyester chemical fiber industry	Sales quantity	10,000 tons	198.56	215.57	-7.89%
	Production quantity	10,000 tons	336.40	366.54	-8.22%
	Inventory	10,000 tons	11.95	10.81	10.46%

Description of reasons for relevant data increasing/decreasing by more than 30% year-on-year

During the reporting period, the output, sales volume and inventory of petrochemical industry products increased significantly as compared with the same period of last year, which was mainly due to the full operation of Phase II of the subsidiary ZPC.

(4) Performance of major sales and procurement contracts signed by the company as of the current reporting period

Applicable Not applicable

(4) Composition of operating costs

Unit: RMB

Industry	Item	2022		2021		Year-on-year increase (decrease)
		Amount	Proportion in operating income	Amount	Proportion in operating income	
Petrochemical Industry	Raw material	219,310,111,251.40	92.14%	92,247,604,403.36	91.67%	0.47%
Petrochemical Industry	Labor wage	1,726,845,598.87	0.73%	602,707,237.63	0.60%	0.13%
Petrochemical Industry	Depreciation	8,207,898,392.30	3.45%	3,919,322,472.13	3.89%	-0.45%
Petrochemical Industry	Energy	7,730,464,344.88	3.25%	3,177,807,411.12	3.16%	0.09%
Petrochemical Industry	Other	1,034,050,204.02	0.43%	678,802,675.26	0.67%	-0.24%
Total		238,009,369,791.46	100.00%	100,626,244,199.50	100.00%	0.00%
Polyester chemical fiber industry	Raw material	12,756,545,578.83	90.03%	11,585,305,088.53	87.98%	2.05%
Polyester chemical fiber industry	Labor wage	270,512,439.97	1.91%	234,973,116.82	1.78%	0.12%
Polyester chemical fiber industry	Depreciation	199,686,441.04	1.41%	222,806,738.04	1.69%	-0.28%
Polyester chemical fiber industry	Energy	719,003,959.71	5.07%	865,117,566.48	6.57%	-1.50%
Polyester chemical fiber industry	Other	222,725,728.97	1.57%	259,267,236.97	1.97%	-0.40%
Total		14,168,474,148.53	100.00%	13,167,469,746.84	100.00%	0.00%

Unit: RMB

Industry	Item	2022		2021		Year-on-year increase (decrease)
		Amount	Proportion in operating income	Amount	Proportion in operating income	
Refinery products	Raw material	77,785,713,249.72	91.53%	29,807,341,595.29	90.94%	0.60%
Refinery products	Labor wage	754,650,595.88	0.89%	238,952,822.71	0.73%	0.16%
Refinery products	Depreciation	3,310,628,382.72	3.90%	1,410,199,350.79	4.30%	-0.41%
Refinery products	Energy	2,934,219,424.57	3.45%	1,152,553,303.17	3.52%	-0.06%
Refinery products	Other	196,737,347.99	0.23%	169,335,570.24	0.52%	-0.29%
Total		84,981,949,000.88	100.00%	32,778,382,642.21	100.00%	0.00%
Chemical products	Raw material	93,512,854,749.88	91.61%	41,014,690,143.92	90.77%	0.84%
Chemical products	Labor wage	908,477,399.74	0.89%	329,316,743.71	0.73%	0.16%
Chemical products	Depreciation	3,980,431,150.22	3.90%	1,941,095,293.63	4.30%	-0.40%
Chemical products	Energy	3,457,548,082.96	3.39%	1,643,880,872.55	3.64%	-0.25%
Chemical products	Other	218,777,199.39	0.21%	258,616,646.10	0.57%	-0.36%
Total		102,078,088,582.19	100.00%	45,187,599,699.90	100.00%	0.00%
PTA	Raw material	48,011,543,251.81	94.23%	21,425,572,664.16	94.55%	-0.32%
PTA	Labor wage	63,717,603.24	0.13%	34,437,671.21	0.15%	-0.03%
PTA	Depreciation	916,838,859.36	1.80%	568,027,827.70	2.51%	-0.71%
PTA	Energy	1,338,696,837.36	2.63%	381,373,235.40	1.68%	0.94%
PTA	Other	618,535,656.64	1.21%	250,850,458.92	1.11%	0.11%
Total		50,949,332,208.40	100.00%	22,660,261,857.39	100.00%	0.00%
PET Film	Raw material	12,756,545,578.83	90.03%	11,585,305,088.53	87.98%	2.05%
PET Film	Labor wage	270,512,439.97	1.91%	234,973,116.82	1.78%	0.12%
PET Film	Depreciation	199,686,441.04	1.41%	222,806,738.04	1.69%	-0.28%
PET Film	Energy	719,003,959.71	5.07%	865,117,566.48	6.57%	-1.50%
PET Film	Other	222,725,728.97	1.57%	259,267,236.97	1.97%	-0.40%
Total		14,168,474,148.53	100.00%	13,167,469,746.84	100.00%	0.00%

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

1. Increase in consolidation scope		
Company name	Acquisition method	Date of equity acquisition

Ningbo Rongxincheng Trading Co., Ltd.	New establishment	October 9, 2022
Yisheng New Materials Trading Co., Ltd.	New establishment	October 22, 2021
Zhoushan ZPC Sales Co., Ltd.	New establishment	July 15, 2022
ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute Co., Ltd.	New establishment	January 6, 2022
Rongsheng New Materials (Zhoushan) Co., Ltd.	New establishment	January 28, 2022
Rongsheng New Materials (Taizhou) Co., Ltd.	New establishment	May 7, 2022

2. Decrease in consolidation scope

Company name	Acquisition method	Date of disposal
Zhejiang FreeTrade Zone Rongxin Trade Co., Ltd.	Cancellation	April 8, 2022
Rongxiang (Shanghai) Chemical Co., Ltd.	Cancellation	February 8, 2022

[Note] Yisheng New Materials Trading Co., Ltd. was established on October 22, 2021, and the account was set up for auditing in 2022.

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

Applicable Not applicable

(8) Major sales customers and major suppliers

Major sales customers

Total sales amount of the top five customers (RMB)	49,709,169,270.38
Proportion of total sales amount of the top five customers in total annual sales	17.19%
Proportion of related party sales in total annual sales among the top five customers	5.64%

Top 5 customers of the Company

NO.	Customer	Sales amount (RMB)	Proportion in total annual sales
1	Customer 1	16,302,759,633.27	5.64%
2	Customer 2	10,491,463,720.47	3.63%
3	Customer 3	8,172,119,203.20	2.83%
4	Customer 4	7,576,694,616.67	2.62%
5	Customer 5	7,166,132,096.78	2.48%
Total	--	49,709,169,270.38	17.19%

Major suppliers

Total purchase amount of the top five suppliers (RMB)	125,559,381,162.81
Proportion of total purchase amount of the top five suppliers in total annual purchase amount	42.80%
Proportion of related party purchase amount in total annual purchase amount of the top five suppliers	0.00%

Top 5 suppliers of the Company

NO.	Suppliers	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier 1	54,615,731,386.47	18.62%
2	Supplier 2	31,567,495,254.91	10.76%
3	Supplier 3	14,527,808,482.31	4.95%
4	Supplier 4	12,448,971,400.00	4.24%
5	Supplier 5	12,399,374,639.11	4.23%
Total	--	125,559,381,162.81	42.80%

3. Expenses

Unit: RMB

	2022	2021	Year-on-year increase (decrease)	Description of major changes
Marketing expenses	175,450,628.16	154,972,404.33	13.21%	
Administrative expenses	815,233,609.10	682,723,375.14	19.41%	
Financial expenses	6,030,509,548.75	2,898,351,176.59	108.07%	Mainly due to the increase in exchange losses of the Company and its subsidiary ZPC in the current period.
R&D expenses	4,367,112,486.97	3,915,264,380.48	11.54%	

4. R&D investment

Name of main R&D project	Project purpose	Project progress	Objectives to be achieved	Expected impact on the company's future development
Analysis and treatment of pipeline vibration in the refinery unit	To prevent the impact of the operating medium on the pipeline	Concluded	(1) Improve the rigidity and strength of the pipeline support system and the frame structure where the pipeline is located, and reduce resonance and vibration transmission. (2) By analyzing the inducement of vibration, adopt corresponding vibration reduction facilities.	It is of great significance to form a systematic and standardized technical scheme and management method for the analysis, prevention and treatment of vibration causes and problems for the safe and long-term operation of the device.
Research on Waste Heat Utilization Technology of Power Center	To ensure the effective recovery of waste heat from the deaerator and boiler blowdown in Phase I of the power center as well as the efficient and energy-saving operation of the power center, waste heat recovery device is added to recover and utilize waste heat of exhaust steam of boiler timing & continuous blowdown and deaerator and surplus hot water of aromatic hydrocarbon, so as to realize 100% recovery of exhaust steam of deaerator and more than 90% heat recovery of boiler timing & continuous discharge and aromatic hot water, and reduce energy loss.	Concluded	Energy saving and emission reduction: about 5t/h of exhaust steam from deaerator is recovered every hour, and about 6t/h of hot water is discharged continuously. Calculated by standard coal, about 20,000 tons of standard coal can be saved every year. The process has obvious effects of energy saving and emission reduction, and fully embodies the concept of clean production. Stable and long-term operation of the system: the system can realize DCS automatic control, with stable and reliable operation. After being put into operation, it can effectively improve the phenomenon of steam exhaust and steam emission of the device and greatly improve the image of the device area.	It can further improve the comprehensive technical level of the device.
Research on Calibration and Optimized Processing Plan of 1.4 million tons/year Ethylene Cracking Furnace	To guide the cracking furnace to operate under the best operating conditions, improve the yield of target products, and then improve the economic benefits of ethylene plants.	Concluded	(1) A cracking gas sampling device for ethylene cracking furnace (2) Calibration and optimization method of ethylene cracking furnace	Improve the economic benefit of ethylene cracking unit; The calibration method and the optimization method of the ethylene cracking furnace can be further applied to the ZPC Phase II 2# ethylene and 3# ethylene devices, so as to obviously improve the economic benefit of the ethylene devices.
Research and Countermeasures on the Problem of Lubricating Paint Film in Large Centrifugal Compressor Units	To solve the problem of temperature rise and significant temperature fluctuations in bearing shells	Concluded	To solve the problem of coking and carbon deposition of the bearing bush of the compressor, eliminate the hidden trouble of abnormal fluctuation and rise of the temperature of the bearing bush of the compressor, and realize the long-term safe operation of the equipment.	It can further improve the comprehensive technical level of the device.
Implementation	To efficiently and comprehensively utilize the	Concluded	The operation consumption of three gasifiers in Zone II	To ensure no increase in carbon emissions,

and application of petroleum coke gasification	by-product petroleum coke and solve the dilemma of no raw coal in the second stage gasification of coal coke gasification		of Series II for coal coke gasification is 860,000 tons/year of petroleum coke, and the effective gas output of a single furnace (CO+H ₂) is 170,000 Nm ³ /h.	build a supporting carbon dioxide recovery unit, and produce 500,000 tons/year of food-grade liquid CO ₂
Research and development of additives for petroleum coke slurry	To solve the unfavorable factors such as high water separation rate, poor stability and easy layering of slurry after petroleum coke pulping	Concluded	(1) Compared with other additives, the water separation rate of the water-coke slurry is reduced by 20%; (2) Enhance stability and maintain no hard precipitation for 24 hours; (3) Reduce the amount of water coke slurry additives by 10%; (4) It has been applied in the ZPC gasification unit of Zhejiang and has achieved significant results.	To provide reliable raw materials for the gasification transformation of the company's by-product clean utilization project and increase the company's by-product benefits.
Study on cracking propane or LPG separately in cracking furnace	To enable the cracking furnace process propane material separately, find the optimal cracking depth, improve the yield of ethylene and propylene, and obtain good economic benefits.	Concluded	C3 and C4 are always mixed in the cracking furnace of the ethylene plant, so it is difficult for the cracking furnace to reach the optimal cracking depth. After the cracking furnace cracks propane or LPG alone, C3 and C4 can be cracked separately, which is convenient for adjusting the cracking depth and improving the cracking income.	When there is an excess of propane raw materials, a single cracking furnace can be used to process propane raw materials, improving the conversion rate of propane and the yield of ethylene and propylene.
Study on improving thermal efficiency of cracking furnace	By adjusting the combustion state of the cracking furnace in a timely manner, and studying the influencing factors of the thermal efficiency of the cracking furnace, the project shall tackle key problems one by one, so as to improve the thermal efficiency of the cracking furnace, reduce fuel consumption, and create good economic benefits.	Concluded	To further optimize the thermal efficiency of the cracking furnace, and increase the average thermal efficiency of the cracking furnace by 0.5%	By researching the influencing factors of the thermal efficiency of the cracking furnace, the project shall tackle key problems one by one, so as to improve the thermal efficiency of the cracking furnace, reduce fuel consumption, and create good economic benefits.
Study on treatment scheme of chemical waste liquid in refining and chemical integration project	To establish the R&D and localization project of energy-saving and environmentally-friendly burners for the incineration unit of the Drainage Department of Public Works Division, and to solve the problems of high procurement cost, delayed after-sales service, long maintenance period and design defects of imported burners	Concluded	(1) Energy-saving and environment-friendly burner of domestic incineration device (2) One-key intelligent control system for burners of incineration unit (3) Form a technical research report	The development and localization of energy-saving and environment-friendly burners for incinerators can promote the upgrading and localization of relevant heating and combustion equipment in ZPC.
Development of Deep Desulfurization Technology for Light Hydrocarbon	To deeply desulfurize the dry gas and liquefied gas, reduce the temperature of the exhaust gas of the heating furnace and improve the thermal efficiency of the heating furnace.	Ongoing	Total sulfur removal of purified dry gas to 5mg/m ³	Save energy, reduce emissions and enhance the competitiveness of enterprises
R&D of 2420D	To develop and produce shrink film material	Concluded	To form a complete solution for mass production of	Shrink film has a wide range of uses in the

special material for shrink film in 1# LDPE plant	2420D, increase product diversification, improve market awareness, and enhance the marginal efficiency of the device by the high value-added LDPE products.		2420D.	field of heavy packaging and has good economic benefits.
Research and Development of Special Material V6110S for Photovoltaic Adhesive Film of 1#LDPE-EVA Device	Through groping for the process parameters, the product meeting the performance requirements of photovoltaic film was produced.	Concluded	To form a complete set of technology for stable production of V6110S, and realize stable, excellent and high yield;	To enhance the competitiveness of enterprises
3# PP Plant EP300H New Product Development	To develop high-impact EP300H polypropylene resin special material with higher added value	Concluded	The EP300H was successfully developed, mass production was achieved, and marginal efficiency was increased.	To increase the market competitiveness of ZPC products
Development of a New Type of Adsorption and Separation Technology	To develop new adsorption separation processes using light desorption agents.	Ongoing	Use a toluene desorption agent for adsorption and separation.	Save energy, reduce emissions and enhance the competitiveness of enterprises
Cause Analysis of Corrosion Leakage of Non-hydrogenation Acid Water Steam Extraction Device Air Cooler and Development of New Corrosion Resistant Materials	To reduce corrosion in non-hydrogenation stripping acid steam extraction system and reflux system	The program is being demonstrated	To reduce corrosion in non-hydrogenation stripping acid steam extraction system and reflux system To realize the stable operation of that device for a long period	To prolong the long-term stable operation of the device, and reduce the hidden dangers of personnel poisoning and environmental pollution caused by leakage of the system due to corrosion.
Technical Research on Preventing Carbon Dioxide from Exceeding Standard and Ensuring Safe Operation of Air Separation System	Enable ZPC Phase I and Phase II air separation circulating water to adjust according to the operation of the air separation unit, ensuring that the outlet air temperature of the air cooling tower of the pre-cooling system of the Phase I and Phase II air separation unit is less than 10°C, maximizing the adsorption capacity of the molecular sieve adsorbent in the purification system, reducing the impact of excessive carbon dioxide in the environment on the operation of the air separation unit, and achieving stable	Concluded	Install a coil-type heat exchanger in the circulating water tank to prevent corrosion of the heat exchanger by circulating water and achieve adjustable circulating water temperature.	Ensure that the carbon dioxide content in the air at the outlet of the adsorber does not exceed or slightly exceed the standard, and ensure the stable operation of the air separation device.

	operation of the air separation unit.			
Research on Optimization Plan for Production of Naphth Processing Unit	Through quantitative analysis of the model, propose an optimization plan for energy-saving optimization with no investment and less investment.	Concluded	Full process model of key units in naphtha processing device	It can further improve the comprehensive technical level of the device.
Study on the Optimization of Closed Decoking System for Delayed Coking	Complete the optimization design and construction of the 3.2 million tons/year delayed coking closed decoking system, eliminate operational bottlenecks, and achieve 110% load production of the device and long-term operation of the intelligent closed decoking system.	Ongoing	Through the optimization research of the delayed coking closed decoking system, a complete set of high-reliability large-scale delayed coking closed decoking system technology is formed, and the closed operation of the decoking, transportation, storage and loading processes of the 3.2 million tons/year delayed coking unit is realized, the coke powder is eliminated, and the oil gas generated in the decoking process is recovered in a centralized manner to reduce pollution. Minimize labor intensity and fundamentally improve the image of heavy pollution units in coking units.	The closed decoking system of 200,000 tons/year delayed coking realizes the intelligent closed operation of petroleum coke from decoking, transportation, storage and loading, fundamentally eliminates the pollution of water vapor, malodorous gas and coke powder, and realizes the clean production of delayed coking unit. It provides a unit example for the sustainable development of delayed coking units.
Development of Waste Heat Recovery Technology for Super-large Chemical Process Furnace	By using forced ventilation, the intake air can be evenly distributed, and corrosion inhibitors can reduce the sulfur content in fuel gas, reduce environmental pollution, and improve the combustion efficiency of fuel gas.	Ongoing	The exhaust gas temperature reaches $85 \pm 5^{\circ}\text{C}$, and the thermal efficiency of the heating furnace is $\geq 95\% \pm 0.5\%$	Save energy, reduce emissions and enhance the competitiveness of enterprises
Development of New Product 23050 of 2# HDPE Device	Develop high value-added pipe material 23050, enrich the device brand, and improve economic efficiency.	Concluded	Develop the production scheme of high-density polyethylene 23050.	To increase the market competitiveness of ZPC products
Technical Development of C3-C6 Recovery from Fuel Gas in Aromatic Hydrocarbon Combination Unit	Recover C3-C6 components in the non-condensable gas.	Ongoing	Realize the recovery and utilization of heavy components in the dry gas.	Improve the added value of the product and recover LPG.
Research and development of tar recovery technology in phenol-acetone plant	(1) Complete the research and design of the process route of phenol acetone tar treatment technology and the construction of the device; (2) After the stable operation of the second phase phenol acetone plant, the phenol tar treatment unit will gradually be put into	Concluded	(1) Extract phenol in 5- 10% wt phenol tar residue produced by the process of preparing phenol and acetone by using cumene to increase the phenol yield of the device; (2) Refine acetophenone to obtain 99.5% wt additional acetophenone product, increase the comprehensive	The technology of this project takes acetophenone and phenol as target products, recovers and extracts useful substances from phenol tar, realizes value appreciation of unit products, reduces waste tar amount, reduces carbon emission and realizes clean

	<p>operation, and experimental research will be completed to extract 99% of the acetophenone product, reduce the amount of tar, solve the problem of difficult phenol tar treatment in the phenol acetone production technology using cumene, and achieve clean production;</p> <p>(3) Analyze and study the operation data, perfect and optimize the technology, and form a mature and reliable industrial technology for phenol tar treatment.</p>		<p>output value of the unit;</p> <p>(3) The unit cuts down waste tar residue by about 30% wt, lowers tar treatment costs, and reduces carbon emissions.</p>	<p>production. Acetophenone is an important organic compound, which is widely used as raw material in the organic synthesis industry, such as pesticide, medicine, perfume, paint and fuel.</p>
<p>Development of high-purity benzene for caprolactam preparation by removing MCP from disproportionation reaction products</p>	<p>Reduce methylcyclopentane in benzene products.</p>	<p>Ongoing</p>	<p>Toluene + methylcyclohexane (wt%) ≤ 0.015</p>	<p>Improve the added value of the product.</p>
<p>Development of a low-energy consumption co-production technology for ortho-xylene</p>	<p>Produce ortho-xylene from the aromatic separation unit.</p>	<p>Ongoing</p>	<p>The purity of o-xylene is expected to reach 98%</p>	<p>Improve the added value of the product.</p>
<p>Research on the First Application of Domestic Catalysts in 1 # Wax Oil Hydrocracking Unit</p>	<p>Increase the production of heavy naphtha, improve the yield of heavy naphtha, and provide high-quality raw materials for downstream units to further increase PX production</p>	<p>Ongoing</p>	<p>By using ordinary loading catalysts and applying the RHC-220 hydrocracking catalyst independently developed by the Chinese Academy of Sciences, the production of heavy naphtha was increased. At the initial stage of operation, the yield of heavy naphtha reached over 35.2%, providing high-quality raw materials for downstream units and achieving the goal of further increasing PX production.</p>	<p>Provide a factory example for the sustainable development of wax oil hydrocracking units.</p>
<p>Study on Optimization of Neutralization Process in Acidic Water of Sulfuric Acid Plant</p>	<p>The neutralization unit in acidic water is transformed into a parallel double-line operation to ensure online switching and reduce the consumption of additives.</p>	<p>Concluded</p>	<p>To avoid equipment shutdown due to leakage in the single process of the wastewater treatment unit. Parallel dual-line switching can meet the conditions for equipment handover and maintenance.</p>	<p>The actual environmental protection water quality requirements are far lower than the design drainage water quality, which can shorten the process, reduce the number of additives, and effectively control the investment of additives, equipment maintenance and equipment maintenance costs in the later period.</p>

<p>New Product Development of S1025 in 1# Polypropylene Plant</p>	<p>To develop the special material of medium melting homopolymerization S1025 polypropylene resin with higher added value.</p>	<p>Concluded</p>	<p>S1025 was successfully developed, mass production was realized, and marginal benefits were improved.</p>	<p>To enhance the competitiveness of enterprises</p>
<p>Research and Development of High Hydrogen Modified Polypropylene Catalyst System Technology</p>	<p>The ultra-high flow thin-wall injection molding product was developed on the 450,000 t/a polypropylene plant of Zhejiang Petroleum & Chemical Company, and the product performance reached the same level in the market. Apply to the 450,000 tons/year polypropylene plant of ZPC to develop ultra-high flow thin-walled injection molding products, whose performance has reached the same level in the market.</p>	<p>Ongoing</p>	<p>(1) Develop a high hydrogen-regulated catalyst system with independent intellectual property rights; (2) The technology is suitable for the existing polypropylene plant process and can meet the development needs of high fluidity, high rigidity and high value-added products.</p>	<p>Reduce costs and enhance the competitiveness of enterprises</p>
<p>Study on optimization of waste oil recycling system</p>	<p>Through optimization research on the waste oil recycling system, eliminate production bottlenecks, remove impurities in the diesel process, solve frequent blockage of heat exchangers, and ensure long-term operation of cold exchange equipment.</p>	<p>Ongoing</p>	<p>Through optimization research on the dirty oil system, impurities in the diesel system are eliminated, the heat exchange efficiency of the diesel system's cold exchange equipment is improved, and frequent cleaning of the diesel system's cold exchange equipment is solved to ensure long-term operation of the cold exchange equipment.</p>	<p>Through the research and implementation of this project, new technologies are adopted to change the direction of impurities, break the vicious circle of a closed loop, ensure the long-term operation of cold exchange equipment and devices, promote the new large-scale refinery and new devices for capacity expansion and reconstruction to break the production bottleneck, and provide industrial application data.</p>
<p>Study on New Propylene Additive in FCC Process</p>	<p>Conduct industrial application of a new type of propylene additive and study its industrial application effect.</p>	<p>Ongoing</p>	<p>By adopting a new type of propylene additive, the increase in propylene content in liquefied gas is not less than 1.5wt%, and the increase in propylene content in liquefied gas is $\leq 4\text{wt}\%$ (relative to the feed), ultimately achieving the goal of producing more propylene.</p>	<p>Complete the industrial application of new propylene additives, implement capacity expansion and transformation of gas separation units, maximize the production of propylene, and provide high-value-added chemical raw materials for subsequent units. Its successful utilization can also provide reference significance for other FCC units.</p>

R&D personnel of the Company

	2022
Number of R&D personnel (counts)	2,731
Proportion of R&D personnel	14.05%
Educational structure of R&D personnel	
Bachelor's Degree	1,377
Master's Degree	98
Doctor's Degree	5
Composition of R&D personnel by ages	
30 years old and below	313
30 to 40 years old	1,656
Above 40 years old	762

R&D investment of the Company

	2022	2021	Change
R&D investment (RMB)	4,367,112,486.97	3,915,264,380.48	11.54%
Proportion of R&D investment in operating income	1.51%	2.14%	-0.63%
Capitalized amount of R&D investment (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

5. Cash flow

Unit: RMB

Item	2022	2021	Year-on-year increase (decrease)
Subtotal of cash inflow from operating activities	366,502,609,500.41	219,196,120,573.76	67.20%
Subtotal of cash outflow from operating activities	347,444,472,615.05	185,631,335,139.82	87.17%
Net cash flow from operating activities	19,058,136,885.36	33,564,785,433.94	-43.22%
Subtotal of cash inflow from investment activities	4,751,717,442.06	6,929,501,995.88	-31.43%
Subtotal of cash outflow from investment activities	33,718,025,019.38	63,770,258,145.29	-47.13%
Net cash flow from investment activities	-28,966,307,577.32	-56,840,756,149.41	-49.04%
Subtotal of cash inflow from financing activities	110,301,656,209.13	146,564,790,343.94	-24.74%
Subtotal of cash outflow from financing activities	98,744,982,879.68	115,727,335,770.67	-14.67%
Net cash flow from financing activities	11,556,673,329.45	30,837,454,573.27	-62.52%
Net increase in cash and cash equivalents	1,120,442,159.11	7,746,493,601.66	-85.54%

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

1. The net cash flow generated from the Company's operating activities this year was RMB 19.058 billion, a year-on-year decrease of about RMB 14.506 billion, mainly due to the year-on-year decrease in the Company's gross profit on product sales during this period.

2. The net cash flow generated by the company's investment activities this year was RMB -28.966 billion, a decrease of approximately RMB 27.874 billion compared to that of the previous year, mainly due to a decrease in cash paid for the purchase and construction of fixed assets by its subsidiary ZPC in the current period.

3. The net cash flow generated by the company's fundraising activities this year was RMB 11.557 billion, a decrease of approximately RMB 19.281 billion compared to that of the previous year, mainly due to the year-on-year decrease in new bank loans of its subsidiary, ZPC.

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.

V. Non-core business analysis

Unit: RMB

	Amount	Proportion in total profit	Cause description	Whether it is sustainable
Investment income	693,478,145.84	12.34%	Mainly the Company's futures investment income	Yes
Profit (loss) from fair value change	10,728,066.90	0.19%	Mainly formed by futures investment	No
Asset impairment	-282,256,547.80	-5.02%	Mainly the write off of inventory falling price reserves	No
Non-operating income	4,744,570.37	0.08%	Mainly compensation income	No
Non-operating expenses	14,101,126.33	0.25%	Mainly the loss of scrap of fixed assets and external donations	No
Income from asset disposal	3,885,078.23	0.07%	Mainly the income from disposal of fixed assets	No
Other income	2,363,252,918.77	42.06%	Mainly government subsidies	No
Credit impairment loss	-15,203,657.84	-0.27%	Mainly formed by the provision for bad debts of accounts receivable	No

VI. Analysis of assets and liabilities

1) Significant changes in asset composition

Unit: RMB

	End of 2022		Beginning of 2022		Increase (decrease) of proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary Fund	18,238,774,380.21	5.03%	17,681,643,415.29	5.23%	-0.20%	

Accounts receivable	7,128,011,047.03	1.97%	5,411,114,000.05	1.60%	0.37%	
Contract assets		0.00%		0.00%	0.00%	
Stock	60,689,909,793.94	16.74%	47,110,220,115.64	13.93%	2.81%	
Investment real estate	10,667,020.60	0.00%	10,938,466.60	0.00%	0.00%	
Long-term equity investment	8,733,329,806.35	2.41%	7,590,869,411.21	2.24%	0.16%	
fixed assets	222,161,110,736.65	61.27%	124,274,418,986.34	36.74%	24.53%	
Construction in progress	26,135,157,629.45	7.21%	108,671,656,611.87	32.13%	-24.92%	
Right-of-use assets	225,606,768.34	0.06%	253,078,428.01	0.07%	-0.01%	
Short term loan	26,369,552,400.50	7.27%	37,870,906,450.61	11.20%	-3.92%	
Contractual liabilities	3,734,262,391.81	1.03%	4,240,816,908.28	1.25%	-0.22%	
Long-term loan	130,962,386,969.29	36.12%	109,118,407,483.85	32.26%	3.86%	
Lease liabilities	213,400,396.45	0.06%	233,775,736.95	0.07%	-0.01%	
Non-current liabilities due within one year	20,461,387,778.93	5.64%	13,376,297,922.08	3.95%	1.69%	

2. Assets and liabilities measured at fair value

Unit: RMB

Item	Amount at the beginning of the period	Profit and loss from changes in fair value for the period	Accumulated fair value changes recognized in equity	Impairment accrued in the current period	Purchase amount in the current period	Sales amount in the current period	Other changes	Amount by the end of the period
Financial assets								
Financial assets held for trading (excluding derivative financial assets)	345,151,994.32							188,283,362.49
Total above	345,151,994.32							188,283,362.49
Financial liabilities	214,744,004.37							588,769,711.55

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

Unit: RMB

Item	Carrying value at the end of 2022	Reasons for restrictions
Monetary Fund	2,779,494,576.43	See note to monetary funds in the notes to the financial statements for details.
Accounts receivable financing	3,316,973.51	Pledged for issuing bank acceptance bills as collateral
Fixed assets	217,071,880,411.54	Bank loan mortgage, letter of credit mortgage
Construction in progress	20,075,082,279.55	Bank loan mortgage
Intangible assets	4,409,441,534.82	Bank loan mortgage
Total	244,339,215,775.85	

VII. 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
8,733,329,806.35	7,590,869,411.21	15.05%

2). Significant equity investments acquired during the reporting period

Unit: RMB

Invested company	Main business	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)
Hainan Yisheng	Production and sales of PTA and chips	Capital increase	500,000,000	50.00%	Equity Fund	Ningbo Hengyi Trading Co., Ltd	One-time investment	PTA, chips	Done	0	0	No	December 14, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1211893385&announcementTime=2021-12-14

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

 Applicable Not applicable

4. Investment in financial assets

(1) Securities investment

There was no investment in securities during the reporting period.

(2) Investment in derivatives

The Company had no derivatives investment during the reporting period.

5. Use of the raised funds

The Company did not use the raised funds during the reporting period.

