

Jiangsu Eastern Shenghong Co., Ltd.

2022 Annual Report



April 2023

**Jiangsu Eastern Shenghong Co., Ltd.**  
**2022 Annual Report**

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## **Section I Notes, tables of contents, and definitions**

**The board of directors, Board of Supervisors, directors, supervisors and senior officers of the Company undertake that the information presented in the annual report is true, accurate and complete, and do not contain false records, misrepresentations and major omissions and bear individual and joint liabilities.**

**Miao Han'gen, the legal representative of the Company, Qiu Hairong, the chief accountant, and Hu Guiyang, the chief finance officer (person in charge of accounting), state: they ensure that the financial report in this annual report is true, accurate and complete.**

**All directors have attended the board meeting at which this report was considered.**

**The future plans and other forward-looking statements mentioned in this report do not constitute the Company's substantive commitments to investors. Investors and relevant persons should maintain adequate risk awareness, and understand the differences between plans and forecasts and commitments.**

**The Company elaborates possible risks in "XI. Prospect of future development" of Chapter III of this report. Investors should read it.**

**The profit distribution plan adopted upon deliberation by the board of directors of the Company is as follows: based on the total share capital on the equity registration date when the distribution plan is implemented in the future, the Company will pay the cash bonus of RMB1.00 (including tax) per 10 shares to all shareholders, and give 0 bonus shares (including tax), without converting reserves into share capital.**

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## **List of Reference Documents**

- I. The financial statements signed by the legal representative, the chief accountant and the chief finance officer and sealed.
- II. The original auditors' report affixed with the seal of the accounting firm and the signature and seal of the certified public accountant.
- III. Originals of all documents and announcements of the Company publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period.
- IV. Body of the annual report.

**DEFINITIONS**

Term	refers to	Definition
the Company, the Listed Company, Eastern Shenghong	refers to	Jiangsu Eastern Shenghong Co., Ltd.
Shenghong Technology	refers to	Jiangsu Shenghong Technology Co., Ltd., the controlling shareholder of the Listed Company
Shenghong Suzhou	refers to	Shenghong (Suzhou) Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company and indirectly controlling Shenghong Technology
Shenghong Petrochemical	refers to	Shenghong Petrochemical Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Bohong Industrial	refers to	Lianyungang Bohong Industrial Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Petrochemical Industry Group	refers to	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., 100% equity of which is controlled by the Listed Company
Sierbang Petrochemical	refers to	Jiangsu Sierbang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongke New Materials	refers to	Lianyungang Hongke New Materials Co., Ltd., 100% equity of which is controlled by the Listed Company
Honggang Petrochemical	refers to	Jiangsu Honggang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Refining & Chemical	refers to	Shenghong Refining & Chemical (Lianyungang) Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongwei Chemical	refers to	Jiangsu Hongwei Chemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Petrochemical (Singapore)	refers to	Shenghong Petrochemical (Singapore) International Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang High-Tech	refers to	Jiangsu Guowang Hi-Tech Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Zhonglu Technology	refers to	Jiangsu Zhonglu Technology Development Co., Ltd., 100% equity of which is controlled by the Listed Company
Ganghong Fiber	refers to	Jiangsu Ganghong Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Fibers	refers to	Suzhou Shenghong Fibers Co., Ltd., 100% equity of which is controlled by the Listed Company
Suzhen Bioengineering	refers to	Suzhou Suzhen Bioengineering Co., Ltd., 100% equity of which is controlled by the Listed Company
Reborn Technology	refers to	Jiangsu Reborn Technology Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang (Suqian)	refers to	Guowang Hi-Tech Fiber (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Honghai New Materials	refers to	Honghai New Materials (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Combustion Engine Cogeneration	refers to	Jiangsu Shengze Combustion Engine Cogeneration Co., Ltd., 100% equity of which is controlled by the Listed Company
Haigesi New Energy	refers to	Hubei Haigesi New Energy Co., Ltd., 90% equity of which is controlled by the Listed Company

Petrochemical New Materials	refers to	Shenghong Petrochemical Group Shanghai New Materials Co., Ltd., 100% equity of which is controlled by the Listed Company
Shengjing New Materials	refers to	Jiangsu Shengjing New Materials Co., Ltd., 65% equity of which is controlled by the Listed Company
Shengze Thermal Power Plant	refers to	Jiangsu Eastern Shenghong Co., Ltd. Shengze Thermal Power Plant, a branch of the Listed Company
Shenghong integrated refining and chemical projects	refers to	16 million tons refining and chemical integration project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
EVA	refers to	Ethylene-Vinyl Acetate copolymer, a common synthetic material widely used in such fields as foaming materials, functional shed films, films, hot melt adhesives, adhesives, wire and cable, and toys
POE	refers to	Polyolefin elastomer, a series of copolymers based on catalytic use of butene or octene copolymers by metallocene, as the main materials used in automobile exteriors and interiors, wire and cable coatings, extruded coatings, films, injection molding, medical products, adhesives, footwear and foams
UHMWPE	refers to	Ultrahigh molecular weight polyethylene, a thermoplastic engineering plastic with excellent properties widely used in such fields as lithium electric diaphragm, aerospace, ocean engineering, rail transit, and petrochemical
AN	refers to	Acrylonitrile, a colorless liquid, as an important raw material for manufacturing ABS and other synthetic resins, nitrile butadiene rubber and other synthetic rubbers, acrylic fibers and other synthetic fibers, and other chemical products
MMA, methyl ester	refers to	Methyl Methacrylate, a kind of important chemical raw materials mainly used in the production of polymethyl methacrylate and manufacturing of other resins, plastics, coatings, adhesives and other products
EO	refers to	Ethylene Oxide, an organic compound mainly used for manufacturing solvents, diluents, nonionic surfactants, synthetic detergents, antifreeze agents and disinfectants, and widely used in washing, pharmaceutical, and printing and dyeing industries
EOA	refers to	Ethanolamine, mainly used in the manufacturing of chemical reagents, pesticides, medicine, solvents, dye intermediates, rubber accelerators, corrosion inhibitors and surfactants
EOD	refers to	Ethoxy compounds, generated by the reaction of ethylene oxide with organic compounds containing active hydrogen under the action of catalyst, including polycarboxylic acid water reducer monomers, and nonionic surfactants
MTO	refers to	Methanol to Olefins, the process of producing low-carbon olefins with the methanol as the raw material
PX	refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants and explosives
PTA	refers to	Purified terephthalic acid, a kind of low-toxicity and flammable white crystal or powder at room temperature that burns when it meets fire if mixed with air in a certain limit

Polyester, polyester chip, PET	refers to	Polyethylene terephthalate, a fiber-forming polymer made from PTA and MEG by esterification or transesterification and condensation polymerization. Fiber-grade polyester chips are used to manufacture polyester staple fibers and polyester filaments
POY	refers to	PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, a partly drawn polyester filament obtained by high-speed spinning with the orientation between the unoriented yarn and the drawn yarn
DTY	refers to	DRAW TEXTURED YARN, also known as polyester elastic yarn, made from POY by drawing and false twist texturing processing, with the certain elasticity and contractility
FDY	refers to	FULL DRAW YARN, also known as polyester traction yarn, a synthetic fiber filament further produced by the spin-drawing process. The fiber has been fully drawn and can be directly used for textile processing
GDR	refers to	Global Depository Receipts
Reporting period, current period	refers to	January 1, 2022 to December 31, 2022



## Section II Company profile and major financial indicators

### I. Company profile

Stock abbreviation	Eastern Shenghong	Stock code	000301
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in Chinese	Eastern Shenghong		
Name of the Company in foreign languages	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in foreign languages	EASTERN SHENGHONG		
Legal Representative of the Company	Miao Han'gen		
Registered address	No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province		
Zip code of the registered address	215228		
Historical change of registered address	In July 1998 when it was established, its registered address was Shunxin Middle Road, Shengze Town, Wujiang City; in November 1998, its registered address was changed to No.39 Shunxin Middle Road, Shengze Town, Wujiang City; in June 2006, its registered address was changed to Silk Stock Building, Shichang Road, Shengze Town, Wujiang City, Jiangsu Province; in December 2018, its registered address was changed to No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.		
Office address	No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province		
Zip code of the office address	215228		
Company website	<a href="http://www.jsessh.com">http://www.jsessh.com</a>		
E-mail	<a href="mailto:tzzgx@jsessh.com">tzzgx@jsessh.com</a>		

### II. Contact and contact information

	Secretary of Board of Directors	Securities affairs representative
Name	Wang Jun	Fan Jiajian
Contact address	No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province	No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province
Tel.	0512-63573866	0512-63573480
Fax	0512-63552272	0512-63552272
E-mail	<a href="mailto:jun.wang@jsessh.com">jun.wang@jsessh.com</a>	<a href="mailto:tzzgx@jsessh.com">tzzgx@jsessh.com</a>

### III. Information disclosure and storage location

Stock exchange website for the disclosure of the annual report of the Company	Shenzhen Stock Exchange (website: <a href="http://www.szse.cn">http://www.szse.cn</a> )
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Media name and website for the disclosure of the annual report of the Company	CNINFO (website: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ), STCN, China Securities Journal, and Shanghai Securities News
Storage location of annual reports	Office of the Secretary of the Board of Directors

#### IV. Changes in registration

Unified social credit code	91320500704043818X
Changes in primary business of the Company since its listing	<p>In May 2000, when the Company was listed, the primary business of the Company included: chemical fibers (polyester filaments), polyester chips, real silk, cotton fabrics, electric embroidery products, electricity, hot steam, commercial housing, and residential commodity housing; business room rental.</p> <p>In 2008, when the Company completed major assets replacement, the primary business of the Company was changed to: thermal power production, real estate development, and business room rental, etc.</p> <p>In 2018, when the Company completed the transaction of purchasing 100% equity of Guowang High-Tech by issuing shares and major asset reorganization, the primary business of the Company was changed to: research and development, production and sales of domestic polyester filaments as the core, supplemented by thermal power and other business.</p> <p>In 2019, when the Company acquired 100% equity of Honggang Petrochemical and Shenghong Refining &amp; Chemical, and formed a "PTA-polyester-chemical fiber" business structure, the primary business of the Company included: research and development, production and sales of domestic polyester filaments, and production and sales of PTA and thermal power, etc.</p> <p>In 2021, when the Company completed the transfer of the ownership of the underlying assets, namely, 100% equity of Sierbang Petrochemical purchased by issuing shares and paying cash, the primary business of the Company included: petrochemical and chemical new materials, polyester chemical fiber and other industrial fields.</p>
Changes in the controlling shareholder	<p>In August 2018, the Company completed the transaction of purchasing 100% equity of Guowang High-Tech by issuing shares and major asset reorganization. Before the reorganization, the controlling shareholder of the Company was Jiangsu Wujiang Silk Group Co., Ltd., and the actual control was State-owned Assets Supervision and Administration Office of the People's Government of Wujiang District, Suzhou City. After the reorganization, the controlling shareholder of the Company was changed to Jiangsu Shenghong Technology Co., Ltd., and the actual controller was changed to the couple Miao Han'gen and Zhu Hongmei.</p>

#### V. Other relevant information

Accounting firm hired by the Company

Name of certified public accountants	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Office address of the accounting firm	Floor 4, No. 61 East Nanjing Road, Shanghai
Signed accountants	Dong Shu, Jiang Xuelian, Tang Yi

Sponsor hired by the Company to perform continuous supervision duties in the reporting period

Applicable  Not applicable

Name of the sponsor	Office address of the sponsor	Name of the sponsor representative	Continuous supervision period
Huatai United Securities Co., Ltd.	20/F, Block E, Poly Plaza, No.18 Dongfang Road, Pudong New Area, Shanghai	Jiang Haiyang, Li Yongwei	February 26, 2021 to December 31, 2022

Financial adviser hired by the Company to perform continuous supervision duties in the reporting period

Applicable  Not applicable

Name of the financial adviser	Office address of the financial adviser	Name of the financial adviser sponsor	Continuous supervision period
Orient Securities Investment Banking Co., Ltd.	24/F, Building 2, No.318 Zhongshan South Road, Shanghai	Shi Changhao, Zhang Chenchao	December 31, 2021 to December 31, 2022
Citic Securities Co., Ltd.	North Block, Phase II, Times Square Excellence, No.8 Zhongxin No.3 Road, Futian District, Shenzhen City, Guangdong Province	Wang Fenglei, Ai Hua, Feng Shuo, Huang Kai	December 31, 2021 to December 31, 2022
Huatai United Securities Co., Ltd.	Room 401, Building B7, Qianhai Shenzhen-Hong Kong Foundation Town, No.128 Guiwan No.5 Road, Nanshan Sub-district, Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Qianhai, Shenzhen	Jiang Haiyang, Dong Chenchen, Zheng Zhe	December 31, 2021 to December 31, 2022