VIII. Sales of Major Assets and Equities

1. Sales of major assets

The Company did not sell any major assets during the reporting period.

2. Sale of major equities

Applicable Not applicable

IX. Analysis of Main Holding and Joint-stock Companies

Main subsidiaries and joint-stock companies affecting more than 10% of the Company's net profit

Unit: RMB 10,000

Company name	Company Type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
ZPC	Subsidiary	Production, sales, storage and transportation of petroleum products, import and export of crude oil, sales of petrochemical raw and auxiliary materials and equipment and their spare parts	5,580,000	28,686,849.85	9,194,701.72	23,016,372.02	550,519.03	605,204.34
Zhongjin Petrochemical	Subsidiary	Production and sales of chemical products and petroleum products	600,000	3,727,811.03	832,266.74	4,765,988.46	-59,347.53	-47,594.78
Yisheng Investment	Subsidiary	Project investment, domestic trade, import and export of goods	201,800	1,753,393.73	763,653.88	2,974,782.89	32,849.78	40,524.44
Yisheng Dahua	Subsidiary	Production and sales of PTA and polyester bottle chips	245,645	1,607,183.30	617,658.25	2,974,782.89	-19,633.63	-11,947.20
Yisheng New Materials	Subsidiary	Production and sales of PTA	300,000	1,228,897.79	286,002.94	3,370,855.32	-33,559.80	-25,199.76
Hainan Yisheng	Joint-stock company	Production and sales of PTA and polyester bottle chips	458,000	1,234,567.09	642,597.75	2,271,698.29	121,806.70	104,001.29
Zhejiang	Joint stock	Production and sales of	USD	1,876,955	893,494.6	2,138,615	-	-

Yisheng	company	PTA	51,444.71	.57	9	.21	15,767.22	17,193.75
Shengyuan Chemical Fiber	Subsidiary	Production and sales of polyester chips and polyester filaments	200,000	628,308.48	216,793.03	414,122.77	951.65	344.97
Yongsheng Technology	Subsidiary	New material technology research and development, plastic product manufacturing, synthetic fibre manufacturing	16,000	228,166.10	73,198.43	225,849.43	1,638.34	2,729.45

Acquisition and disposal of subsidiaries during the reporting period

Company name	Acquisition and disposal methods during the reporting period	Impact on overall production, operation and performance
Ningbo Rongxincheng Trading Co., Ltd.	Newly established	No significant impact
Rongsheng New Materials (Zhoushan) Co., Ltd.	Newly established	No significant impact
Rongsheng New Materials (Taizhou) Co., Ltd.	Newly established	No significant impact
ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute Co., Ltd.	Newly established	No significant impact
Yisheng New Materials Trading Co., Ltd.	Newly established	No significant impact
Zhoushan ZPC Sales Co., Ltd.	Newly established	No significant impact
Zhejiang FreeTrade Zone Rongxin Trade Co., Ltd.	Cancelled	No significant impact
Rongxiang (Shanghai) Chemical Co., Ltd.	Cancelled	No significant impact

Description of major holding companies and joint-stock companies
(1) Zhejiang Petroleum & Chemical Co., Ltd.

Zhejiang Petroleum & Chemical Co., Ltd. (ZPC) is the implementing body of the Company's 40 million tons/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 5.58 million. By the end of 2022, the company had total assets of RMB 286,868.50 million and net assets of RMB 91,947.02 million; In 2022, the company achieved an operating revenue of RMB 230,163.72 million and a net profit of RMB 6,052.04 million.

(2) 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 2022, the company had total assets of RMB 37,278.11 million and net assets of RMB 8,322.67 million; In 2022, the company achieved an operating revenue of RMB 47,659.88 million and a net profit of RMB -475.95 million.

(3) 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 registered capital of RMB 2,018 million. The Company holds 70% of its equity. By the end of 2022, the company had total assets of RMB 17,533.94 million and net assets of RMB

7,636.54 million; In 2022, the company achieved an operating revenue of RMB 29,747.83 million and a net profit of RMB 405.24 million.

(4) 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 2022, the company had total assets of RMB 16,071.83 million and net assets of RMB 6,176.58 million; In 2022, the company achieved an operating revenue of RMB 29,747.83 million and a net profit of RMB -119.47 million.

(5) Zhejiang Yisheng New Materials Co., Ltd.

Zhejiang Yisheng New Materials Co., Ltd. is mainly engaged in the production and sales of PTA. The legal representative is Xu Baoyue, the registered capital is RMB 3 billion, and Ningbo Zhongjin Petrochemical Co., Ltd. holds 51% of its equity. By the end of 2022, the company had total assets of RMB 12,288.98 million and net assets of RMB 2,860.03 million; In 2022, the Company achieved an operating revenue of RMB 33,708.55 million and a net profit of RMB -252 million.

(6) 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 PTA and polyester bottle chips, 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 2022, the company had total assets of RMB 12,345.67 million and net assets of RMB 6,425.98 million; In 2022, the company achieved an operating revenue of RMB 22,716.98 million and a net profit of RMB 1,040.01 million.

(7) Zhejiang Yisheng Petrochemical Co., Ltd.

Zhejiang Yisheng Petrochemical Co., Ltd. is mainly engaged in PTA production and sales. 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 2022, the company had total assets of RMB 18,769.56 million and net assets of RMB 8,934.95 million; In 2022, the company achieved an operating revenue of RMB 21,386.15 million and a net profit of RMB -171.94 million.

(8) Zhejiang Shengyuan Chemical Fiber Co., Ltd.

Zhejiang Shengyuan Chemical Fiber Co., Ltd. is the implementing body of the Company's multi-functional fibre 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 2022, the company had total assets of RMB 6,283.08 million and net assets of RMB 2,167.93 million; In 2022, the company achieved an operating revenue of RMB 4,141.23 million and a net profit of RMB 3.45 million.

(9) 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 2022, the company had total assets of RMB 2,281.66 million and net assets of RMB 731.98 million; In 2022, the company achieved an operating revenue of RMB 2,258.49 million and a net profit of RMB 27.29 million.

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Prospect for the Company's Future Development

(1) Business plan

In 2023, under the leadership of the Board of Directors, we will actively carry out work around the company's strategy; on the one hand, we will ensure the efficient and stable operation of existing devices and continuously release benefits, and at the same time, we will promote the smooth implementation of projects under construction and implement relevant work according to the established objectives; on the other hand, we will pay close attention to relevant policies of the central and local governments and the latest market trends. On the basis of stable operation, we will flexibly adjust production and sales strategies and carry out risk prevention and control.

1. Pay attention to policy changes and use the "baton" of strategic development accurately

In 2022, China's economy withstood multiple tests, such as accelerated evolution of world changes and domestic economic downturn, achieving a growth rate of 3%, better than the global average. Although the current economic recovery and development still face many difficulties and challenges, China will usher in a new situation after the 20th National Congress in 2023, especially after the two sessions. In the face of the complicated situation at home and abroad, the state will pay more attention to and encourage the development of the real economy and private enterprises, which is a rare window period. Therefore, we should always pay close attention to the introduction and implementation of various policies, plan and act accordingly, and seize the opportunity for development.

2. Pay close attention to investment changes and play a proactive role in project coordination

In 2022, the Phase I and Phase II projects of ZPC were successfully completed, realizing stable operation with a high load. Relying on the advantages of large refining and chemical platform, we shall turn our investment eyes to the field of high-end new materials, especially focusing on tracking the real-time progress of green projects in the field of new materials. The company and its subsidiaries shall also accelerate the construction of new projects in Zhejiang, Dalian, Hainan and other bases.

3. Pay attention to market changes and anchor the "wind vane" of supply and demand balance

The prosperity of the downstream consumer market is relatively weak, posing higher requirements for the control of company cost performance. Therefore, we will continue to promote and improve the performance evaluation system for all employees, adhere to market orientation in procurement, production, and sales, dynamically adjust supply and demand levels based on the actual situation of production and market, and further improve product quality with quality management as the core.

4. Pay attention to technological changes and activate the "driver" of scientific research innovation

In the context of carbon peaking and carbon neutrality, the state has stricter requirements on energy conservation, consumption reduction and technological innovation and other aspects of the industry. Therefore, we shall accelerate the pace of transformation and upgrading, actively understand and master the relevant information and application of cutting-edge new technologies, continuously increase investment in research and development, and provide timely technical support for the planning of subsequent projects. Meanwhile, we will continue to focus on the goal of building a digital and intelligent factory, and continue to vigorously promote the implementation of machine-for-person projects to achieve industrial upgrading and intelligent production.

5. Pay attention to team changes and cultivate "new force" for talent construction

The Company adheres to the people-oriented principle, constantly revises and improves the principles and policies of talent cultivation, enhances the comprehensive quality and ability of employees, strengthens the construction of a talent team, strictly divides and implements the requirements and responsibilities of each post, carries out talent cultivation and reserve work in a planned and targeted manner, strives to build a multi-form, multi-channel and three-dimensional talent cultivation pattern, and creates a strong atmosphere of valuing, cherishing and loving talents, so as to inject continuous vitality into the comprehensive and high-quality development of the Company.

2) 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.

XII. 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
May 06, 2022	"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=1213291549&announcementTime=2022-05-07%2015:00	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1213291549&announcementTime=2022-05-07%2015:00
Aug. 23, 2022	"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=1214382685&announcementTime=2022-08-24%2015:38	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1214382685&announcementTime=2022-08-24%2015:38

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 four 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 nine 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*, 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 nine 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*, *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.

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. Horizontal Competition

Applicable Not applicable

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

1. General meeting of shareholders during the reporting period

Session	Type	Investor Attendance Ratio	Convening Date	Disclosure Date	Meeting Resolution
The First Extraordinary General	Extraordinary General	72.84%	February 9, 2022	February 10, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1212331245&announcementTi

Meeting in 2022	Meeting				me=2022-02-10
General Meeting of Shareholders 2021	Annual General Meeting	74.38%	May 20, 2022	May 21, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1213437487&announcementTime=2022-05-21
The Second Extraordinary General Meeting in 2022	Extraordinary General Meeting	72.65%	September 5, 2022	September 6, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1214539354&announcementTime=2022-09-06
The Third Extraordinary General Meeting in 2022	Extraordinary General Meeting	73.76%	December 30, 2022	December 31, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1215493663&announcementTime=2022-12-31

2. Preferred shareholders with voting rights recovered requested to convene an extraordinary general meeting of shareholders

Applicable Not applicable

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

1. Profile

Name	Title	Status	Gender	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
Li Shuirong	Chairman	Incumbency	Male	67	April 8, 2010		643,275,000				643,275,000
Li Yongqin	Director	Incumbency	Male	59	April 8, 2010		96,525,000				96,525,000
Li Caie	Director	Incumbency	Female	60	April 8, 2010						
Yu Fengdi	Director	Incumbency	Female	55	April 8, 2010						
Xiang Jiongji	Director and General Manager	Incumbency	Male	40	May 26, 2015						
Quan Weiyang	Director and Board Secretary	Incumbency	Female	45	April 29, 2010						
Yan Jianmiao	Independent Director	Incumbency	Male	58	May 10, 2019						

Shao Yiping	Independent Director	Incumbency	Female	60	May 20, 2021						
Zheng Xiaodong	Independent Director	Incumbency	Male	45	May 10, 2019						
Sun Guoming	Supervisor	Incumbency	Male	42	May 10, 2019						
Li Guoqing	Supervisor	Incumbency	Male	53	April 8, 2010		96,525,000				96,525,000
Xu Yongming	Supervisor	Incumbency	Male	52	April 8, 2010						
Wang Yafang	Chief Financial Officer	Incumbency	Female	44	May 10, 2019						
Meng Fanqiu	Deputy General Manager	Demission	Male	55	May 10, 2019	July 11, 2022					
Zhou Xianhe	Deputy General Manager	Incumbency	Male	48	October 25, 2022						
Total	--	--	--	--	--	--	836,325,000	0	0	0	836,325,000

Whether there was any resignation of directors and supervisors and dismissal of officers in the reporting period

Mr. Meng Fanqiu, the Deputy General Manager, no longer serves as the Deputy General Manager due to job adjustment.

Personnel Change of Directors, Supervisors and Senior Executives

Name	Title	Type	Date	Cause
Meng Fanqiu	Assistant General Manager	Demission	July 12, 2022	Job adjustment
Zhou Xianhe	Assistant General Manager	Engagement	October 25, 2022	Engagement by the Board of Directors

2. Holding of Post

The background, main work experience, and current main duties of directors, supervisors and officers in the Company

(1) Main work experience of current directors:

Mr. Li Shuirong: Senior Economist, university degree, Chinese nationality; He formerly served as Chairman and General Manager of Rongsheng Chemical Fiber Group Co., Ltd. and Chairman and President of Zhejiang Rongsheng Holding Group Co., Ltd.; He is also the Invited Vice President of China National Textile and Apparel Council, Vice President of China Chemical Fibers Association, and Senior Consultant of Zhejiang Province Zheshang Economic Development Center; He is currently the Chairman of Rongsheng Petrochemical Co., Ltd. and the Chairman of Zhejiang Rongsheng Holding Group Co., Ltd.

Mr. Li Yongqing: college degree, Chinese nationality; He formerly served as Deputy Manager and General Manager Assistant of the Supply Engineering Department of Rongsheng Chemical Fiber Group Co., Ltd; He is

currently the Vice Chairman of Zhejiang Rongsheng Holding Group Co., Ltd. and a director of Rongsheng Petrochemical Co., Ltd.

Ms. Li Cai'e: Senior Economist, Bachelor's degree, Chinese nationality; She was awarded many honorary titles such as model worker of Xiaoshan District in 2008, and advanced accountant of Xiaoshan District in Hangzhou; She once served as Deputy General Manager of Rongsheng Chemical Fiber Group Co., Ltd. and Chief Financial Officer of Rongsheng Petrochemical Co., Ltd.; She is currently the Vice President of Zhejiang Rongsheng Holding Group Co., Ltd., a director of Rongsheng Petrochemical Co., Ltd., a director of Zhejiang Petroleum & Chemical Co., Ltd., and a director of Ningbo United Group Co., Ltd.

Ms. Yu Fengdi: College degree; She was awarded the title of Model Worker of Hangzhou City; She has served as a technician of the Biotechnology Department of Shaoxing County No. 1 Polyester Factory, the head of the Biotechnology Department of Shaoxing No. 1 Chemical Fiber Factory, the manager and the assistant to the general manager of the False Twisting Department of Rongsheng Chemical Fiber Group Co., Ltd.; She is currently the Vice President of Zhejiang Rongsheng Holding Group Co., Ltd. and a director of Rongsheng Petrochemical Co., Ltd.

Mr. Xiang Jiongjiong: Master's degree; He is currently the Director and General Manager of Rongsheng Petrochemical Co., Ltd. and the director of Zhejiang Petroleum & Chemical Co., Ltd.; He is also a member of the Standing Committee of the Chinese People's Political Consultative Conference of Xiaoshan District, Hangzhou City, Vice Chairman of Xiaoshan District Federation of Industry and Commerce, Vice Chairman of Xiaoshan District Chemical Fiber Textile (Printing and Dyeing) Industry Association, and adjunct professor of Zhejiang Sci-Tech University. Selected in Forbes "2021 China's Best CEO List".

Ms. Quan Weiyong: Bachelor's degree, once worked in Investment Department and Finance Department of Rongsheng Petrochemical Co., Ltd., and won the titles of "Excellent Secretary of the Board of Directors" and "Top Secretary of the Board of Directors"; She is currently a director and secretary of the Board of Directors of Rongsheng Petrochemical Co., Ltd.

Mr. Yan Jianmiao: Chinese nationality, without permanent residency abroad, Ph.D. in Economics. He has served as the former deputy director of the Department of International Trade of the School of Finance and Economics, Hangzhou University and the director of the Department of International Economics of the School of Economics, Zhejiang University. He is currently a professor at the School of Economics of Zhejiang University and the executive director of Zhejiang International Economy & Trade Institute. He is currently an independent director of Rongsheng Petrochemical Co., Ltd., Zhejiang Garden Biotechnology Co., Ltd. and Zhejiang Jingong Technology Co., Ltd.

Ms. Shao Yiping: Master degree, professor of accounting, master's supervisor, main research interests: Accounting theory and accounting standards, accounting professional judgment and earnings management, asset impairment accounting, etc., focusing on many fields such as corporate litigation risk and accounting robustness; She served as Secretary of Party General Branch and Vice President of the School of Accounting, Zhejiang University of Finance and Economics, Director of the Personnel Department of Zhejiang University of Finance and Economics, Member of the CPC Committee of Zhejiang University of Finance and Economics, Secretary of the CPC Committee of Dongfang College, Member of the CPC Committee and Chairman of the Labor Union of Zhejiang University of Finance and Economics, Member of Zhejiang Accounting System Advisory Expert Committee, etc. She is currently a professor of accounting at the Zhejiang University of Finance and Economics, a member of the Professional and Technical Committee of the Zhejiang Institute of Certified Public Accountants, and an executive director of the Hangzhou Institute of Certified Public Accountants. She is currently an independent director of Rongsheng Petrochemical Co., Ltd., Zhejiang Halead New Material Co., Ltd., Zhejiang Garden Biotechnology Co., Ltd., UE Furniture Co., Ltd. and Zhongtian Service Co., Ltd.

Mr. Zheng Xiaodong: Chinese nationality, without permanent residency abroad, Master of Maritime Law. He is currently the managing partner and executive director of Beijing JT&N Law Firm, an arbitrator of the Shanghai International Arbitration Center, a special researcher of the Shanghai Institute of Finance and Law, and an independent director of Rongsheng Petrochemical Co., Ltd. and Beijing Foyou Pharmaceutical Co., Ltd. He served as a member of the Listing Committee of the Shanghai Stock Exchange, deputy head of the Enterprise Compliance Special Working Group of All China Lawyers Association (including enterprise compliance and ESG), and deputy director of the Professional Committee of Securities Law of Beijing Lawyers Association. Zheng Xiaodong has extensive experience in corporate compliance, ESG, investment and financing, and corporate listing, and has presided over the ESG reporting of JT&N.

(2) Main work experience of current supervisors:

Mr. Sun Guoming: Member of CPC, Bachelor's degree. He ever served as an inspector, assistant manager and deputy manager of the Inspection Department of Zhejiang Rongsheng Holding Group Co., Ltd.; Manager of the Warehouse Management Department and General Management Department of Ningbo Zhongjin Petrochemical Co., Ltd. He is currently the Deputy Director of the Inspection Department of Zhejiang Rongsheng Holding Group Co., Ltd. and the Supervisor of Rongsheng Petrochemical Co., Ltd.

Mr. Li Guoqing: College degree; He used to be assistant manager of the Sales Department of Rongsheng Chemical Fiber Group Co., Ltd.; He is currently the Assistant to Vice President of Zhejiang Rongsheng Holding Group Co., Ltd. and the Supervisor of Rongsheng Petrochemical Co., Ltd.

Mr. Xu Yongming: Bachelor's degree, senior economist, successively served as director of the Spinning Factory of Zhejiang Yuandong Chemical Fiber Group, manager of the spinning department and assistant to general manager of Rongsheng Chemical Fiber Group Co., Ltd.; He is currently the supervisor of Rongsheng Petrochemical Co., Ltd. and the general manager of Zhejiang Yongsheng Technology Co., Ltd.

(3) Main work experience of current senior management personnel:

Mr. Xiang Jiongjiong: Master degree; He is currently the Director and General Manager of Rongsheng Petrochemical Co., Ltd., the Director of Zhejiang Petroleum & Chemical Co., Ltd. and the Director of Zhejiang Petroleum Co., Ltd.; He is also a member of the Standing Committee of the Chinese People's Political Consultative Conference of Xiaoshan Strict, Hangzhou City, Vice Chairman of Xiaoshan District Federation of Industry and Commerce, Vice Chairman of Xiaoshan District Chemical Fiber Textile (Printing and Dyeing) Industry Association, and adjunct professor of Zhejiang Sci-Tech University. He was awarded the title of "Top Ten Young People in Zhejiang Province" and was selected as one of the "2021 China's Best CEOs" by Forbes.

Mr. Zhou Xianhe: male, senior engineer, bachelor's degree, Chinese nationality; He successively served as head of the Finished Product Inspection Department of Zhejiang Rongsheng Chemical Fiber Co., Ltd., sales manager of Zhejiang Rongsheng Holdings Group Co., Ltd., sales manager of Hangzhou Rongsheng Chemical Fiber Sales Co., Ltd., deputy general manager of Zhejiang Shengyuan Chemical Fiber Co., Ltd. and part-time professor of Zhejiang Sci-Tech University; He is also a member of the National Chemical Fiber Standardization Technical Committee (SAC/TC586); He is currently the General Manager of Zhejiang Shengyuan Chemical Fiber Co., Ltd.

Ms. Quan Weiyong: Bachelor's degree, once worked in the Investment Department and Finance Department of Rongsheng Petrochemical Co., Ltd., and won the titles of "Excellent Secretary of the Board of Directors" and "Top Secretary of the Board of Directors"; She is currently a director and secretary of the Board of Directors of Rongsheng Petrochemical Co., Ltd.

Ms. Wang Yafang: Bachelor's degree, senior accountant, certified public accountant; She used to be deputy manager, manager and deputy financial director of the Financial Management Department of Zhejiang Rongsheng Holding Group Co., Ltd.; She is currently the Chief Financial Officer of Rongsheng Petrochemical Co., Ltd. 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				

Office holding in other companies

Name of the person holding the office	Name of other units	Positions held in other units	Starting date of the term	Ending date of the term	Whether to receive remuneration and allowance in other organizations
Li Shuirong	ZPC	Chairman	June 18, 2015		No
Li Shuirong	Shengyuan Chemical Fiber	Chairman	June 15, 2010		No
Li Shuirong	Yisheng Investment	Chairman	December 19, 2005		No
Li Shuirong	Yisheng Dahua	Chairman	December 19, 2005		No
Li Shuirong	Zhongjin Petrochemical	Chairman	April 21, 2009		No
Li Shuirong	Ningbo United Group Co., Ltd.	Chairman	May 18, 2010		No
Li Shuirong	Zhejiang Yisheng	Director	December 12, 2002		No
Li Shuirong	Xiaoshan Rural Commercial Bank	Director	August 1, 2004		No
Li Shuirong	Yibin Tianyuan Group Co., Ltd.	Director	June 19, 2009		No
Li Yongqing	Zhejiang Yisheng	Director	December 12, 2002		No
Li Yongqing	Shengyuan Chemical Fiber	Director	June 15, 2010		No
Li Yongqing	Zhongjin Petrochemical	Director	April 21, 2009		No
Li Yongqing	Yisheng Investment	Director	December 19, 2005		No
Li Yongqing	Yisheng Dahua	Director	December 19, 2005		No
Li Cai'e	ZPC	Director	June 18, 2015		No
Li Cai'e	Zhongjin Petrochemical	Director	April 21, 2009		No
Li Cai'e	Yisheng Investment	Director	December 19, 2005		No
Li Cai'e	Yisheng Dahua	Director	December 19, 2005		No
Li Cai'e	Yibin Tianyuan Group Co., Ltd.	Director	June 19, 2009		No
Li Cai'e	Ningbo United Group Co., Ltd.	Director	May 18, 2010		No
Li Cai'e	Hangzhou High-Tech Zone (Binjiang) Dongguan Micro Credit Co., Ltd.	Director	January 4, 2009		No
Wang Yafang	Zhejiang Yuhuan Yongxing Rural Bank	Director	September 8, 2017		No

	Co., Ltd.				
Wang Yafang	Zhejiang Diaoshan Rural Commercial Bank Co., Ltd.	Director	February 5, 2018		No
Wang Yafang	Suzhou Shenghui Equipment Co., Ltd.	Director	May 14, 2018		No
Wang Yafang	Hainan Shenggu Petrochemical Equipment Investment Co., Ltd.	Supervisor	November 25, 2019		No
Wang Yafang	Rongsheng Technology Co., Ltd.	Supervisor	April 28, 2016		No
Wang Yafang	Hangzhou Shengyuan Real Estate Development Co., Ltd.	Supervisor	June 24, 2014		No
Wang Yafang	Dalian Yishengyuan Property Co., Ltd.	Supervisor	March 19, 2018		No
Xiang Jiongjiong	ZPC	Director	June 18, 2015		No
Xiang Jiongjiong	Zhejiang Petroleum	Director	September 16, 2017		No
Xiang Jiongjiong	Rongsheng International Trading	Director	February 1, 2016		No
Xiang Jiongjiong	Rongsheng Coal Co., Ltd.	Director	June 21, 2018		No
Xiang Jiongjiong	Rongxiang (Shanghai)	Director	January 8, 2015		No
Li Guoqing	Shengyuan Chemical Fiber	Supervisor	June 26, 2006		No
Quan Weiyang	Hong Kong Sheng Hui	Director	July 5, 2007		No
Yan Jianmiao	Zhejiang University	Professor	September 1, 1998		Yes
Shao Yiping	Zhejiang University of Finance and Economics	Professor	July 1, 1988		Yes
Zheng Xiaodong	Beijing JT&N Law Firm	Partner	December 1, 2009		Yes
Description of employment in other units	None				

3. Remuneration of 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	67	Incumbency	472.71	No
Li Yongqing	Director	Male	59	Incumbency		Yes
Li Caie	Director	Female	60	Incumbency		Yes
Yu Fengdi	Director	Female	55	Incumbency		Yes
Xiang Jiongjiong	Director and General Manager	Male	40	Incumbency	238.88	No
Quan Weiyang	Director and Board Secretary	Female	45	Incumbency	97.38	No
Yan Jianmiao	Independent Director	Male	58	Incumbency	11.41	No
Shao Yiping	Independent Director	Female	60	Incumbency	11.41	No
Zheng Xiaodong	Independent Director	Male	45	Incumbency	11.41	No
Sun Guoming	Chairman of the Board of Supervisors	Male	42	Incumbency		Yes
Li Guoqing	Supervisor	Male	53	Incumbency		Yes
Xu Yongming	Supervisor	Male	52	Incumbency	164.41	No
Wang Yafang	Chief Financial Officer	Female	44	Incumbency	96.86	No
Meng Fanqiu	Deputy General Manager	Male	55	Demission	278.51	No
Zhou Xianhe	Deputy General Manager	Male	48	Incumbency	143.79	No
Total					1,526.77	--

VI. 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 20th Meeting of the Fifth Session of the Board of Directors	January 19, 2022	January 20, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1212217253&announcementTime=2022-01-20
The 21st Meeting of the Fifth Session of the Board of Directors	March 15, 2022	March 16, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1212578469&announcementTime=2022-03-16
The 22nd Meeting of the Fifth Session of the Board of Directors	April 23, 2022	April 26, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1213105328&announcementTime=2022-04-26

The 23rd Meeting of the Fifth Session of the Board of Directors	April 28, 2022	April 29, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1213203764&announcementTime=2022-04-29
The First Meeting of the Sixth Session of the Board of Directors	May 20, 2022	May 21, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1213437486&announcementTime=2022-05-21
The Second Meeting of the Sixth Session of the Board of Directors	August 4, 2022	August 5, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1214220118&announcementTime=2022-08-05
The Third Meeting of the Sixth Session of the Board of Directors	August 17, 2022	August 18, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1214318863&announcementTime=2022-08-18
The Fourth Meeting of the Sixth Session of the Board of Directors	October 25, 2022	October 26, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1214900284&announcementTime=2022-10-26
The Fifth Meeting of the Sixth Session of the Board of Directors	December 13, 2022	December 14, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=9900015502&stockCode=002493&announcementId=1215342642&announcementTime=2022-12-14

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 Should be Attended During the Reporting Period	Number of Presence at the Board of Directors Meeting	Number of Attendance at the Board of Directors Meeting via Videolink or Telephone	Number of Attendance at the Board of Directors Meeting by Proxy	Number of Absence from the Board of Directors Meeting	Whether Being Absent from the Board of Directors Meeting Twice in a Row	Number of Attendance at the General Meeting of Shareholders
Li Shuirong	9	1	8	0	0	No	4
Li Yongqing	9	1	8	0	0	No	4
Li Caie	9	1	8	0	0	No	4
Yu Fengdi	9	1	8	0	0	No	4
Xiang Jiongjiong	9	1	8	0	0	No	4
Quan Weiyang	9	1	8	0	0	No	4
Yan Jianmiao	9	1	8	0	0	No	4
Shao Yiping	9	1	8	0	0	No	4
Zheng Xiaodong	9	1	8	0	0	No	4

3. Disagreement voiced by Board Members on relevant corporate matters

Whether directors propose an objection to the Company's relevant 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.

VII. 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	Li Yongqing Li Caie Yan Jianmiao Shao Yiping Zheng Xiaodong	1	January 20, 2021	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2021 Internal Audit Work Report</i> , the <i>Rongsheng Petrochemical Co., Ltd. 2021 Q4 Work Report</i> , the <i>Rongsheng Petrochemical Co., Ltd. 2022 Internal Audit Work Plan</i> , and the <i>Rongsheng Petrochemical Co., Ltd. 2022 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
The Audit Committee	Li Yongqing Li Caie Yan Jianmiao Shao Yiping Zheng Xiaodong	1	April 18, 2022	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2022 Q1 Work Report</i> and the <i>Rongsheng Petrochemical Co., Ltd. 2022 Q2 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 Audit Committee	Li Yongqing Li Caie Yan Jianmiao Shao Yiping Zheng Xiaodong	1	July 15, 2022	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2022 Q2 Work Report</i> and the <i>Rongsheng Petrochemical Co., Ltd. 2022 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
The Audit Committee	Li Yongqing Li Caie Yan Jianmiao Shao Yiping Zheng Xiaodong	1	October 25, 2022	Reviewed the <i>Rongsheng Petrochemical Co., Ltd. 2022 Q3 Internal Audit Work Report</i> and the <i>Rongsheng Petrochemical Co., Ltd. 2022 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	Shao Yiping Li Shuirong Yu Fengdi Yan Jianmiao Zheng Xiaodong	1	April 23, 2022	Reviewed the <i>2021 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 & ESG Committee	Li Shuirong Li Yongqing Yan Jianmiao Shao Yiping Zheng Xiaodong	1	April 23, 2022	All the members summarized the work in 2021 and reviewed the major business plan for 2022 and the ESG report for 2022.	Major business plan for 2022: Strengthen the monitoring of major projects; Deepen the research on major investment decisions; and Prevent and control market risks and maintain stable operations.	The major business plan for 2022 was passed after review.	No
The Remuneration and Appraisal Committee	Yan Jianmiao Li Shuirong Yu Fengdi Shao Yiping Zheng Xiaodong	1	April 23, 2022	Reviewed the <i>2021 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 2021.	All the motions were passed after review.	No
The Risk Control Committee	Zheng Xiaodong Yan Jianmiao Li Caie Xiang Jiongiong	1	April 23, 2022	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

VIII. The Work of the Board of Supervisors

During the reporting period, whether the Board of Supervisors has found that the Company was at risk in the process of its supervisory activities
 The Board of Supervisors voiced no disagreement on the supervisory matters during the reporting period.

IX. 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	2,140
Number of Staff on the Main Subsidiaries' Payroll at the End of the Reporting Period	17,294
Total Number of Staff on the Company's Payroll at the End of the Reporting Period	19,434
Total Number of Staff Receiving Remuneration	19,434
Number of Retired Staff Whose Pensions Are Covered by the Parent Company and Main Subsidiaries	0
Professional Composition	
Category	Number
Production Staff	14,325
Sales Staff	316
Technical Staff	2,521
Financial Staff	141
Administrative Staff	1,637
Logistical Staff	494
Total	19,434
Educational Background	
Category	Number
Bachelor's Degree or Above	5,075
Junior College	7,300
Senior High School and Technical Secondary School	2,597
Others	4,462
Total	19,434

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.

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

Formulation, implementation or adjustment of profit distribution policy, especially the cash dividend policy, during the reporting period

According to the profit distribution plan for 2021 approved at the 22nd Meeting of the Fifth Session of the Board of Directors on April 25, 2022, based on the current equity base of 10,099,179,979 shares, the Company plans to give RMB 1.50 in cash (tax included) to all its shareholders for every ten shares they hold. There will be no equity dividend or conversion of equity reserve into the share capital of the Company. The shares held in the Company's dedicated securities repurchase account will not be included in this round of profit distribution. The Company has completed the profit distribution according to the plan.

Special description of cash dividend policy	
Whether it complies with provisions of the Articles of Association or resolution of the General Meeting:	Yes
Whether the dividend standard and proportion are specific and clear:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors fulfill their duties and obligations:	Yes
Whether the medium and small shareholders fully raise their opinions and demands, and whether their lawful rights and interests are protected fully:	Yes
Whether the conditions and procedures for adjusting or changing cash dividend policy are compliant and transparent:	Yes

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

Number of Bonus Shares Given for Ten Shares	0
Number of distributed dividends per ten shares (RMB) (tax inclusive)	1.5
Share capital base of distribution plan (share)	9,842,382,348
Amount of cash dividends (RMB) (tax inclusive)	1,476,357,352.00
Amount of cash dividends paid in other means (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including other means) (RMB)	1,476,357,352.00
Distributable profits (RMB)	1,760,789,418.72
Proportion of total cash dividends (including other means) in total profit distribution	100%
Cash dividends	

The Company shall distribute no less than 80% of its profits in cash dividends if the Company has become mature and has no arrangement for major capital disbursement;

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

As audited by Pan-China Certified Public Accountants (Special General Partnership), the Company (parent company) achieved a net profit of RMB1,737,747,286.10 in 2022, including an undistributed profit of RMB1,704,130,316.18 at the beginning of the year, a statutory surplus reserve of RMB 173,774,728.61 withdrawn in the current period, and a cash dividend of RMB1,507,313,454.95 from the previous year. As of December 31, 2022, the actual profit available for shareholder distribution was RMB 1,760,789,418.72.

The Company plans to distribute a cash dividend of RMB 1.5 (tax included) to all shareholders for every ten shares. Based on 9,842,382,348 shares after deducting 283,142,652 shares that have been repurchased accumulatively as of the disclosure date of this announcement, the total cash dividend to be distributed is RMB 1,476,357,352 (tax included), and the remaining undistributed profits are carried forward to the next year. During the year, the Company issued 0 bonus shares for every ten shares, and converted 0 shares for every ten shares by capital reserve. The shares held in the Company's dedicated securities repurchase account will not be included in this round of profit distribution. 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.

XI. Implementation of the Equity Incentive Plan, Employee Stock Ownership Plan or other Employee Incentives

Applicable Not applicable

The Company had no implementation of a stock incentive plan, employee stock ownership plan or other employee incentives during the reporting period.

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

1. Construction and implementation of internal control

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.

2. Specific information on major internal control defects found during the reporting period

Yes No

XIII. Management Control of Subsidiaries during the Reporting Period

Not applicable

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

1. Internal control self-assessment report

Report Disclosure Date	April 20, 2023	
Report Disclosure Index	The <i>Corporate Internal Control Self-Assessment Report 2022</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		95.46%
Proportion of the Operating Revenues of the Organizations Included in the Assessment Scope to Those of the Company's Consolidated Financial Statements		96.07%
Defect Identification Standards		
Category	Financial Statements	Non-Financial Statements
Qualitative Standards	Signs of major defects in financial statements	The following scenarios are identified as

	<p>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 reach or exceed the importance level. General defects refer to other control defects apart from the material and important defects mentioned above.</p>	<p>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.</p>
Qualitative 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, 2022.

Report Disclosure Status	Disclosed
Report Disclosure Date	April 20, 2023
Report Disclosure Index	<i>The Internal Control Assurance Report 2022</i> is available on Juchao Zixun Website (http://www.cninfo.com.cn).
Suggestions Category	Standard Clean Opinion
Whether Having Material Defects in Non-Financial Statements	No

The internal control audit report of the accounting firm is in line with the self-assessment report of the Board of Directors or not

Yes No

XV. 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

Environmental protection-related policies and industry standards

The Company strictly abides by the requirements of relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and strictly implements the relevant standards such as the *Emission Standard of Pollutants for Petroleum Refining Industry* and the *Emission Standard of Pollutants for Petrochemical Industry*.

1. Executive standards

(1) The emissions of flue gas from the heating furnace, catalytic regeneration flue gas, tail gas from the sulfur unit, reforming catalytic regeneration flue gas, organic waste gas and the concentration of atmospheric pollutants at the plant boundary shall comply with the special emission limits for atmospheric pollutants specified in the *Emission Standard of Pollutants for Petroleum Refining Industry* (GB31570-2015) and the *Emission Standard of Pollutants for Petrochemical Industry* (GB31571-2015) and *Emission Standards for Synthetic Resin Industry Pollutants* (GB31572-2015).

(2) The sulfuric acid mist of sulfuric acid plants shall be subject to the special emission limits of atmospheric pollutants specified in the *Emission Standard of Pollutants for Sulfuric Acid Industry* (GB26132-2010).

(3) The emission of odor pollutants shall comply with the Class II standard of *Emission Standard for Odor Pollutants* (GB14554-93).

(4) The exhaust gas pollutants of the power boiler shall be subject to an 80% commitment value of emission limit specified in Phase II of the *Emission Standard of Air Pollutants for Coal-fired Power Plants* (DB33/2147-2018).

(5) The exhaust gas pollutants from boilers in Mamu Oil Depot shall be subject to the special emission limits of oil-fired boilers in the *Emission Standard of Air Pollutants for Boilers* (GB13271-2014).

(6) The tailwater discharge of the integrated project and the sewage treatment plant of the base shall comply with the special discharge limits specified in the *Emission Standard of Pollutants for Petroleum Refining Industry* (GB 31570-2015), the *Emission Standard of Pollutants for Petrochemical Industry* (GB31571-2015) and the *Emission Standard of Pollutants for Synthetic Resin Industry* (GB31572-2015).

(7) The noise at the boundary of the factory shall comply with the Class III standard of *Emission Standard for Noise at Boundary of Industrial Enterprises* (GB12348-2008).

(8) The Integrated Project and the Solid Waste Disposal Center shall implement the *Standard for Pollution Control on the Non-hazardous Industrial Solid Waste Storage and Landfill* (GB 18599-2001), the *Standard for Pollution Control of Hazardous Waste Storage* (GB 18597-2001), the *Standard for Pollution Control of Hazardous Waste Incineration* (GB18484-2020) and the *Standard for Pollution Control of Hazardous Waste Landfill* (GB 18598-2019).

2. Quality standards

(1) The base and the points of concern shall implement the Class I (Class I area) and Class II (Class II area) standards in the *Ambient Air Quality Standard* (GB3095-2012) according to the category of ambient air functional

areas. The Cm value specified in *Detailed Explanation of Integrated Emission Standard of Air Pollutants* is taken as the reference value of quality standard for non-methane total hydrocarbon (2.0mg/m³).

(2) The monitoring of surface water shall comply with the *Standard for Seawater Quality* (GB3097-1997).

Environmental protection administrative licensing

Rongsheng Petrochemical: Discharge Permit: from November 6, 2021 to November 5, 2026, Certificate No.:91330000255693873W001P。

ZPC: 1. Pollution Discharge Permit: ZPC completed the last re-application and approval for the year on December 13, 2022, during which, in addition to revising the existing information, the sewage discharge permit added technical transformation projects such as 3# ethylene and downstream chemical plant project, 13-18# liquid chemical wharf project, oil and gas recovery facilities added to the intermediate tank area of oil refining, and alkali washing tower for waste gas of phenol acetone intermediate storage tank. 2. Radiation Safety Permit: ZPC completed the application for the *Radiation Safety Permit* on September 10, 2020. 3. Relevant to environmental impact assessment: The optimization and adjustment analysis of the 40 million tons/year integration project of Zhejiang Petroleum & Chemical Co., Ltd. was carried out in 2021, and the letter of filing opinions from the Department of Ecological Environment of Zhejiang Province was obtained on December 22, 2021, and the rest remained unchanged.

Zhongjin Petrochemical: obtained the pollutant discharge permit on December 2, 2020, certificate No.:91330211764527945N001P. Valid period: from January 1, 2021 to December 31, 2025; On April 2, 2022, it re-applied for the pollutant discharge permit and added the PTA reconstruction and expansion project with an annual output of 3 million tons; On December 15, 2022, the pollution discharge permit was changed, and the automatic monitoring content was revised.

Yisheng Dahua: 1. Pollutant Discharge Permit: From October 14, 2020 to October 13, 2023; 2. Radiation safety permit: from November 26, 2021 to November 25, 2026.

Hainan Yisheng:

S/N	Certificate	Certificate No.	Issued by	Period of validity
1	<i>Radiation Safety Permit</i>	QHFZ [00153]	Hainan Department of Ecological Environment	2026.12.26
2	<i>Work Safety License</i>	QWHAXZZ [2021] No. 003	Department of Emergency Management of Hainan Province	2024.3.29
3	<i>Hazardous Chemicals Business License</i>	QPWJZ [2022] No. 0084	Administration Approval Service Bureau of Yangpu Economic & Technological Development Area	2025.3.8
4	<i>Port Operation Permit</i>	(QP) GJZ (0017)	Transportation, Maritime and Port Bureau of Yangpu Economic & Technological Development Area	2025.9.30
5	Class III Enterprise of Work Safety Standardization (Petrochemical)	QAQB469034HGM202100002	Hainan Geological Testing and Research Center	2024.7.6
6	Class I Enterprise of Work Safety Standardization (Dangerous Goods)	2021-21-000001	Beijing Longzhahui Management Consulting Co., Ltd	2024.1.6

Zhejiang Yisheng:

S/N	Certificate	Certificate No.	Issued by	Period of validity
1	<i>Pollutant Discharge Permit</i>	91330200744973411W001W	Ningbo Ecological Environment Bureau Beilun	2026.12.15

			Branch	
2	<i>Radiation Safety Permit</i>	ZHFZ (B2005)	Department of Ecology and Environment of Zhejiang Province	2024.11.17
3	Work Safety License	(ZJ)WHAXZZ (2019)-B-1448	Emergency Management Department of Zhejiang Province	2025.01.03

Shengyuan Chemical Fiber: Pollutant Discharge Permit: from November 6, 2021 to November 5, 2026, Certificate No.: 91330109754409144F001P.

Industry emission standards and specific situations of pollutant emissions involved in production and operation activities

Company or Subsidiary Name	Types of main pollutants and particular pollutants	Names of main pollutants and particular pollutants	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Pollutant discharge standards in execution	Total emissions (t/a)	Total certified emissions (t/y)	Excessive emissions
Rongsheng Petrochemical	Waste gas	Sulfur dioxide	Organized	2	furnace area	7.189mg/Nm ³	50mg/Nm ³	8.59	121.93	None
Rongsheng Petrochemical	Waste gas	Nitric oxide	Organized	2	furnace area	49.717mg/Nm ³	150mg/Nm ³	62.08	102.59	None
ZPC	Waste gas	Particulate matter	Discharge after treatment	58	In the factory	Mean: 0.64 mg/m ³ Range: 0-18.25mg/m ³	GB31570 GB31571 GB31572	78.4895	1565.64	None
ZPC	Waste gas	Sulfur dioxide	Discharge after treatment	89	In the factory	Mean: 2.69 mg/m ³ Range: 0.12- 24.72 mg/m ³	GB31570 GB31571 GB31572	308.6776	2750.8	None
ZPC	Waste gas	Nitric oxide	Discharge after treatment	91	In the factory	Mean: 29.93mg/m ³ Range: 0.20-110.91mg/m ³	GB31570 GB31571 GB31572	3376.0339	7078.45	None
ZPC	Wastewater	COD	Discharge after treatment	1	In the factory	26.2mg/L	GB31570 GB31571 GB31572	328.01	411.77	None
ZPC	Wastewater	Ammonia nitrogen	Discharge after treatment	1	In the factory	0.38mg/L	GB31570 GB31571 GB31572	4.82	42.08	None
Yushan Petrochemical	Waste gas	Particulate matter	Discharge after treatment	7	In the factory	Mean: 5.04mg/m ³ Range: 0.30- 18.25 mg/m ³	DB332147 GB18484	33.8061	113.46	None
Yushan Petrochemical	Waste gas	Sulfur dioxide	Discharge after treatment	7	In the factory	Mean: 5.66mg/m ³ Range: 1.38- 19.23 mg/m ³	DB332147 GB18484	90.0691	847.631	None
Rongsheng Petrochemical	Waste gas	Smoke dust	Organized	2	furnace area	3.0587mg/Nm ³	20mg/Nm ³	4.03	21	None
Rongsheng	Wastewater	Ammonia	Under control	1	Factory gate	2.97mg/L	35mg/L	0.15	2.15	None

Petrochemical		nitrogen								
Rongsheng Petrochemical	Wastewater	COD	Under control	1	Factory gate	45.83mg/L	500mg/L	2.25	30.7	None
Zhongjin Petrochemical	Waste gas	Sulfur dioxide	Continuous blow-down	15	Whole factory	5.76mg/m ³	GB13223 GB31570	123.46	251.76	None
Zhongjin Petrochemical	Waste gas	Nitric oxide	Continuous blow-down	15	Whole factory	24.42mg/m ³	GB13223 GB31570	523.15	1141.74	None
Zhongjin Petrochemical	Waste gas	Smoke dust	Continuous blow-down	15	Whole factory	2.87mg/m ³	GB13223 GB31570	61.38	216.44	None
Zhongjin Petrochemical	Wastewater	Chemical oxygen demand	Continuous blow-down	2	East side	65.95mg/L	GB8978	71.74	469.03	None
Zhongjin Petrochemical	Wastewater	Ammonia nitrogen	Continuous blow-down	2	East side	2.14mg/L	GB8978	2.33	52.23	None
Yisheng Dahua	Wastewater	Chemical oxygen demand	Continuous	2	Northwest corner and north side of the plant	62.5 (mg/L)	300 (mg/L)	585.284	1680	None
Yisheng Dahua	Wastewater	Ammonia nitrogen	Continuous	2	Northwest corner and north side of the plant	0.86 ((mg/L)	30 (mg/L)	8.02	182	None
Yisheng Dahua	Waste gas	Nitric oxide	Continuous	3	Southeast corner of the plant	14.29	50 (mg/m ³)	24.99	405	None
Yisheng Dahua	Waste gas	Sulfur dioxide	Continuous	3	Southeast corner of the plant	1.86	35 (mg/m ³)	3.595	251	None
Yisheng Dahua	Waste gas	Smoke dust	Continuous	3	Southeast corner of the plant	1.48	5 (mg/m ³)	2.271	51	None
Hainan Yisheng	Waste gas	SO ₂	Discharge after treatment	2	Boiler/heat medium furnace	53.83/98.31mg/m ³	GB13223-2011、 GB13271-2014	301.85	679	None

Hainan Yisheng	Waste gas	NOx	Discharge after treatment	2	Boiler/heat medium furnace	69.71/261.22mg/m ³	GB13223-2011、GB13271-2014	723.64	989.9	None
Hainan Yisheng	Waste gas	Smoke dust	Discharge after treatment	2	Boiler/heat medium furnace	9.34/6.51mg/m ³	GB13223-2011、GB13271-2014	28.97	232	None
Hainan Yisheng	Wastewater	COD	Discharge after treatment	1	Sewage station	30.68mg/L	GB31571-2015、GB31572-2015	126.83	236.15	None
Hainan Yisheng	Wastewater	Ammonia nitrogen	Discharge after treatment	1	Sewage station	0.19mg/L	GB31571-2015、GB31572-2015	0.74	17.7	None
Zhejiang Yisheng	Wastewater	COD	Discharge after treatment	1	Sewage station	50.38mg/L	GB31571-2015	477.9	1039.84	None
Zhejiang Yisheng	Wastewater	Ammonia nitrogen	Discharge after treatment	1	Sewage station	0.21mg/L	GB31571-2015	1.98	17.35	None
Zhejiang Yisheng	Waste gas	SO2	Discharge after treatment	2	Boiler island	4.82mg/m ³	DB33/2147-2018	24.27	197.45	None
Zhejiang Yisheng	Waste gas	NOX	Discharge after treatment	2	Boiler island	17.7mg/m ³	DB33/2147-2018	76.57	859.17	None
Zhejiang Yisheng	Waste gas	Particulate matter	Discharge after treatment	2	Boiler island	1.8mg/m ³	DB33/2147-2018	9.19	426.11	None
Shengyuan Chemical Fiber	Waste gas	Sulfur dioxide	Organized	2	furnace area	2.41mg/Nm ³	50mg/Nm ³	4.06	17.38	None
Shengyuan Chemical Fiber	Waste gas	Nitric oxide	Organized	2	furnace area	19.88mg/Nm ³	150mg/Nm ³	32.59	52.15	None
Shengyuan Chemical Fiber	Waste gas	Smoke dust	Organized	2	furnace area	1.13mg/Nm ³	20mg/Nm ³	2.05	8.74	None
Shengyuan Chemical Fiber	Wastewater	Ammonia nitrogen	Under control	1	Factory gate	2.97mg/L	35mg/L	0.15	1.3	None
Shengyuan Chemical Fiber	Wastewater	COD	Under control	1	Factory gate	45.83mg/L	500mg/L	2.25	2.74	None

Treatment of pollutants

Rongsheng Petrochemical: The company began to construct the ultra-clean desulfurization tower and flue gas desulfurization and dust removal device in March 2016, which was put into operation in September 2016. At present, the device is in good operation and can meet the flue gas emission standard of Xiaoshan District.

ZPC: The prevention and control measures for exhaust gas, wastewater, solid waste, and noise are strictly designed, constructed, and put into use simultaneously with the main equipment in accordance with the requirements of environmental impact assessment. Currently, the operation is in good condition. According to other rectification requirements proposed by the environmental protection department, some pollution prevention and control facilities have been added, further improving the environmental protection management level of the device.

Zhongjin Petrochemical: The prevention and control measures for exhaust gas, wastewater, solid waste, and noise are designed, constructed, and put into use simultaneously with the main device according to the requirements of the environmental impact assessment. The operation is now in good condition.

Yisheng Dahua: The prevention and control measures for waste gas, waste water, solid waste and noise are designed, constructed and put into use at the same time as the main device in strict accordance with the requirements of environmental impact assessment. Now the operation is in good condition and all pollutants are discharged up to standard. At the same time, according to the rectification requirements proposed by the ecological and environmental protection department, new environmental governance facilities have been added, further improving the level of environmental governance.

Hainan Yisheng: The prevention and control measures for waste gas, waste water, solid waste and noise are designed, constructed and put into operation at the same time as the main device in strict accordance with the requirements of environmental impact assessment, and the operation is in good condition now. According to other rectification requirements proposed by the environmental protection department, some pollution prevention and control facilities have been added, further improving the environmental protection management level of the device.

Zhejiang Yisheng: The prevention and control measures for waste gas, waste water, solid waste and noise are designed, constructed and put into use at the same time as the main device in strict accordance with the requirements of environmental impact assessment, and the operation is in good condition now. According to other rectification requirements proposed by the environmental protection department, some pollution prevention and control facilities have been added, further improving the environmental protection management level of the device.

Shengyuan Chemical Fiber: Zhejiang Shengyuan Chemical Fiber Co., Ltd. began to construct the ultra-clean desulfurization tower and flue gas desulfurization and dust removal device in March 2016, which was put into operation in September 2016. At present, the device is in good operation and can meet the flue gas emission standard of Xiaoshan District.

Emergency response plans for paroxysmal environment events

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

ZPC: The *Emergency Response Plan for Paroxysmal Environment Events of Zhejiang Petroleum & Chemical Co., Ltd.* has been filed with the Daishan Branch of Zhoushan Ecological Environment Bureau.

Zhongjin Petrochemical: The *Emergency Response Plan for Paroxysmal Environment Events of Ningbo Zhongjin Petrochemical Co., Ltd.* has been revised and reviewed in March 2022 and presented to the local environmental protection department, with the filing number 330211-2022-019-H.

Yisheng Dahua: The *Emergency Response Plan for Paroxysmal Environment Events of Yisheng Dahua Petrochemical Co., Ltd.* was revised, reviewed and filed with the local environmental protection department in April 2020, with the filing number 210213W2020001-H.

Hainan Yisheng: The *Emergency Response Plan for Paroxysmal Environment Events of Hainan Yisheng Petrochemical Co., Ltd.* has been filed with the local environmental protection department.

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

Shengyuan Chemical Fiber Co., Ltd.: 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.

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.

Investment in environmental governance and protection and payment of environmental protection tax

The Company's investment in environmental governance and protection in 2022 was RMB 875.3903757 million.

Measures were taken to reduce carbon emission and their effects during the reporting period

(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 emission 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 establish normalized data statistics and audit mechanism, and introduce third-party verification agencies to ensure data accuracy.

(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

The Company actively promotes the development mode of circular economy, recycles the high-concentration carbon dioxide produced by EO/EG (ethylene oxide/ethylene glycol) plant as the raw material of DMC (dimethyl carbonate)/polycarbonate plant, and effectively reduces carbon emissions.

ZPC participated in the formulation of the group standard of *Carbon Emission Benchmark for the Petroleum Refining Industry* organized by the Environmental Engineering Assessment Center of the Ministry of Ecology and Environment, and cooperated in providing basic data on carbon emission research for the new integrated refining and chemical industry, crude oil processing technology processes, and device design parameters. Currently, the group standard has been successfully released and has begun to be implemented.

The energy structure of the company is accelerating the transformation to a low-carbon and clean direction. In 2022, ZPC and Xiangshan Datang New Energy Co., Ltd. completed the first green electricity transaction, which involved photovoltaic new energy green power with a trading capacity of 35,000 MWh. In 2023, Zhongjin Petrochemical and Yongsheng Technology plan to purchase 5,000 MWh per month, totaling 120,000 MWh of green electricity for the whole year. In the future, the Company will continue to expand the trading of renewable energy power, including wind power, photovoltaic power and hydropower, continue to expand the trading objects, promote the allocation of green power resources on a larger scale, and develop a new power trading strategy that combines traditional and green power, to safeguard the sustainable development of the company.

Other environmental information that should be disclosed

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

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 the 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.

In August 2022, ZPC 3# Ethylene and its downstream chemical plant project applied for a pollutant discharge permit.

In 2022, ZPC completed the environmental protection completion acceptance of four projects, including: 40 million tons/year refining and chemical integration project (environmental protection acceptance shall be carried out after completion of Phase II project), loading and unloading facilities reconstruction project of the liquid chemical wharf (Phase I), 8#~12# berth project of the liquid chemical wharf (Phase II), Mamu crude oil depot project (1# tank group, 2# tank group and 1603 storage tank), totaling 4 projects.

II . Social responsibility information

The Company actively performs its social responsibility. For the full text of the *2022 Rongsheng Petrochemical Co., LTD. Social Responsibility Report* published on April 20, 2023, 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.

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

The Company continued to share development achievements with society. 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 1.5 million every year to teachers and students in Yinong, and set up 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. The ZPC Daishan Education Fund has been established, with an investment of RMB 200 million (RMB 10 million will be withdrawn in 2022), which will be used for funding outstanding students and teachers, poor students, talent introduction and scientific research achievement incentives.

(2) **Poverty relief:** The Company pairs up with Tonglu's Eshan Township and invests RMB 200,000 every year to support local social development. The Company carries out the aid plan for Xinjiang and Tibet, RMB 3 million will be invested to provide local medical resources within 3 years from 2022.

(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 clinical 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

1. The commitments performed by the actual controllers, shareholders, related parties, acquirers, the Company, and other relevant parties to commitments during the reporting period, and the commitments not performed by the end of the reporting period

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 Horizontal Competition</i> and promised not to compete with the company in the same	November 2, 2010	Long term	Commitments honored

			industry.			
Other commitments	N/A	N/A	N/A		N/A	N/A
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					

2. Company statement on meeting original profit forecasts for assets or projects and the reasons therefore, where such profit forecasts have been made and the reporting period falls within the profit forecast period

Applicable Not applicable

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 the Board of Directors on the relevant situation of the latest issue of the “Non-standard Audit Report”

Applicable Not applicable

V. Explanation of the Board of Directors, the Board of Supervisors and the Independent Directors (if any) on the “Non-standard Audit Report” for the reporting period issued by the accounting firm

Applicable Not applicable

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

The Company has implemented the provisions of *Interpretation No. 15 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance on the "accounting treatment of external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process" since January 1, 2022, and the trial operation occurred between the beginning of the earliest period presented in the financial statements for the first time to January 1, 2022.

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

Company name	Acquisition and disposal methods during the reporting period
Ningbo Rongxincheng Trading Co., Ltd.	New establishment
Rongsheng New Materials (Zhoushan) Co., Ltd.	New establishment
Rongsheng New Materials (Taizhou) Co., Ltd.	New establishment
ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute Co., Ltd.	New establishment

Yisheng New Materials Trading Co., Ltd.	New establishment
Zhoushan ZPC Sales Co., Ltd.	New establishment
Zhejiang FreeTrade Zone Rongxin Trade Co., Ltd.	Cancellation
Rongxiang (Shanghai) Chemical Co., Ltd.	Cancellation

VIII. Appointment and Dismissal of Accounting Firm

The accounting firm employed currently

Name of domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Consecutive audit services year of domestic accounting firm	17 years.
Remuneration of domestic accounting firm (RMB 10,000)	600
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	3 years, 2 years
Name of the overseas accounting firm (if any)	None
Continuous years of audit services provided by overseas accounting firms (if any)	None
Name of Certified Public Accountant of Overseas Accounting Firm (if any)	None
Continuous years of audit services provided by certified public accountants of overseas accounting firms (if any)	None

IX. Delisting after the disclosure of the Annual Report

Applicable Not applicable

X. Matters related to bankruptcy and reorganization

The Company did not have any matters related to bankruptcy or reorganization during the reporting period.

XI. Major litigation and arbitration matters

The Company had no major litigation and arbitration during the reporting period.

XII. Punishment and rectification

There were no penalties or rectifications during the reporting period of the Company.

XIV. Major Related Transactions

1. Related party transactions related to daily operations

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 Rongsheng Holding Group Co., Ltd.	Parent company	Purchase of goods	Coal, low-value consumption goods, etc.	Market price	Market price	1,132,497.74	59.59%	1,100,000	No	Banker's acceptance bill, spot exchange, etc.	Market price	April 26, 2022	http://www.cninfo.com.cn/new/disclosure/detail?stockCode=002493&announcementId=1213105269&orgId=9900015502&announcementTime=2022-04-26
Zhejiang Kunsheng Petrochemical Co., Ltd.	Associated enterprise	Sales of goods	EG, petroleum benzene, petroleum p-xylene, etc.	Market price	Market price	1,630,275.96	14.32%	2,200,000	No	Banker's acceptance bill, spot exchange, etc.	Market price	April 26, 2022	http://www.cninfo.com.cn/new/disclosure/detail?stockCode=002493&announcementId=1213105269&orgId=9900015502&announcementTime=2022-04-26
Zhejiang Yisheng Petrochemical Co., Ltd.	Associated enterprise	Sales of goods	Xylene, m-xylene, PTA, etc.	Market price	Market price	541,975.18	3.30%	600,000	No	Banker's acceptance bill, spot exchange, etc.	Market price	April 26, 2022	http://www.cninfo.com.cn/new/disclosure/detail?stockCode=002493&announcementId=1213105269&orgId=9900015502&announcementTime=2022-04-26
Total				--	--	3,304,748.88	--	3,900,000	--	--	--	--	--
Details of return of large sales				N/A									
Actual performance during the reporting period where the total amount of daily related party transactions to 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									

2. Related party transactions arising from the acquisition and sale of assets or equity

The Company had no connected transactions related to the acquisition or sales of assets or equity during the reporting period.

3. Related-party transactions for outward joint investment

The Company had no connected transactions related to joint outward investment during the reporting period.

4. Connected transactions on credit and debt

The Company had no connected transactions on credit and debt during the reporting period.

5. Transactions with financial companies with associated relationships

There are no deposits, loans, credits or other financial operations between the Company and the related finance companies, and the related party.

6. Transactions between the financial companies controlled by the company and related parties

There are no deposits, loans, credits or other financial operations between the finance companies controlled by the Company and the related party.

7. Other major related party transactions

There were no other major connected transactions during the reporting period.

XV. Material Contracts and Their Performance

1. Status of trusteeship, contracting and leasing matters

(1) Entrustment

The Company had no entrustment during the reporting period.

(2) Contracting

There was no contracting during the reporting period.

(3) Lease

There was no leasing during the reporting period.

2. Major guarantee

Unit: RMB 10,000

Guarantees of the Company to its subsidiaries			
Total limits of guarantees to subsidiaries approved at the end of the reporting period (B3)	11,640,000	Total balance of guarantees actually provided to subsidiaries at the end of the reporting period (B4)	6,871,116.79
Guarantees provided by subsidiaries to subsidiaries			
Total limits of guarantees to subsidiaries approved at the end of the reporting period (C3)	162,000	Total balance of guarantees actually provided to subsidiaries at the end of the reporting period (C4)	32,815.78
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)	11,802,000	Total balance of guarantees actually provided at the end of the reporting period (A4+B4+C4)	6,903,932.56
Proportion of total amount of guarantees (i.e. A4+B4+C4) in net assets of the Company		146.08%	

XVI. Explanation of other major matters

(1) Overview of the correction of errors in the previous period

The Company is mainly engaged in R&D, production and sales of petrochemical and polyester-related products. Over the years, it has formed a complete upstream and downstream industrial chain of crude oil-aromatics (PX), olefin-purified terephthalic acid (PTA), ethylene glycol (MEG)-polyester (chips, bottle chips, films)-spinning (POY, FDY)-texturing (DTY). On the premise of guaranteeing the sales of its own products and the production and use of raw materials, the Company, in combination with the market situation and actual business demand, chooses the opportunity to carry out a small amount of self-operated trade related to the production of its own products, mainly PTA and crude oil.