## VI. Key accounting data and financial indicators

Whether the Company needs retrospective adjustment or restatement of prior years' accounting data

Yes No

Reasons for retroactive adjustment or restatement: changes in accounting policies, business combination under common control

	2022	2021		YoY increase or decrease	2020	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Revenue (RMB)	63,822,315,669.45	51,722,179,697.92	52,690,217,451.46	21.13%	33,698,796,950.06	33,698,796,950.06
Net profit attributable to shareholders of listed company (RMB)	548,162,571.15	4,543,604,009.84	4,574,963,214.07	-88.02%	766,648,020.16	764,436,893.45
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss (RMB Yuan)	85,069,376.89	1,235,554,998.71	1,276,318,116.17	-93.33%	155,250,066.17	155,250,066.17

Net cash flows from operating activities (RMB)	1,390,759,281.02	5,333,711,092.94	5,331,678,227.69	-73.92%	3,982,034,869.18	3,979,833,538.63
Basic earnings per share (yuan/share)	0.09	0.76	0.77	-88.31%	0.14	0.14
Diluted earnings per share (yuan/share)	0.08	0.73	0.74	-89.19%	0.14	0.14
Return on weighted average net assets	1.88%	17.11%	17.22%	Decreasing by 15.34 ppt	3.41%	3.41%
	As at the end of 2022	As at the end of 2021		YoY increase or decrease	As at the end of 2020	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB/Yuan)	166,511,713,405.78	132,002,543,178.75	132,049,103,076.39	26.10%	83,332,366,504.85	83,340,404,629.59
Net assets attributable to shareholders of listed company (RMB)	35,700,833,600.61	27,614,534,539.34	27,653,682,616.86	29.10%	24,038,951,402.57	24,046,740,275.86

Reasons for changes in accounting policies:

According to the Circular on Issuing the Interpretations of the Accounting Standards for Business Enterprises No.15 (Cai Kuai [2021] No.35), the Interpretations of the Accounting Standards for Business Enterprises No.16 (Cai Kuai [2022] No.31) and other provisions issued by the Ministry of Finance, the corresponding accounting policies shall be changed.

The lower of the Company's net profit before and after deducting non-recurring gains and losses was negative in the last three fiscal years, and audit report for the latest year showed that there was uncertainty in the Company's going-concern ability

Yes  No

The lower of the net profit before and after deducting non-recurrent gains and losses was negative

Yes  No

## VII. Accounting data difference between the domestic and overseas accounting standards

### 1. Difference between net profits and net assets in the financial report disclosed in accordance with international accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

In the reporting period, there is no difference between net profits and net assets in the financial report disclosed in accordance with international accounting standards and Chinese accounting standards at the same time.

### 2. Difference between net profits and net assets in the financial report disclosed in accordance with foreign accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

In the reporting period, there is no difference between net profits and net assets in the financial report disclosed in accordance with foreign accounting standards and Chinese accounting standards at the same time.

**VIII. Main financial indicators by quarter**

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	13,773,163,373.11	16,468,938,946.00	16,465,868,375.17	17,114,344,975.17
Net profit attributable to shareholders of listed company	688,341,147.36	947,769,281.75	-58,797,803.50	-1,029,150,054.46
Net profits deducting non-recurring profits and losses attributable to shareholders of the listed company	688,788,707.48	907,035,913.91	-462,502,734.73	-1,048,252,509.77
Net cash flows from operating activities	493,775,576.68	5,613,019,464.15	-2,906,712,488.23	-1,809,323,271.58

Whether there is any material difference between the above financial indicators or their total and the relevant financial indicators disclosed by the Company in the quarterly report and semi-annual report

Yes  No

**IX. Items and amounts of non-recurring gains and losses**

Applicable  Not applicable

Unit: RMB

Item	Amount in 2022	Amount in 2021	Amount in 2020	Description
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	481,218,050.71	1,740,436.70	25,623,958.55	
Government subsidies included in the current profit or loss (except for government subsidies closely related with the normal business of the Company, obtained by quota or quantity in accordance with the policies and provisions of the State)	113,128,393.46	86,742,709.47	119,601,371.53	
Profit or loss from assets investment or management entrusted to other persons	721,617.52	14,936,683.50	6,899,214.00	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date	-9,604,876.38	3,767,579,831.73	524,781,657.52	
Profit or loss on changes in fair values of Held-for trading financial assets and Held-for trading financial liabilities and investment income obtained from disposal of Held-for trading financial assets, Held-for trading financial liabilities and Held-for trading financial assets, except for effective hedging operations associated with the company's normal operations	-14,061,568.84	-35,127,274.29	17,714,572.63	

Impact on the current profit or loss of the one-time adjustment to the current profit or loss made as required by the laws and regulations on tax and accounting	3,634,531.80			
Other non-operating income and expenses except for the above-mentioned items	33,229,231.60	40,754,482.86	19,958,970.65	
Other profit or loss conforming to the definition of non-recurring profit or loss			-15,108,383.68	
Less: income tax effects	144,765,979.19	18,658,314.09	9,086,784.41	
Affected non-controlling interests (after tax)	406,206.42	559,323,457.98	81,197,749.51	
Total	463,093,194.26	3,298,645,097.90	609,186,827.28	--

Other items of profit or loss subject to the definition of non-recurring profit or loss:

Applicable  Not applicable

The Company had no other specific gain and loss items that meet the definition of non-recurring gains and losses.

Explanations on defining the non-recurring profits or losses listed in the Explanatory Announcement on Information Disclosure by Companies that Issue Securities to the Public No.1 - Non-recurring Profit or Loss as recurring profits or losses

Applicable  Not applicable

There was no case that non-recurring profit or loss listed in the Explanatory Announcement on Information Disclosure by Companies that Issue Securities to the Public No.1 - Non-recurring Profit or Loss was defined as recurring profit or loss.

## Section III Management discussion and analysis

### I. Information on the industry of the Company in the reporting period

#### (I) Development of the petroleum refining and chemical industry

##### 1. The crude oil consumption in China grows steadily, and there is still a larger supply and demand gap in downstream petrochemical products

As the blood of industry, petroleum has penetrated into every aspect of human economic and social activities. The upstream of the petrochemical industry is mainly exploration, exploitation and transportation of oil and gas; the middle is refining and processing and manufacturing of petrochemical products; and downstream products are widely used in all walks of life. As the most basic link in the petrochemical industry chain, crude oil refining and processing is the cornerstone of the whole petrochemical industry. According to the 2022 report on the economic operation of China's petroleum and chemical industry, China's crude oil production in 2022 was 205 million tons, crude oil imports were 508 million tons, and crude oil's external dependence was approximately 71.2%. The domestic downstream demand for petroleum and chemicals was generally weak in 2022 due to macroeconomic slowdown, high energy prices and real estate market downturn. The total apparent consumption of crude oil and natural gas in the year was 1.039 billion tons (oil equivalent), down 0.3% year on year.

According to monitoring data from the China Petroleum and Chemical Industry Federation (CPCIF), in 2022, the average spot price of Brent crude oil was USD 101.2 per barrel, up 43% year on year; the average spot price of WTI crude oil was USD 94.5 per barrel, up 39.1% year on year. Affected by many factors, such as sharp rise in crude oil prices, the total accumulated price level of petroleum and major chemicals markets rose throughout the year. According to the price index of the National Bureau of Statistics, the ex-factory price of the oil and gas extraction industry rose 35.9% year on year, and that of chemical raw materials and chemical manufacturing industries rose 7.7% year on year. From the trend perspective, the increase was greater in the first half of the year, and high-level shocks were mainly seen in the third quarter, while there was an overall decline in the fourth quarter.

By the end of 2022, there were more than 28,000 enterprises above designated size in the petroleum and chemical industry; the accumulated revenue was RMB 16.56 trillion, up 14.4% year on year, a record. The total profit was RMB 1.13 trillion, down 2.8% year on year, basically maintaining a historical high. Compared with national scale industries, the income scale of the petroleum and chemical industry accounted for 12% of the industrial income, and the profit ratio was 13.4%, up to a certain extent year on year.

On the whole, influenced by the global macroeconomic slowdown, high inflation in Europe, the United States and other developed economies, geopolitical turmoil and other factors in 2022, the growth rate of the domestic downstream apparent demand for petroleum and chemical products slowed down, and the price of chemical products rose on the whole under the support of costs. According to China's Petroleum and Chemical Climate Index (PCPI), the climate of the petrochemical industry in 2022 generally rose first and then fell. From Q4, the climate showed a trend of bottoming out.

##### 2. In the future, the domestic refining and chemical industry will develop in the direction of large-scale capacity, refined oil output ratio reduction and petrochemicals output ratio increase, and petrochemical park synergy

In recent years, along with the high-quality development of the petrochemical industry in China, the scale concentration of the Chinese petrochemical industry, the degree of clustering of petrochemical bases, the whole technical level of the industry and the core competitiveness of the industry have realized the new span. In terms of scale, the refining capacity and ethylene capacity of China's petrochemical industry have ranked first in the world, and the global competitiveness of the industry has been constantly improved and enhanced.

By December 2022, China's total refining capacity reached 920 million tons per year, ranking first in the world for the first time, and the number of refineries with the refining capacity of 10 million tons or above increased to 32. Ethylene, as the "mother of petrochemical industry", plays an important role in the national economy. It is the core of the petrochemical industry and a key indicator to determine the production level of the chemical industry. In 2022, China's ethylene capacity reached 46.75 million tons per year, surpassing the United States to become the world's largest ethylene producer.

Since 2018, large refining and chemical projects in China have been designed and constructed in accordance with the integrated processing plan of refining, aromatics and ethylene, and supporting facilities for mutual supply and guarantee of refining and chemical raw materials and public works have been optimized. As one of the three domestic private refining and chemical enterprises in production, the Company has the largest single set of 16

million tons atmospheric and vacuum distillation unit in China. The advanced production technology, higher utilization efficiency of raw materials and energy, and downstream chemical product layout in the integrated whole industry chain have given the refining and chemical unit of the Company the strength to compete with international leading refining and chemical companies.

In September 2021, the CPC Central Committee and the State Council issued the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy; the State Council issued the Circular on Issuing the Action Plan for Carbon Dioxide Peaking before 2030 (Guo Fa [2021] No.23); the National Development and Reform Commission issued the Opinions on Promoting Energy Conservation and Carbon Reduction in Key Sectors through Strict Energy Efficiency Constraints and the Action Plan for Promoting Energy Conservation and Carbon Reduction through Strict Energy Efficiency Constraints in Key Petrochemical and Chemical Industries (2021-2025). The series of measures taken by the State aim to promote the petrochemical industry to undertake the important task of national energy supply and actively propel the implementation process of low-carbon transformation. The State has clearly put forward the strategic goal of controlling the domestic primary crude oil processing capacity within 1 billion tons and raising the utilization rate of main capacity to more than 80% by 2025. Therefore, the 14th five-year planning guide for the petrochemical industry issued by the China National Petroleum & Chemical Industry Planning Institute points out that in the future, the refining and chemical industry will continue to eliminate small refineries, integrate refining indicators, build refining and chemical integration projects with the longer process, the higher operating rate and the more diversified products, improve the efficiency of petrochemical production in China, reduce the waste of oil products in production, and realize the effective use of resources. The above industrial policies will be conducive to further concentration of refining and chemical capacity to leading enterprises. "Refined oil output ratio reduction and petrochemicals output ratio increase" of large petrochemical projects as well as "Whole-process refining and chemical integration" will be the trend of the future development of China's refining and chemical industry.

According to the overall deployment in the Petrochemical Industry Layout Plan released by the National Development and Reform Commission in 2015, China will focus on building seven petrochemical industry bases in Lianyungang(Jiangsu), Caofeidian(Hebei), Changxing Island(Dalian), Caojing(Shanghai), Ningbo(Zhejiang), Huizhou(Guangdong) and Gulei(Fujian) respectively. The seven bases that are all based on important channels for the import of offshore energy resources cover and radiate to key surrounding coastal development areas. In the future, new large refining and chemical projects in China will also be preferentially located in the seven petrochemical bases. The centralized construction of petrochemical parks can optimize the layout of upstream and downstream products, realize supporting raw materials and public works for chemical production in parks, and improve the production efficiency, so as to promote the upgrading and green, safe and efficient development of the petrochemical industry. Located in Lianyungang Petrochemical Industry Base in Jiangsu Province, Shenghong integrated Refining & Petrochemical plants positioned as a "powerful basic raw material support platform" opens up the industry chain of crude oil refining and high-end chemical industry, and can realize the mutual supply of most raw materials and products, greatly improving the production efficiency of the petrochemical park and surrounding enterprises, and forming a good demonstration effect.