According to the new revenue standards, the enterprise shall recognize the income upon fulfilment of its performance obligations in the contract, namely when the customer obtains control over relevant goods. To obtain control over relevant goods means the ability to direct the use of such goods and to receive almost all economic benefits. If the enterprise is able to control the goods before transferring the goods to customers, the enterprise is the main responsible person, and revenue is recognized according to the total amount of consideration received or receivable; Otherwise, the enterprise is the agent, and shall recognize revenue based on the commission or handling fee expected to be taken. Such commission or fee shall be the balance of the total received or receivable consideration net of the amount to be paid to other related parties, or the specified amount or an amount calculated at a specified percentage.

When determining whether a company has control over a product transferred to a customer, it should not be limited to the legal form of the contract, but should comprehensively consider all relevant facts and circumstances, including: (1) the company bears the primary responsibility for transferring the product to the customer; (2) The enterprise bears the inventory risk of the goods before or after the transfer; (3) The enterprise shall have the right to independently determine the price of the traded goods; (4) Other relevant facts and circumstances.

Prior to this verification, the company believed that in the process of PTA and crude oil trading, the company independently selected customers and suppliers and had the right to negotiate and determine the price of the traded goods. It also assumed the inventory risk of the goods before or after the transfer, and the relevant business income was recognized using the total amount method.

During this verification process, the company reorganized its self-operated trade business and found that some business contracts did not substantially transfer control of goods during the actual transaction process. Therefore, in order to make the accounting treatment of related matters more in line with the requirements of the

new income standards, the involved businesses are presented in the financial statements using the net amount method. At the same time, the non-standard part shall be offset and presented. Related details are given as below:

Item	2020		2021		Notes
	Amount (RMB 10,000)	Proportion	Amount (RMB 10,000)	Proportion	
The recognition of trade business income is not standardized					
PTA trade	239,322.98	2.23%	16,342.92	0.09%	The specific business between different entities is essentially of the same trade chain
Accounting treatment is not standard					
Crude oil trade	123,156.74	1.15%	553,032.21	3.02%	For the same shipment of goods, they are sold for logistics needs and then re-purchased
PTA trade	170,154.78	1.59%	172,954.74	0.94%	Trade conducted with the same entity in the form of warehouse receipts at the same time

The *Decision on Issuing Warning Letters to Rongsheng Petrochemical Co., Ltd. and Related Personnel* issued by the Zhejiang Regulatory Bureau of the China Securities Regulatory Commission after verification of the administrative regulatory measures issued by the company ([2023] No. 5).

(2) Impact of error correction on the Company

The operating income of the Company for 2020 and 2021 was RMB 107,264.9931 million and RMB 183,074.9303 million, respectively. The amount of the aforementioned misstatement is not sufficient to affect financial statement users to make correct judgments on the company's financial condition, operating results, and cash flow, so this misstatement is considered an insignificant prior period error. According to the Accounting Standards for Business Enterprises, for insignificant errors in the previous period, the enterprise does not need to adjust the opening balance of relevant items in the financial statements, but should adjust the relevant items that are the same in the current period and the previous period. Therefore, the company did not retroactively restate the financial statements for 2020 and 2021, and adjusted the above errors in the financial statements for 2022. The corresponding reduction in operating income and operating costs for 2022 was RMB 12,749.6437 million, which had no impact on the net profit for 2022.

The comparison of relevant items in the 2022 consolidated financial statements before and after adjustment is as follows:

Unit: RMB 10,000

Financial statement items affected	Amount before adjustment	Amount of adjustment	Amount after adjustment
Gross revenue	30,184,448.53	-1,274,964.37	28,909,484.16
Including: Operating income	30,184,448.53	-1,274,964.37	28,909,484.16
Total business cost	29,898,994.35	-1,274,964.37	28,624,029.98
Including: Operating cost	27,059,079.83	-1,274,964.37	25,784,115.46

Except for the above adjustments, there are no other adjustments to the consolidated financial statements and the statement items of the parent company.

Section VII Changes in Shares and Shareholders

I. Changes in shares

Unit: share

	Before the change		Increase or decrease (+, -)	After the change	
	Number	Proportion	Subtotal	Number	Proportion
I. Shares subject to sales restrictions	627,243,750	6.19%		627,243,750	6.19%
1. State-owned shares					
2. Shares held by state-owned legal persons					
3. Shares held by other domestic capital	627,243,750	6.19%		627,243,750	6.19%
Including: Shares held by domestic legal persons		0.00%			0.00%
Shares held by domestic natural persons	627,243,750	6.19%		627,243,750	6.19%
4. Shares held by foreign investors		0.00%			0.00%
Including: Shares held by foreign legal persons		0.00%			0.00%
Shares held by foreign natural persons					
II. Shares without sales restrictions	9,498,281,250	93.81%		9,498,281,250	93.81%
1. RMB ordinary shares	9,498,281,250	93.81%		9,498,281,250	93.81%
2. Domestically-listed foreign shares					
3. Overseas-listed foreign shares					
4. Others					
III. Total shares	10,125,525,000	100.00%		10,125,525,000	100.00%

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	69,232	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	173,536	Total number of preferred shareholders with restored voting rights at the end of the reporting period	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	0
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 and 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	0	0	6,222,789,981		
Li Shuirong	Domestic natural person	6.35%	643,275,000	0	482,456,250	160,818,750		
Hong Kong Securities Clearing Company Limited	Foreign legal person	1.59%	160,735,704	22874700	0	160,735,704		
Li Guoqing	Domestic natural person	0.95%	96,525,000	0	72,393,750	24,131,250		
Xu Yuejuan	Domestic natural person	0.95%	96,525,000	0	0	96,525,000		
Li Yongqing	Domestic natural person	0.95%	96,525,000	0	72,393,750	24,131,250		
China Construction Bank Co., Ltd. - GF Technology Pioneer Hybrid Securities Investment Fund	Others	0.72%	73,188,935	0	0	73,188,935		
Horizon Asset - Huaneng Trust · Jiayue No. 7 Single Fund Trust - Horizon Asset Huixin No. 43 Single Asset Management Plan	Others	0.60%	60,948,287	-4395600	0	60,948,287		
Shanghai Pudong Development Bank Co., Ltd. - GF High-End Manufacturing Stock Sponsored Securities Investment	Others	0.49%	49,615,954	48811275	0	49,615,954		

Fund								
Ni Xincai	Domestic natural person	0.47%	47,925,000	0	0	47,925,000		
Strategic investors or general legal persons becoming the top 10 shareholders due to rights issues (if any)	Not applicable							
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., Xu Yuejuan is sister-in-law of Li Shuirong, and Ni Xincai 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 above shareholders on delegating/receiving/waiving voting rights	Not applicable							
Special explanation of the existence of a special repurchase account among the top 10 shareholders (if any)	Among the top 10 shareholders, Rongsheng Petrochemical Co., Ltd. repurchased 283,142,652 shares in the special securities account, accounting for 2.80% of the Company's total share capital.							

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	160,735,704	RMB ordinary shares	160,735,704
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	60,948,287	RMB ordinary shares	60,948,287
Shanghai Pudong Development Bank Co., Ltd. - GF High-End Manufacturing Stock Sponsored Securities Investment Fund	49,615,954	RMB ordinary shares	49,615,954
Ni Xincai	47,925,000	RMB ordinary shares	47,925,000
Industrial and Commercial Bank of China Co., Ltd. - Guangfa Shuangqing Upgrade Hybrid Securities Investment Fund	46,972,360	RMB ordinary shares	46,972,360
China Minsheng Bank Co., Ltd. - GF Industry Best-Choice Three-Year Hybrid Securities Investment Fund	43,990,558	RMB ordinary shares	43,990,558
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 Xincai 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)	Zhejiang Rongsheng Holding Group Co., Ltd. holds 6,215,189,981 shares through an ordinary account and 7,600,000 shares through a credit account.

Whether any of the top 10 shareholders of ordinary share and the top 10 shareholders of ordinary share not subject to sales restrictions of the Company have any agreed repurchase trading during the reporting period?

The top 10 shareholders of ordinary share and the top 10 shareholders of ordinary share not subject to sales restrictions did not conduct the agreed repurchase transaction during the reporting period

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.			

Change of controlling shareholder during the reporting period

There was no change in the controlling shareholder of the Company during the reporting period.

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

Nature of de facto controller: domestic natural person

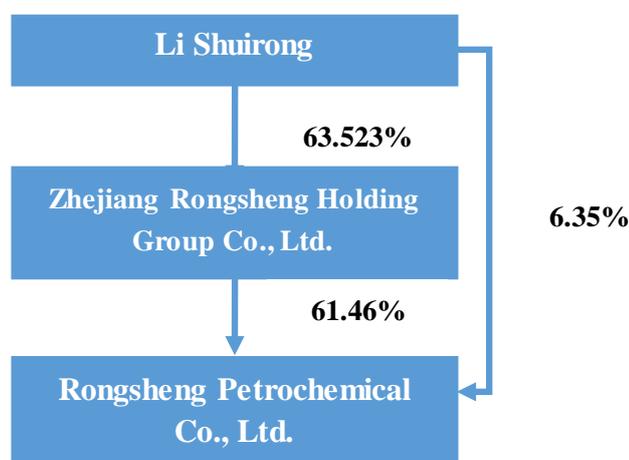
Type of de facto controller: natural person

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 63.523% 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.		

Change of actual controller during the reporting period

There was no change in the actual controller of the Company during the reporting period.

Block diagram for the property and control relations between the Company and its actual controller



III. Specific implementation of share repurchase during the reporting period

Disclosure time of the scheme	Number of shares to be repurchased (shares)	Proportion to total share capital	Proposed repurchase amount (RMB 10,000)	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Proportion of the number of shares repurchased to the underlying shares involved in the equity incentive plan (if any)
March 16, 2022	45,454,500 shares - 90,909,100 shares (all	0.45% - 0.90%	RMB 1 billion (inclusive) and not more than RMB 2	Within 12 months from the date of approval of this	Convertible corporate bonds issued by listed	136,082,746.00	0.00%

	inclusive)		billion (inclusive)	repurchase plan by the board of directors	companies for conversion into stocks		
August 5, 2022	50 million shares-100 million shares (both inclusive)	0.4938% - 0.9876%	RMB 1 billion (inclusive) and not more than RMB 2 billion (inclusive)	From the date of approval of this repurchase plan by the board of directors Within 12 months	Convertible corporate bonds or employee stock ownership plans issued by listed companies for conversion into stocks	147,059,906.00	0.00%

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
2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 1)	20 Rongsheng G1	149087	April 21, 2020	April 21, 2020	April 22, 2024	1,000,000,000	3.86%	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	3.45%	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 the bond	Option clause	Implementation of investor protection clause
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	According to Rongsheng Petrochemical's announcement on March 18, 2022, - <i>The First Indicative Announcement on the 2022 Coupon Rate Adjustment of Green Corporate Bonds (Phase 1) Issued to Qualified Investors in 2020 by Rongsheng Petrochemical Co., Ltd.</i> , Rongsheng Petrochemical has decided to lower the coupon rate of 20 Rongsheng G1 to 3.86% for the next two years (i.e. from April 22,	The implementation conditions for the above clause of investor protection have not been triggered during

		clause	2022 to April 21, 2024).	the reporting period
2020 Public Offering of Green Corporate Bonds to Eligible Investors by Rongsheng Petrochemical Co., Ltd. (Grade 2)	20 Rongsheng G2	Option to adjust coupon rate, put-back option and accelerated settlement clause	According to Rongsheng Petrochemical's announcement on August 3, 2022 - <i>The First Indicative Announcement on the Implementation Measures for Coupon Rate Adjustment and Investor Buyback of Green Corporate Bonds (Phase II) Issued to Qualified Investors in 2020 by Rongsheng Petrochemical Co., Ltd.</i> , Rongsheng Petrochemical has decided to lower the coupon rate of 20 Rongsheng G2 to 3.45% for the two next years (September 2, 2022 to September 1, 2024).	The implementation conditions for the above clause of investor protection 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
20 Rongsheng G1 and 20 Rongsheng G2	Pan-China Certified Public Accountants (Special General Partnership)	Tower B, China Resources Building, No.1366, Qianjiang Road, Shengcheng District, Hangzhou	Yu Jianan, Xu Xiaofeng, Xu Haihong, Xu Cheng	Zheng Qihua	0571-88216888

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
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

Raise funds for construction projects

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. Adjustment of credit rating results during the reporting period

Applicable Not applicable

6. 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	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. Debt financing instruments of non-financial enterprises

During the reporting period, the Company did not have any debt financing instruments of non-financial enterprises.

IV. Convertible corporate bonds

The Company had no convertible bond during the reporting period.

V. Loss within the scope of the Consolidated Financial Statements during the reporting period of the Company exceeding 10% of the net assets at the end of last year

Applicable Not applicable

VI. Overdue situation of interest-bearing debts other than bonds at the end of the reporting period

Applicable Not applicable

VII. Any violations of rules and regulations during the reporting period

Yes No

VIII. 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	73.60%	70.32%	4.67%
liability-asset ratio	73.20%	71.60%	1.60%
Quick ratio	23.07%	21.38%	7.93%
	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	201,161.33	1,284,418.70	-84.34%
EBITDA total debt ratio	11.69%	25.94%	-14.25%
Interest coverage ratio	1.35	5.06	-73.35%
Cash interest coverage ratio	4.18	6.39	-34.58%
EBITDA interest coverage ratio	2.85	6.04	-52.91%
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 18, 2023
Name of auditor	Pan-China Certified Public Accountants (Special General Partnership)
Reference No. of audit report	TJS [2023] No. 3718
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, 2022, 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 2022, 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, 2022, as well as the consolidated and the parent company's business results and cash flows for 2022.

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.

(1) Revenue recognition

1. Description of matters

See Notes III (XXII) and V (II) 1 to the financial statements for relevant information disclosure.

The operating income of Rongsheng Petrochemical Company mainly comes from the sales of refined oil products, chemical products, PTA, polyester chips, polyester filaments and films. In this period, the operating

income of Rongsheng Petrochemical Company was RMB 289,094.8416 million. According to the sales contract between Rongsheng Petrochemical Company and its customers, the revenue of sales of goods by Rongsheng Petrochemical Company is recognized when the customer obtains the control right of the relevant goods.

As operating revenue is one of the key performance indicators of Rongsheng Petrochemical Company, there may be an inherent risk that the management of Rongsheng Petrochemical Company (hereinafter referred to as the management) may achieve specific objectives or expectations through inappropriate revenue recognition. We, therefore, identified revenue recognition as a key audit matter.

2. Audit response

Our audit procedures in relation to revenue recognition mainly include:

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

(2) Reviewing sales contracts to understand key contract terms or conditions and evaluating the appropriateness of revenue recognition methods;

(3) Implementing analysis procedures for operating income and gross profit rate by month, product and customer, identifying whether there is significant or abnormal fluctuation, and finding out the reasons for fluctuation;

(4) For domestic sales revenue, check the supporting documents related to revenue recognition by sampling, including sales contract, order, sales invoice, delivery order, logistics record and customer receipt; For export income, obtain electronic port information and verify it with book records, and checking supporting documents such as sales contract, export declaration form, freight bill of lading, sales invoice and shipping receipt record by sampling;

(5) Implementing correspondence procedure for sales of major customers;

(6) Implementing a cut-off test on the operating income recognized before and after the balance sheet date to evaluate whether the operating income is recognized in the appropriate period;

(7) Checking whether the information related to operating income has been properly presented in the financial statements.

(2) 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, 2022, the book value of fixed assets items shown in the financial statements of Rongsheng Petrochemical Company was RMB 222,161,110,736.65, 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, 2022, the book balance of construction in progress shown in the financial statements of Rongsheng Petrochemical was RMB 26,135,157,629.45. It is mainly 1.4 million tons of ethylene and downstream chemical plants, public works and supporting facilities. 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.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary funds	18,238,774,380.21	17,681,643,415.29
Settlement provision		
Lending funds		
Trading financial assets	188,283,362.49	345,151,994.32
Derivative financial assets		
Notes receivable		
Accounts receivable	7,128,011,047.03	5,411,114,000.05

Receivables financing	187,298,909.35	357,547,507.32
Advance payment	2,558,120,124.99	3,670,682,160.81
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserves receivables		
Other receivables	4,262,221,292.97	3,424,586,902.89
Including: Interest receivables		
Dividends receivable		434,500,000.00
Redemptory monetary capital for sale		
Inventory	60,689,909,793.94	47,110,220,115.64
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	2,467,681,369.50	11,540,476,645.16
Total current assets	95,720,300,280.48	89,541,422,741.48
Non-current assets:		
Loans and advances		
Creditors investment		
Other creditors investment		
Long-term receivables		
Long-term equity investment	8,733,329,806.35	7,590,869,411.21
Investment in other equity instruments		
Other non-current financial assets		
Investment property	10,667,020.60	10,938,466.60
Fixed assets	222,161,110,736.65	124,274,418,986.34
Construction in progress	26,135,157,629.45	108,671,656,611.87
Productive biological assets		
Oil & gas assets		
Right-of-use assets	225,606,768.34	253,078,428.01
Intangible assets	5,997,771,881.12	5,704,214,546.10
Development expenses		
Goodwill		
Long-term deferred expense	117,159.13	185,020.17
Deferred income tax assets	397,203,189.14	226,321,293.72
Other non-current assets	3,206,152,216.42	1,957,492,595.67
Total non-current assets	266,867,116,407.20	248,689,175,359.69
Total assets	362,587,416,687.68	338,230,598,101.17
Current liabilities:		
Short-term borrowings	26,369,552,400.50	37,870,906,450.61

Borrowings from the central bank		
Borrowing funds		
Trading financial liabilities	588,769,711.55	214,744,004.37
Derivative financial liabilities		
Notes payable	3,408,800,462.03	2,486,446,489.85
Accounts payable	69,079,366,976.43	57,988,810,816.03
Advance collections		
Contract liabilities	3,734,262,391.81	4,240,816,908.28
Financial assets sold for repurchase		
Deposits from customers and interbank		
Funds from securities trading agency		
Funds from securities underwriting agency		
Payroll payable	1,022,711,102.12	912,271,936.49
Taxes payable	1,463,341,122.44	7,615,686,791.36
Other payables	3,472,604,671.47	2,102,611,949.60
Including: Interests payable		
Dividends payable	108,000,000.00	187,500,000.00
Handling charges and commissions payable		
Reinsurance payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	20,461,387,778.93	13,376,297,922.08
Other non-current liabilities	458,588,848.28	532,865,110.32
Total current liabilities	130,059,385,465.56	127,341,458,378.99
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	130,962,386,969.29	109,118,407,483.85
Bonds payable	2,034,827,122.23	2,042,929,924.77
Including: Preferred share		
Perpetual bond		
Lease liabilities	213,400,396.45	233,775,736.95
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	195,662,553.73	213,751,341.57
Deferred income tax liabilities	1,955,971,401.12	3,233,271,803.98
Other non-current liabilities		
Total non-current liabilities	135,362,248,442.82	114,842,136,291.12
Total liabilities	265,421,633,908.38	242,183,594,670.11
Owner's equity:		

Share capital	10,125,525,000.00	10,125,525,000.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserve	10,822,594,513.39	10,820,095,850.58
Less: Treasury stock	3,978,202,364.65	
Other comprehensive income	139,462,613.71	-12,469,066.84
Special reserves		
Surplus reserves	886,470,394.72	712,695,666.11
Generic risk reserves		
Undistributed profits	29,264,532,743.94	27,605,458,498.55
Total owner's equity attributable to the parent company	47,260,382,901.11	49,251,305,948.40
Minority equity	49,905,399,878.19	46,795,697,482.66
Total owners' equity	97,165,782,779.30	96,047,003,431.06
Total liabilities and owner's equity	362,587,416,687.68	338,230,598,101.17

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, 2022	January 1, 2022
Current assets:		
Monetary funds	710,893,292.35	566,119,525.78
Trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	70,794,193.95	204,047,317.74
Receivables financing	49,291,497.90	42,533,303.43
Advance payment	59,646,623.00	112,437,688.85
Other receivables	674,169,712.95	1,370,820,726.54
Including: Interest receivables		
Dividends receivable	300,000,000.00	997,000,000.00
Inventory	458,506,509.44	326,023,373.10
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	80,073,156.09	
Total current assets	2,103,374,985.68	2,621,981,935.44
Non-current assets:		
Creditors investment		
Other creditors investment		

Long-term receivables		
Long-term equity investment	43,204,610,202.35	40,036,462,206.99
Investment in other equity instruments		
Other non-current financial assets		
Investment property	10,667,020.60	10,938,466.60
Fixed assets	292,134,252.67	289,213,855.22
Construction in progress		15,782,000.00
Productive biological assets		
Oil & gas assets		
Right-of-use assets	1,813,314.23	3,263,965.63
Intangible assets	18,392,144.26	7,957,122.30
Development expenses		
Goodwill		
Long-term deferred expense		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	43,527,616,934.11	40,363,617,616.74
Total assets	45,630,991,919.79	42,985,599,552.18
Current liabilities:		
Short-term borrowings	7,450,753,608.62	7,374,054,128.91
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	700,000,000.00	417,000,000.00
Accounts payable	5,285,277,965.83	4,877,675,693.95
Advance collections		
Contract liabilities	149,074,706.33	228,308,556.35
Payroll payable	46,566,384.61	43,445,201.37
Taxes payable	3,732,804.55	23,981,109.46
Other payables	5,268,355,508.97	2,345,308,128.31
Including: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	885,163,049.92	249,889,346.35
Other non-current liabilities	19,379,711.82	29,220,936.27
Total current liabilities	19,808,303,740.65	15,588,883,100.97
Non-current liabilities:		
Long-term borrowings	3,695,453,801.14	1,468,996,156.68
Bonds payable	2,034,827,122.23	2,042,929,924.77
Including: Preferred share		

Perpetual bond		
Lease liabilities	24,474.11	1,571,788.59
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	9,434,323.24	11,149,526.44
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	5,739,739,720.72	3,524,647,396.48
Total liabilities	25,548,043,461.37	19,113,530,497.45
Owner's equity:		
Share capital	10,125,525,000.00	10,125,525,000.00
Other equity instruments		
Including: Preferred share		
Perpetual bond		
Capital reserve	11,243,393,393.54	11,243,136,840.58
Less: Treasury stock	3,978,202,364.65	
Other comprehensive income	44,972,616.09	86,581,231.86
Special reserves		
Surplus reserves	886,470,394.72	712,695,666.11
Undistributed profits	1,760,789,418.72	1,704,130,316.18
Total owners' equity	20,082,948,458.42	23,872,069,054.73
Total liabilities and owner's equity	45,630,991,919.79	42,985,599,552.18

3. Consolidated Income Statement

Unit: RMB

Item	2022	2021
I. Gross operating income	289,094,841,612.76	183,074,930,286.51
Including: Operating income	289,094,841,612.76	183,074,930,286.51
Interest income		
Earned premium		
Handling charge and commission income		
II. Gross operating costs	286,240,299,834.63	151,571,056,679.80
Including: Operating costs	257,841,154,581.27	135,087,063,117.36
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	17,010,838,980.38	8,832,682,225.90
Selling expenses	175,450,628.16	154,972,404.33
Administrative expenses	815,233,609.10	682,723,375.14
R&D expenses	4,367,112,486.97	3,915,264,380.48
Financial expenses	6,030,509,548.75	2,898,351,176.59
Including: Interest expenses	4,577,830,003.95	3,597,132,178.72
Interest income	351,751,026.01	308,939,839.82
Add: Other income	2,363,252,918.77	124,260,225.18
Investment income (losses expressed with "-")	693,478,145.84	611,068,070.82
Including: Return on investment in associated enterprises and joint ventures	644,363,579.51	127,213,716.43
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 "-")	10,728,066.90	146,935,772.45
Credit impairment loss (losses expressed with "-")	-15,203,657.84	-74,973,487.19
Loss on assets impairment (losses marked with "-")	-282,256,547.80	-23,858,493.60
Gains on disposal of assets (losses expressed with "-")	3,885,078.23	12,386,164.33
III. Operating profit (losses expressed with "-")	5,628,425,782.23	32,299,691,858.70
Add: Non-operating income	4,744,570.37	9,053,454.51
Less: Non-operating expenses	14,101,126.33	4,532,608.13
IV. Total profits (total losses expressed with "-")	5,619,069,226.27	32,304,212,705.08
Less: Income tax expenses	-750,702,826.13	7,852,294,653.25
V. Net profit (net losses expressed with "-")	6,369,772,052.40	24,451,918,051.83
(I) By business continuity		
1. Net profit from going concern (net losses expressed with "-")	6,369,772,052.40	24,451,918,051.83
2. Net profit from discontinued operations (net losses expressed with "-")		
(II) By ownership		
1. Net profit attributable to shareholders of the parent company	3,340,162,428.95	13,236,054,388.76
2. Minority interest income	3,029,609,623.45	11,215,863,663.07
VI. Other comprehensive income, net of tax	181,210,268.64	58,069,090.16
After-tax net of other comprehensive income attributable to the owners of parent company	151,931,680.55	55,070,941.98
(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	151,931,680.55	55,070,941.98
1. Other comprehensive income which may be transferred to gain and loss under the equity method	-21,083,875.34	77,445,551.44
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	173,015,555.89	-22,374,609.46
7. Others		
Other comprehensive income attributable to minority shareholders, net of tax	29,278,588.09	2,998,148.18
VII. Total comprehensive income	6,550,982,321.04	24,509,987,141.99
Total comprehensive income attributable to owners of the parent company	3,492,094,109.50	13,291,125,330.74
Total comprehensive income attributable to minority shareholders	3,058,888,211.54	11,218,861,811.25
VIII. Earnings per share:		
(I) Basic earnings per share	0.33	1.31
(II) Diluted earnings per share	0.33	1.31

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	2022	2021
I. Operating income	3,906,667,116.58	3,840,738,496.70
Less: Operating costs	4,022,505,958.26	3,549,322,292.60
Taxes and surcharges	12,952,366.03	8,477,767.12
Selling expenses	33,791,804.36	20,494,773.82
Administrative expenses	50,127,420.98	49,375,381.91
R&D expenses	81,025,592.00	81,114,053.14
Financial expenses	706,400,629.87	621,143,804.50
Including: Interest expenses	730,301,227.51	640,631,396.95
Interest incomes	36,626,532.50	40,945,533.49
Add: Other incomes	7,346,841.85	3,859,388.03

Investment incomes (losses expressed with "-")	2,736,300,881.32	2,295,909,624.90
Including: Return on investment in associated enterprises and joint ventures	268,195,976.97	236,916,416.17
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 "-")	6,828,715.54	-9,399,693.11
Losses on assets impairment (losses marked with "-")	-12,601,352.12	
Gains on the disposal of assets (losses expressed with "-")		
II. Operating profits (losses expressed with "-")	1,737,738,431.67	1,801,179,743.43
Add: Non-operating incomes	12,190.56	55,591.86
Less: Non-operating expenses	3,336.13	305,707.51
III. Total profits (total losses expressed with "-")	1,737,747,286.10	1,800,929,627.78
Less: Income tax expenses		
IV. Net profits (net losses expressed with "-")	1,737,747,286.10	1,800,929,627.78
(1) Net profits from going concern (net losses expressed with "-")	1,737,747,286.10	1,800,929,627.78
(2) Net profits from discontinued operations (net losses expressed with "-")		
V. Other comprehensive incomes, net of tax	-41,608,615.77	74,393,183.21
(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	-41,608,615.77	74,393,183.21
1. Other comprehensive incomes which may be transferred to gain and loss under the equity method	-41,608,615.77	74,393,183.21
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	1,696,138,670.33	1,875,322,810.99
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	338,522,230,751.87	213,329,886,608.17
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	23,966,619,179.64	997,424,916.70
Cash received relating to other operating activities	4,013,759,568.90	4,868,809,048.89
Subtotal of cash inflows for operating activities	366,502,609,500.41	219,196,120,573.76
Cash paid for goods purchased and services received	313,742,412,549.33	166,794,082,955.23
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	3,796,045,980.29	3,482,252,588.46
Payments of all types of taxes	26,372,263,702.45	10,382,317,425.71
Cash paid relating to other operating activities	3,533,750,382.98	4,972,682,170.42
Subtotal of cash outflows from operating activities	347,444,472,615.05	185,631,335,139.82
Net cash flow from operating activities	19,058,136,885.36	33,564,785,433.94
II. Cash flows from investing activities:		
Cash received from investment recovery	3,729,684,617.90	4,476,729,753.45
Cash received from the return on investment	480,185,918.81	38,906,664.24
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	128,655,426.42	27,726,047.56
Net cash received from the disposal of subsidiaries and other business units		16,552,525.23
Cash received relating to other investing activities	413,191,478.93	2,369,587,005.40
Subtotal of cash inflows from investing activities	4,751,717,442.06	6,929,501,995.88
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	29,457,883,096.55	58,246,390,580.12

Cash paid for investments	3,773,365,703.69	4,349,151,259.07
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	486,776,219.14	1,174,716,306.10
Subtotal of cash outflows from investing activities	33,718,025,019.38	63,770,258,145.29
Net cash flows from investing activities	-28,966,307,577.32	-56,840,756,149.41
III. Cash flow from financing activities:		
Cash received from absorption of investment	2,498,660,000.00	1,780,000,000.00
Including: Cash received by subsidiaries from investments of minority shareholders	2,498,660,000.00	1,780,000,000.00
Cash received from borrowings	93,103,414,620.97	141,013,920,343.94
Cash received relating to other financing activities	14,699,581,588.16	3,770,870,000.00
Subtotal of cash inflows from financing activities	110,301,656,209.13	146,564,790,343.94
Cash paid for repayment of debts	76,513,846,971.48	104,088,124,313.86
Cash paid for distribution of dividends and profits or payment of interests	11,471,972,294.10	7,845,601,934.08
Including: Dividends or profits paid by subsidiaries to minority shareholders	2,529,500,000.00	
Cash paid relating to other financing activities	10,759,163,614.10	3,793,609,522.73
Subtotal of cash outflows from financing activities	98,744,982,879.68	115,727,335,770.67
Net cash flow from financing activities	11,556,673,329.45	30,837,454,573.27
IV. Effect of change in exchange rate on cash and cash equivalents	-528,060,478.39	185,009,743.86
V. Net increase in cash and cash equivalents	1,120,442,159.10	7,746,493,601.66
Add: Opening balance of cash and cash equivalents	14,338,837,644.67	6,592,344,043.01
VI. Ending balance of cash and cash equivalents	15,459,279,803.77	14,338,837,644.67

6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	9,019,533,970.04	13,417,117,895.84
Refunds of taxes and levies	3,706,999.49	28,623,582.42
Cash received relating to other operating activities	3,335,504,075.51	2,343,843,739.08
Subtotal of cash inflows for operating activities	12,358,745,045.04	15,789,585,217.34
Cash paid for goods purchased and services received	8,155,206,221.15	14,449,287,480.56
Cash paid to and on behalf of employees	265,783,347.86	224,505,836.45
Payments of all types of taxes	84,164,591.71	69,767,755.77
Cash paid relating to other operating activities	3,416,128,004.85	2,451,030,841.44
Subtotal of cash outflows from operating activities	11,921,282,165.57	17,194,591,914.22
Net cash flow from operating activities	437,462,879.47	-1,405,006,696.88
II. Cash flows from investing activities:		
Cash received from investment recovery	4,234,526.03	73,351,891.01
Cash received from the return on investment	3,286,685,918.80	112,026,036.00

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	1,061,902.58	
Cash received relating to other investing activities		5,515,829,166.67
Subtotal of cash inflows from investing activities	3,291,982,347.41	5,701,207,093.68
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	29,750,290.38	7,928,554.12
Cash paid for investments	2,985,996,536.00	493,569,488.20
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		3,500,000,000.00
Subtotal of cash outflows from investing activities	3,015,746,826.38	4,001,498,042.32
Net cash flows from investing activities	276,235,521.03	1,699,709,051.36
III. Cash flow from financing activities:		
Cash received from absorption of investment		
Cash received from borrowings	13,937,740,982.91	10,303,422,085.05
Cash received relating to other financing activities	16,320,574,824.00	11,369,000,000.00
Subtotal of cash inflows from financing activities	30,258,315,806.91	21,672,422,085.05
Cash paid for repayment of debts	11,029,293,598.66	10,310,557,276.50
Cash paid for distribution of dividends and profits or payment of interests	2,009,000,996.77	1,517,645,790.42
Cash paid relating to other financing activities	17,875,313,657.27	9,770,907,194.33
Subtotal of cash outflows from financing activities	30,913,608,252.70	21,599,110,261.25
Net cash flow from financing activities	-655,292,445.79	73,311,823.80
IV. Effect of change in the exchange rate on cash and cash equivalents	-12,330,984.86	1,286,226.77
V. Net increase in cash and cash equivalents	46,074,969.85	369,300,405.05
Add: Opening balance of cash and cash equivalents	464,104,910.32	94,804,505.27
VI. Ending balance of cash and cash equivalents	510,179,880.17	464,104,910.32

7. Consolidated Statement of Changes in Owner's Equity

Current amount

Unit: RMB

Item	2022													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		
	Prefe red shares	Perpetual bond	Others												
I. Ending balance of the previous year	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
Add: Changes in accounting policies											412,507,575.69		412,507,575.69	391,029,261.29	803,536,836.98
Correction of errors in the previous period															
Business combinations under the same control															
Others															
II. Opening balance of the year	10,125,525,000.00				10,820,095,850.58		12,469,066.84		712,695,666.11		27,605,458,498.55		49,251,305,948.40	46,795,697,482.66	96,047,003,431.06
III. Increases/decreases in the current period (decrease expressed with "-")					2,498,662.81	3,978,202,364.65	151,931,680.55		173,774,728.61		1,659,074,245.39		1,990,923,047.29	3,109,702,395.53	1,118,779,348.24
(I) Total comprehensive income							151,931,680.55				3,340,162,428.95		3,492,094,109.50	3,058,888,211.54	6,550,982,321.04
(II) Capital contributed and reduced by owners						3,978,202,364.65							3,978,202,364.65	2,498,660,000.00	1,479,542,364.65
1. Ordinary shares invested by the owners						3,978,202,364.65							3,978,202,364.65	2,498,660,000.00	1,479,542,364.65
2. Capital contributed by holders of other equity															

instruments															
3. Amount of share-based payment recognized in owners' equity															
4. Others															
(III) Profit distribution									173,774,728.61		1,681,088,183.56		1,507,313,454.95	2,450,000,000.00	3,957,313,454.95
1. Withdrawal of surplus reserve									173,774,728.61		173,774,728.61				
2. Withdrawal of generic risk reserves															
3. Distribution to owners (or shareholders)											1,507,313,454.95		1,507,313,454.95	2,450,000,000.00	3,957,313,454.95
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									224,052,374.80				224,052,374.80	165,574,100.95	389,626,475.75
2. Use in the current period									224,052,374.80				224,052,374.80	165,574,100.95	389,626,475.75
(VI) Others							2,498,662.81						2,498,662.81	2,154,183.99	4,652,846.80
IV. Ending balance of the current period	10,125,525,000.00				10,822,594,513.39	3,978,202,364.65	139,462,613.71		886,470,394.72		29,264,532,743.94		47,260,382,901.11	49,905,399,878.19	97,165,782,779.30

Amount of prior period

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 in the current period (decrease expressed with "-")	3,375,175,000.00				-3,368,783,658.07		55,070,941.98		180,092,962.78		12,043,408,925.98		12,284,964,172.67	13,902,033,794.74	26,186,997,967.41
(I) Total comprehensive income							55,070,941.98				13,236,054,388.76		13,291,125,330.74	11,218,861,811.25	24,509,987,141.99
(II) Capital contributed and reduced by owners														1,780,000,000.00	1,780,000,000.00
1. Ordinary shares invested by the owners														1,780,000,000.00	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									180,092,962.78		-1,192,645,462.78		-1,012,552,500.00	123,750,000.00	-1,136,302,500.00

Item	2022											
	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	Perpetual bond	Others								
I. Ending balance of the previous year	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
Add: Changes in accounting policies												
Correction of errors in the previous period												
Others												
II. Opening balance of the year	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
III. Increases/decreases in the current period (decrease expressed with "-")					256,552.96	3,978,202,364.65	-41,608,615.77		173,774,728.61	56,659,102.54		-3,789,120,596.31
(I) Total comprehensive income							-41,608,615.77			1,737,747,286.10		1,696,138,670.33
(II) Capital contributed and reduced by owners						3,978,202,364.65						-3,978,202,364.65
1. Ordinary shares invested by the owners						3,978,202,364.65						-3,978,202,364.65
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment recognized in owners' equity												
4. Others												
(III) Profit distribution									173,774,728.61	-1,681,088,183.56		-1,507,313,454.95
1. Withdrawal of surplus reserve									173,774,728.61	-173,774,728.61		
2. Distribution to owners (or shareholders)										-1,507,313,454.95		-1,507,313,454.95
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					256,552.96						256,552.96
IV. Ending balance of the current period	10,125,525,000.00				11,243,393,393.54	3,978,202,364.65	44,972,616.09		886,470,394.72	1,760,789,418.72	20,082,948,458.42

Amount of prior period

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	Perpetual 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

										0		0
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

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 10,125,525,000.00 and a total of 10,125,525,000.00 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.

The financial statements were approved for publication at the seventh meeting of the sixth session of the Board of Directors of the Company on April 18, 2023.

The Company has included its 34 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., Ningbo Rongxincheng Trading Co., Ltd., Yisheng New Materials Trading Co., Ltd., Zhejiang Rongyi Trading Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., Rongtong Logistics (Singapore) Pte. Ltd., Rongsheng Petrochemical (Hong Kong) Co., Ltd., Rongsheng International Trading Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Zhoushan Yushan Petrochemical Engineering Company Limited, ZPC Zheyong Technology Co., Ltd., Zhejiang Petroleum & Chemical (Singapore) Pte. Ltd., ZPC Jintang Logistics Co., Ltd., Zhejiang ZPC Sales Co., Ltd., Zhoushan ZPC Sales Co., Ltd., ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute 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., Rongsheng New Materials (Zhoushan) Co., Ltd., and Rongsheng New Materials (Taizhou) 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 right-of-use assets, 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., Yisheng New Materials Trading Co., Ltd., Rongsheng Petrochemical (Singapore) Private Co., Ltd., Rongtong Logistics (Singapore) Private Co., Ltd., Rongsheng Petrochemical (Hong Kong) Co., Ltd. and Zhejiang Petroleum & Chemical (Singapore) Private Co., 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 - Loan margin portfolio	Nature of account	With reference to historical credit loss

Other receivables - government receivables portfolio		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 - 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
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, right-of-use assets 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) Significant accounting policy changes

1. The Company has implemented the provisions of Interpretation No.15 of Accounting Standards for Business Enterprises issued by the Ministry of Finance on the "accounting treatment of external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process" since January 1, 2022, and the trial operation occurred between the beginning of the earliest period presented in the financial statements for the first time to January 1, 2022. Details are as follows:

Statement items significantly affected	Amount affected	Remark
Balance Sheet Items as at December 31, 2021		
Fixed assets	929,145,616.67	
Construction in progress	124,206,287.84	
Deferred income tax liabilities	249,815,067.53	
Undistributed profits	412,507,575.69	
Minority shareholders' equity	391,029,261.29	
Income Statement Items in 2021		
Operating revenue	6,050,652,793.73	
Operating cost	4,997,300,889.22	

Income tax expenses	249,815,067.53
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2. The Company has implemented the provisions of "Judgment on Loss Contracts" in the *Interpretation of Accounting Standards for Business Enterprises No. 15* since January 1, 2022. Changes in this accounting policy had no impact on the Company's financial statements.

3. The Company has implemented the provisions of "accounting treatment for the impact of income tax on dividends related to financial instruments classified as equity instruments by the issuer," in the *Interpretation of Accounting Standards for Business Enterprises No. 16* since November 30, 2022. Changes in this accounting policy had no impact on the Company's financial statements.

4. The Company has implemented the provisions of *Interpretation No.16 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance on the accounting treatment of enterprises changing cash-settled share-based payment into equity-settled share-based payment since November 30, 2022, and this change in accounting policy has no impact on the financial statements of the Company.

(2) Changes in significant accounting estimate

Applicable Not applicable

29. Miscellaneous

(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* (CZ [2022] No. 136) promulgated by the Ministry of Finance and the Ministry of Emergency Management 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 safety production costs, if they belong to cost expenditure, they shall directly offset the special reserves. 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
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%、5%
Enterprise income tax	Taxable income	[Note 3]
Property tax	The remaining value after deducting 30% from the original value of the property in one go for ad valorem collection; 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., Zhejiang Petroleum & Chemical Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd.	15%
Subsidiaries Hong Kong Sheng Hui Co., Ltd., Hong Kong Yisheng Dahua Petrochemical Co., Ltd., Yisheng New Materials Trading Co., Ltd., Rongsheng Petrochemical (Singapore) Private Co., Ltd., Rongtong Logistics (Singapore) Private Co., Ltd., Rongsheng Petrochemical (Hong Kong) Co., Ltd. and Zhejiang Petroleum & Chemical (Singapore) Private Co., 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., ZPC Jintang Logistics Co., Ltd., Rongsheng International Trade (Hainan) Co., Ltd., Dalian Zhejiang Yisheng New Materials Co., Ltd. and Zhejiang Rongyi Trading Co., Ltd., Rongsheng Chemical (Shanghai) 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 document *Announcement of the Ministry of Finance and the State Taxation Administration on Further Strengthening the Implementation of Policies Regarding Period-End Value-Added Tax Credit Refund* (Announcement No. 14 [2022] of the Ministry of Finance and the State Administration of Taxation) jointly issued by the Ministry of Finance and the State Administration of Taxation, some subsidiaries of the Company meet the relevant conditions for the tax credit refund, and the total amount of tax credit refund received in the current period is RMB 13,503.6159 million.

3. According to the *Announcement on Filing of High-tech Enterprises Recognized by Zhejiang Provincial Accreditation Institutions in 2022* issued by the Office of the National High-tech Enterprise Accreditation Management Leading Group, subsidiaries Zhejiang Shengyuan Chemical Fiber Co., Ltd. and Zhejiang Petroleum & Chemical Co., Ltd. have passed the high-tech enterprise accreditation and obtained the *High-tech Enterprise Certificate* numbered GR202233004307 and GR202233003797 respectively. The validity period of the recognition is 2022-2024, and the enterprise income tax is calculated and paid at a reduced rate of 15% in the current period.

According to the *Announcement on Filing the Third Batch of High-tech Enterprises Recognized by Dalian in 2021* issued by the Office of the National High-tech Enterprise Recognition Management Leading Group, the subsidiary Yisheng Dahua Petrochemical Co., Ltd. passed the high-tech enterprise accreditation and obtained the *High-tech Enterprise Certificate* with the number of GR202121200832, which is valid from 2021 to 2023. The enterprise income tax shall be calculated and paid at the reduced tax rate of 15% in this period.

According to the *Announcement on Filing the First Batch of High-tech Enterprises Recognized by Ningbo City Authority in 2022* issued by the Office of the National High-tech Enterprise Recognition Management Leading Group, Ningbo Zhongjin Petrochemical Co., Ltd., a subsidiary, has passed the high-tech enterprise accreditation and obtained the *High-tech Enterprise Certificate* with the number of GR202233101251, with the validity period of 2022-2024. The enterprise income tax is calculated and paid at the reduced tax rate of 15% in the current period.

According to the *Announcement on the Filing of the First Batch of High-tech Enterprises Recognized in Zhejiang Province in 2021* issued by the Office of the National High-tech Enterprise Recognition Management Leading Group, Zhejiang Yongsheng Technology Co., Ltd., a subsidiary, has passed the recognition of a high-tech enterprise and obtained the *"High tech Enterprise Certificate"* with the number GR202133009456. The recognition period is from 2021 to 2023, and the enterprise income tax is calculated and paid at a reduced rate of 15% in this period.

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)*.

According to the requirements of the *Announcement on the Further Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 13 [2021] of the Ministry of Finance and the State Taxation Administration)*, from January 1, 2022 to December 31, 2024, for small and micro enterprises with an annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million, the enterprise income tax shall be further reduced by 25%, and the enterprise income tax shall be paid at the tax rate of 20%. Subsidiaries Rongxiang Chemical Fiber Co., Ltd. Rongsheng International Trade (Hainan) Co., Ltd., Dalian Yisheng New Material Co., Ltd., Zhejiang Rongyi Trade Co., Ltd. and Rongsheng Chemical (Shanghai) Co., Ltd. meet the above requirements in this period.

6. According to the *Implementation Opinions of the Office of the People's Government of Xiaoshan District, Hangzhou on Deepening the Reform of "Heroes per Mu" and Promoting High Quality Development (X. Z. B. F. [2020] No. 38)*, Class A enterprises can enjoy 100% reduction and exemption of land use tax. The Company and its subsidiary, Zhejiang Shengyuan Chemical Fiber Co., Ltd., meet the requirements of the above preferential tax policies, and are fully exempt from land use tax in this period.

7. According to the provisions of *Several Opinions of the General Office of Zhejiang Provincial People's Government on Deepening the Reform of Optimal Allocation of Resource Elements in Manufacturing Enterprises (ZZBF [2019] No.62)* issued by the General Office of Zhejiang Provincial People's Government, taxpayers in manufacturing industry within the whole province (including Ningbo City) shall uniformly implement a classified and graded urban land use tax reduction policy. Before December 31, 2022, The urban land use tax for Class A and Class B enterprises shall be reduced by 100% and 80%, respectively. Zhejiang Yongsheng Technology Co.,

Ltd., a subsidiary, was assessed as a Class B enterprise, with 80% urban land use tax reduced or exempted in this period.

8. According to Article 6 of the *Provisional Regulations of the People's Republic of China on Real Estate Tax* (Guo Fa [1986] No.90), if taxpayers really have difficulties in paying taxes, they may be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government to reduce or exempt the real estate tax on a regular basis. After approval and confirmation, the Company has reduced the property tax by 60% in this period.

9. According to the *Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Reduction and Exemption Policy of "Six Taxes and Two Fees" for Small and Micro Enterprises* (Announcement No.10 [2022] of the Ministry of Finance and the State Administration of Taxation), the urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, education surcharge and local education surcharge of eligible small and micro enterprises may be reduced by 50% of the tax amount. Subsidiaries Rongsheng International Trade (Hainan) Co., Ltd., Dalian Yisheng New Material Co., Ltd., Zhejiang Rongyi Trading Co., Ltd. and Rongsheng Chemical (Shanghai) Co., Ltd. meet the above preferential tax policy requirements, and will be subject to half of the urban maintenance and construction tax, education surcharge, and local education surcharge in this period; Subsidiaries Zhejiang Rongyi Trading Co., Ltd. and Rongsheng Chemical (Shanghai) Co., Ltd. meet the requirements of the above preferential tax policies, and stamp duty will be reduced by half in this period.

10. According to the *Announcement of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology on Strengthening the Pre-tax Deduction for Supporting Scientific and Technological Innovation* (Announcement No.28 [2022] of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology), the equipment and appliances newly purchased by high-tech enterprises during the period from October 1, 2022 to December 31, 2022 are allowed to be deducted in full amount at one time in the calculation of taxable income in the current year, and 100% is allowed to be deducted before tax. Subsidiaries Zhejiang Shengyuan Chemical Fiber Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd. and Zhejiang Yongsheng Technology Co., Ltd. enjoy the above tax incentives, with an additional deduction for the original book value of newly purchased equipment and instruments.

VII. Notes to Items in the Consolidated Financial Statements

1. Monetary fund

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	947,398.91	1,563,293.44
Bank deposit	14,971,568,361.00	14,060,975,134.33
Other monetary funds	3,266,258,620.30	3,619,104,987.52
Total	18,238,774,380.21	17,681,643,415.29
Including: Total amount of overseas deposits	2,459,323,215.90	2,759,160,520.29

Other notes:

Among other monetary funds at the end of the period, RMB 965.3075 million is the deposit made for issuing bank acceptance bills, RMB 980.2853 million is the deposit made for issuing letters of credit, RMB

552.3772 million is the deposit made for issuing the letter of guarantee, RMB 26.7582 million is the deposit made for silver leasing, RMB 250 million is the deposit made for handling bank loans, RMB486.764 million is the investment funds and RMB 4.7664 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	188,283,362.49	345,151,994.32
Including: derivative financial assets	188,283,362.49	345,151,994.32
Total	188,283,362.49	345,151,994.32

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	7,257,160,866.85	100.00%	129,149,819.82	1.78%	7,128,011,047.03	5,527,285,482.39	100.00%	116,171,482.34	2.10%	5,411,114,000.05
Total	7,257,160,866.85	100.00%	129,149,819.82	1.78%	7,128,011,047.03	5,527,285,482.39	100.00%	116,171,482.34	2.10%	5,411,114,000.05

Provision made for bad debt reserves based on aging portfolio: 130,059,382.32

Unit: RMB

Name	Ending balance		
	Book balance	Bad-debt provision	Percentage of provision
Trade fund portfolio of overseas subsidiaries	5,453,573,146.55	36,709,348.59	0.67%
Aging portfolio	1,803,587,720.30	92,440,471.23	5.13%
Total	7,257,160,866.85	129,149,819.82	

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:

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	7,214,189,761.39
1-2 years	42,530,303.66
2-3 years	405,988.15
Above 3 years	34,813.65
Total	7,257,160,866.85

(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	Recovered or returned	Write-off	Others	
Provision made for bad debt reserves based on aging portfolio	116,171,482.34	12,978,337.48				129,149,819.82
Total	116,171,482.34	12,978,337.48				129,149,819.82

(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
GLENCORE SINGAPORE PTE LTD	1,407,943,521.01	19.40%	
TRAFIGURA PTE LTD	1,062,466,761.50	14.64%	
VITOL ASIA PTE LTD	839,786,085.62	11.57%	
BP SINGAPORE PTE. LIMITED	480,702,902.68	6.62%	
MERCURIA ENERGY TRADING PTE. LTD	398,015,890.11	5.48%	
Total	4,188,915,160.92	57.71%	

4. Receivables financing

Unit: RMB

Item	Ending balance	Beginning balance
Banker's acceptance	187,298,909.35	357,547,507.32
Total	187,298,909.35	357,547,507.32

5. Advance payments
(1) Advance payments presented by age

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	2,522,481,841.45	98.61%	3,637,221,467.16	99.09%
1-2 years	35,638,283.54	1.39%	33,460,693.65	0.91%
Total	2,558,120,124.99		3,670,682,160.81	

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

Company name	Book balance	Proportion in balance of advance payments (%)
Zhenhai China Customs	1,372,606,322.40	53.66
CNOOC TRADING (SINGAPORE) PTE. LTD	193,889,241.89	7.58
Dalian Fujia Dahua Petrochemical Co., Ltd.	133,298,972.19	5.21
CHIMET SPA	96,655,476.80	3.78
Liaoyang Branch of Northeast -China Chemical Sales Company of PetroChina Company Limited	64,253,868.89	2.51
Subtotal	1,860,703,882.17	72.74

6. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable		434,500,000.00
Other receivables	4,262,221,292.97	2,990,086,902.89
Total	4,262,221,292.97	3,424,586,902.89

(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
Ningbo Hengyi Trading Co., Ltd		169,500,000.00
Total		434,500,000.00

(2) Other receivables

1) Classification of other receivables by nature

Unit: RMB

Nature of account	Ending book balance	Beginning book balance
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Grants receivable	2,255,798,000.00	
Tax refund receivables	1,414,624,597.36	2,191,866,778.70
Paper goods transaction settlement portfolio	126,333,617.88	441,074,641.63
Loan margin portfolio	145,908,960.00	190,363,520.00
Futures margin portfolio	272,529,752.95	138,785,432.51
Deposit receivable margin portfolio	41,469,354.87	23,262,033.18
Portfolio of petty cash receivable, etc.	13,736,810.60	11,272,719.47
Current account portfolio	5,383,742.27	4,800,000.00
Total	4,275,784,835.93	3,001,425,125.49

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, 2022	2,177,162.49	1,559,550.29	7,601,509.82	11,338,222.60
The balance as of January 1, 2022 in the current period				
--Transferred to Stage II	-439,059.77	439,059.77		
--Transferred to Stage III		-1,267,802.81	1,267,802.81	
Provision in current period	-219,751.75	147,312.29	2,297,759.82	2,225,320.36
Balance as of December 31, 2022	1,518,350.97	878,119.54	11,167,072.45	13,563,542.96

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	4,114,598,428.50
1-2 years	47,417,515.49
2-3 years	82,314,027.88
Above 3 years	31,454,864.06
Total	4,275,784,835.93

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 bad debts based on a combination of credit risk characteristics	11,338,222.60	2,225,320.36				13,563,542.96
Total	11,338,222.60	2,225,320.36				13,563,542.96

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

Unit: RMB

Company name	Nature of payment	Ending balance	Aging	Proportion in total ending balance of other receivables (%)	Ending balance of provision for bad debts
Zhoushan Green Petrochemical Base Management Committee	Grants receivable	2,145,798,000.00	Within 1 year	50.18	
Refund of consumption tax receivable	Tax refund receivables	1,414,624,597.36	Within 1 year	33.08	
Xiaoshan District Headquarters Economy Special Class	Grants receivable	110,000,000.00	Within 1 year	2.57	
GoldmanSachs	Paper goods transaction settlement	84,265,781.88	Within 1 year	1.97	
DBS.Living, Breathing Asia	Futures margin	74,914,297.35	Within 1 year	1.75	
Total		3,829,602,676.59		89.55	

5) Receivables involving government subsidies

Unit: RMB

Company name	Name of government subsidy project	Ending balance	Period-end aging	Estimated time, amount and basis to receive
Zhoushan Green Petrochemical Base Management Committee	Fiscal incentives	2,145,798,000.00	Within 1 year	Expected to be recovered by June 30, 2023
Xiaoshan District Headquarters Economy Special Class	Fiscal incentives	110,000,000.00	Within 1 year	Expected to be recovered by June 30, 2023

[Note] According to the investment agreement, the People's Government of Zhoushan City gives financial incentives to Zhejiang Petroleum & Chemical Co., Ltd. In December 2022, both parties reached an agreement that the financial reward shall be calculated from November 2020 and cumulatively meet the conditions specified in the document, and Zhejiang Petroleum & Chemical Co., Ltd. shall be given a total financial reward of RMB 2,096.65 million. For the financial rewards to be given in the subsequent years, both parties agree to complete the accounting of the financial rewards for the corresponding period every year and formally confirm them by the Management Committee of Zhoushan Green Petrochemical Base.

7. Inventory

(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	38,684,253,387.46	216,055.92	38,684,037,331.54	34,647,512,557.36		34,647,512,557.36
Products in process	11,833,781,904.06	69,319,996.22	11,764,461,907.84	7,574,608,096.73	11,183,116.80	7,563,424,979.93
Commodity stocks	10,300,065,925.25	212,720,495.66	10,087,345,429.59	4,759,952,870.48	12,675,376.80	4,747,277,493.68
Work in process - outsourced	276,865.36		276,865.36	2,082,494.41		2,082,494.41
Low-value consumables	153,788,259.61		153,788,259.61	149,922,590.26		149,922,590.26
Total	60,972,166,341.74	282,256,547.80	60,689,909,793.94	47,134,078,609.24	23,858,493.60	47,110,220,115.64

(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		216,055.92				216,055.92
Products in process	11,183,116.80	69,319,996.22		11,183,116.80		69,319,996.22
Commodity stocks	12,675,376.80	212,720,495.66		12,675,376.80		212,720,495.66
Total	23,858,493.60	282,256,547.80		23,858,493.60		282,256,547.80

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.

8. Other current assets

Unit: RMB

Item	Ending balance	Beginning balance
VAT input tax to be deducted	1,131,926,010.21	11,526,246,116.96
Business income tax pre-paid	1,335,755,359.29	14,230,528.20
Total	2,467,681,369.50	11,540,476,645.16

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.	2,750,672,174.90			-51,581,261.65	-7,333,234.31					2,691,757,678.94	
Ningbo Hengyi Trading Co., Ltd	193,629,420.45			27,814,486.29	10,289,345.70					231,733,252.44	
Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd.	1,822,497,360.74			270,981,637.54	47,969,792.29	256,552.96	39,685,918.80			2,006,079,840.15	
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	14,433,562.44			20,607.10						14,454,169.54	
Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	16,211,405.03			-2,990,391.47						13,221,013.56	
Hainan Yisheng Petrochemical Co., Ltd.	2,246,522,800.41	500,000,000.00		522,065,139.16	34,297,818.99					3,302,885,758.56	
Zhejiang Provincial Petroleum Co., Ltd.	70,927,978.15			-70,773,727.69	-154,250.46						
ZPC-ENN (Zhoushan) Gas Co., Ltd.	16,714,460.86			-3,984,829.71						12,729,631.15	
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	26,117,171.69			5,921,065.85						32,038,237.54	
Zhejiang Derong chemicals Co. Ltd.	337,026,466.08	50,000,000.00		-49,352,346.31		4,373,609.08				342,047,728.85	
Zhoushan ZPC Zhongang Tugboat Co., Ltd.	59,861,987.37			8,080,887.33		22,684.76	6,000,000.00			61,965,559.46	

Zhejiang Oil Products Trading Co., Ltd.	10,877,939.96			-10,877,939.96						
Ningbo Coastal Public Pipe Gallery Co., Ltd.	6,995,889.51			-694,363.42					6,301,526.09	
Zhejiang Zhenshi Port Service Co., Ltd.	18,380,793.62			-265,383.55					18,115,410.07	
Subtotal	7,590,869,411.21	550,000,000.00		644,363,579.51	10,870,112.37	4,652,846.80	45,685,918.8		8,733,329,806.35	
Total	7,590,869,411.21	550,000,000.00		644,363,579.51	10,870,112.37	4,652,846.80	45,685,918.8		8,733,329,806.35	

10. Investment real estates

(1) Investment real estate under the cost measurement mode

Unit: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Initial balance	14,286,632.00	14,286,632.00
2. Increase in the current period		
(1) Outsourcing		
(2) Transfers from inventories/fixed assets/construction in progress		
(3) Increase due to business merger		
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	3,348,165.40	3,348,165.40
2. Increase in the current period	271,446.00	271,446.00
(1) Accrual or amortization	271,446.00	271,446.00
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer-out		
4. Ending balance	3,619,611.40	3,619,611.40
III. Provision for impairment		
1. Initial balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer-out		
4. Ending balance		
IV. Book value		
1. Closing book value	10,667,020.60	10,667,020.60
2. Beginning book value	10,938,466.60	10,938,466.60

(2) Investment real estate under the fair value method

Applicable Not applicable

11. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	222,161,110,736.65	124,274,418,986.34

Total	222,161,110,736.65	124,274,418,986.34
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(1) Fixed assets

Unit: RMB

Item	Housing and buildings	Machinery and equipment	Transportation facilities	Other equipment	Total
I. Original book value:					
1. Initial balance	40,759,249,277.89	102,843,817,697.76	220,275,084.97	296,135,315.40	144,119,477,376.02
2. Increase in the current period	29,075,430,849.19	80,281,513,218.66	31,747,047.63	32,511,848.06	109,421,202,963.54
(1) Acquisition	15,889,282.93	442,353,106.69	27,855,094.65	13,313,019.30	499,410,503.57
(2) Transfer-in from construction in progress	29,059,541,566.26	79,839,160,111.97	3,891,952.98	19,198,828.76	108,921,792,459.97
(3) Increase due to business merger					
3. Decrease in the current period		205,491,586.31	9,131,186.61	13,508.08	214,636,281.00
(1) Disposal or scrapping		205,491,586.31	9,131,186.61	13,508.08	214,636,281.00
4. Ending balance	69,834,680,127.08	182,919,839,330.11	242,890,945.99	328,633,655.38	253,326,044,058.56
II. Accumulated depreciation					
1. Initial balance	3,290,573,339.42	16,249,434,403.25	142,034,307.92	151,476,666.87	19,833,518,717.46
2. Increase in the current period	2,079,116,930.49	9,239,688,005.65	33,697,179.58	54,283,484.91	11,406,785,600.63
(1) Accrual	2,079,116,930.49	9,239,688,005.65	33,697,179.58	54,283,484.91	11,406,785,600.63
(2) Increase in the business combinations		82,559,596.70	4,340,158.39	10,913.31	86,910,668.40
3. Decrease in the current period		82,559,596.70	4,340,158.39	10,913.31	86,910,668.40
4. Ending balance	5,369,690,269.91	25,406,562,812.20	171,391,329.11	205,749,238.47	31,153,393,649.69
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	64,464,989,857.17	157,501,736,845.69	71,499,616.88	122,884,416.91	222,161,110,736.65
2. Beginning book	37,468,675,938.47	86,582,843,622.29	78,240,777.05	144,658,648.53	124,274,418,986.34

value					
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(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	7,127,767,903.92	
Houses and buildings - polymerization building and others of Zhejiang Shengyuan Chemical Fiber Co., Ltd.	505,740,074.63	
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 -- flow shop of Zheyou Technology Co. Ltd.	87,465,832.30	
Houses and buildings -film warehouse and others of Zhejiang Yongsheng Technology Co. Ltd.	62,725,896.38	
Subtotal	8,101,901,485.99	

12. Projects under construction

Unit: RMB

Item	Ending balance	Beginning balance
Project under construction	24,590,757,677.89	107,785,355,403.53
Engineering materials	1,544,399,951.56	886,301,208.34
Total	26,135,157,629.45	108,671,656,611.87