## **(II) Development of the renewable energy industry**

### **1. Global energy transformation is accelerating, and renewable energy develops rapidly with a huge space**

The Russia-Ukraine conflict in 2022 led to a sustained surge in global crude oil, natural gas and other fossil energy prices, highlighting the importance of developing renewable alternative energy. With the accelerated transformation of global energy structure, the exploitation and utilization of renewable energy has become the only way of energy revolution.

In the new electric power system dominated by renewable energy, wind power and photovoltaic power will become the main increase in installed capacity of electric power, while coal power will become auxiliary energy. In the future, a modern comprehensive energy supply system will be formed through cooperative supply of kinds of energy such as "electricity, heat, cold, gas, and hydrogen" in the way of multi-energy complementary and coordinated development. According to the forecast of the International Energy Agency (IEA), by 2024, renewable energy will account for 32.3% of global electricity supply (28% in 2021), with a compound annual growth rate of 7.8% between 2022 and 2024. In addition, according to the forecast of the IRENA, to achieve the goal of controlling the global warming to 1.5°C by 2030 under the Paris Agreement, the installed capacity of renewable energy generation will need to reach 10.3TW in 2030, with an average annual growth rate of 13% between 2020 and 2030, and increase to 26.6TW in 2050, accounting for 90% of electricity.

### **2. Solar energy will become the mainstream of renewable energy development**



In recent years, with the rapid expansion of the scale of global solar energy exploitation and utilization, rapid progress in technology, and significant decrease in the cost of photovoltaic power, solar energy has shown a good prospect for development. China, the United States, the European Union and so on regard solar power as an important source of renewable energy. According to the forecast of the IEA, between 2022 and 2027, the global new installed capacity of photovoltaic power will reach 1500GW, with an annual average of 300GW. Therefore, photovoltaic solar energy is expected to achieve a sustained increase in installed capacity in the future, and become the backbone in the energy structure.

According to the data from the China Photovoltaic Industry Association, in 2022, the world's new installed capacity of photovoltaic power reached a record high of 230GW, up 35.3% year on year. Among them, the new installed capacity of photovoltaic in China was 87.41GW, up 59.3% year on year; the new installed capacity in the European Union was 41.4GW, up nearly 54.5% year on year; the new installed capacity in the United States was nearly 18.6GW, down about 30.9% year on year; the new installed capacity in India was 13.96GW, up 35.5% year on year. In 2023, driven by favorable factors such as the falling cost of photovoltaic power generation and the recovery of the global economy, it is expected that the global new installed capacity of photovoltaic power will still grow rapidly to about 280-330GW.

### **3. Photovoltaic EVA materials, as the main raw materials of photovoltaic films, fully benefit from the high prosperity of the photovoltaic industry**

#### **(1) Photovoltaic film is one of the key factors that determine the product quality and service life of photovoltaic modules**

Photovoltaic film mainly used for the packaging of photovoltaic modules plays the role of bonding, provides the structural support for modules, and has the role of protecting and enhancing the efficiency of cell slices. Photovoltaic modules work in the open air all year round, and their service life is usually required to be more than 25 years. Once the film of the cell module begins to turn yellow and crack, the cell will fail and be scrapped. Therefore, there are very strict requirements for the photovoltaic film in many material characteristics such as erosion resistance, heat resistance, low temperature resistance, oxidation resistance, and UV aging resistance. Although photovoltaic film accounts for a low proportion in the total cost of photovoltaic modules (about 5%), it is a key factor to determine the product quality and service life of photovoltaic modules.

At present, there are mainly four kinds of photovoltaic films on the market: transparent EVA film, white EVA film, POE film and co-extrusion EPE film. Transparent EVA film has become the mainstream packaging material in the current market for its advantages in price and processing performance, accounting for about 52%; white film EVA is made by adding to EVA resins a certain amount of titanium dioxide and other white fillers to improve the reflectivity of the secondary light, mainly used for the back packaging of single-glazed and double-glazed modules; POE film is the mainstream packaging material of double-glazed modules because of its unique PID resistance, high electrical resistivity and weak hydrolysis; EPE film is made from EVA and POE resins by the co-extrusion process, and has both good processing performance of EVA and good PID resistance and water vapor resistance of POE. According to the forecast of the China Photovoltaic Industry Association, the EPE film market share is expected to increase steadily in the next few years.

#### **(2) Photovoltaic EVA, as the main raw material of photovoltaic films, fully benefits from the high prosperity of the photovoltaic industry**

##### **EVA**

EVA, made by polymerization of ethylene and vinyl acetate, is one of the important downstream products of ethylene, and widely used. EVA is widely used in the field of photovoltaic films because of its high transparency, durability, adhesion, low melting point, easy processing and other characteristics.

Photovoltaic EVA particles are characterized by low crystal point, high melting index and high VA content (28%-33%). EVA production uses the ultra-high pressure process, with the complicated process flow, high difficulty in equipment maintenance, and high difficulty in production. From the experience of the industry, it still takes at least one year or even several years for the new capacity device from successful operation to continuously producing photovoltaic EVA particles with stable quality and output on a large scale, and there are higher requirements for the production management level and technology research and development ability of enterprises. The leading enterprise in the domestic photovoltaic EVA industry is Sierbang Petrochemical, a wholly-owned subsidiary of the Company, with the market share and production technology always leading in the industry. At present, Sierbang Petrochemical has an annual EVA capacity of 300,000 tons, including a set of 200,000 tons tubular device and a set of 100,000 tons kettle device that can be used to produce photovoltaic EVA particles. Its product performance indicator has reached the advanced level of similar international products.

The global EVA unit capacity is mainly concentrated in Asia, Western Europe, North America and the Middle East. In recent years, global EVA products have maintained a rapid growth trend, with the main growth momentum coming from the Asia-Pacific region. The increase of EVA capacity in Asia is mainly attributable to the expansion of EVA capacity in China. With the rapid development of EVA industry integration, China has become the country with the largest EVA capacity in the world. By 2022, China's total capacity of EVA products reaches 2.15 million tons. According to statistics of oilchem.net, in 2022, the total domestic EVA output was about 1.7 million tons, while the total domestic EVA consumption exceeded 2.8 million tons, up more than 30% year on year.

With the rapid development of the photovoltaic industry, the output of photovoltaic modules in China has grown rapidly. According to statistics of the China Photovoltaic Industry Association, in 2022, China's output of photovoltaic modules was 288.7GW, up 58.8% year on year. Benefiting from the substantial growth of the downstream demand for photovoltaic modules, the demand for photovoltaic EVA resins, the main raw materials of photovoltaic films, has also grown substantially. Due to the long capacity expansion cycle and high production difficulty of EVA devices, the output growth of photovoltaic EVA is uncertain, and photovoltaic EVA may maintain a tight balance between supply and demand for a long time.

## **POE**

POE is a random copolymer elastomer of ethylene and high carbon  $\alpha$ -olefin. The commonly called POE mainly refers to ethylene-octene copolymer elastomer with the mass fraction of octene greater than 20%. POE, with good ultraviolet aging resistance, and excellent heat resistance, low temperature resistance, and electrical insulation properties, is mainly used in such fields as automobile parts, wires and cables, mechanical tools, and seals.

At present, due to the monopoly of overseas enterprises, the technology barrier of POE industrial production has not been broken in China. As POE with the excellent water vapor and ion barrier ability has a good application prospect in the field of films used for packaging of photovoltaic modules, leading enterprises such as Sierbang Petrochemical have begun to carry out research and development with fully independent intellectual property rights. In September 2022, the 800 tons/year POE pilot plant of Sierbang Petrochemical successfully produced qualified products, achieving an instant operation success, which marked that Sierbang Petrochemical has become the only enterprise in China with the independent production technology of both photovoltaic EVA and POE. The localization and industrialization of POE is expected to accelerate in the future.

## **4. Focusing on the fields of new energy and new materials, and further developing key upstream raw materials of lithium battery**

In recent years, under the influence of multiple factors, such as the frequent introduction of favorable national policies, continuous iteration of battery technology, increasing mileage, and increasingly perfect infrastructure, consumers' recognition and acceptance of new energy vehicles have been significantly improved, and China's new energy vehicles have entered the fast lane of booming development. According to the data from the China Association of Automobile Manufacturers, in 2022, 6.887 million new energy vehicles were sold in China, up 93.4 % year on year, and the penetration rate of new energy vehicles reached 25.6%. The rapid growth of the new energy vehicle industry has driven the rapid growth of the power battery market. In 2022, China's output of power batteries reached 545.9GWh, up 148.5% year on year. Lithium battery is mainly composed of four major materials: positive electrode material, negative electrode material, electrolyte, diaphragm and other parts. Raw materials account for 80% of the cost of lithium batteries. Therefore, with the rapid development of the new energy vehicle industry, the terminal consumer market, the demand of power batteries for upstream lithium battery materials is also increasing every day.

The demand of the energy storage market for lithium battery is also growing rapidly. With the proposal of the goal of carbon dioxide peaking and carbon neutrality, the strategic position of renewable energy represented by photovoltaic and wind power has become prominent. Energy storage, as a key technology to support the development of renewable energy, is also developing rapidly. In recent years, national policies have strongly supported the development of the energy storage industry. According to the Implementation Plan for the Development of New Energy Storage in the 14th Five-year Plan Period, the Outline of the 14th Five-year Plan for National Economic and Social Development and the Long-range Objectives Through the Year 2035 for the People's Republic of China, and the Guiding Opinions of the National Development and Reform Commission and the National Energy Administration on Accelerating the Development of New Energy Storage and other documents: by 2025, new energy storage will enter the stage of large-scale development from the initial stage of commercialization and be ready for large-scale commercial application. By 2030, new energy storage will be fully market-oriented. The market mechanism, business mode and standard system are mature and sound, and can basically meet the needs of building a new electric power system. Lithium iron phosphate battery occupies an absolutely dominant position in the electrochemical energy storage market for its advantages such as high energy

density, long service life, high number of cycle times, good safety performance and mature technical route. At present, the domestic new energy storage market is in its infancy, and the business mode of each link is in the exploratory stage. With the gradual maturity of energy storage market demand, energy storage batteries have a huge potential to drive the demand for upstream lithium battery materials.

In response to the rapid development needs of downstream new energy vehicle and energy storage industries, and based on the continuous enabling and new material development of its large chemical platform over the years, the Company continues to focus on the fields of new energy and new materials. At present, the Company has carried out its layout in the upstream raw material field of lithium-ion batteries, and its related products involve many key links such as positive electrode materials, battery diaphragms, and electrolyte solvents. The Company has built a 20,000 tons/year UHMWPE project, which achieved an instant operation success and was successfully put into production at the end of 2022. UHMWPE, a thermoplastic engineering plastic with excellent properties such as resistance to impact, wear and corrosion, is the main raw material of lithium battery diaphragms. At the same time, UHMWPE is also widely used in aerospace, ocean engineering, rail transportation and other cutting-edge fields. In addition, the Company is building the 100,000 tons/year EC/DMC device whose products will be mainly used in the downstream lithium battery electrolyte field. The Company will also develop the whole industry chain of lithium iron phosphate as cathode materials in Yichang, Hubei, and fully create a new energy green factory. The project will, with phosphate rock as raw materials, build 500,000 tons of iron phosphate and 300,000 tons of lithium iron phosphate, and eventually form the integrated layout of the whole industry chain from phosphate rock to lithium iron phosphate, to promote the supporting development, cluster development and collaborative development of downstream industries under the circular economy development mode and realize the continuous increase of resource value.

### **(III) Development of the polyester chemical fiber industry**

#### **1. The concentration of the polyester chemical fiber industry tends to improve, and differentiated and diversified product competition has become a trend**

The textile and chemical fiber industry is the pillar industry of China's national economy and social development, the basic industry to solve people's livelihood problems and beautify life, and the advantageous industry of international cooperation and integrated development. As an important raw material in the textile industry, polyester filament has the characteristics of high strength, good elasticity, heat resistance, wear resistance, corrosion resistance, smooth surface and so on. It is widely used in clothing fabrics, lining materials, underwear, socks, bed quilt and other clothing materials and decorative materials. Polyester filament can be used in conveyor belts, tents, canvas, ropes, fishing nets and so on in industry. With the growth of consumption demand in downstream clothing, home textile and industrial textile industries, differentiated and functional polyester fibers are also facing a new round of growth demand. The structural adjustment and variety improvement of the polyester filament industry promote the sustainable development of the industry.

According to statistics of the China Chemical Fibers Association, in 2022, the total output of chemical fibers in China reached 64.88 million tons, of which the output of polyester filaments reached 42.6 million tons, down 0.24% year on year. The CR6 of the polyester filament industry accounted for about 66% of the total capacity of the industry. It is expected that the concentration of the polyester filament industry will be further improved in the future.