(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 II (40 million tons per year)				75,480,041,327.88		75,480,041,327.88
Utilities and supporting facilities	6,020,862,104.28		6,020,862,104.28	19,437,350,523.04		19,437,350,523.04
1.4 million tons ethylene and downstream chemical plant (optimization of product structure of Phase II project)	14,276,035,763.50		14,276,035,763.50	5,064,095,562.35		5,064,095,562.35
Functional polyester film expansion project with an annual output of 250,000 tons per year	967,377,971.40		967,377,971.40	253,229,505.24		253,229,505.24
PTA project with an annual output of 3 million tons and reconstruction and expansion of 3				4,047,659,718.		4,047,659,718.

million tons				39		18.39
High performance resin project	446,159,950.48		446,159,950.48			
High-end new material project	17,358,490.59		17,358,490.59			
Jintang New Material Project	41,739,407.97		41,739,407.97			
Sporadic projects	2,821,223,989.67		2,821,223,989.67	3,502,978,766.63		3,502,978,766.63
Total	24,590,757,677.89		24,590,757,677.89	107,785,355,403.53		107,785,355,403.53

(2) Changes in major construction in progress in the current period

Unit: RMB

Project	Budget (RMB 10,000)	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 amount of interest	Including: Capitalized amount of interest in the current period	Interest capitalization rate in the current period	Sources of fund
Refining and chemical integration project phase II (40 million tons per year)	8,292,935.00	75,480,041,327.88	2,800,701,087.77	78,280,742,415.65			112.74%	100.00%	5,184,421,020.98	1,858,797,052.80	4.68%	Raised funds, bank loans, other sources
Utilities and supporting facilities		19,437,350,523.04	1,071,147,429.09	14,487,635,847.85		6,020,862,104.28			1,019,510,912.98	557,816,742.53	4.21%	Bank loans, other sources
1.4 million tons ethylene and downstream chemical plant (optimization of product structure of Phase II project)	3,448,517.00	5,064,095,562.35	19,075,476,046.70	9,863,535,845.55		14,276,035,763.50	77.00%	80.00%	439,482,479.84	439,482,479.84	4.21%	Bank loans, other sources
Functional polyester film expansion project with an annual output of 250,000 tons per year	200,000.00	253,229,505.24	714,148,466.16			967,377,971.40	74.99%	75.00%	28,263,407.70	22,943,110.33	4.22%	Bank loans, other sources
PTA project with an annual output of 3 million tons and reconstruction and expansion of 3 million tons	944,021.00	4,047,659,718.39	137,772,166.76	4,185,431,885.15			95.19%	100.00%	229,354,850.69	97,946,750.79	4.79%	Bank loans, other sources
High performance resin project	1,827,550.00		446,159,950.48			446,159,950.48	2.44%	2.44%				Bank loans, other sources
High-end new material project	6,414,691.00		17,358,490.59			17,358,490.59	0.03%	0.03%				Bank loans, other sources
Jintang New Material Project	7,953,857.00		41,739,407.97			41,739,407.97	0.05%	0.05%				Bank loans, other sources
Sporadic projects		3,502,978,766.63	1,422,691,688.81	2,104,446,465.77		2,821,223,989.67						Other sources
Total	29,081,571.00	107,785,355,403.53	25,727,194,734.33	108,921,792,459.97		24,590,757,677.89			6,901,032,672.19	2,976,986,136.29		

(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	1,170,107,409.07		1,170,107,409.07	508,244,449.16		508,244,449.16
Special Equipment	374,292,542.49		374,292,542.49	378,056,759.18		378,056,759.18
Total	1,544,399,951.56		1,544,399,951.56	886,301,208.34		886,301,208.34

13. Right-of-use assets

Unit: RMB

Item	Housing and buildings	Total
I. Original book value:		
1. Initial balance	290,265,617.88	290,265,617.88
2. Increase in the current period		
3. Decrease in the current period		
4. Ending balance	290,265,617.88	290,265,617.88
II. Accumulated depreciation		
1. Initial balance	37,187,189.87	37,187,189.87
2. Increase in the current period	27,471,659.67	27,471,659.67
(1) Accrual	27,471,659.67	27,471,659.67
3. Decrease in the current period		
(1) Disposal		
4. Ending balance	64,658,849.54	64,658,849.54
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	225,606,768.34	225,606,768.34
2. Beginning book value	253,078,428.01	253,078,428.01

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	6,185,939,085.99	5,879,510.85	57,687,224.41	124,053,128.30	25,970,417.99	6,399,529,367.54
2. Increase in the current period	442,756,081.08		1,623,860.46	7,547,169.84	877,731.01	452,804,842.39
(1) Acquisition	442,756,081.08		1,623,860.46	7,547,169.84	877,731.01	452,804,842.39
(2) Internal R&D						
(3) Increase in the business combinations						
3. Decrease in the current period						
(1) Disposal						
4. Ending balance	6,628,695,167.07	5,879,510.85	59,311,084.87	131,600,298.14	26,848,149.00	6,852,334,209.93
II. Accumulated amortization						
1. Initial 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
2. Increase in the current period	131,860,858.58	188,679.24	6,989,916.99	15,764,910.40	4,443,142.16	159,247,507.37
(1) Accrual	131,860,858.58	188,679.24	6,989,916.99	15,764,910.40	4,443,142.16	159,247,507.37
3. Decrease in the current period						
(1) Disposal						
4. Ending balance	705,649,558.22	4,354,353.66	22,900,082.84	105,115,117.48	16,543,216.61	854,562,328.81
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	5,923,045,608.85	1,525,157.19	36,411,002.03	26,485,180.66	10,304,932.39	5,997,771,881.12
2. Beginning 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

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	185,020.17		67,861.04		117,159.13
Total	185,020.17		67,861.04		117,159.13

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
Deductible uncovered loss	1,926,924,516.34	322,308,341.68	720,277,397.91	109,873,410.16
Changes in fair value of trading financial instruments and derivative financial instruments	103,171,027.61	16,689,662.09	198,216,221.87	11,690,354.14
Deferred income	186,228,230.49	30,561,612.33	202,601,815.13	36,553,016.71
Unrealized profits from internal transactions	174,649,487.88	7,817,620.70	249,216,636.77	52,322,278.68
Provision for impairment of assets	359,105,143.75	59,820,985.40	80,749,430.32	15,882,234.03
Total	2,750,078,406.07	437,198,222.20	1,451,061,502.00	226,321,293.72

(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
One time pre-tax deduction of long-term assets	10,979,341,858.26	1,646,901,278.74	10,946,417,001.89	2,735,497,783.75
The parent company, reflected at the level of consolidated statements, 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.	2,232,554,629.20	334,883,194.38	1,842,522,375.83	458,607,792.87
Changes in fair value of trading financial instruments and derivative financial instruments	188,283,362.48	14,181,961.06	284,066,208.36	39,166,227.36
Total	13,400,179,849.94	1,995,966,434.18	13,073,005,586.08	3,233,271,803.98

(3) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Ending balance	Beginning balance
Unrecognised tax loss	4,786,039,765.48	3,150,327,780.68
Provision for impairment of assets	77,404,439.05	59,280,545.62
Trading financial liabilities	74,384,267.98	
Deferred income	9,434,323.24	11,149,526.44
Total	4,947,262,795.75	3,220,757,852.74

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

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2022		115,167,084.36	
2023	795,881,505.75	795,987,438.71	
2024	649,192,751.95	653,770,827.38	
2025	892,628,563.63	913,566,588.84	
2026	942,842,859.62	640,338,430.60	
2027	1,098,455,315.24		
2030		31,497,410.79	
2032	407,038,769.29		
Total	4,786,039,765.48	3,150,327,780.68	

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	2,794,937,800.46		2,794,937,800.46	1,957,492,595.67		1,957,492,595.67
Rental value of silver leased in	411,214,415.96		411,214,415.96			
Total	3,206,152,216.42		3,206,152,216.42	1,957,492,595.67		1,957,492,595.67

18. Short-term borrowings
(1) Categories of short-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
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Mortgage borrowing		67,000,000.00
Guaranteed loan	24,978,544,183.97	36,363,709,711.96
Credit borrowings	1,391,008,216.53	1,440,196,738.65
Total	26,369,552,400.50	37,870,906,450.61

19. Trading financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	588,769,711.55	214,744,004.37
Including: derivative financial liabilities	102,366,489.48	214,744,004.37
Including: fair value of silver leased	486,403,222.07	
Total	588,769,711.55	214,744,004.37

20. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Commercial acceptance bill		160,000,000.00
Banker's acceptance	3,408,800,462.03	2,326,446,489.85
Total	3,408,800,462.03	2,486,446,489.85

21. Accounts payable

(1) Presentation of accounts payable

Unit: RMB

Item	Ending balance	Beginning balance
Payable for material procurement and operation	57,051,576,225.73	44,326,450,223.83
Payable for purchase of long-term assets	12,027,790,750.70	13,662,360,592.20
Total	69,079,366,976.43	57,988,810,816.03

22. Contract liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Payments for goods	3,734,262,391.81	4,240,816,908.28
Total	3,734,262,391.81	4,240,816,908.28

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	902,849,253.05	3,766,309,774.41	3,654,965,376.25	1,014,193,651.21
II. Post-employment benefits - defined contribution plan	9,422,683.44	141,881,707.90	142,786,940.43	8,517,450.91
III. Dismissal welfare		39,185.00	39,185.00	
Total	912,271,936.49	3,908,230,667.31	3,797,791,501.68	1,022,711,102.12

(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	895,571,825.05	3,533,877,214.46	3,422,941,409.73	1,006,507,629.78
2. Employee welfare expenses		30,582,348.98	30,582,348.98	
3. Social insurance premium	6,441,688.65	97,385,614.48	97,064,482.65	6,762,820.48
Including: Medical insurance premium	6,156,323.71	89,486,798.89	89,333,570.30	6,309,552.30
Work-related injury insurance premium	285,364.94	6,931,195.93	6,763,292.69	453,268.18
Birth insurance premium		967,619.66	967,619.66	
4. Housing provident fund	49,151.50	77,964,284.60	77,778,741.10	234,695.00
5. Labor union and personnel education expenses	786,587.85	26,500,311.89	26,598,393.79	688,505.95
Total	902,849,253.05	3,766,309,774.41	3,654,965,376.25	1,014,193,651.21

(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	9,097,697.18	137,013,309.29	137,888,916.08	8,222,090.39
2. Unemployment insurance premium	324,986.26	4,868,398.61	4,898,024.35	295,360.52
Total	9,422,683.44	141,881,707.90	142,786,940.43	8,517,450.91

24. Taxes payable

Unit: RMB

Item	Ending balance	Beginning balance
Corporate income tax	248,997,237.28	4,149,312,868.95
Consumption tax	449,500,508.31	2,472,727,765.46
Value added tax	406,455,280.68	81,233,550.52
Land use tax	112,480,989.03	108,947,797.65
Stamp duty	38,152,661.15	74,941,067.92
Urban maintenance and construction tax	64,611,829.70	404,155,723.75
Educational surcharges	59,958,124.53	181,014,534.62
Local education surcharges	39,972,113.03	122,293,916.44
Property tax	25,589,744.40	9,405,940.06
Withholding of individual income tax	14,735,296.18	10,125,161.89
Environmental protection tax	2,886,594.15	1,528,464.10
Vehicle and vessel tax	744.00	
Total	1,463,341,122.44	7,615,686,791.36

25. Other payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	108,000,000.00	187,500,000.00
Other payables	3,364,604,671.47	1,915,111,949.60
Total	3,472,604,671.47	2,102,611,949.60

(1) Dividends payable

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable on ordinary shares by subsidiaries	108,000,000.00	187,500,000.00
Total	108,000,000.00	187,500,000.00

(2) Other payables

1) Other payables listed by the nature of payment

Unit: RMB

Item	Ending balance	Beginning balance
Entrusted loan	989,433,904.99	1,079,486,911.13
Current accounts	1,539,513,447.19	3,628,215.25
Deposit and security	718,412,933.85	596,361,605.72

Settled but unpaid operating expenses	98,302,534.15	219,272,451.35
Others	18,941,851.29	16,362,766.15
Total	3,364,604,671.47	1,915,111,949.60

26. Non-current liabilities due within one year

Unit: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	20,439,097,358.80	13,352,556,707.30
Lease liabilities due within one year	22,290,420.13	23,741,214.78
Total	20,461,387,778.93	13,376,297,922.08

27. Other current liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Output tax to be transferred	458,588,848.28	532,865,110.32
Total	458,588,848.28	532,865,110.32

28. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage and guarantee borrowings	104,036,600,984.70	102,235,692,707.70
Guaranteed loan	26,613,442,784.59	6,882,714,776.15
Unsecured loans	312,343,200.00	
Total	130,962,386,969.29	109,118,407,483.85

29. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Ending balance	Beginning balance
Green corporate bonds (second tranche)	788,342,602.93	1,030,412,856.33
Green corporate bonds (third tranche)	1,246,484,519.30	1,012,517,068.44
Total	2,034,827,122.23	2,042,929,924.77

(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	Issue in current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in current period	Ending balance
20 Rongsheng G1	1,000,000.00	2020.4.21、2020.4.22	4 years (2 + 2)	995,452,830.20	1,030,412,856.33		45,216,540.75	1,266,036.04	47,700,000.00	1,029,195,433.12
20 Rongsheng G2	1,000,000.00	2020.8.31、2020.9.01、2020.9.02	This tranche of bonds has a maturity of 4 years, with the right to adjust the nominal interest rate by the issuer and sell back by the investor at the end of the second year.	995,405,660.39	1,012,517,068.44		39,888,256.15	1,126,364.52	47,900,000.00	1,005,631,689.11
Total		—		1,990,858,490.59	2,042,929,924.77		85,104,796.90	2,392,400.56	95,600,000.00	2,034,827,122.23

30. Lease liabilities

Unit: RMB

Item	Ending balance	Opening balance [note]
Lease payments	276,960,637.05	306,566,976.44
Unacknowledged financial charges	-63,560,240.60	-72,791,239.49
Total	213,400,396.45	233,775,736.95

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	213,751,341.57	13,259,114.00	31,347,901.84	195,662,553.73	Government grants related to assets
Total	213,751,341.57	13,259,114.00	31,347,901.84	195,662,553.73	--

32. Share capital

Unit: RMB

	Beginning balance	Increase and decrease of this change (+, -)					Ending balance
		New issue	Issue of	Conversion	Others	Subtotal	

		of shares	bonus shares	of provident fund into shares			
Total number of shares	10,125,525,000.00						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)	10,779,726,139.51			10,779,726,139.51
Other capital reserves	40,369,711.07	2,498,662.81		42,868,373.88
Total	10,820,095,850.58	2,498,662.81		10,822,594,513.39

(2) Description of changes in capital reserve:

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).

34. Treasury stock

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Repurchase of public shares		3,978,202,364.65		3,978,202,364.65
Total		3,978,202,364.65		3,978,202,364.65

Other notes, including notes to increase and decrease in the current period and its reasons:

According to the *Proposal on Repurchase of Shares of the Company* 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 part of the public shares issued by it 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), and the repurchase price is not more than RMB 22/share (inclusive).

According to the *Proposal on Repurchase of Shares of the Company* deliberated and adopted at the second meeting of the sixth session of the Board of Directors of the Company held on August 4, 2022, the Company has used its own funds to buy back part of the public shares issued by it in China in the form of centralized bidding transaction, which is used to convert corporate bonds or employee stock ownership plans issued by listed companies that can be converted into shares. The total amount of repurchase funds shall be not less than RMB 1 billion (inclusive) and not more than RMB 2 billion (inclusive), and the repurchase price shall not exceed RMB 20/share.

In this period, the Company repurchased shares in the form of centralized bidding transactions through the special securities repurchase account, and the number of shares repurchased was 283,142,652 shares, accounting

for about 2.80% of the total share capital of the Company. The highest transaction price was RMB15.05 per share, and the lowest transaction price was RMB11.26 per share. The total amount paid was RMB 3,978,202,364.65 (excluding transaction fees).

35. Other comprehensive income

Unit: RMB

Item	Beginning balance	The amount incurred in the current period						Ending balance
		Amount incurred before current income tax	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	
II. Other comprehensive income to be reclassified into profit or loss	- 12,469,066.84	181,210,268.63				151,931,680.55	29,278,588.09	139,462,613.71
Including: other comprehensive income convertible into profit or loss by the equity method	92,848,437.81	- 10,870,112.37				- 21,083,875.34	10,213,762.97	71,764,562.47
Translation difference of financial statements in foreign currency	- 105,317,504.65	192,080,381.00				173,015,555.89	19,064,825.11	67,698,051.24
Total other comprehensive income	- 12,469,066.84	181,210,268.63				151,931,680.55	29,278,588.09	139,462,613.71

36. Special reserve

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Work safety expenses		224,052,374.80	224,052,374.80	
Total		224,052,374.80	224,052,374.80	

Other notes, including notes to increase and decrease in the current period and its reasons:

The increase and decrease of special reserve in this period are the safety production expenses accrued and used by subsidiaries Yisheng Dahua Petrochemical Co., Ltd., Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Yisheng New Material Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd. and ZPC Zheyong Technology Co., Ltd.

37. Surplus reserve

Unit: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	712,695,666.11	173,774,728.61		886,470,394.72
Total	712,695,666.11	173,774,728.61		886,470,394.72

Notes to surplus reserves, including notes to current increase and decrease and related reasons:

(2) Other notes

According to the Articles of Association, 10% of the net profit realized by the parent company in 2022 has been withdrawn for the statutory surplus reserve.

38. Undistributed profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of the prior period before the adjustment	27,192,950,922.86	15,562,049,572.57
Total amount of undistributed profit at the beginning of adjustment ("+" for increase, "-" for decrease)	412,507,575.69	
Undistributed profit at the beginning of the period after adjustment	27,605,458,498.55	15,562,049,572.57
Add: Net profit attributable to the owner of the parent company in the current period	3,340,162,428.95	13,236,054,388.76
Less: Withdrawal of statutory surplus reserve	173,774,728.61	180,092,962.78
Common stock dividends payable	1,507,313,454.95	1,012,552,500.00
Undistributed profit at the end of the period	29,264,532,743.94	27,605,458,498.55

Details of adjustment of beginning undistributed profits:

Retroactive adjustment carried out as required by *Accounting Standards for Business Enterprises* and relevant new regulations exerts an impact of RMB 412,507,575.69 on the undistributed profit at the beginning of the year.

39. 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	287,950,149,983.36	256,926,391,305.48	182,400,669,773.34	134,686,984,202.95
Other Businesses	1,144,691,629.40	914,763,275.79	674,260,513.17	400,078,914.41

Total	289,094,841,612.76	257,841,154,581.27	183,074,930,286.51	135,087,063,117.36
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Whether the lower of the net profits before and after net of non-recurring gains/losses is negative through audit

Yes No

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

1) Breakdown of income by commodity type

Item	Amount in the current period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Oil refining	103,841,990,910.56	84,981,949,000.87	52,587,161,375.41	32,778,382,642.21
Chemical	113,898,786,080.29	102,078,088,582.19	72,023,079,213.02	45,187,599,699.90
PTA	50,496,010,557.67	50,949,332,208.40	22,942,150,309.12	22,660,261,857.39
Polyester chemical fiber film	14,641,039,125.46	14,168,474,148.53	14,303,652,901.29	13,167,469,746.84
Trade and others	6,217,014,938.78	5,663,310,641.28	21,218,886,487.67	21,293,349,171.02
Total	289,094,841,612.76	257,841,154,581.27	183,074,930,286.51	135,087,063,117.36

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	289,092,154,298.59	183,060,917,795.69
Revenue recognized in a period of time	2,687,314.17	14,012,490.82
Subtotal	289,094,841,612.76	183,074,930,286.51

(3) The revenue recognized in the current period included in the opening book value of contract liabilities is RMB 4,208,298,269.67.

(4) Sales revenue and cost from trial operation reported in operating revenue and operating costs

1) Commissioning sales revenue and cost

Item	Amount in the current period	Amount of the same period last year
Sales revenue from trial operation	34,916,101,427.73	6,050,652,793.73
Sales cost from trial operation	29,676,585,780.01	4,973,657,825.57

2) Critical accounting estimates used in determining costs related to commissioning sales

For the inventory of trial production before the fixed assets of the Company reach the expected usable state, the relevant inventory cost is recognized on the basis of the necessary and reasonable expense under the normal design production capacity, combined with the normal design production capacity after the fixed assets reach the expected usable state, the normal production input-output ratio of the products and other factors.

(5) Other Notes

The recognition of some trade business income of the company in 2020 and 2021 was not standardized, and the corresponding reduction in operating income and operating costs for the current period was RMB 12,749.6437 million, which had no impact on the net profit for the current period.

40. Taxes and surcharges

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Excise (consumption) tax	14,971,021,522.33	7,721,236,286.64
Urban maintenance and construction tax	1,045,144,550.70	556,794,874.07
Education surcharge	448,133,892.95	239,174,945.93
Local education surcharge	298,755,958.60	159,449,963.96
Stamp duty	87,909,307.61	73,219,215.75
Land use tax	115,394,536.99	59,206,084.72
Property tax	35,981,636.59	14,081,463.56
Environmental protection tax	8,395,902.69	9,446,073.11
vehicle and vessel tax	101,671.92	73,318.16
Total	17,010,838,980.38	8,832,682,225.90

41. Selling expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee compensation	110,041,776.76	102,383,987.13
Sales business expenses	39,978,053.01	35,016,783.01
Others	25,430,798.39	17,571,634.19
Total	175,450,628.16	154,972,404.33

42. Administrative expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Employee compensation	381,467,230.32	279,131,824.22
Office expenses	163,305,799.64	159,754,695.73
Depreciation and amortization expense	141,020,604.94	142,756,241.54
Insurance premium	75,902,949.27	50,727,169.75
Business entertainment expenses	15,273,187.46	15,352,519.06
Others	38,263,837.47	35,000,924.84
Total	815,233,609.10	682,723,375.14

43. R&D expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Direct input	3,695,900,511.90	3,058,866,691.17

Depreciation and amortization	323,443,663.63	518,854,535.63
Employee compensation	323,237,921.80	311,285,572.04
Equipment commissioning fee	110,610.62	22,065,866.97
Outsourcing R&D and others	24,419,779.02	4,191,714.67
Total	4,367,112,486.97	3,915,264,380.48

44. Financial expenses

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Interest expense	4,577,830,003.95	3,597,132,178.72
Interest income	-351,751,026.01	-308,939,839.82
Net exchange losses/gains	1,515,404,259.76	-633,280,926.60
Others	289,026,311.05	243,439,764.29
Total	6,030,509,548.75	2,898,351,176.59

45. Other income

Unit: RMB

Sources generating other incomes	Current amount incurred	Amount incurred in the previous period
Government grants related to assets	31,347,901.84	27,550,883.35
Government grants related to income	2,328,129,612.92	87,342,380.79
Return of fees for withheld individual income tax	2,748,797.01	2,304,612.04
Others	1,026,607.00	7,062,349.00
Total	2,363,252,918.77	124,260,225.18

46. Investment income

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Investment income from disposal of financial instruments	38,483,520.80	455,332,263.56
Long-term equity investment income calculated by equity method	644,363,579.51	127,213,716.43
Interest income from related party lending	205,188.67	2,035,569.54
Entrusted loan income		26,123,140.37
Proceeds from wealth management products		625,599.45
Investment income from disposal of long-term equity investments	10,425,856.86	-262,218.53
Total	693,478,145.84	611,068,070.82

47. 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
Trading financial assets	188,283,362.49	345,151,994.32
Trading financial liabilities	-177,555,295.59	-198,216,221.87
Total	10,728,066.90	146,935,772.45

48. Credit impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Bad debt losses	-15,203,657.84	-74,973,487.19
Total	-15,203,657.84	-74,973,487.19

49. Asset impairment loss

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Inventory falling price loss	-282,256,547.80	-23,858,493.60
Total	-282,256,547.80	-23,858,493.60

50. 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	3,885,078.23	12,386,164.33
Total	3,885,078.23	12,386,164.33

51. 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	3,271,502.16	8,152,030.22	3,271,502.16
Income from fines and penalties	1,041,311.20	479,539.36	1,041,311.20
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	
Others	431,757.01	140,387.69	431,757.01
Total	4,744,570.37	9,053,454.51	4,744,570.37

52. 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
Total losses from disposal of non-current assets	102,819.31	1,822,895.25	102,819.31
External donations	11,000,000.00	1,300,000.00	11,000,000.00
late fee	2,832,803.08		2,832,803.08
Penalty expense		550,095.93	
Others	165,503.94	859,616.95	165,503.94
Total	14,101,126.33	4,532,608.13	14,101,126.33

53. 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	697,479,472.15	7,319,747,462.46
Deferred income tax expenses	-1,448,182,298.28	532,547,190.79
Total	-750,702,826.13	7,852,294,653.25

(2) Adjustment of accounting profit and income tax expense

Unit: RMB

Item	Amount incurred in the current period
Total profits	5,619,069,226.27
Income tax expense calculated at the applicable tax rate of the parent company	1,404,773,583.78
Impact of tax rates applied to subsidiaries	-527,176,303.49
Influence of income tax during periods prior to adjustment	41,080,061.79
Influence of non-taxable income	-174,833,961.51
Impact of R&D cost plus deduction	-507,309,665.35
Additional deduction of wages for the disabled	-519,386.81
Additional deduction for equipment purchased by high-tech enterprises in the fourth quarter	-49,579,626.89
Tax credit for the investment amount of enterprise in purchasing special equipment for environmental protection	-75,818,281.23
Influence of non-deductible costs, expenses and losses	75,088,412.55
Impact of using deductible loss on deferred income tax assets unrecognized in prior periods	-26,333,931.69
Impact of temporary deductible difference or deductible loss on deferred income tax assets unrecognized in the current period	339,804,698.11

Impact of different tax rates applied to the recognition of deferred income tax	-1,249,878,425.38
Income tax expenses	-750,702,826.13

54. Other comprehensive incomes

For details, see Note V (I) 35 of the financial statements for the net amount after tax of other comprehensive income.

55. 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	2,866,495,137.32	2,949,165,665.49
Temporary loan received from Zhejiang Rongsheng Holding Group Co., Ltd.	200,000,000.00	1,264,300,000.00
Interest income received from bank deposits	351,751,026.01	308,568,217.48
Recovery of operating deposit and security deposit	437,519,028.13	228,168,687.59
Government subsidies received	85,667,751.41	102,922,448.29
Others	72,326,626.03	15,684,030.04
Total	4,013,759,568.90	4,868,809,048.89

(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	2,227,779,041.99	2,866,495,137.32
Repayment of temporary loan to Zhejiang Rongsheng Holding Group Co., Ltd.	200,000,000.00	1,264,300,000.00
Cash disbursements from administrative expenses, R&D expenses and sales expenses	491,786,793.13	520,114,641.86
Payment of bank charges	270,342,872.02	228,583,346.21
Payment of operating deposit and security deposit	321,584,656.12	86,541,494.70
Others	22,257,019.72	6,647,550.33
Total	3,533,750,382.98	4,972,682,170.42

(3) Other cash received from investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Receipt of project deposit	241,165,333.31	277,983,728.72

Recovery of bills, letters of credit and other deposits	171,820,956.95	791,886,996.41
Recovery of temporary loan and interest from ZPC-ENN (Zhoushan) Gas Co., Ltd.	205,188.67	20,323,759.33
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
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
Received royalties		16,527,782.50
Recovery of temporary loan and interest from Zhejiang Zhenshi Port Service Co., Ltd.		3,522,190.97
Total	413,191,478.93	2,369,587,005.40

(4) Other cash paid relating to investment activities

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Payment of bills, letters of credit and other deposits	300,801,878.44	171,820,956.95
Payment of project related security deposit	185,974,340.70	223,118,349.15
Payment of entrusted loan to Zhejiang Yisheng New Materials Co., Ltd.		530,000,000.00
Payment of temporary loan to Zhejiang Derong chemicals Co. Ltd.		244,977,000.00
Payment of temporary loan to ZPC-ENN (Zhoushan) Gas Co., Ltd.		4,800,000.00
Total	486,776,219.14	1,174,716,306.10

(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.	6,290,000,000.00	3,316,000,000.00
Recovery of loan deposit	360,000,000.00	126,870,000.00
Entrusted loan received from Zhejiang Yisheng Petrochemical Co., Ltd.	988,000,000.00	328,000,000.00
Payment received for corporate bonds resale	494,566,600.00	
Payment received for discounted but	6,567,014,988.16	

unexpired L/Cs and notes		
Total	14,699,581,588.16	3,770,870,000.00

(6) Other cash paid for financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Repayment of temporary loan to Zhejiang Rongsheng Holding Group Co., Ltd.	4,840,158,257.44	3,351,019,903.50
Entrusted loan and interest repaid to Zhejiang Yisheng Petrochemical Co., Ltd.	1,129,574,324.99	376,515,280.75
Payment of financing fees	18,683,439.05	33,234,766.53
Payments for right-of-use assets	32,433,187.97	32,294,131.95
Payment of loan security	265,545,440.00	545,440.00
Payment for stock repurchase	3,978,202,364.65	
Payment of bond resale	494,566,600.00	
Total	10,759,163,614.10	3,793,609,522.73

56. 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	6,369,772,052.40	24,451,918,051.83
Add: Provision for impairment of assets	297,460,205.64	98,831,980.79
Fixed assets depreciation, oil and gas assets depletion, productive biological assets depreciation	11,157,350,758.14	6,766,383,069.23
Depreciation of assets with right of use	27,471,659.67	37,187,189.87
Amortization of intangible assets	114,444,041.96	128,891,257.47
Amortization of long-term deferred expenses	67,861.04	1,405,278.17
Loss on disposing fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-3,885,078.23	-12,386,164.33
Losses on disposal of fixed assets (gains expressed with "-")	102,819.31	1,822,895.25
Loss from changes in fair value (gains expressed with "-")	-10,728,066.90	-146,935,772.45
Financial expenses (gains expressed with "-")	6,111,917,702.75	2,978,707,670.20
Loss from investment (gains expressed with "-")	-936,615,197.88	-611,068,070.82
Reduction of deferred income tax assets (increase expressed with "-")	-170,881,895.42	-156,750,165.96
Increase of deferred income tax liabilities (decrease expressed with "-")	-1,277,300,402.86	689,297,356.75
Decrease in inventories (increase expressed with "-")	13,935,026,846.57	23,212,372,297.26
Decrease of operating receivables (increase expressed with "-")	7,977,342,745.44	-5,123,016,294.04

Increase in operating payables (decrease expressed with "-")	3,336,644,526.87	30,835,741,755.33
Others		-3,162,872,306.09
Net cash flow from operating activities	19,058,136,885.36	33,564,785,433.94
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	15,459,279,803.77	14,338,837,644.67
Less: Beginning balance of cash	14,338,837,644.67	6,592,344,043.01
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalents	1,120,442,159.10	7,746,493,601.66

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	15,459,279,803.77	14,338,837,644.67
Including: cash on hand	947,398.91	1,563,293.44
Bank deposits available for payment at any time	14,971,568,361.00	14,060,975,134.33
Other monetary funds available on demand	486,764,043.86	276,299,216.90
III. Ending balance of cash and cash equivalents	15,459,279,803.77	14,338,837,644.67

(3) Amount of commercial bill endorsement transfer not involving cash receipts and payments

Item	Amount in the current period	Amount of the prior period
Amount of commercial bill transferred by endorsement	2,384,544,577.78	1,187,100,124.60
Including: payment for goods	2,255,269,688.24	1,096,474,426.07
Payment for the purchase of fixed assets and other long-term assets	129,274,889.54	90,625,698.53

(4) Explanation of supplementary information of cash flow statement

The ending balance of cash in the cash flow statement is RMB 15,459,279,803.77, while the ending balance of monetary funds in the balance sheet is RMB 18,238,774,380.21. The difference is due to the deduction of RMB 2,779,494,576.44 of other monetary funds that do not meet the standards for cash and cash equivalents from the ending balance of the cash flow statement.