In the rapid expansion of capacity and gradual improvement of industry concentration, the competition of the polyester filament industry is also changing from "price and quality" competition to comprehensive strength competition with "high technology as the leading and brand competition as the focus". From the overall development trend of the polyester filament industry, supply-side structural reform and improvement of green manufacturing level have gradually become the main line of transformation and upgrading of the polyester chemical fiber industry. Domestic leading filament enterprises continue to strengthen the core of competition and enhance the core competitiveness in their own advantageous product fields, showing significant differentiated competition among them. At the same time, the gradual improvement of industry concentration is also conducive to the formation of orderly expansion and differentiated and diversified competition among leading enterprises.

#### **2. Under the background of carbon neutrality, recycled polyester fiber has a broad market space**

Recycled polyester fiber refers to polyester chemical fiber products obtained from recycled polyester bottle chips, filament waste, waste cloth and other raw materials through a certain regeneration technology. Recycled polyester fiber is a typical representative of the circular development of the industry chain and secondary exploitation and utilization of waste resources. Compared with the original polyester fiber produced by the chemical synthesis process in the traditional petrochemical route, the recycled fiber obtained through the secondary processing of waste textiles, waste polyester bottles and other waste resources greatly reduces new carbon dioxide emissions,

truly achieves green and environmental protection, and circular development, and conforms to the national carbon neutrality development strategy. At present, the annual consumption of polyester products (including polyester fibers and polyester bottle chips) in China has exceeded 50 million tons. Even if only 20% of polyester products are recycled, the market scale is expected to reach 10 million tons. Therefore, recycled polyester fiber has a very broad market space.

## II. Primary business during the reporting period

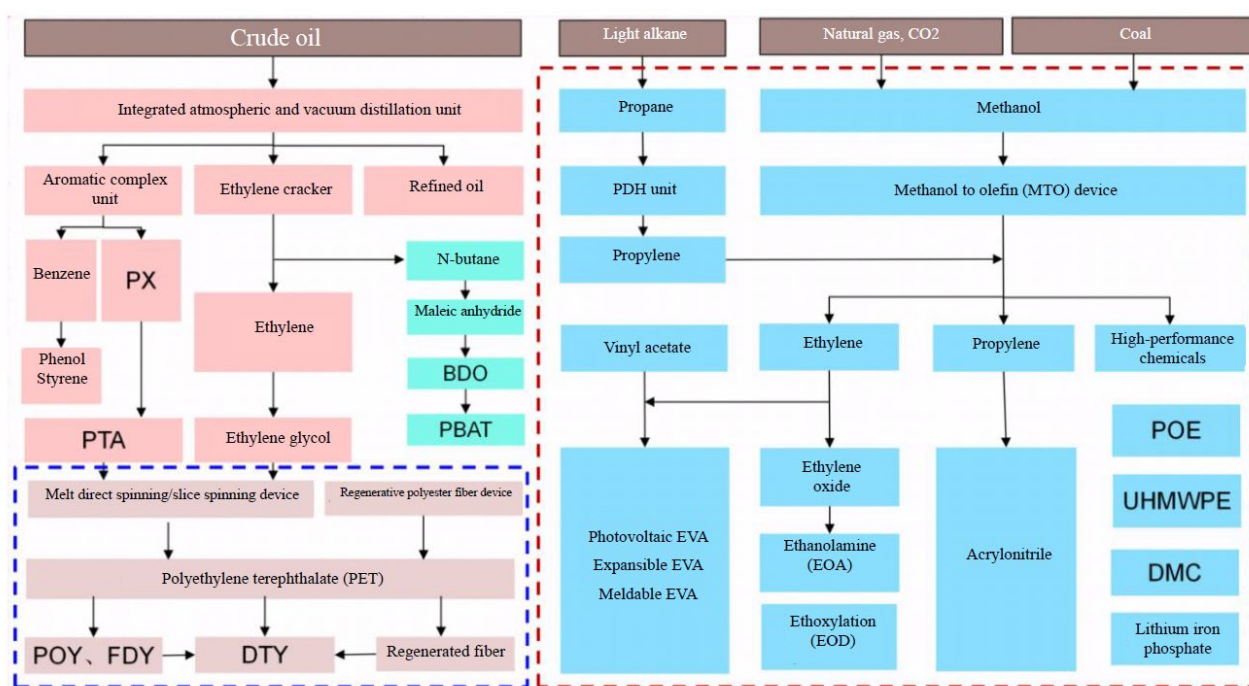
### (I) Overview

The Company is a global leading energy and chemical enterprise with vertical integration of the whole industry chain and in-depth layout of new energy and new material business. The Company has been engaged in the fields of new energy, new materials, petroleum refining and chemical, and polyester chemical fiber for many years, has diversified olefin production processes, and has gradually formed a chemical complex with vertical integration of the whole industry chain, and a "1+N" industrial layout based on the "large chemical" comprehensive chemical raw material supply platform built relying on refining and chemical integration, alcohol-based polygeneration and propane industry chain projects and with extension to diversified industry chains such as new energy, new materials, electronic chemistry, and biotechnology.

From the perspective of the relationship between the upstream and the downstream of the industry chain, the upstream refining and chemical sector is the basic raw material guarantee platform for the downstream polyester chemical fiber industry and new material industry. The petrochemical raw materials such as ethylene, propylene, PX, benzene, vinyl acetate, ethylene glycol, phenol and acetone produced by the 16 million tons/year refining and chemical integration project of Shenghong Refining & Chemical can basically meet the raw material demand of downstream products such as PET, polyester chemical fiber, acrylonitrile, ethylene oxide, EVA, and propylene oxide.

At present, the Company has the 16 million tons/year refining and chemical integration unit, 2.4 million tons/year MTO unit and 700,000 tons/year PDH unit, realizing the full coverage of three olefin production process routes, namely, "oil head", "coal head" and "gas head". Through the differentiated and diversified layout of raw material sources of "oil, coal and gas", the Company has more options and possibilities in terms of comprehensive cost control, coping with the risk of cyclical fluctuations, new product research and development, and process route selection of downstream high-end petrochemical products, building a solid foundation for the Company to further play the advantages of scale operation, reduce the operational risk caused by cyclical fluctuations of the industry, and better realize anti-cycle and cross - cycle steady development.

### Diagram of industry chain matrix under the "1+N" development strategy planning



### (II) Introduction of main business sectors

#### 1. Petrochemical and chemical new materials

The petrochemical and chemical new material production base of the Company is located in Xuwei New Area, Lianyungang, one of the "Seven National Petrochemical Bases", and its operating subjects include Shenghong Refining & Chemical, Sierbang Petrochemical and Honggang Petrochemical.

### (1) Refining and chemical sector

Shenghong Refining & Chemical is the operating subject of the Shenghong Refining & Chemical Integration Project, which is the key project promoted under the Petrochemical Industry Layout Plan of the State, has the capacity of diversified basic chemicals, and is the raw material guarantee platform of the Company for the new material industry. The project has the total investment of about RMB 67.7 billion, the total planned area of 613 hectares, the designed crude oil processing capacity of 16 million tons/year, the scale of the aromatics complex device of 2.8 million tons/year (calculated at the output of p-xylene), and the scale of the ethylene cracking device of 1.1 million tons/year, making it the largest single atmospheric and vacuum unit in China. In December 2022, atmospheric and vacuum distillation, aromatics, ethylene and downstream chemical devices of the Shenghong Refining & Chemical Integration Project successfully completed the whole process and were fully put into operation.

### (2) New energy and new materials sector

Sierbang Petrochemical is the operating subject of chemical new energy and new materials of the Company. Now, it has formed a diversified product structure with coordinated development of propylene, ethylene and derivative fine chemicals, and won the honor of the provincial "green factory". The MTO unit that has been put into operation has a designed capacity of 2.4 million tons/year (calculated at methanol), making it the largest single alcohol-based polygeneration unit in the world; the PDH unit has a designed capacity of 700,000 tons/year. As at the end of the reporting period, Sierbang Petrochemical has the capacity of 780,000 tons/year acrylonitrile, 300,000 tons/year EVA, 255,000 tons/year MMA and 300,000 tons/year EO, making it the world's largest photovoltaic EVA producer and the largest acrylonitrile producer in China.

### (3) PTA sector

Honggang Petrochemical is an important intermediate link of the Company's new polyester material industry chain. It undertakes refining and chemical aromatics products of the Company upward, and supplies polyester raw materials of the Company's bases in Suzhou and Suqian downward. its main product PTA is widely used in textile new materials, functional fibers, polyester new materials and other fields. It has been awarded the honor of the national "green factory". As at the end of the reporting period, Honggang Petrochemical has the PTA capacity of 3.9 million tons/year, making it an important supplier of polyester raw materials in East China.

## 2. Polyester chemical fiber

The Company set up chemical fiber production bases in Suzhou and Suqian respectively. Rooted in the competitive strategy of dislocation, and focusing on the development and production of microfiber and differentiated functional fiber, the Company has led the establishment of a national advanced functional fiber innovation center, and created a world-leading renewable PTT polyester and fiber industry chain with complete independent intellectual property rights, making it known as a "global differentiated fiber expert". Guowang High-Tech, an important operating subject of the Company, has been awarded the honor of the national "green factory". By the end of the reporting period, it had the differentiated fiber capacity of 3.1 million tons/year, including the recycled fiber capacity of over 300,000 tons/year, mainly high-end DTY products.

### (III) Main products and business modes

In the reporting period, the Company's main business included research and development, production and sales of petrochemical and chemical new materials and domestic polyester filaments. Main products and business modes are as follows:

Product name	Subsector	Upstream raw material	Downstream application field
Refined oil	Petroleum refining	Crude oil	Mainly used as the fuel for a variety of fuel power equipment and heating
Ethylene	Chemical materials and chemical products manufacturing	Crude oil and methanol	One of the most important chemical products with the world's largest output, and the basic chemical raw material for synthetic fiber, synthetic rubber, and synthetic plastic

Propylene	Chemical materials and chemical products manufacturing	Crude oil, methanol, propane	One of the most important chemical products, mainly used in the production of polypropylene, and of acrylonitrile, propylene oxide, acrylic acid, and synthetic glycerol, etc.
Benzene	Chemical materials and chemical products manufacturing	Crude oil	Basic petrochemical raw materials; downstream products mainly include styrene, caprolactam, phenol, and MDI, etc., widely used in synthetic rubber, plastics, fibers, dyes, medicine and other fields
PX	Chemical materials and chemical products manufacturing	Crude oil	The main raw material of PTA, used in the production of plastics, polyester fibers and films
Ethylene glycol	Chemical materials and chemical products manufacturing	Ethylene oxide	Mainly used in the production of polyesters, terylenes, antifreeze, plasticizers, and surfactants
PTA	Chemical materials and chemical products manufacturing	PX	One of the important bulk organic raw materials, mainly used in the production of polyester fibers (terylene), polyester bottle chips and polyester films, widely used in chemical fibers, light industry, electronics, construction and other fields
EVA	New chemical materials	Ethylene, vinyl acetate	The main raw material of films for photovoltaic module packaging. Widely used in photovoltaic films, foamed shoe materials, wires and cables, hot melt adhesives, coated films, agricultural films and other fields
UHMWPE	New chemical materials	Ethylene	A thermoplastic engineering plastic with excellent properties, widely used in lithium battery diaphragm, aerospace, ocean engineering, rail transportation, petrochemical and other fields
Acrylonitrile	New chemical materials	Propylene	Widely used in the production of ABS, nylon 66, carbon fiber, polyacrylamide, acrylic fiber and other engineering plastics and chemical fibers
Methyl methacrylate	New chemical materials	Acetone, hydrocyanic acid (acrylonitrile byproduct)	Mainly used in the production of organic glass, often used in the manufacturing of resins, plastics, and coatings, widely used in automobile, aviation, electronics, optical supplies, building materials and other fields
Ethylene oxide	New chemical materials	Ethylene	Mainly used in the manufacturing of ethylene glycol, widely used in electronics, medicine, pesticide, textile, paper, automobile, and petroleum mining and refining fields.
POY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Partly drawn polyester filament obtained by high-speed spinning with the orientation between unoriented filament and drawn filament
FDY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Synthetic fiber filament further produced by the draw-spinning process. The fiber has been sufficiently drawn and can be directly used in textile processing
DTY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Made from POY through drawing and false twist texturing processing, often with certain elasticity and contractility

## **1. Petrochemical and chemical new materials**

### **(1) Production process**

The production processes of refined oil and petrochemical products of the Company mainly include atmospheric distillation, vacuum distillation, delayed coking, hydrocracking, hydrotreating and catalytic reforming.

By relying on main large refining, MTO and PDH units, new chemical materials, the core raw materials of which mainly include crude oil, methanol and propane, are used to produce ethylene, propylene and other olefin products and finally produce acrylonitrile, methyl methacrylate, EVA and EO and their downstream derivatives with olefins as the intermediate product.

PTA is finally produced through the oxidation reaction process and the purification and refining process of the main raw material PX.

### **(2) Purchasing mode**

Main raw materials of refined oil, petrochemical chemical products and new chemical materials include bulk commodities such as crude oil and coal as well as bulk basic chemical raw materials such as methanol, propane and vinyl acetate. Procurement plans, prepared on an annual and monthly basis, are mainly in the long-term agreement mode and the spot mode. Meanwhile, a specific procurement and inventory management plan for the next month shall be prepared each month on a rolling basis according to the actual needs of the operation of the units and the market supply and demand of raw materials, and be supplemented by the spot procurement mode, so as to improve procurement flexibility and better control procurement costs.

The main raw material of PTA is PX. The raw materials are mainly purchased from suppliers through long-term agreements, and temporary spot orders are signed according to the actual production situation as a useful supplement to the long-term agreements. Overseas and domestic purchases are settled on a monthly basis. Overseas purchases are averagely calculated by reference to the prices of ACP and CFR in Taiwan, while domestic purchases are preferentially deducted by reference to Sinopec's quotations in the current month, which reduces the price fluctuation risk of raw materials to a certain extent.

### **(3) Sales mode and settlement mode**

The main sales mode is direct selling. Among others, for large customers and quality customers with good development potential, direct selling is generally adopted to ensure direct connection and communication with quality customers, so as to better respond to customer needs. Also, sales are made to small and medium-sized customers through spot, direct selling by short-term orders, traders and other ways.

The settlement mode mainly adopts the delivery against payment mode, that is, delivery will be arranged when the payment or bill from the customer is received. For a small number of customers with long-term cooperation, good credit level and controllable risks, they may be given a certain credit period as appropriate after internal review, and the marketing team shall conduct continuous credit risk assessment and payment collection.

### **(4) Profit model**

The Company makes profits mainly from selling its products to customers in various downstream application areas. Through the adoption of internationally advanced technology and equipment, perfect public engineering facilities, scale production effect, fine production management, etc., the Company improves production efficiency, improves the stability of product quality, reduces production costs and enhances its profitability. Meanwhile, with the commissioning of Shenghong Refining & Chemical Integration Project, the Company also actively expands the category of downstream chemical products and increases the added value of products, so as to continuously meet the needs of downstream customers and further expand its overall profitability.

## **2. Polyester chemical fiber**

### **(1) Production process**

The Company's polyester filament products are mainly produced by the direct melt spinning process and the chip spinning process. In the direct melt spinning process, polymer melt is used as a raw material to directly produce polyester filament through the spinning process. It can reduce material loss and energy consumption and is suitable for large-scale production of filament products. The chip spinning process uses polyester chip drying and remelting to produce filament products. It is characterized by flexible work commencement and is suitable for the R&D of new products and small batch production of functional and differentiated chemical fiber products with high added value, such as recycled fiber, two-component elastic fiber and sea island silk products.

### **(2) Purchasing mode**

The main raw materials of primary silk are PTA and MEG, and the main raw materials of recycled silk are plastic bottle pieces. The Company establishes and improves the procurement process and conducts procurement in strict accordance with the procurement process.

Based on the judgment of macroeconomic and market conditions, comprehensive quotations of qualified suppliers, settlement mode and other factors, and by virtue of its own scale advantages, the Company signs long-term framework agreements with suppliers and generally adopts the monthly pricing method, thus reducing the price fluctuation risk of raw materials to a certain extent. Meanwhile, micro-adjustments are made according to the production plan, and temporary orders are added as a useful supplement to the long-term procurement by agreement.

### **(3) Sales mode and settlement mode**

The products are mainly sold in the domestic market, and sold to more than 30 countries and regions, including South Korea, Turkey, Vietnam, Pakistan and Italy.

Direct selling is adopted for domestic sales business and external sales are realized through a unified sales platform. The settlement mode of payment upon delivery is generally adopted. A small number of domestic and external sales customers with a large purchase quantity and good credit will be given a certain credit period. The unified sales platform has established long-term stable and win-win strategic partnerships with important customers, signed long-term framework contracts, and conducted settlement according to the market conditions at daily quotations.

Direct selling is also adopted for external sales business, which is mainly conducted by foreign trade departments. Overseas customers make inquiries and communications by e-mail, and the Company offers quotations to them. Both parties sign contracts after they confirm the prices. Overseas sales mainly adopt the letter of credit as the collection method, which is supplemented by telegraphic transfer and collection settlement, to guarantee the security of the collection.

### **(4) Profit model**

Profits are realized by purchasing raw materials such as PTA, MEG or plastic bottle sheets, processing them into polyester filament products, and selling the products to downstream customers for the production of textiles. Through scale production and fine management, the Company improves production efficiency, reduces product costs, improves the functionalization rate and differentiation rate of products, enhances the added value of products and thus enhances its overall profitability.

## **(IV) Operational measures during the reporting period**

In 2022, in the face of a complex external environment and arduous development tasks, the Company anchored the strategic layout of 1+N new energy and new materials, braved difficulties with one mind, actively responded to the "triple pressures" of demand contraction, supply shock and weakening expectation, promoted industrial development while improving green and safe development, utilized Shenghong's speed and quality in the construction of key projects, industrial development, technological innovation and transformation and upgrading, optimized the structure of its main business, made new strides in high-quality development and realized the phased target strategy.

During the reporting period, the Company achieved revenue of RMB 63.822 billion and net profit attributable to shareholders of the listed company of RMB 548 million; as at the end of the reporting period, the Company had total assets of RMB 166.512 billion and net assets attributable to shareholders of the listed company of RMB 35.701 billion.

### **1. Conducting orderly promotion of core and key projects and making continuous layout of forward-looking projects**

During the reporting period, the Company continuously optimized the industrial growth structure, accelerated the strategic layout of the whole industry chain and promoted the construction of major projects with high standards, quality and efficiency.

#### **(1) Consolidating the basic raw material security platform**

In December 2022, the units for atmospheric and vacuum distillation, aromatics, ethylene and downstream chemicals of Shenghong Refining & Chemical Integration Project were fully put into operation, successfully opened up the whole process, could provide large-scale, low-cost and abundant raw materials for the production of downstream new energy materials and high-performance chemicals and further consolidated competitive advantages. In April 2022, Sierbang Petrochemical's 700,000 tons/year propane dehydrogenation (PDH) unit was



successfully started up at a stroke and realized the complementary advantages of "methanol to olefins" and "propane dehydrogenation to propylene". The capacity of MTO and PDH units could be flexibly adjusted according to the market conditions of methanol and propane to further reduce costs and increase efficiency.

The full entry into production of Shenghong Refining & Chemical Integration Project and Sierbang Petrochemical Propane Industry Chain Project marks the full formation of the Company's platforms of three core raw materials, namely oil, coal and gas and lays a solid industrial foundation for further promoting the strategic layout of new energy and new materials.

## **(2) Building the world's largest photovoltaic film raw material production base**

Since the national carbon dioxide peaking and carbon neutrality goals were proposed, photovoltaic new energy has been generally regarded as a key industry for carbon emissions reduction. As the core raw materials for the production of photovoltaic packaging film, PV-grade EVA and POE directly determine the life of modules. Due to the high production barriers of PV-grade EVA and POE, the long production expansion cycle and many restrictions on production conversion, there are only a few domestic enterprises that can produce PV-grade EVA and POE. In September 2022, the 800 tons/year POE intermediate trail unit of Sierbang Petrochemical successfully produced qualified products, making Sierbang Petrochemical the only enterprise in China with independent production technology for PV-grade EVA and POE.

At present, the Company is actively promoting the strategic goal of "million-ton EVA", and is planning to construct 300,000 tons/year POE and 200,000 tons/year alpha-olefin industrialization units. The Company will accelerate towards the goal of "building the world's largest photovoltaic film material industry base" through EVA and POE lines and the full industry chain layout of PV materials with horizontal coverage and chain extension.

## **(3) Making in-depth layout of new material projects**

During the reporting period, the Company made use of the advantages of the existing integrated industrial chain to continue to increase investment in the industrial chain, expand the high-end application of downstream material business and continue to make layout in the field of new materials. The main items are as follows:

Ultra-high molecular weight polyethylene (UHMWPE) project: Sierbang Petrochemical's 20,000 tons/year UHMWPE project was put into operation at the end of 2022.

Ethylene glycol + phenol/acetone project: 2# ethylene glycol + phenol/acetone project of Shenghong Refining & Chemical, including the 10/900,000 tons/year ethylene glycol unit and the 40/250,000 tons/year phenol/acetone unit, will be put into operation in March 2023.

POSM and polyol project: POSM and polyol project of Hongwei Chemical, including the 508,000 tons/year ethylbenzene unit, the 20/450,000 tons/year POSM unit, the 112,500 tons/year PPG unit and the 25,000 tons/year POP unit. During the reporting period, the construction of the project was started.

Biodegradable plastics project: the biodegradable material project (Phase I) of Hongke New Materials includes the 340,000 tons/year maleic anhydride unit, the 300,000 tons/year BDO unit and the 180,000 tons/year PBAT unit. As at the end of the reporting period, the project was still in its preliminary stage.

Lithium iron phosphate project: the supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy, including the 1.8 million tons/year beneficiation unit, the 500,000 tons/year iron phosphate unit and the 300,000 tons/year lithium iron phosphate unit. As at the end of the reporting period, the project was still in its preliminary stage.

## **2. Giving full play to the capital market mechanism to boost the Company's development**

### **(1) Making use of the international capital market to promote the globalization strategy**

In December 2022, the Company successfully completed a book-entry offering of global depositary receipt (GDRs) on the SIX Swiss Exchange and raised USD 718 million, marking the largest GDR offering on the SIX Swiss Exchange as of the end of 2022.

The successful listing of GDRs on the SIX Swiss Exchange is an important measure for the Company to take advantage of the international capital market to promote its globalization strategy. The successful offering of GDRs will help the Company expand and acquire new energy and new materials business at home and abroad and help realize the layout of overseas business and assets.

### **(2) Completing the raising of supporting financing to ensure the progress of key projects**

In July 2022, to raise supporting funds, the Company made a private placement of 267 million RMB ordinary shares and raised RMB 4.089 billion. The successful completion of the raising of supporting financing has

effectively supplemented the Company's working capital, which is conducive to the Company's further optimization of the capital structure and ensures the orderly progress of key construction projects on schedule.

### **(3) Improving corporate governance and strengthening communication with investors**

The Company strictly abides by the requirements of relevant laws, regulations and normative documents, establishes a standardized corporate governance structure, continuously improves the system development, perfects its internal control system, improves the management level and promotes its healthy and sustainable development. On the basis of fair disclosure, the Company fully conducts interaction and communication with investors, strengthens communication with investors and promptly and accurately transmits the latest situation of the Company to the market in various online and offline forms to help investors more deeply understand and recognize the value of the Company.

### **3. Adhering to the talent development strategy and improving the incentive mechanism**

The Company establishes a new talent strategic plan, unifies the strategic layout and talent layout in close combination with the industry development direction, faces cutting-edge technology research and explores an open talent training mechanism and use mechanism in combination with the cooperation with external resources of international first-class universities, colleges and institutes. In terms of the development of business and management talents, the Company strengthens "training internal talents and introducing external talents and making echelon optimization and advance reserves", expands external talent introduction channels, improves the internal training system, the promotion system and the evaluation system and creates a first-class platform for "entrepreneurship, innovation and creativity".

During the reporting period, in order to implement the Company's talent strategic plan, further deepen the Company's incentive mechanism, fully mobilize the enthusiasm and creativity of employees, attract and retain excellent management talents and business backbones, and improve the Company's cohesion and competitiveness, the Company launched and implemented an employee stock ownership plan for two consecutive times in the year.

### **4. Reshaping the corporate culture and promoting the strategic transformation of the Company**

During the reporting period, the Company reshaped the corporate culture and determined the corporate vision of "providing innovative chemical and new materials for a green and sustainable future", the corporate mission of "practicing excellence and leading the future - providing customers with high value, creating a world-class high-tech industrial cluster of new energy and new materials, growing excellently and contributing to social development" and the values of "safety, integrity, innovation and transcendence". The Company will focus on a new corporate culture, actively promote its development strategy and build itself into a world-class enterprise with global competitiveness.