The opening balance of cash in the cash flow statement is RMB 14,338,837,644.67, while the opening balance of monetary funds in the balance sheet is RMB 17,681,643,415.29. The difference is due to the deduction of RMB 3,342,805,770.62 of other monetary funds that do not meet the standards for cash and cash equivalents from the closing balance of the cash flow statement.

57. Assets with restricted ownership or use rights

Unit: RMB

Item	Original book value at the end of the period	Reason for restriction
Monetary fund	2,779,494,576.43	See note to monetary funds in the notes to the financial statements for details.
Receivables financing	3,316,973.51	Pledged for issuing bank acceptance bills as collateral
Fixed assets	217,071,880,411.54	Bank loan mortgage, letter of credit mortgage
Construction in progress	20,075,082,279.55	Bank loan mortgage
Intangible assets	4,409,441,534.82	Bank loan mortgage
Total	244,339,215,775.85	

58. 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	523,437,495.35	6.9646	3,645,532,780.11
EUR	6,732,637.43	7.4229	49,975,694.38
HKD	362,116.83	0.8933	323,478.96
SGD	1,602,768.20	5.1831	8,307,307.86
Accounts receivable			
Including: USD	817,318,200.61	6.9646	5,692,294,339.97
EUR			
HKD			
Other receivables			
Including: USD	29,952,499.64	6.9646	208,607,178.99
Short-term borrowings			
Including: USD	222,335,292.80	6.9646	1,548,476,380.23
Accounts payable			
Including: USD	6,562,499,088.22	6.9646	45,705,181,149.82
EUR	42,527,006.86	7.4229	315,673,719.22
Other payables			
Including: USD	5,451,071.47	6.9646	37,964,532.36
Non-current liabilities due within one year			
Including: USD	149,585,746.07	6.9646	1,041,804,887.08
Long-term borrowings			
Including: USD	266,361,844.44	6.9646	1,855,103,701.79

EUR	50,004,605.08	7.4229	371,179,183.05
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.

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		
Zhejiang Yisheng New Materials 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		

59. 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	31,347,901.84	Other income	31,347,901.84
Income-related government grants for compensation for incurred relevant costs or losses.	2,328,129,612.92	Other income	2,328,129,612.92

(2) Return of government subsidies

1) Government grants related to assets

Item	Beginning deferred income	New grants in the current period	Amortization in the current period	Other decreases	Ending deferred income	Amortization in current period Presented items	Remarks
Construction funds for infrastructure supporting projects	45,149,999.62		3,685,714.32		41,464,285.30	Other incomes	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	43,692,777.75		3,382,666.67		40,310,111.08	Other incomes	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	25,202,176.59		2,359,851.84		22,842,324.75	Other incomes	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)	17,870,666.56		1,374,666.72		16,495,999.84	Other incomes	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.	12,107,388.18		5,381,058.24		6,726,329.94	Other incomes	Interest subsidy fund for PTA project loan granted by Dalian Finance Bureau.
Subsidy fund for industrial technological transformation projects in Xiaoshan District.	12,276,445.97		2,006,611.83		10,269,834.14	Other incomes	Funds allocated by Hangzhou Municipal Finance Bureau and Xiaoshan District Finance Bureau for industrial technological transformation projects.
Government subsidies for imported equipment	16,400,000.01		1,800,000.00		14,600,000.01	Other incomes	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.	6,149,861.67		2,733,345.36		3,416,516.31	Other incomes	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	8,444,267.42		248,970.96		8,195,296.46	Other incomes	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.	12,442,222.20		2,073,703.68		10,368,518.52	Other incomes	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.	3,574,545.52		612,779.04		2,961,766.48	Other incomes	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 transformation of gas-fired boiler	1,534,394.32		171,328.32		1,363,066.00	Other incomes	Subsidy for low nitrogen transformation of gas-fired 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	1,499,999.32		666,666.72		833,332.60	Other incomes	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	1,689,800.00		298,200.00		1,391,600.00	Other incomes	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.	1,083,000.17		481,333.32		601,666.85	Other incomes	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.	1,080,000.00		480,000.00		600,000.00	Other incomes	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.	113,462.27		56,231.76		57,230.51	Other incomes	Interest subsidy for technological transformation of enterprises allocated by Hangzhou Finance Bureau.
Interest subsidy for enterprise technological transformation	101,428.59		50,714.28		50,714.31	Other incomes	Funds allocated by Xiaoshan District Finance Bureau for key industrial technological transformation projects.
Special financial funds for industrial and information technology development, asset-based government subsidies		10,000,000.00	222,222.24		9,777,777.76	Other incomes	<i>Notice on Issuing the Provincial Special Financial Funds for Industrial and Information Development in 2021 (Second Batch)</i> (ZCJF [2022] No. 4) issued by the Zhoushan Finance Bureau and Zhoushan Economic and Information Bureau
Technical renovation of intelligent conveying and packaging for polyester low-stretch yam		1,459,314.00	81,386.59		1,377,927.41	Other incomes	<i>Notice on Issuing Financial Assistance Funds for the Second Batch of Hangzhou Manufacturing Enterprise Technical Transformation Projects in 2021</i> by the Hangzhou Municipal Finance Bureau (H.C.Q. [2021] No.77); <i>Notice on Issuing the District Level Supporting Facilities for the Second Batch of Municipal Manufacturing Enterprise Technical Transformation Projects in 2021</i> by the Finance Bureau of Xiaoshan District and the Economic and Information Technology Bureau of Xiaoshan District, Hangzhou City (X.C.Q. [2022] No. 13)
Special incentive project for supply chain innovation		600,000.00	13,333.33		586,666.67	Other incomes	Special incentive funds for supply chain innovation and application in Zhoushan Green Petrochemical Base

and application						
Equipment for the functional polyester film expansion project with an annual output of 250,000 tons per year		1,199,800.00	59,989.98		1,139,810.02	Other incomes <i>Notice on Issuing the Special Financial Incentive Fund for High Starting Point Planning of Industrial Projects in Keqiao District in 2021 (Third Batch)</i> by the Economic and Information Technology Bureau of Keqiao District, Shaoxing City and the Finance Bureau of Keqiao District, Shaoxing City (S.K.J.X. [2022] No.36)
Others	338,905.41		107,126.64		231,778.77	Other incomes The special financial funds for energy conservation and industrial circular economy of Zhejiang Province allocated by Xiaoshan District Finance Bureau.
Subtotal	213,751,341.57	13,259,114.00	31,347,901.84		195,662,553.73	

2) Income-related government grants for compensation for incurred relevant costs or losses

Item	Amount	Presented item	Notes
Financial incentive funds	2,206,650,000.00	Other incomes	<i>The Investment Agreement for Zhoushan Green Petrochemical Base</i> issued by the People's Government of Zhoushan City, the <i>Reply on Confirmation of Financial Rewards</i> issued by the Management Committee of Zhoushan Green Petrochemical Base, the <i>Confirmation Letter on Granting Subsidy Rewards</i> , and the <i>Letter on Confirmation of Financial Rewards</i> issued by the Economic Special Class of Xiaoshan District Headquarters
Financial support funds	116,262,912.92	Other incomes	<i>Notice on Issues Related to Unemployment Insurance Supporting Enterprises to Stabilize Posts</i> by the Human Resources and Social Security Bureau of Hangzhou City (H.R.S.F. [2015] No.307); <i>Notice on Issuing Incentive and Subsidy Funds for Manufacturing Enterprises in Xiaoshan District in the Third Quarter of 2022</i> issued by Finance Bureau and Economic and Information Technology Bureau of Xiaoshan District of Hangzhou City (X.C.Q. [2022] No.130); <i>Notice on Appropriation of Special Subsidy Funds for Cultivation of Science and Technology Innovation Entities in Jinpu New Area from 2017 to 2019</i> by Science and Technology Bureau of Dalian Jinpu New Area (D.J.P.K.F. [2021] No.12); <i>Notice on Further Improving the Subsidy Work for One-off Employee Retention Training</i> issued by Hangzhou Municipal Human Resources and Social Security Bureau (H.R.S.B.F. [2022] No.17); <i>Notice on Issuing the 2022 Ningbo Energy Conservation Special Fund (Second Batch)</i> by the Ningbo Municipal Finance Bureau and Ningbo Municipal Energy Bureau (Y.C.J.[2022] No. 688); <i>Notice on Doing Well in Stabilizing Unemployment Insurance Positions, Improving Skills and Preventing Unemployment</i> by the Department of Human Resources and Social Security of Zhejiang Province, the Department of Finance of Zhejiang Province, and the State Administration of Taxation (H.R.S.F. [2022] No. 23); <i>Notice on Issuing the Provincial Special Financial Funds for Industrial and Information Development in 2022 (Second Batch) (ZCJF [2022] No. 27)</i> issued by the Zhoushan Finance Bureau and Zhoushan Economic and Information Bureau, etc.
Industrial development promotion fund	2,521,700.00	Other incomes	<i>Notice on Issuing the Subsidy Fund for Kunpeng Enterprises in Xiaoshan District in 2020</i> by the Finance Bureau of Xiaoshan District and the Economic and Information Technology Bureau of Xiaoshan District, Hangzhou City (X. C. Q. [2022] No. 44); <i>Notice on Further Improving the Work of Helping Enterprises Make a Good Start</i> (X.z.b. [2022] No. 3) issued by the Office of the People's Government of Xiaoshan District, Hangzhou, etc.
Subsidy fund for professional talents introduction	1,430,000.00	Other incomes	<i>Notice on Completing the Application Work for the 2020 Hangzhou "115" Introduction of Foreign Intelligence Program Projects</i> by the Hangzhou Municipal Bureau of Science and Technology; <i>Notice on Completing the Application Work for the 2021 Hangzhou "115" Introduction of Foreign Intelligence Program Projects</i> by the Hangzhou Municipal Bureau of Science and Technology (HKWZ [2021] No.2); <i>Notice on Allocating Support Funds for "Zhejiang Craftsmen" and "Zhejiang Young Craftsmen" in 2021</i> (X.R.S [2022] No. 56) issued by the Finance Bureau of Xiaoshan District, Hangzhou City, and the Federation of Trade Unions of Xiaoshan District, Hangzhou City, etc.
Other rewards and subsidies	1,265,000.00	Other incomes	<i>Notice on Issuing the Management Measures for Social Emergency Rescue Linkage Teams in Ningbo City for Work Safety</i> by the Ningbo Emergency Management Bureau (Y.Y.J. [2020] No. 49); <i>Notice on Launching the Application for "Top Ten Contributing Enterprises," "Top Ten Technological Innovation Enterprises," and "Top Ten Commercial Service Enterprises" in Qianjiang Century Century in 2021</i> by the Management Committee of Qianjiang Century City, and <i>Notice on Realizing Special Incentive Funds for Technological Innovation</i> by the Science and Technology Bureau of Keqiao District, Shaoxing City (S.K.K. [2022] No. 7), etc.
Subtotal	2,328,129,612.92		

The amount of government subsidies included in the current gain and loss is RMB 2,359,477,514.76.

VIII. Changes in the Scope of Consolidated Financial Statements

1. Changes in consolidation scope for other reasons

Describe combination range change due to other reasons (such as establishment of a new subsidiary, liquidation of a subsidiary, etc.) and its relevant circumstances.

Increase in consolidation scope

Company name	Acquisition method	Date of equity acquisition	Amount of contribution	Ratio of contribution
Ningbo Rongxincheng Trading Co., Ltd.	New establishment	October 9, 2022	10,000,000.00	100%
Yisheng New Materials Trading Co., Ltd.	New establishment	October 22, 2021		100%
Zhoushan ZPC Sales Co., Ltd.	New establishment	July 15, 2022	60,000,000.00	100%
ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute Co., Ltd.	New establishment	January 6, 2022	50,000,000.00	100%
Rongsheng New Materials (Zhoushan) Co., Ltd.	New establishment	January 28, 2022	130,000,000.00	100%
Rongsheng New Materials (Taizhou) Co., Ltd.	New establishment	May 7, 2022	281,990,000.00	100%

[Note] Yisheng New Materials Trading Co., Ltd. was established on October 22, 2021, and was established for accounting in 2022.

2. Decrease in consolidation scope

Company name	Method of equity disposal	Date of disposal	Net assets on the disposal date	Net profits from the beginning of the period to the disposal date
Zhejiang FreeTrade Zone Rongxin Trade Co., Ltd.	Cancellation	April 8, 2022		-56,141.59
Rongxiang (Shanghai) Chemical Co., Ltd.	Cancellation	February 8, 2022		13,298.12

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		84.60%	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
Ningbo Xinrongcheng Trading Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial		100.00%	Opening new operations
Zhejiang Yisheng New Materials Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial		100.00%	Opening new operations
Zhejiang Rongyi Trading Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial		100.00%	Opening new operations
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
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%	Opening new operations
ZPC Jintang Logistics Co., Ltd.	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
Zhoushan ZPC Sales Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Commercial		100.00%	Opening new operations
ZPC (Zhejiang Free Trade Zone) Green Petrochemical Research Institute Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, 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 & Trade Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Commercial		100.00%	Opening new operations
Hainan Rongsheng International Trade Co., Ltd.	Danzhou, Hainan	Danzhou, Hainan	Commercial		100.00%	Opening new operations
Rongsheng Chemical (Shanghai) Co., Ltd.	Shanghai, China	Shanghai, China	Commercial		100.00%	Opening new operations
Rongsheng New Material (Zhoushan) Co., Ltd.	Zhoushan, Zhejiang	Zhoushan, Zhejiang	Manufacturing		100.00%	Opening new operations
Rongsheng New Material (Taizhou) Co., Ltd.	Taizhou, Zhejiang	Taizhou, Zhejiang	Manufacturing		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%	127,094,005.96		2,026,098,321.83
Yisheng Dahua Petrochemical Co., Ltd.	15.40%	-21,400,274.63		1,066,179,502.23
Zhejiang Yisheng New Materials Co., Ltd.	49.00%	-131,221,424.86		1,394,082,041.80
Zhejiang Petroleum & Chemical Co., Ltd.	49.00%	3,046,948,975.78	2,450,000,000.00	45,199,444,706.13
Zhejiang Yongsheng technology Co. Ltd.	30.00%	8,188,341.21		219,595,306.21

(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	7,863,016,267.32	9,670,921,048.60	17,533,937,315.92	9,020,135,075.15	877,263,398.54	9,897,398,473.69	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
Yisheng Dahua Petrochemical Co., Ltd.	9,702,998,995.48	6,368,833,973.65	16,071,832,969.13	9,017,987,092.36	877,263,398.54	9,895,250,490.90	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
Zhejiang Petroleum & Chemical Co., Ltd.	66,428,360,516.70	220,440,137,988.94	286,868,498,505.64	73,204,392,158.98	121,717,089,146.90	194,921,481,305.88	60,232,724,784.09	204,175,311,871.70	264,408,036,655.79	76,184,565,745.11	102,131,574,319.18	178,316,140,064.29
Zhejiang Yongsheng technology Co. Ltd.	603,435,056.35	1,678,225,947.80	2,281,661,004.15	841,912,139.62	707,764,510.53	1,549,676,650.15	786,518,542.14	988,613,597.41	1,775,132,139.55	767,926,698.80	302,515,557.44	1,070,442,256.24
Zhejiang Yisheng New Materials Co., Ltd.	3,175,435,983.29	9,113,541,928.71	12,288,977,912.00	7,823,185,859.65	1,605,762,652.80	9,428,948,512.45	2,702,063,049.38	8,932,839,676.74	11,634,902,726.12	6,288,300,160.67	2,233,114,583.70	8,521,414,744.37

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	29,747,828,875.56	405,244,408.13	444,753,213.12	888,943,615.77	29,402,156,939.80	-512,976,295.67	-509,876,436.60	1,005,444,756.48
Yisheng Dahua Petrochemical Co., Ltd.	29,747,828,875.56	-119,472,040.53	-72,233,318.83	386,340,641.09	29,402,156,939.81	-686,974,859.07	-685,867,384.15	609,487,159.99
Zhejiang Petroleum & Chemical Co., Ltd.	230,163,720,208.29	6,052,043,366.76	6,051,889,116.30	22,092,257,895.11	121,198,606,144.32	23,050,562,795.64	23,079,109,844.53	26,760,544,698.60
Zhejiang Yongsheng technology Co. Ltd.	2,258,494,319.98	27,294,470.69	27,294,470.69	510,094,394.64	2,207,476,013.33	379,738,120.77	379,738,120.77	-101,798,811.27
Zhejiang Yisheng New Materials Co., Ltd.	33,708,553,178.23	-251,997,551.76	-252,396,220.69	557,152,030.10	9,918,998,763.54	61,819,820.57	61,819,820.57	47,558,458.43

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	15,176,421,030.33	5,152,846,491.05	287,114,550.78	279,872,297,396.44	13,925,029,252.49	5,692,696,309.03	558,104,813.53	183,563,439,674.23
Non-current assets	3,593,134,697.01	7,192,824,373.67	3,450,161,589.10	3,237,528,020.59	4,015,230,448.69	5,761,418,676.67	2,895,857,322.78	55,427,378,428.94
Total assets	18,769,555,727.34	12,345,670,864.72	3,737,276,139.88	283,109,825,417.03	17,940,259,701.18	11,454,114,985.70	3,453,962,136.31	238,990,818,103.17
Current liabilities	9,101,100,209.73	4,166,702,054.87	2,968,960,871.83	255,066,384,587.60	7,901,860,289.20	5,801,102,638.20	2,812,659,641.56	209,590,669,354.56
Non-current liabilities	733,508,577.50	1,752,991,337.36	0.00	7,200,472,723.92	907,070,818.70	835,643,407.65		10,734,813,506.22
Total liabilities	9,834,608,787.23	5,919,693,392.23	2,968,960,871.83	262,266,857,311.52	8,808,931,107.90	6,636,746,045.85	2,812,659,641.56	220,325,482,860.78
Minority equity				273,191,261.65				
Shareholders' equity attributable to the parent company	8,934,946,940.11	6,425,977,472.49	768,315,268.05	20,569,776,843.86	9,131,328,593.28	4,817,368,939.85	641,302,494.75	18,665,335,242.39
Share of net assets calculated by the shareholding ratio	2,680,484,082.03	3,212,988,736.25	230,494,580.42	1,997,736,727.08	2,739,398,577.98	2,158,684,469.93	192,390,748.43	1,812,777,358.74
Adjustments								
- Goodwill		102,420,700.00		4,040,400.00		102,420,730.97		4,040,414.35

--Unrealized profits from internal transactions		-12,523,708.66				-14,582,400.49		
--Others	11,273,596.91	30.97	1,238,672.03	4,302,713.07	11,273,596.92		1,238,672.03	5,679,587.65
Book value of equity investment in associated enterprise	2,691,757,678.94	3,302,885,758.56	231,733,252.44	2,006,079,840.15	2,750,672,174.90	2,246,522,800.41	193,629,420.45	1,822,497,360.74
Fair value of equity investment in associated enterprise with the public offer								
Operating income	21,386,152,052.27	22,716,982,913.38	11,484,540,836.90	6,359,496,651.71	30,308,423,232.02	16,804,595,536.76	13,327,029,392.53	5,723,057,439.93
Net profit	-171,937,538.81	1,040,012,894.66	92,714,954.31	2,475,781,182.70	382,672,770.10	342,177,185.37	-229,570,490.29	1,637,177,704.17
Net profit from termination of operation								
Other comprehensive income	-24,444,114.36	68,595,637.98	34,297,818.99	-603,830,133.66	33,430,371.72	-2,058,635.36	-1,029,047.68	164,523,585.41
Total comprehensive income	-196,381,653.17	1,108,608,532.64	127,012,773.30	1,871,951,049.04	416,103,141.82	340,118,550.01	-230,599,537.97	1,801,701,289.58
Dividends received from associated enterprises in the current year				39,685,918.80				12,026,036.00

(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	500,873,276.26	577,547,654.71
Total of the following items calculated as per the respective shareholding proportion		
--Net profit	-124,916,421.83	-334,920,400.19
--Other comprehensive income	-154,250.46	-1,733,255.24
--Total comprehensive income	-125,070,672.29	-336,653,655.43

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, 2022, the Company has a certain credit concentration risk, because 57.71% (December 31, 2021: 51.15%) 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

Item	Ending balance				
	Book value	Undiscounted contract price	Within 1 year	1-3 years	Above 3 years
Bank borrowings	177,771,036,728.59	226,673,503,345.00	43,948,504,913.77	40,986,100,131.36	141,738,898,299.87
Trading financial liabilities	588,769,711.55	588,769,711.55	588,769,711.55		
Notes payable	3,408,800,462.03	3,408,800,462.03	3,408,800,462.03		
Accounts payable	69,079,366,976.43	69,079,366,976.43	69,079,366,976.43		
Other payables	3,472,604,671.47	3,472,604,671.47	3,472,604,671.47		
Bonds payable	2,034,827,122.23	2,146,200,000.00	73,100,000.00	2,073,100,000.00	
Lease liabilities	235,690,816.58	273,722,334.25	23,875,292.60	42,762,902.46	207,084,139.19
Subtotal	256,591,096,488.88	305,642,967,500.73	120,595,022,027.85	43,101,963,033.82	141,945,982,439.06

(Cont.)

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

(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, 2022, the bank borrowings with a floating interest rate of the Company are RMB 138,260.1218 million, USD 417.9 million, and EUR 49.8866 million (December 31, 2021: RMB 116,077.3634 million). 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
I. Sustained measurement of fair value	--	--	--	--
1. Trading financial assets and other non-current financial assets				
(1) Financial assets classified as financial assets measured at fair value through profit or loss for the current period	188,283,362.49			188,283,362.49
Derivative financial assets	188,283,362.49			188,283,362.49
2. Receivables financing			187,298,909.35	187,298,909.35
Total assets continuously measured at fair value	217,907,699.50		187,298,909.35	405,206,608.85
3. Trading financial liabilities	588,769,711.55			588,769,711.55
Derivative financial liabilities	588,769,711.55			588,769,711.55
Total liabilities continuously measured at fair value	588,769,711.55			588,769,711.55
Unsustained fair value measurement	--	--	--	--

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.

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	83,466.40	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 63.523% of the equity of Zhejiang Rongsheng Holding Group Co., Ltd., thus indirectly holding 39.04% of the equity of the Company, with a total of holding 45.39% 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 Zhongang Tugboat Co., Ltd.	Associated enterprise

Other notes:

[Note] The Company was deregistered on December 22, 2022.

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Li Jumei	Close family member of the actual controller
Xiang Jiongjiong	Director and General Manager
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
Ningbo Rongxiang 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
Suzhou Shenghui Equipment Co., Ltd.	The same ultimate actual controller
Hangzhou Shengyuan Real Estate Development Co., Ltd.	The same ultimate actual controller
Daishan Chenyu Real Estate 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
Ningbo Qingzhi Chemical Terminal Co., Ltd.	The same ultimate actual controller
Ningbo Qijashan Chemical Terminal Co., Ltd.	The same ultimate actual controller
Ningbo Haineng Blend Oil Co., Ltd.	The same ultimate actual controller
Hong Kong Yisheng Co., Ltd.	Subsidiary of Hainan Yisheng Petrochemical Co., Ltd.
Hong Kong Yisheng Co., Ltd.	Subsidiary of Zhejiang Yisheng Petrochemical Co., Ltd.
Ningbo Shengmao Trading Co., Ltd.	Subsidiary of Hong Kong Yisheng Co., Ltd.
Zhejiang Yixin Chemical Fiber Co., Ltd.	Subsidiary of Zhejiang Yisheng Petrochemical Co., Ltd.
Dongzhan Shipping Co., Ltd.	Associated enterprise of Zhejiang Rongtong Logistics Co., Ltd.
Guangsha (Zhoushan) Energy Group Co., Ltd.	Subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	Subsidiary of Zhejiang Provincial Petroleum Co., Ltd.
Zhejiang Juxing Chemical Fiber Co., Ltd.	[Note]

Other notes:

[Note]: The company transferred its equity in November 2021. After the equity transfer, the company no longer holds the equity. The notes to this financial statement disclose the transaction volume with the company from January to October.

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	Trading limit approved	Whether it exceeds the approved limit or not (Y/N)	Amount incurred in the previous period
Zhejiang Rongsheng Holding Group Co., Ltd.	Coal and other materials	11,324,977,384.07			5,612,060,288.97
Zhejiang Rongtong Logistics Co., Ltd.	Freight	766,468,495.36			597,908,488.54
Ningbo Hengyi Trading Co., Ltd.	PTA, PX	2,124,191,035.93			954,511,160.57
Sanyuan Holding Group Hangzhou Thermal Power Co., Ltd.	Steam	27,723,273.38			15,539,877.08
Ningbo Qingzhi Chemical Terminal Co., Ltd.	Lump sum fee for port operation	74,556,771.90			41,151,609.35
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Diesel	3,464,526.99			2,763,643.66
Hainan Yisheng Petrochemical Co., Ltd.	PTA	113,467,387.92			104,870,784.25
Ningbo Rongxiang Logistics Co., Ltd.	Freight	51,915,996.27			17,463,424.32
Zhejiang Yisheng Petrochemical Co., Ltd.	IPA, storage fee	39,504,938.18			513,812,540.96
Rongsheng Coal Co., Ltd.	Coal, labor, etc	215,432,135.48			4,387,246,227.52
Ningbo United Group Co., Ltd.	Hotel service	171,361.38			631,433.09
Thermal Power Co., Ltd. of Ningbo Economic And Technological Development Zone	Water-coal-slurry processing, electric power	242,734.31			8,685,172.31
Guangsha (Zhoushan) Energy Group Co., Ltd.	Warehousing service	170,569,891.04			136,559,375.99
Ningbo Haineng Blend Oil Co., Ltd.	Warehousing service	31,161,452.05			30,567,005.62
Ningbo Shengmao Trading Co., Ltd.	PX, Glacial acetic acid	730,930,813.10			120,203,284.07
Dongzhan Shipping Co., Ltd.	Freight	22,790,577.07			16,963,568.95
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	Plant operation guarantee service	639,523,965.24			307,563,415.17
Rongsheng Energy Co., Ltd.	Coal	3,343,896,485.81			152,774,249.54
Zhejiang Derong Chemicals Co., Ltd.	Processing fee, cracking C5	724,948,545.90			

Ningbo Qijiashan Chemical Terminal Co., Ltd.	Warehousing charges			117,541.74
Suzhou Shenghui Equipment Co., Ltd.	Equipment and materials	286,522,982.00		698,575,915.01
ZHEJIANG PETROLEUM TRADING (SINGAPORE) PTE. LTD.	Crude oil	1,479,504,525.34		4,305,202,596.17
Zhejiang Oil Products Trading Co., Ltd.	Office supplies			366,048.00
Zhejiang Juxing Chemical Fiber Co., Ltd.	Auxiliary materials	18,983,447.12		1,474.31
Total		22,190,948,725.84		18,025,539,125.19

Information form on goods sold/services provided

Unit: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in prior period
Zhejiang Rongsheng Holding Group Co., Ltd.	Electric charge	[Note 1]	[Note 1]
Zhejiang Rongtong Logistics Co., Ltd.	PTA	1,102,927.84	1,542,714.69
Ningbo Hengyi Trading Co., Ltd.	PTA	446,053,097.35	82,035,398.23
Zhejiang Saintyear Textile Co., Ltd.	Polyester filament	322.09	6,192.90
Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Fuel oil, diesel, gasoline	436,779,858.10	353,568,733.99
Hainan Yisheng Petrochemical Co., Ltd.	PTA, auxiliary materials and storage fees	131,781,218.71	348,605,455.15
Zhejiang Yisheng Petrochemical Co., Ltd.	Xylene, PTA, PX	5,419,751,790.07	5,520,152,307.04
Zhejiang Yixin Chemical Fiber Co., Ltd.	PTA	60,176.99	139,460,176.99
Zhejiang Derong Chemicals Co. Ltd.	Industrial isopentane, industrial cracking carbon 5, diesel oil, ethylene glycol, fuel power, consulting services	1,423,173,368.85	48,216,747.80
Zhejiang Oil Products Trading Co., Ltd.	Gasoline, diesel, fuel oil		287,004,973.22
Ningbo Rongxiang Logistics Co., Ltd.	Diesel	1,113,649.60	
Suzhou Shenghui Equipment Co., Ltd.	Diesel	30,973.45	
Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.	Diesel	702,654.87	
Zhoushan ZPC Zhougang Tugboat Co., Ltd.	Diesel	10,193,898.11	5,218,280.88
ZHEJIANG PETROLEUM TRADING (SINGAPORE)PTE.LTD.	Petroleum	[注 3]	1,491,438,414.44
Zhejiang Yisheng New Materials Co., Ltd. [Note 2]	PX, steam, water, electricity		486,481,138.16
Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	Petroleum benzene, ethylene glycol, PX	[注 4]	[注 4]
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	Diethylene glycol	[注 4]	[注 4]
Zhejiang Juxing Chemical Fiber Co., Ltd.	PTA, auxiliary materials, glycol, steam, electricity, hardware	847,258,984.28[注 5]	153,548,429.65
Total		8,718,002,920.31	8,917,278,963.14

Note to related party transactions of goods purchase & sale and labor services rendering & receiving

[Note 1] The company has sold a total of RMB1,427,049.42 of electricity to Zhejiang Rongsheng Holding Group Co., Ltd. this year (confirmed as zero using the net book value method), and RMB 1,105,358.53 of electricity to Zhejiang Rongsheng Holding Group Co., Ltd. during the same period last year.

[Note 2] In July 2021, the company included Zhejiang Yisheng New Materials Co., Ltd. in the scope of financial statement consolidation. The notes to this financial statement disclosed the transaction amount with the company from January to June 2021 in the same period last year.

[Note 3] The company sells products on behalf of Zhejiang Petroleum Trading (Singapore) Pte. Ltd., and the accumulated sales amount for the company this year is RMB1168.5978 million.