### **5. Integrating superior resources and optimizing the organizational structure**

In order to further give play to the advantages of business synergy, realize the sharing of resources and customers, optimize sales channels and integrate advantageous resources, the Company adjusts the organizational structure of the petrochemical sector. Petrochemical Industry Group uniformly dispatches and manages Shenghong Refining & Chemical, Sierbang Petrochemical and Honggang Petrochemical to further improve the Company's operational efficiency. In the future, by relying on the strong supply capacity of basic raw materials of Shenghong Refining & Chemical Platform, coupled with the strong R&D capacity and production capacity of Sierbang Petrochemical in the field of new energy and new materials, the Company will build a high-tech industrial group with "strong basic raw material guarantee capacity, world-leading scientific research and innovation capacity and world-class new energy and new materials supply capacity".

### **6. Starting the construction of the ESG system to build a green, safe, environmentally friendly and harmonious enterprise**

The Company adheres to the principle of "ecological enterprise establishment and safety first", upholds the new philosophy of innovative, coordinated, green, open, and shared development, starts the establishment of environment, society and governance (ESG) management system and the indicator system, focuses on the innovation in key technologies for green and safe development, explores a high-quality development path of synergizing the energy conservation and carbon emissions, lays a solid foundation for safe and green development, creates a circular economy model and strives to achieve safe, low-carbon, circular and sustainable development.

### **7. Accelerating the development of the technological innovation system and promoting industrial transformation and upgrading**

In order to accelerate the construction of a technological innovation system integrating basic research, process development, industrialization and product application development, the Company aims at the technological

frontier, positions high-end products and actively builds an innovation platform. After the National Advanced Functional Fiber Innovation Center, the Company has successively established the Shenghong Petrochemical Innovation Center and the Shenghong Advanced Materials Research Institute to vigorously promote the industrial transformation and upgrading of new energy and new materials.

The Company has developed the "Hongyun" industrial Internet platform according to high standards. The platform integrates system functions such as major hazardous sources monitoring and safety risks zoning, and is a five-in-one comprehensive work safety information management platform covering the whole process. The "Hongyun" intelligent management platform was successfully selected as a representative case of GIIC Industrial Digitalization and UNIDO Global Call 2022 in China and was recommended as a "Global Industrial Digital Innovation Technology and Solution".

## **(V) Industry status of the Company**

The petrochemical and new chemical materials and polyester chemical fiber industry to which the Company belongs is a basic industry for the national economy and people's livelihood, and the industry fluctuations are mainly affected by upstream raw materials, product supply, downstream product market and other factors.

### **1. Refining and chemical sector**

Shenghong Refining & Chemical Co., Ltd. is one of the three private refining and chemical enterprises in China. It has the largest 16 million tons/year single atmospheric and vacuum distillation unit and the wax oil hydrocracking unit in China and the largest single series para-xylene unit in the world. The Company has many units that are ranked the first including the continuous reforming unit with the largest domestic scale of 3×3.1 million tons/year. In addition, the 3.2 million tons/year fluidized bed residual oil hydrogenation unit, the 3.2 million tons/year diesel hydrocracking unit, the 2.8 million tons/year aromatics complex unit and the 4×150,000 tons/year sulfur recovery unit adopted in the project are also large-scale units in China. The scale of process units and large-scale equipment bring about corresponding improvement in equipment efficiency, which is conducive to energy recovery and comprehensive utilization and thus further improves production efficiency and economic benefits.

### **2. New energy and new materials sector**

Sierbang Petrochemical has a 2.4 million tons/year MTO unit (calculated in methanol), which is the largest single alcohol-based multigeneration unit in the world. Among the downstream high-end olefin derivatives, Sierbang Petrochemical has an EVA capacity of 300,000 tons/year, which is mainly used for the production of photovoltaic-grade EVA. After years of R&D, Sierbang Petrochemical has developed a variety of PV grade EVA, and the product technology has reached the international advanced level. As at the end of the reporting period, Sierbang Petrochemical's PV-grade EVA market share was ranked first in the world, and the product quality was fully recognized by downstream customers, and PV-grade EVA covered many leading domestic enterprises in the field of PV film.

Sierbang Petrochemical has a production capacity of 780,000 tons/year for acrylonitrile. The downstream of acrylonitrile is widely used in the production of ABS, polyacrylamide, nylon 66, carbon fiber and other products. Sierbang Petrochemical's acrylonitrile products have stable and excellent quality, and it has become a major raw material supplier for many mainstream carbon fiber enterprises in China. As of the end of the reporting period, its production capacity was ranked first in China.

### **3. Polyester chemical fiber sector**

The Company has an annual production capacity of 3.1 million tons for polyester filament, with a differential rate of more than 90%. The Company's high value-added filament products mainly include the high-end product DTY, and it has the largest DTY production capacity in the world. The Company is also the world's leading producer of all-matting series fibers and fine denier differentiated fibers. Meanwhile, the Company also has complete independent intellectual property rights, the world's leading renewable PTT polyester fiber industry chain and so on.

The Company's recycled polyester fiber production capacity exceeds 300,000 tons/year, and the polyester recycled fiber production capacity ranks among the forefront of the global industry. Through special technical research, the Company took the lead in putting into production the self-developed waste plastic bottle pieces-to-spinning direct melt spinning line, which not only realized the recycling of waste plastics but also effectively reduced production costs. At present, the Company's recycled fiber has passed the global recycling standard GRS certification. The Company will continue to increase the development and production of differentiated and high-performance chemical fiber products in the future.

## Procurement modes of main raw materials

Unit: RMB/ton

Main raw materials	Purchasing mode	Proportion of purchases in total purchases	Whether there are significant changes in the settlement methods	Average price in the first half of the year	Average price in the second half of the year
MEG	Payment before delivery	12.49%	No	4,460.79	3,731.80
PTA	Payment before delivery	12.38%	No	5,388.31	5,360.42
PX	Payment before delivery	18.28%	No	7,103.16	7,469.47
Methanol	Payment before delivery	7.88%	No	2,548.03	2,329.85
Crude oil	Payment before delivery	22.30%	No	5,705.08	5,081.24

Reasons for significant changes in raw material prices compared with the previous reporting period: sharp fluctuations in crude oil prices in the current period.

Energy purchase price accounts for more than 30% of total production costs

Applicable  Not applicable

Production technology of main products:

For some content, please refer to "II. Main business of the Company during the reporting period" and "III. Analysis of core competitiveness" in this chapter.

Productivity of main products:

For some content, please refer to "II. Main business of the Company during the reporting period" in this chapter.

Product types of major chemical parks

Major chemical parks	Product type
Lianyungang Petrochemical Industry Base	Petrochemical and chemical new material products

Approvals on EIA being applied for or newly obtained during the reporting period

Applicable  Not applicable

Jiangsu Honggang Petrochemical Co., Ltd. completed the submission of an environmental impact report for PTA Phase I energy saving technology transformation project for approval, and obtained the official reply from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on February 9, 2022.

Jiangsu Sirbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the 1-butene separation and transformation project of butadiene unit for approval, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on March 11, 2022.

Jiangsu Sierbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the 800 tons/year POE pilot unit project, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on June 13, 2022.

Jiangsu Sierbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the 20,000 tons/year UHMWPE project for approval, and obtained the approval from the Environmental Protection

Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on June 13, 2022.

Jiangsu Hongwei Chemical Co., Ltd. completed the submission of an environmental impact report for the POSM and polyol project for approval, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on August 10, 2022.

Shenghong Refining & Chemical (Lianyungang) Co., Ltd. completed the submission of an environmental impact report for the 250,000 tons/year carbon dioxide recovery and purification project, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on August 29, 2022.

Guowang Hi-Tech Fiber (Suqian) Co., Ltd. completed the submission of an environmental impact report for the PET esterification wastewater pretreatment project for approval, and obtained the approval from the Suqian Municipal Ecology and Environment Bureau on October 19, 2022.

Jiangsu Sirbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the CO2 green methanol project for approval, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on November 28, 2022.

Jiangsu Hongjing New Materials Co., Ltd. completed the submission of an environmental impact report for the 200,000 tons/year photovoltaic-grade ethylene-vinyl acetate copolymer, utilities and auxiliary facilities project for approval, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on December 26, 2022.

Jiangsu Sierbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the 100,000 tons/year NBR project for approval, and obtained the approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on December 30, 2022.

Jiangsu Sierbang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the carbon dioxide recycling project for approval, and obtained the reply from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on March 24, 2023.

Jiangsu Honggang Petrochemical Co., Ltd. completed the preparation of an environmental impact report for the 2.4 million tons/Year purified terephthalic acid (PTA) Phase III project which entered the approval process.

Jiangsu Honggang Petrochemical Co., Ltd. completed the preparation of an environmental impact report for the polyester new material project and the utility facilities project, which entered the approval process.

The environmental impact report for the supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Hubei Haiges New Energy Co., Ltd. is being prepared.

Abnormal suspension of production of the listed company during the reporting period

Applicable  Not applicable

Relevant approvals, licenses and qualifications and the term of validity thereof

Applicable  Not applicable

During the reporting period, the relevant approvals, licenses and qualifications held by the Company and its holding subsidiaries according to the industry in which they operate and the production and operation of major products were within their term of validity. As of the disclosure date of this report, on the premise of no major changes in existing policies, the Company and its holding subsidiaries did not have the risk of failing to pass the review upon expiration of the relevant approvals, licenses and qualifications. Meanwhile, the Company and its holding subsidiaries will actively make adjustments according to changes in relevant policies to ensure that they can continue to meet the renewal conditions of relevant approvals, licenses and qualifications.

Whether engage in oil processing and oil trade industries

Yes  No

The Company mainly imports crude oil and light hydrocarbon as raw materials from abroad. The suppliers are stable and reliable. The refining capacity is designed to be 16 million tons/year. The products produced are mainly

sold in the domestic market. The national tax policy is stable and the production and sales are stable and sustainable. The Company's petrochemical and new chemical materials sector is located in Lianyungang, a city at the intersection of the Belt and Road Economic Belt. It has superior port resources. It has the first 300,000-ton crude oil berth in Jiangsu and four 50,000-ton liquid chemical berths, which can meet the storage and transportation of more than 80 kinds of liquid chemical products and oil products. By relying on the Group's basic logistics facilities, the Company can realize the product shipment by shipping, auto transport and multimodal transport. The total supporting tank capacity of the park exceeds 5 million cubic meters.

Whether engage in the fertilizer industry

Yes  No

Whether engage in the pesticide industry

Yes  No

Whether engage in chlor-alkali and soda industry

Yes  No

### III. Analysis on core competitiveness

#### (I) Advanced advantages of industrial layout

The Company has been deeply engaged in the field of petrochemical and new chemical materials and polyester chemical fiber for many years, and has formed an industrial pattern of "double chains" of olefins and aromatics, and has become a unique large-scale energy and chemical enterprise with full coverage of "oil head, coal head and gas head" in China. Shenghong Refining & Chemical Integration Project strategically chooses the small oil head and big chemical route and applies the idea of "less oil and more chemicals for molecular refining", which fully meets the current development trend of petroleum refining and chemical industry. Meanwhile, Shenghong Refining & Chemical, as a basic raw material platform, has the natural first-mover advantage of "strengthening, extending and supplementing the chain" to the downstream fine chemical industry. The Company will also build a "1+N" new pattern of "1" core platform + "N" diversified industrial chains such as new energy, new materials, electronic chemistry and biotechnology.

#### (II) Advantages of innovation-driven development

Sierbang Petrochemical, a wholly-owned subsidiary of the Company, has been deeply engaged in the new chemical materials industry for more than 10 years, and has many years of experience in the production and management of olefin downstream high value-added products, and has developed into a leading fine chemical and new materials enterprise in China. At present, Sierbang Petrochemical is the largest acrylonitrile producer in China and the largest PV-grade EVA supplier in the world. A number of new technology products have become import substitutions and filled the domestic gap. Among others, the PV-grade EVA developed by Sierbang Petrochemical has been appraised by the China Petroleum and Chemical Industry Federation. The product performance indicators have reached the international advanced level of similar products and the overall technology has reached the international advanced level.

The Company's important operating entities Guowang Hi-Tech, Shenghong Fibers, Ganghong Fiber, Suzhen Bioengineering, Zhonglu Technology and other chemical fiber enterprises in the polyester chemical fiber sector are national high-tech enterprises. For many years, the Company has attached great importance to the R&D of civil polyester filament products, and has independent intellectual property rights in the production technology of a variety of functional fibers. It has overcome the technical barriers of microfibers, and has built a world-leading renewable PTT polyester and fiber industry chain with complete intellectual property rights. The Company took the lead in putting into production a fully independently developed direct melt spinning production line with waste plastic bottle pieces as raw materials, which not only realizes the recycling of waste plastics but also effectively reduces production costs.

In response to the policy orientation of "carbon dioxide peaking and carbon neutrality", the Company actively layouts the "green and low-carbon" industry. Sierbang Petrochemical and Iceland Carbon Recycling International jointly established the world's first industrial chain project of "carbon dioxide capture and utilization - green methanol - new energy materials". The project recovers carbon dioxide from industrial tail gas to produce methanol. After deep processing by integrated upstream and downstream units, 20,000 tons of photovoltaic-grade EVA resin has been finally produced, and a new green development path of "turning carbon into treasure" has been explored.

In addition, the Company adheres to the concept of innovation-driven development. It has successively

established the National Advanced Functional Fiber Innovation Center, the Shenghong Petrochemical Innovation Center and the Shenghong Advanced Materials Research Institute to continuously research and develop downstream high-end new energy and new materials.

Through scientific and technological innovation, the Company has made fruitful scientific achievements in products, processes and equipment. As at the end of the reporting period, the Company had 347 patents, including 56 invention patents, 285 utility model patents and 6 design patents.

### (III) Advantages of differentiated competition

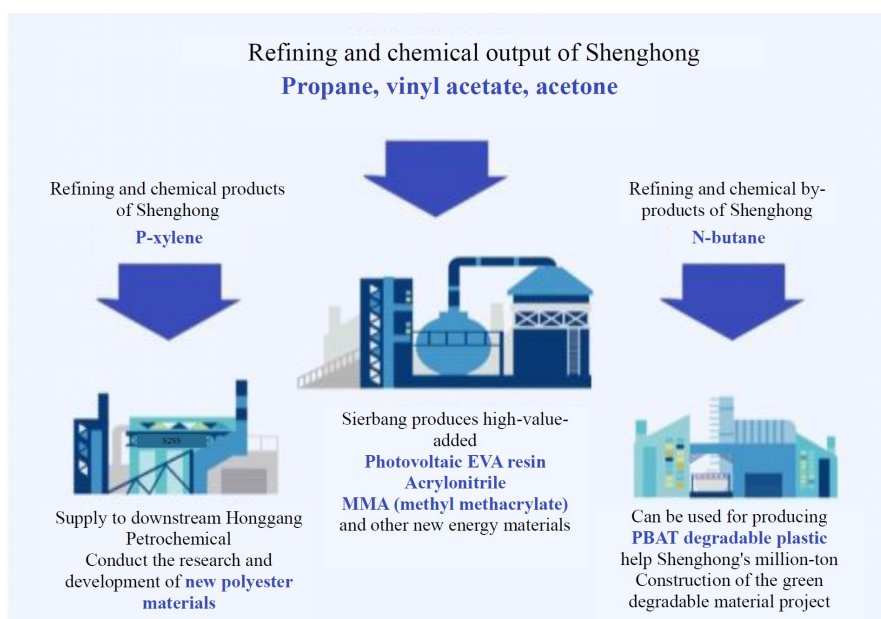
Shenghong Refining & Chemical Integration Project is the Company's basic raw material platform, with the largest single atmospheric and vacuum distillation unit and the best domestic oil-chemical ratio advantages. After the completion of the project, the inter-refining and inter-chemical materials supply will be optimized to improve resource utilization, and the refined oil yield will be reduced to about 31%, and chemicals will account for 69%. The downstream products, including ethylene, propylene, mixed xylene, propane, isobutane and isopentane, are competitive in terms of the product structure and costs.

Sierbang Petrochemical is an important new energy and new material production base of the Company, with the successful experience advantage in the operation of olefin large chemical projects. The designed production capacity of the MTO unit that has been put into operation is 2.4 million tons/year (calculated by methanol), and the single scale ranks among the top MTO units that have been built in the world. The production capacity of the supporting acrylonitrile, MMA, EVA, EO and derivatives units ranks among the top units in the industry, and have certain market influence on the pricing of regional products.

In the field of polyester chemical fiber, the Company adheres to the idea of "not engaging in repeated construction, not producing conventional products and not adopting conventional production technology" and is rooted in the staggered competition strategy. It focuses on the development and production of ultra-fine fiber and differentiated functional fiber, with product differentiation rate of more than 90%. It mainly focuses on the development of recycled fiber green low-carbon products mainly including high-end DTY products, to effectively avoid the fierce market competition for conventional chemical fiber products.

### (IV) Advantages of collaborative development

The Company has a high self-supporting rate for refining, polyester and fine chemicals. After Shenghong Refining & Chemical's integration unit is put into operation, the Company will self-supply of upstream PX and ethylene glycol raw materials of polyester chemical fiber, and its upstream and downstream product structure will be very reasonable. Petrochemical enterprises and their downstream products in the Lianyungang Petrochemical Industry Base have a high digestion proportion of refined and chemical products, and the efficient coordination and supporting advantages of regions, products and production processes bring cost advantages. In the future, the refining and chemical, polyester and new energy and new materials sectors will fully coordinate the development of high-performance, high-value-added materials and their modified applications, to provide broad possibilities for the industrial chain to further extend to the downstream.



**(V) Location advantages**

The Company's petrochemical and new chemical materials business is located in the Lianyungang Petrochemical Industry Base. The Lianyungang Petrochemical Industry Base is located in Xuwei New District, Lianyungang City. It is one of the seven world-class petrochemical industry bases in China, and has been included in the national "Petrochemical Industry Planning and Layout Scheme". Lianyungang area has suitable climate and no typhoon influence. The park and surrounding facilities are excellent and close to the target market. Material costs are low. In addition, the park is close to the seaport terminal, and the processed imported crude oil has a unique maritime advantage, low transportation costs and a significant location advantage.

**IV. Analysis of primary business****1. Overview**

For relevant content, please refer to "II. Main business of the Company during the reporting period" in this chapter.

**2. Revenue and costs****(1) Breakdown of revenue**

Unit: RMB

	2022		2021		Year-on-year increase/decrease
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Revenue	63,822,315,669.45	100%	52,690,217,451.46	100%	21.13%
By industry					
Petrochemical and new chemical materials	42,013,294,060.86	65.83%	31,337,419,232.62	59.47%	34.07%
Chemical fiber	19,987,291,230.73	31.32%	19,627,186,406.99	37.25%	1.83%
Others	1,821,730,377.86	2.85%	1,725,611,811.85	3.28%	5.57%
By product					
PTA	11,870,218,967.99	18.60%	8,084,641,117.19	15.34%	46.82%
Acrylonitrile	7,141,969,393.98	11.19%	6,874,443,399.52	13.05%	3.89%
EVA	6,570,787,302.37	10.30%	6,396,078,034.93	12.14%	2.73%
Other petrochemical and new chemical materials	16,430,318,396.52	25.74%	9,982,256,680.98	18.95%	64.60%
DTY	10,773,175,990.36	16.88%	10,680,331,024.90	20.27%	0.87%
Other chemical fiber products	9,214,115,240.37	14.44%	8,946,855,382.09	16.98%	2.99%
Others	1,821,730,377.86	2.85%	1,725,611,811.85	3.27%	5.57%
By region					
Domestic	54,033,441,727.33	84.66%	47,767,124,753.65	90.66%	13.12%
Overseas	9,788,873,942.12	15.34%	4,923,092,697.81	9.34%	98.84%

**(2) Industries, products, regions or sales mode accounting for more than 10% of the Company's revenue or operating profit**

Applicable  Not applicable

Unit: RMB



	Revenue	Cost of sales	Gross margin	Increase/decrease of revenue when compared with the same period of last year	Increase/decrease of operating cost when compared with the same period of last year	Increase/decrease of gross margin when compared with the same period of last year
By industry						
Petrochemical and new chemical materials	42,013,294,060.86	38,674,989,105.46	7.95%	34.07%	49.95%	-9.75%
Chemical fiber	19,987,291,230.73	18,737,672,219.90	6.25%	1.83%	11.46%	-8.09%
By product						
PTA	11,870,218,967.99	11,417,468,770.55	3.81%	46.82%	45.41%	0.93%
Acrylonitrile	7,141,969,393.98	7,342,381,085.57	-2.81%	3.89%	55.86%	-34.28%
EVA	6,570,787,302.37	3,819,255,128.45	41.88%	2.73%	6.88%	-2.25%
Other petrochemical and new chemical materials	16,430,318,396.52	16,095,884,120.89	2.04%	64.60%	66.70%	-1.23%
DTY	10,773,175,990.36	9,823,434,386.74	8.82%	0.87%	13.73%	-10.31%
Other chemical fiber products	9,214,115,240.37	8,914,237,833.16	3.25%	2.99%	9.05%	-5.39%
By region						
Domestic	54,033,441,727.33	49,764,326,057.42	7.90%	15.18%	25.24%	-7.40%
Overseas	9,788,873,942.12	9,165,334,979.00	6.37%	69.45%	114.88%	-19.80%

The Company's primary business data for the latest period after the caliber is adjusted by the end of the reporting period when the statistical caliber of the Company's primary business data is adjusted in the reporting period

Applicable  Not applicable

Unit: RMB'0,000

Product name	Output (10,000 tons)	Sales (10,000 tons)	Revenue	Trend of selling price during the reporting period	Reason for change
DTY	104.86	101.50	1,077,317.60	The average selling price of the products in the first half of the year was RMB 11,196.61/ton and that in the second half of the year was RMB 10,133.32/ton, with year-on-year changes of 5.2% and -9.03% respectively.	Affected by the upstream crude oil and other raw materials, the cost is high, and the downstream textile industry boom declines
PTA	210.67	215.80	1,187,021.90	The average selling price of the products in the first half of the year was RMB 5,481.35/ton and that in the second half of the year was RMB 5,518.33/ton, with year-on-year changes of 37.95% and 22.04% respectively.	The average selling price increased in 2022 compared with that in 2021 driven by higher crude oil prices

Acrylonitrile	75.29	75.05	714,196.94	The average selling price of the products in the first half of the year was RMB 10,134.75/ton and that in the second half of the year was RMB 8,840.94/ton, with year-on-year changes of -17.22% and -31.96% respectively.	Due to the impact of supply and demand, the price declined in the current period
EVA	35.04	34.23	657,078.73	The average selling price of the products in the first half of the year was RMB 20,187.18/ton and that in the second half of the year was RMB 17,704.53/ton, with year-on-year changes of 15.99% and -10.97% respectively.	The price in the first half of the year was mainly driven by strong demand in the photovoltaic industry. In the second half of the year, the downstream silicon price continued to rise, and photovoltaic module price continued to be in a high level. The domestic terminal market was affected by the suspension of construction, which then affected the demand side of the EVA market. Coupled with the low demand for foam in the second half of the year, there was a decline in prices in the second half of the year

Revenue or net profit generated from overseas business accounted for more than 10% of the audited revenue or net profit of the Company in the latest fiscal year

Yes  No

**(3) Whether the Company's sales revenue in kind was greater than its service revenue**

Yes  No

Industry	Item	unit	2022	2021	Year-on-year increase/decrease
Chemical fiber	Sales volume	10,000 tons	218.54	221.04	-1.13%
	Output	10,000 tons	223.33	222.17	0.52%
	Inventory	10,000 tons	21.37	16.58	28.89%
Petrochemical and new chemical materials	Sales volume	10,000 tons	721.22	456.79	57.89%
	Output	10,000 tons	532.76	320.06	66.46%
	Inventory	10,000 tons	91.87	13.85	563.32%

Note: The output and sales volume include the quantity during the trial production period; sales volume includes trade volume.

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

Applicable  Not applicable

The year-on-year increase in the production, sales and inventory of petrochemical and new chemical materials was mainly due to the entry into operation of the project in the current period.

**(4) Performance of major sales contracts and major procurement contracts signed by the Company as at the end of the reporting period**

Applicable  Not applicable

### (5) Breakdowns of cost of sales

Industry

Unit: RMB

Industry	Item	2022		2021		Year-on-year increase/decrease
		Amount	Proportion in cost of sales	Amount	Proportion in cost of sales	
Petrochemical and new chemical materials	Raw materials	31,387,775,350.93	53.26%	21,720,151,038.13	49.36%	44.51%
	Energy	4,602,065,268.53	7.81%	2,053,310,549.79	4.67%	124.13%
	Labor	566,776,638.84	0.96%	396,245,917.80	0.90%	43.04%
	Others	2,118,371,847.16	3.59%	1,622,183,082.26	3.69%	30.59%
Chemical fiber	Raw materials	14,128,471,869.70	23.98%	12,746,599,382.69	28.97%	10.84%
	Energy	1,971,266,751.81	3.35%	1,629,802,629.29	3.70%	20.95%
	Labor	1,020,892,545.40	1.73%	885,102,710.74	2.01%	15.34%
	Others	1,617,041,052.99	2.74%	1,550,253,403.26	3.52%	4.31%
Others		1,516,999,711.06	2.57%	1,396,829,568.01	3.17%	8.60%

Remark:

During the reporting period, the increase in the Company's production capacity and the increase in the purchase prices of raw materials resulted in an increase in the costs of petrochemical materials and new chemical materials.