[Note 4] The Company sold products through related parties Zhejiang Kunsheng Petrochemical Sales Co., Ltd. and Zhejiang Jurong Petrochemical Sales Co., Ltd., and the accumulated transaction amount through these companies in this year was RMB16,467.9839 million, and the accumulated transaction amount through these companies in the same period of last year was RMB 8,567.2897.

[Note 5] The amount disclosed here is the company's sales to the company from January to October

(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
Hainan Yisheng Petrochemical Co., Ltd.	House rental	595,085.28	
Zhejiang Rongtong Logistics Co., Ltd.	House rental	1,238,938.05	1,284,403.67
Zhejiang Yisheng New Materials Co., Ltd.	Land leasing, etc		8,256,880.74

The Company acts as the Lessee:

Unit: RMB

Name of lessor	Type of assets leased	Rental expenses for short-term leases and leases of low-value assets on a simplified basis, if applicable		Variable lease payments not included in the measurement of lease liabilities, if applicable		Rent paid		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in the current period	Amount incurred in the prior period	Amount incurred in the current period	Amount incurred in the prior period	Amount incurred in the current period	Amount incurred in the prior period	Amount incurred in the current period	Amount incurred in the prior period	Amount incurred in the current period	Amount incurred in the prior period
Hangzhou Shengyuan Real Estate Development Co., Ltd.	House leasing	3,695,254.32	53,465.31								
Zhejiang Rongsheng	House	550,458.72	550,458.72								

Holding Group Co., Ltd.	leasing										
Zhejiang Yixin Chemical Fiber Co., Ltd.	Housing leasing	512,837.72									

(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)
Zhejiang Rongsheng Holding Group Co., Ltd.	2,220,410,000.00	January 12, 2022	November 20, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd.	5,249,757,000.00	January 10, 2022	December 21, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	1,139,003,400.00	March 31, 2021	October 25, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd.	42,953,312,000.00	October 16, 2020	July 06, 2027	No
Zhejiang Rongsheng Holding Group Co., Ltd.	1,350,435,940.00	March 04, 2022	March 03, 2023	No
Sanyuan Holding Group Co., Ltd.	80,000,000.00	March 04, 2021	February 27, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 2]	644,331,900.00	April 28, 2020	April 01, 2029	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 3]	1,937,500,000.00	May 28, 2021	June 15, 2025	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 4]	1,774,777,600.00	December 29, 2021	October 20, 2027	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 5]	271,001,400.00	June 09, 2020	June 15, 2026	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 6]	269,800,000.00	September 30, 2020	September 30, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 7]	84,287,700.00	November 16, 2021	January 24, 2025	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 8]	233,070,000.00	August 31, 2021	November 21, 2026	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	1,410,000,000.00	March 02, 2022	October 12, 2025	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 9]	2,852,248,800.00	March 27, 2020	January 15, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 10]	12,500,000,000.00	November 14, 2022	October 30, 2030	No
Zhejiang Rongsheng Holding Group Co., Ltd.	8,264,350,000.00	February 22, 2022	December 15, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd.	373,440,902.97	December 28, 2020	August 07, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd.	33,248,730,869.98	November 27, 2020	March 18, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd.	45,900,000.00	March 25, 2022	March 28, 2023	No

[Note 7]				
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	10,022,399.58	October 31, 2022	January 01, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd. [Note 1]	5,466,332,067.48	October 19, 2022	June 30, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	3,410,000,000.00	February 28, 2019	December 08, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	167,070,307.10	March 17, 2022	August 02, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 11]	31,176,060,000.00	January 20, 2021	November 15, 2032	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	650,000,000.00	March 23, 2022	March 20, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	390,296,082.00	August 16, 2022	March 10, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company	628,310,692.54	August 02, 2022	February 13, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 12]	14,900,729.46	June 06, 2019	January 01, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 12]	9,808,942.64	January 03, 2019	January 01, 2023	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 11]	202,585,786.80	March 29, 2021	July 30, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company [Note 11]	11,516,662.56	April 07, 2021	May 20, 2024	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 12]	21,855,024,300.00	July 31, 2018	July 30, 2030	No
Zhejiang Rongsheng Holding Group Co., Ltd., the Company, Li Shuirong, Li Jumei [Note 12]	1,115,311,044.00	August 08, 2018	July 30, 2030	No

Description of related guarantee

[Note 1] Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 60% of the guarantee amount.

[Note 2] 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 mortgage guarantee with fixed assets and intangible assets worth RMB 134.8 million.

[Note 3] Zhejiang Rongsheng Holding Group Co., Ltd. has provided joint and several liability guarantees for 100% of the guarantee amount. The subsidiary Ningbo Zhongjin Petrochemical Co., Ltd. has provided a mortgage guarantee with machinery and equipment worth RMB 3,941.0269 million.

[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 with machinery and equipment worth RMB 4,457.253 million.

[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 with machinery and equipment worth RMB 4,457.253 million.

[Note 6] Zhejiang Rongsheng Holding Group Co., Ltd. provides joint liability guarantee for 50% of the guarantee amount.

[Note 7] Zhejiang Rongsheng Holding Group Co., Ltd. provides joint liability guarantee for 51% of the guarantee amount.

[Note 8] Zhejiang Rongsheng Holding Group Co., Ltd. provides joint liability guarantee for 51% of the guarantee amount. The subsidiary Zhejiang Yisheng New Materials Co., Ltd. has provided a mortgage guarantee with machinery and equipment worth RMB 4,457.253 million.

[Note 9] Zhejiang Rongsheng Holding Group Co., Ltd. provides joint and several liability guarantees for 100% of the guarantee amount. The subsidiary Zhejiang Yisheng New Materials Co., Ltd. has provided a mortgage guarantee by machinery and equipment worth RMB 8,876.2553 million.

[Note 10]: 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 with the completed assets of the newly added 1.4 million tons/year ethylene and downstream chemical plant (Phase II project product structure optimization) project (including but not limited to the mortgage guarantee provided in the form of land use right, above-ground structures and equipment of the project after the completion acceptance of the construction project).

[Note 11] Zhejiang Rongsheng Holding Group Co., Ltd. and the Company provide 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 right, above-ground structures and equipment of the project after the completion acceptance of the construction project).

[Note 12] Zhejiang Rongsheng Holding Group Co., Ltd. and the Company provide 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 right, above-ground structures and equipment of the project after the completion acceptance of the construction project).

(4) Remuneration of key management personnel

Unit: RMB

Item	Current amount incurred	Amount incurred in the previous period
Remuneration of key management personnel	15,267,702.15	15,595,277.70

(5) Other related transactions

1. Fund borrowing from/to related parties

(1) At the beginning of the period, the Company had RMB 3.6282 million payable to Zhejiang Rongsheng Holding Group Co., Ltd.; in the current period, the Company has borrowed RMB 6,290 million from Zhejiang Rongsheng Holding Group Co., Ltd., made RMB 86.0435 million provisions for fund possession cost, and returned RMB 4,840.1583 million of principal and interest on a cumulative basis. As of December 31, 2022, the amount payable by the Company is RMB 1,539.5134 million.

In the current period, the subsidiary Zhejiang Shengyuan Chemical Fiber Co., Ltd. has borrowed RMB 200 million from the controlling shareholder Zhejiang Rongsheng Holding Group Co., Ltd. and returned RMB 200

million on a cumulative basis. As of December 31, 2022, Zhejiang Shengyuan Chemical Fiber Co., Ltd. has fully repaid the above amount.

(2) At the beginning of the period, the entrusted loan and the related interest payable of Zhejiang Yisheng New Materials Co., Ltd. to Zhejiang Yisheng Petrochemical Co., Ltd. were RMB 1.078 billion and RMB 1.4869 million, respectively. In the current period, RMB 1.078 billion was paid in due course, RMB 988 million of the entrusted loan was received, RMB 51.5213 million of entrusted loan interest was accrued, and RMB 51.5743 million of entrusted loan interest was paid. As of December 31, 2022, RMB 988 million of entrusted loan and RMB 1.4339 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 4.8 million, with RMB 205,200 provisions for fund possession cost, RMB 205,200 of fund possession cost collected. As of December 31, 2022, the amount receivables of Zhejiang Petroleum & Chemical Co., Ltd. were RMB 4.8 million.

2. As of December 31, 2022, the subsidiary Zhejiang Petroleum & Chemical Co., Ltd. had made RMB 577,467,823.24 of house payments to Daishan Chenyu Real Estate Co., Ltd. on a cumulative basis.

3. The subsidiary Rongsheng Petrochemical (Singapore) Pte Ltd. had conducted paper transactions with Hong Kong Yisheng Co., Ltd., with an investment loss of USD 25,977,112.67 realized in total in the current period. During this period, the Company conducted paper transactions with Hong Kong Yisheng Co., Ltd., with an investment loss of USD 25,933,169.66 realized in total in the current period.

4. As of December 31, 2022, the deposit balance of the Company and its subsidiaries in the related party Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd. was RMB 31,473,847.38, USD 17,182.90 and EUR 129.66.

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 Yisheng Petrochemical Co., Ltd.	328,112,466.43	18,074,604.36	11,714,406.80	585,720.34
	Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	299,160,177.48	14,958,008.87	65,229,440.75	3,261,472.04
	Zhejiang Juxing Chemical Fiber Co., Ltd.			431,932,803.47	21,596,640.17
	Zhejiang Derong chemicals Co. Ltd.			26,542,355.91	1,327,117.80
Subtotal		627,272,643.91	33,032,613.23	535,419,006.93	26,770,950.35
Advance payment					
	Rongsheng Energy Co., Ltd.			7,496,541.17	
	Ningbo Shengmao Trading Co., Ltd.	52,067,253.14		20,996,219.53	
	Hangzhou Shengyuan Real Estate Development Co., Ltd.	3,063,364.94			
	Rongsheng Coal Co., Ltd.			186,792,701.58	

	Hainan Yisheng Petrochemical Co., Ltd.			330,532.00	
Subtotal		55,130,618.08		215,615,994.28	
Other receivables					
	ZPC-ENN (Zhoushan) Gas Co., Ltd.	4,800,000.00	523,802.73	4,800,000.00	250,950.68
	Hong Kong Yisheng Co., Ltd.	1,135,320.34			
	Hong Kong Yisheng Petrochemical Investment Co., Ltd.	412,896.31			
	Rongsheng Energy Co., Ltd.	14,992.79	749.64		
Subtotal		6,363,209.44	524,552.37	4,800,000.00	250,950.68
Dividend Receivable					
	Hainan Yisheng Petrochemical Co., Ltd.			265,000,000.00	
	Ningbo Hengyi Trading Co., Ltd			169,500,000.00	
Subtotal				434,500,000.00	

(2) Payables

Unit: RMB

Project	Related party	Ending book balance	Beginning book balance
Accounts payable			
	Rongsheng Petrochemical (Singapore) Pte Ltd [Note]	33,752,876,000.52	29,156,220,917.75
	Zhejiang Petroleum & Chemical Co., Ltd. [Note]	2,265,876,894.64	413,293,018.86
	Yisheng Dahua Petrochemical Co., Ltd. [Note]	2,053,414,700.00	1,633,392,000.00
	Dalian Rongxincheng Trading Co., Ltd. [Note]	1,692,694,346.81	1,307,747,928.04
	Zhejiang Yisheng New Materials Co., Ltd. [Note]	1,597,577,255.10	443,721,000.00
	Ningbo Zhongjin Petrochemical Co., Ltd. [Note]	538,000,000.00	450,000,000.00
	The Company [Note]	230,000,000.00	131,640,000.00
	Zhejiang Rongtong Chemical Fiber New Material Co., Ltd. [Note]	21,596,060.00	1,273,000,000.00
	Zhejiang Shengyuan Chemical Fiber Co., Ltd. [Note]	40,288,400.00	
	Dalian Yisheng New Materials Co., Ltd. [Note]	19,500,000.00	
	Zhejiang Rongtong Logistics Co., Ltd.	294,356,317.53	86,513,249.75
	Zhejiang Derong Chemicals Co. Ltd.	175,832,956.88	
	Suzhou Shenghui Equipment Co., Ltd.	35,726,908.47	
	Ningbo Qingzhi Chemical Terminal Co., Ltd.	11,606,791.20	303,286.73
	Ningbo Rongxiang Logistics Co., Ltd.	7,324,253.61	494,329.36
	Daishan Chenyu Real Estate Co., Ltd.	5,541,000.66	
	Electric Power Branch, Thermal Power Co., Ltd. of Ningbo Economic and Technological Development Zone	12,062.48	
	Ningbo United Group Co., Ltd.	8,058.00	13,875.00

	Zhejiang Petroleum Trading (Singapore) Pte. Ltd.		1,016,415,181.95
	Guangsha (Zhoushan) Energy Group Co., Ltd.		36,577,868.52
	Dongzhan Shipping Co., Ltd.	4,563,302.75	1,258,096.99
	Zhejiang Oil Products Trading Co., Ltd.		413,634.24
Subtotal		42,746,795,308.65	35,951,004,387.19
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.	6,351,362.24	5,835,878.48
Subtotal		6,351,362.24	210,335,878.48
Contract liabilities and other current liabilities			
	Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	1,061,404.81	74,434,586.53
	Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	1,825,881.25	1,476,218.85
	Zhoushan ZPC Zhougang Tugboat Co., Ltd.	1,639,886.33	53,342.61
	Zhejiang Saintyear Textile Co., Ltd.	45,602.11	46,292.23
	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.		700.00
Subtotal		4,572,774.50	76,011,140.22
Other payables			
	Zhejiang Rongsheng Holding Group Co., Ltd.	1,539,513,447.19	3,628,215.25
	Zhejiang Yisheng Petrochemical Co., Ltd.	989,433,904.99	1,079,486,911.13
	Zhejiang Yixin Chemical Fiber Co., Ltd.	1,015,495.53	
	Hong Kong Yisheng Co., Ltd.		7,883,170.51
	Hong Kong Yisheng Co., Ltd.		6,069,283.86
	Zhejiang Rongtong Logistics Co., Ltd.		719,750.00
	Zhejiang Dingsheng Petrochemical Engineering Co., Ltd.		660,000.00
	Suzhou Shenghui Equipment Co., Ltd.		500,000.00
Subtotal		2,529,962,847.71	1,098,947,330.75

[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

(1) Major commitments

1. As of December 31, 2022, 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 9,808.3337 million, USD 7,950.3677 million, EUR 206.858 million, GBP 629,000.

2. As of December 31, 2022, 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
Ningbo Zhenhai Sub-branch of Guangfa Bank Ningbo Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY29,970.00
Ningbo Zhenhai Sub-branch of Guangfa Bank Ningbo Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY471.00
Industrial and Commercial Bank of China Limited, Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY100,000.00
Industrial and Commercial Bank of China Limited, Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY182.90
Hangzhou Xiaoshan Sub-branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY35,280.50
Hangzhou Xiaoshan Sub-branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY2,880.55
Zhoushan Branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY93,480.00
Zhoushan Branch of Bank of Communications Co., Ltd.	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY16.00
Shanghai Pudong Development Bank Co., Ltd. Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Standard Chartered (China) Co., Ltd., Hangzhou Branch	CNY42,000.00
Shanghai Pudong Development Bank Co., Ltd. Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY153,500.00
China Construction Bank Corporation Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Guiyan Resources (Yimen) Co., Ltd	CNY9,226.31
China Construction Bank Corporation Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY21,400.00
China Construction Bank Corporation Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Zhoushan Customs of the People's Republic of China	CNY24.00
Agricultural Bank of China Limited Xiaoshan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY80,440.00
Huaxia Bank Co., Ltd., Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY46,590.00
Bank of China Co., Ltd., Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY93,770.00
Bank of China Co., Ltd., Zhoushan Branch	Zhejiang Petroleum & Chemical Co., Ltd.	China CNTC International Tendering Co., Ltd.	CNY20.00
Ping An Bank Co., Ltd. Ningbo Branch	Zhejiang Petroleum & Chemical Co., Ltd.	Hangzhou Customs of the People's Republic of China	CNY15,180.00
China Construction Bank Corporation Dalian Ganjingzi Sub-branch	Yisheng Dahua Petrochemical Co., Ltd.	Zhengzhou Commodity Exchange	CNY22,680.00
Dalian Jinpu New Area Branch of Bank of China Limited	Yisheng Dahua Petrochemical Co., Ltd.	Zhengzhou Commodity Exchange	CNY31,080.00
Dalian Jinpu New Area Branch of	Yisheng Dahua Petrochemical	Dalian Customs of the	CNY10,000.00

Bank of China Limited	Co., Ltd.	People's Republic of China	
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XIV. Events after the Balance Sheet Date

1. Description of other events after the balance sheet date

(I) Significant non-adjustment events

Based on *The Proposal on Introducing Overseas Strategic Investors and Signing the "Strategic Cooperation Agreement" and the Package Agreement and Related Party Transactions for Crude Oil Procurement under It*, which was reviewed and approved by the sixth meeting of the sixth Board of Directors held by the Company on March 27, 2023, according to the *"Share Purchase and Sale Agreement"* signed between Zhejiang Rongsheng Holding Group Co., Ltd., controlling shareholder of the Company, and Aramco Overseas Company B.V. (hereinafter referred to as AOC), a wholly-owned subsidiary of Saudi Arabian Oil Company (hereinafter referred to as Saudi Aramco), Zhejiang Rongsheng Holding Group Co., Ltd. plans to transfer 1,012,552,501 shares of the Company's shares to AOC, with a transfer price of RMB 24.30 per share. AOC will hold more than 5% of the shares of the Company within the next twelve months under the *Share Sale and Purchase Agreement*.

(II) Profit distribution after the balance sheet date

Profit or dividend to be distributed	According to the profit distribution plan for 2022 approved at the 7th meeting of the seventh Board of Directors on April 18, 2023, the Company plans to distribute RMB 1.5 per 10 shares in cash (tax-inclusive) to all shareholders. Based on 9,842,382,348 shares after deducting 283,142,652 shares that have been repurchased accumulatively as of the disclosure date of this announcement, the total cash dividend to be distributed is RMB 1,476,357,352 (tax included), 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 shares held in the Company's dedicated securities repurchase account will not be included in this round of profit distribution. 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	131,744,159,474.05	191,375,068,534.91	14,691,016,646.97	186,097,827,951.58	-235,957,922,624.15	287,950,149,983.36
Main business costs	112,880,281,119.06	180,428,615,853.69	14,218,451,670.04	185,833,541,734.61	-236,434,499,071.92	256,926,391,305.48
Total Assets	342,140,412,361.70		54,195,737,738.36	17,037,466,891.27	-50,786,200,303.65	362,587,416,687.68
Total liabilities	233,824,457,079.45		31,212,874,673.32	14,219,815,632.09	-13,835,513,476.48	265,421,633,908.38

2. Other important transactions and events impacting the investor's decision-making

None

3. Miscellaneous

(1) Lease

1. 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 (XXVI) 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:

Item	Amount in the current period
Short-term lease expense	9,678,895.61
Lease expense of low value assets (exclude short-term lease)	
Total	9,678,895.61

(3) Current gain and loss and cash flow related to leasing

Item	Amount in the current period
Interest expense on lease liabilities	10,076,829.05
Total cash outflow related to leasing	45,612,853.69

(4) The maturity analysis of lease liabilities and the corresponding liquidity risk management are detailed in Note VIII (II) of these financial statements.

2. The Company as lessor

(1) Operating lease

1) Rental income

Item	Amount in the current period
Rental income	2,687,314.17
Including: income related to variable lease payments not included in the measurement of lease receipts.	2,687,314.17

2) Assets under operating lease

Item	Amount in the current period
Investment property	10,667,020.60
Subtotal	10,667,020.60

3) According to the lease contract signed with the lessee, the undiscounted lease receipts will be received for the irrevocable lease in the future.

Residual maturity	Ending balance
Within 1 year	1,284,403.67
1-2 year(s)	
Total	1,284,403.67

(2) 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, 2022, the Company and its subsidiaries had deposited RMB 272,529,752.95 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	
Accounts receivable with provision for bad debt reserves based on aging portfolio	74,726,789.47	100%	3,932,595.52	5.26%	70,794,193.95	214,813,896.48	100%	10,766,578.74	5.01%	204,047,317.74
Total	74,726,789.47	100%	3,932,595.52	5.26%	70,794,193.95	214,813,896.48	100%	10,766,578.74	5.01%	204,047,317.74

Provision for bad debts by portfolio: 3,932,595.52

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Accrual proportion
Aging portfolio	74,726,789.47	3,932,595.52	5.26%
Total	74,726,789.47	3,932,595.52	

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

Disclose according to aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive of 1 year)	71,262,020.85
1-2 years	3,349,680.56
2-3 years	115,088.06
Total	74,726,789.47

(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	10,766,578.74	-6,833,983.22				3,932,595.52
Total	10,766,578.74	-6,833,983.22				3,932,595.52

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

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion in total ending balance of accounts receivable	Ending balance of provision for bad debts
Zhejiang Juxing Chemical Fiber Co., Ltd.	50,301,968.40	67.31%	2,515,098.42
Liyang Dongfa Textile Co., Ltd.	2,357,529.33	3.15%	117,876.47
Zhejiang Xinminglong Warp Knitting Co., Ltd.	2,188,119.87	2.93%	109,405.99
Anhui Huangshan Lianqiang Textile Co., Ltd.	989,545.77	1.32%	49,477.29
PPH LEGS Sp.ZO.o.	946,366.21	1.27%	47,318.31
Total	56,783,529.58	75.98%	2,839,176.48

2. Other receivables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends receivable	300,000,000.00	997,000,000.00
Other receivables	374,169,712.95	373,820,726.54
Total	674,169,712.95	1,370,820,726.54

(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
Ningbo Hengyi Trading Co., Ltd		169,500,000.00
Dalian Yisheng Investment Co., Ltd		185,500,000.00
Zhejiang Shengyuan Chemical Fiber Co., Ltd.		150,000,000.00
Total	300,000,000.00	997,000,000.00

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.
Total	300,000,000.00			

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
Portfolio of transactions between related parties within the consolidation scope	373,727,461.92	373,500,000.00
Reserve fund receivables and other portfolios	2,050,211.43	1,923,419.26
Deposit receivables portfolio	600,000.00	600,000.00
Total	376,377,673.35	376,023,419.26

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, 2022	14,292.12	5,464.04	2,182,936.56	2,202,692.72
The balance as of January 1, 2022 in the current period				
--Transferred to Stage II		-664.04	664.04	
Provision in the current period	8,739.61	-4,800.00	1,328.07	5,267.68
Balance as of December 31, 2022	23,031.73	0.00	2,184,928.67	2,207,960.40

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)	688,096.43
1-2 years	373,500,000.00
2-3 years	6,640.36
Above 3 years	2,182,936.56
3-4 years	2,182,936.56
Total	376,377,673.35

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	1-2 years	99.24%	
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
Zhejiang Petroleum & Chemical Co., Ltd.	Current accounts portfolio	227,461.92	Within 1 year	0.06%	
Individual A	Reserve fund receivables and other portfolios	121,000.00	Above 3 years	0.03%	121,000.00
Total		375,735,833.59		99.83%	2,008,371.67

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	39,462,393,720.56		39,462,393,720.56	36,481,403,720.56		36,481,403,720.56
Investment in joint ventures and associated enterprises	3,742,216,481.79		3,742,216,481.79	3,555,058,486.43		3,555,058,486.43
Total	43,204,610,202.35		43,204,610,202.35	40,036,462,206.99		40,036,462,206.99

(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		
Zhejiang Petroleum & Chemical Co., Ltd.	25,907,242,115.34	2,550,000,000.00		28,457,242,115.34	
Ningbo Zhongjin Petrochemical Co., Ltd.	5,990,201,140.04			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 Trading Co., Ltd.	100,000,000.00			100,000,000.00	
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		40,000,000.00	
Zhejiang Rongyi Trading Co., Ltd.	1,000,000.00		1,000,000.00		
Rongsheng New Material (Zhoushan) Co., Ltd.		130,000,000.00		130,000,000.00	
Rongsheng New Material (Taizhou) Co., Ltd.		281,990,000.00		281,990,000.00	
Total	36,481,403,720.56	2,981,990,000.00	1,000,000.00	39,462,393,720.56	

(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	
		Addi on al invest me nt	Re du ced invest me nt	Investment gains or losses recognized under the equity method	Other compre hensive income adjustm ents	Other equity chang es	Declared distributio n of cash dividends or profits	Prov ision for impai rment			O t h e r s
I. Joint ventures											
II. Associated enterprise											
Zhejiang Yisheng Petrochemical Co., Ltd.	1,508,286,737.77			-27,630,362.49	-3,928,169.18					1,476,728,206.10	
Zhejiang Xiaoshan Rural Commercial Bank Co., Ltd.	1,822,497,360.74			270,981,637.54	-47,969,792.29	256,552.96	39,685,918.80			2,006,079,840.15	
Ningbo Hengyi Trading Co., Ltd	193,629,420.45			27,814,486.29	10,289,345.70					231,733,252.44	
Zhejiang Kunsheng Petroleum & Chemical Sales Co., Ltd.	16,211,405.03			-2,990,391.47						13,221,013.56	
Zhejiang Jurong Petroleum & Chemical Sales Co., Ltd.	14,433,562.44			20,607.10						14,454,169.54	
Subtotal	3,555,058,486.43			268,195,976.97	-41,608,615.77	256,552.96	39,685,918.80			3,742,216,481.79	
Total	3,555,058,486.43			268,195,976.97	-41,608,615.77	256,552.96	39,685,918.80			3,742,216,481.79	

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	3,854,072,437.22	3,945,950,073.69	3,785,809,389.45	3,494,459,580.75

Other services	52,594,679.36	76,555,884.57	54,929,107.25	54,862,711.85
Total	3,906,667,116.58	4,022,505,958.26	3,840,738,496.70	3,549,322,292.60
Including: income from contracts with customers	3,905,382,712.91		3,840,738,496.70	

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

1) Breakdown of income by commodity type

Item	Current amount incurred		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Polyester chemical fiber film	3,854,072,437.22	3,945,950,073.69	3,785,809,389.45	3,494,459,580.75
Trade and others	52,594,679.36	76,555,884.57	54,929,107.25	54,862,711.85
Total	3,906,667,116.58	4,022,505,958.26	3,840,738,496.70	3,549,322,292.60

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	3,905,382,712.91	3,839,454,093.03
Revenue recognized in a period of time	1,284,403.67	1,284,403.67
Subtotal	3,906,667,116.58	3,840,738,496.70

(3) The revenue recognized in the current period included in the opening book value of contract liabilities is RMB 219,513,031.33.

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investment under the cost method	2,550,000,000.00	2,138,750,000.00
Income from long-term equity investments accounted for using the equity method	268,195,976.97	236,916,416.17
Investment income from the disposal of financial instruments	-81,956,998.23	-103,614,559.59
Including: Derivative financial instruments	227,990.03	12,503,204.81
Receivables financing	-82,184,988.26	-116,117,764.40
Interest income from the inter-bank loan of related party		15,829,166.67
Investment income from the disposal of long-term equity investment	61,902.58	8,028,601.65
Total	2,736,300,881.32	2,295,909,624.90

XVII. Supplementary Information

1. Breakdown of non-recurring gains and losses in the current period

Unit: RMB

Item	Amount	Remarks
Gain or loss from disposal of non-current assets	14,208,115.78	
Tax refund or reduction and exemption upon ultra vires approval or without official approval documents		
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)	2,359,477,514.76	
Fund possession cost included in current gain and loss charged to non-financial enterprises	205,188.67	
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	292,348,639.74	
Other non-operating revenues and expenditures except for the aforementioned items	-9,253,736.65	
Other profit/loss items falling within the definition of non-recurring gain or loss	2,748,797.01	
Less: Affected amount of income tax	371,798,967.48	
Affected amount of minority equity	959,386,400.59	
Total	1,328,549,151.24	--

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	6.87%	0.33	0.33
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	4.14%	0.20	0.20

4. Miscellaneous

1. Calculation process of weighted average return on net assets

Item	S/N	Amount in the current period	
Net profit attributable to ordinary shareholders of the Company	A	3,340,162,428.95	
Non-recurring gains and losses	B	1,328,549,151.24	
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	C=A-B	2,011,613,277.71	
Net assets at the beginning of the period attributable to ordinary shareholders of the Company	D	49,251,305,948.40	
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	G1	1,507,313,454.95	
Number of months from the following month of decreased net assets to the end of the reporting period	H1	7	
Net profit attributable to ordinary shareholders of the Company	G2	1,106,064,809.42	
Non-recurring gains and losses	H2	7	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G3	884,140,034.89	
Number of months from the following month of decreased net assets to the end of the reporting period	H3	5	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G4	543,725,371.64	
Number of months from the following month of decreased net assets to the end of the reporting period	H4	4	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G5	922,651,862.05	
Number of months from the following month of decreased net assets to the end of the reporting period	H5	3	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G6	423,673,429.39	
Number of months from the following month of decreased net assets to the end of the reporting period	H6	2	
Decreased net assets attributable to ordinary shareholders of the Company resulting from the repurchase or cash dividends	G7	97,946,857.26	
Number of months from the following month of decreased net assets to the end of the reporting period	H7	1	
Others	Translation reserve	I1	173,015,555.89
	Increased or decreased number of months from the following month of increased net assets to the end of the reporting period	J1	6
	Equity method and other equity changes	I2	-18,585,212.53
	Increased or decreased number of months from the following month of increased net assets to the end of the reporting period	J2	6

	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	$L=D+A/2+E \times F/K-G \times H/K-H \times J/K$	48,615,060,766.74
	Weighted average return on net assets	$M=A/L$	6.87%
	Weighted average return on net assets after deducting non-recurring gains and losses	$N=C/L$	4.14%

2. Calculation process of basic earnings per share and diluted earnings per share

(1) Calculation process of basic earnings per share

Item	S/N	Amount in the current period
Net profit attributable to common shareholders of the Company	A	3,340,162,428.95
Non-recurring gains and losses	B	1,328,549,151.24
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	$C=A-B$	2,011,613,277.71
Total shares at the beginning of the period	D	10,125,525,000.00
Increase in the number of shares due to the share capital transferred from the capital reserve or dividend distribution	E	
Increase in the 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 the number of shares due to repurchase and other reasons	H1	76,768,634.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I1	7
Decrease in the number of shares due to repurchase and other reasons	H2	58,728,412.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I2	5
Decrease in the number of shares due to repurchase and other reasons	H3	37,183,515.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I3	4
Decrease in the number of shares due to repurchase and other reasons	H4	64,188,391.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I4	3
Decrease in the number of shares due to repurchase and other reasons	H5	37,637,214.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I5	2
Decrease in the number of shares due to repurchase and other reasons	H6	8,636,486.00
Number of months from the following month of increase in the number of shares to the end of the reporting period	I6	1
Number of shares reduced during the reporting period	J	
Number of months in the reporting period	K	12
Weighted average number of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	10,020,838,946.25
Basic earnings per share	$M=A/L$	0.33

Basic earnings per share after deducting non-recurring gains and losses	$N=C/L$	0.20
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(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 2023