### (6) Whether there is any change in the consolidation scope during the reporting period

Yes  No

There were 49 companies included in the scope of consolidated statements in 2022; 11 companies were added to and 3 companies were removed from the scope of consolidation in the current period.

### (7) Information about significant changes or adjustments in the Company's business, products or services during the reporting period

Applicable  Not applicable

### (8) Major sales customers and major suppliers

The Company's main sales customers

Total sales of top five customers (RMB)	8,697,617,205.70
Proportion of total sales of top five customers in total annual sales	13.63%
Proportion of the sales of related parties included in the sales of top five customers in total annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer name	Sales (RMB)	Proportion in total annual sales
1	Customer No.1	2,502,435,178.67	3.92%
2	Customer No.2	1,810,728,513.28	2.84%
3	Customer No.3	1,582,180,681.51	2.48%
4	Customer No.4	1,440,927,573.46	2.26%
5	Customer No.5	1,361,345,258.78	2.13%

Total	--	8,697,617,205.70	13.63%
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Other descriptions of major customers

Applicable  Not applicable

Major suppliers of the Company

Total purchases of top five suppliers (RMB)	15,677,529,269.37
Proportion of total purchases of top five suppliers in total annual purchases	22.06%
Proportion of purchases of related parties included in purchases of top five suppliers in total annual purchases	4.25%

Information on the Company's top 5 suppliers

No.	supplier name	Purchase (RMB)	Proportion in the total procurement amount
1	Supplier No.1	4,109,948,937.03	5.78%
2	Supplier No.2	3,465,497,762.33	4.88%
3	Supplier No.3	3,022,577,954.19	4.25%
4	Supplier No.4	2,357,076,641.07	3.32%
5	Supplier No.5	2,722,427,974.75	3.83%
Total	--	15,677,529,269.37	22.06%

Other descriptions of major suppliers

Applicable  Not applicable

Supplier No. 3 is Lianyungang Hongyang Thermoelectricity Co., Ltd. and Suzhou Suzhen Thermal Power Co., Ltd., enterprises controlled by the actual controller's family relatives.

### 3. Fee

Unit: RMB

	2022	2021	Year-on-year increase/decrease	Description of significant changes
Selling expenses	216,957,095.21	155,396,328.60	39.62%	Mainly attributable to the increase in employee compensation and sales warehousing in the current period
General and administrative expenses	652,183,899.27	648,431,638.40	0.58%	
Financial expenses	1,954,812,653.90	1,091,774,366.23	79.05%	Mainly attributable to the increase in interest expense
Research and development expenses	502,995,207.21	430,441,359.26	16.86%	

### 4. R&D investment

Applicable  Not applicable

Research and development personnel of the Company

	2022	2021	Change (%)
Number of R&D personnel (persons)	2,535	2,267	11.82%
Proportion of R&D personnel	9.24%	9.23%	0.01%

Academic structure of R&D personnel			
Undergraduate	664	471	40.98%
Master	27	27	0.00%
Age composition of R&D personnel			
Under 30	785	804	-2.36%
30-40 years old	1,436	1,193	20.37%

## Research and development investment of the Company

	2022	2021	Change (%)
Research and development investment (RMB)	1,600,242,660.58	1,432,403,677.56	11.72%
Proportion of R&D investment in revenue	2.51%	2.72%	-0.21%
Capitalized 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%

Reasons for and effects of significant changes in the composition of the Company's R&amp;D personnel

 Applicable  Not applicable

Reasons for the significant change in the proportion of total R&amp;D investment in revenue compared with the previous year

 Applicable  Not applicable

Reasons for and rationality of significant changes in capitalization rate of R&amp;D investment

 Applicable  Not applicable**5. Cash flows**

Unit: RMB

Item	2022	2021	Year-on-year increase/decrease
Sub-total of cash inflows from operating activities	84,778,157,786.42	62,396,696,225.27	35.87%
Sub-total of cash outflows from operating activities	83,387,398,505.40	57,065,017,997.58	46.13%
Net cash flows from operating activities	1,390,759,281.02	5,331,678,227.69	-73.92%
Sub-total of cash inflows from investing activities	5,155,684,616.57	2,454,415,629.72	110.06%
Sub-total of cash outflows from investing activities	37,304,813,622.87	43,464,025,314.58	-14.17%
Net cash flows from investing activities	-32,149,129,006.30	-41,009,609,684.86	21.61%
Sub-total of cash inflows from financing activities	72,510,465,684.73	59,797,996,262.84	21.26%
Sub-total of cash outflows from financing activities	41,521,780,855.91	30,385,925,505.00	36.65%
Net cash flows from financing activities	30,988,684,828.82	29,412,070,757.84	5.36%

Net increase in cash and cash equivalents	325,396,997.52	-6,258,029,093.99	105.20%
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Description of main factors affecting significant year-on-year changes in relevant data

Applicable  Not applicable

(1) Compared with the same period of the previous year, the net cash flows from operating activities decreased, which was mainly attributable to the increase in cash received from sales of goods and rendering of services, the increase in refund of retained value-added tax credits received, and the increase in cash paid for purchase of goods and receipt of services;

(2) Compared with the same period of last year, net cash flows from investing activities increased, which was mainly attributable to the decrease in cash paid to acquire and construct fixed assets in the current period;

(3) Compared with the same period of last year, the net cash flows from financing activities increased, which was mainly attributable to the increase in the issuance of supporting major asset restructuring products to raise funds, issuance of GDRs and repayment of bank borrowings in the current period.

Reasons for the significant difference between the net cash flows from operating activities of the Company during the reporting period and the net profit in the current year

Applicable  Not applicable

## V. Analysis of non-primary business

Applicable  Not applicable

Unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment income	-29,840,840.28	-6.68%	Losses from disposal of financial assets	No
Profit or loss from changes in fair value	-2,814,626.02	-0.63%	Mainly due to changes in fair value of financial assets	No
Asset impairment	-1,000,663,116.79	-224.09%	Losses from inventory impairment accrued during the reporting period	No
Non-operating income	60,426,178.09	13.53%	Mainly income from compensation fines	No
Non-operating expenses	29,509,392.64	6.61%	Mainly donation expenses, etc.	No
Impairment losses on credit	-11,072,256.87	-2.48%	Increase in expected credit losses of accounts receivable	No
Other income	113,128,393.46	25.33%	Mainly government subsidies related to daily business activities	No
Income from asset disposal	483,530,496.86	108.28%	Mainly attributable to disposal of non-current assets in the current period	No

## VI. Analysis of assets and liabilities

### 1. Significant changes in the composition of assets

Unit: RMB

	As at the end of 2022		Early 2022		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		

Cash and cash equivalents	12,243,627,249.26	7.35%	13,400,070,376.84	10.15%	-2.80%	Mainly attributable to the decrease in other monetary funds in the current period
Accounts receivable	694,576,855.29	0.42%	531,097,626.60	0.40%	0.02%	Mainly attributable to the increase in external sales and receivables from external customers
Inventories	17,533,086,586.31	10.53%	6,085,991,650.69	4.61%	5.92%	Mainly attributable to the entry into operation of new projects in the current period
Investment properties	703,380,396.54	0.42%	1,134,963,721.44	0.86%	-0.44%	Mainly attributable to the disposal of investment property in the current period
Long-term equity investments	110,741,030.96	0.07%	139,961,042.52	0.11%	-0.04%	Mainly attributable to investment losses recognized for associates under the equity method in the current period and cash dividends declared and distributed
Fixed assets	39,953,986,703.24	23.99%	31,228,789,318.91	23.65%	0.34%	Mainly attributable to the conversion of construction in progress into fixed assets in the current period
Construction in progress	80,121,609,139.42	48.12%	59,972,450,211.13	45.42%	2.70%	Mainly attributable to the investment in projects in the current period
Right-of-use assets	1,612,861,760.99	0.97%	1,092,117,728.00	0.83%	0.14%	Mainly attributable to the increase in lease items in the current period
Short-term borrowings	26,155,359,814.42	15.71%	11,640,180,358.86	8.82%	6.89%	Mainly attributable to the increase in current loans in the current period
Contract liabilities	1,401,254,796.06	0.84%	884,411,615.82	0.67%	0.17%	Mainly attributable to the increase in advances from customers in the current period
Long-term borrowings	66,234,747,647.66	39.78%	52,373,793,742.68	39.66%	0.12%	Mainly attributable to the increase in project loans in the current period

Lease liabilities	1,398,029,978.09	0.84%	985,281,636.81	0.75%	0.09%	Mainly attributable to the increase in lease items in the current period
Held-for trading financial assets	83,769,328.71	0.05%	141,719,671.46	0.11%	-0.06%	Mainly attributable to redemption of wealth management investments
Notes receivable	91,597,634.56	0.06%	348,987,413.80	0.26%	-0.20%	Decrease in held-to-maturity notes receivable as at the end of the period
Prepayments	409,108,480.99	0.25%	739,125,199.02	0.56%	-0.31%	Mainly attributable to the decrease in Prepayments in the current period
Financing with receivables	121,280,859.60	0.07%	77,650,379.06	0.06%	0.01%	Mainly attributable to the increase in notes receivable measured at fair value through other comprehensive income held as at the end of the period
Other receivables	819,622,327.79	0.49%	93,350,427.86	0.07%	0.42%	Mainly attributable to the disposal of assets in the current period
Other current assets	1,589,003,836.83	0.95%	3,602,277,611.19	2.73%	-1.78%	Mainly attributable to the decrease in VAT credits as at the end of the period
Other non-current financial assets	-	0.00%	4,477,532.09	0.00%	0.00%	Mainly attributable to the disposal of financial assets in the current period
Intangible assets	4,182,362,937.17	2.51%	3,054,656,734.27	2.31%	0.20%	Mainly attributable to the increase in land use right in the current period
Long-term prepayments	4,386,809.81	0.00%	21,591,500.41	0.02%	-0.02%	Mainly attributable to the amortization in the current period
Deferred tax assets	911,175,239.38	0.55%	472,404,205.44	0.36%	0.19%	Mainly attributable to the increase in the provision for deductible losses and inventory impairment losses



Other non-current assets	4,052,697,675.69	2.43%	8,629,047,411.26	6.53%	-4.10%	Mainly attributable to the decrease in prepayments for acquisition and construction of long-term assets
Held-for trading financial liabilities	-	0.00%	3,567,808.37	0.00%	0.00%	Mainly attributable to the disposal of derivative financial liabilities
Notes payable	2,364,309,399.89	1.42%	5,792,969,431.39	4.39%	-2.97%	Mainly attributable to the decrease in the notes-based settlement of payment for goods in the current period
Taxes payable	421,218,281.62	0.25%	177,753,147.32	0.13%	0.12%	Mainly attributable to the increase in consumption tax in the current period
Other payables	405,928,757.49	0.24%	2,589,749,884.22	1.96%	-1.72%	Mainly attributable to the payment of equity payable in the current period
Non-current liabilities due within one year	9,743,348,814.61	5.85%	5,071,129,222.05	3.84%	2.01%	Increase in long-term borrowings maturing within one year in the current period
Other current liabilities	177,892,150.07	0.11%	368,691,811.04	0.28%	-0.17%	Mainly attributable to the maturity of short-term bonds issued by subsidiaries in the current period
Long-term payables	1,383,990,471.34	0.83%	2,691,695,545.75	2.04%	-1.21%	Mainly attributable to the repayment of related-party borrowings in the current period
Deferred tax liabilities	971,493,075.48	0.58%	542,445,448.41	0.41%	0.17%	Mainly attributable to the increase in taxable temporary differences caused by accelerated depreciation of fixed assets
Capital reserves	18,209,793,170.31	10.94%	10,169,443,217.42	7.70%	3.24%	Mainly attributable to raising funds by issuing shares in the current period
Special reserves	7,838,677.20	0.00%	20,965,757.18	0.02%	-0.02%	Mainly attributable to the use of special reserves in the current period

Non-controlling interests	-3,307,763.67	0.00%	1,793,494,538.72	1.36%	-1.36%	Mainly attributable to the acquisition of minority equity in the current period
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Higher proportion of overseas assets

Applicable  Not applicable

## 2. Assets and liabilities measured at fair value

Applicable  Not applicable

Unit: RMB

Item	Beginning amount	Ending amount
Financial assets		
1. Held-for trading financial assets (excluding derivative financial assets)	139,938,213.82	83,147,068.34
2. Derivative financial assets	1,781,457.64	622,260.37
3. Investment in other equity instruments	583,395,820.00	580,780,040.00
4. Other non-current financial assets	4,477,532.09	0.00
5. Receivables financing	77,650,379.06	121,280,859.60
Sub-total of financial assets	807,243,402.61	785,830,228.31
Total	807,243,402.61	785,830,228.31
Financial liabilities	3,567,808.37	0.00

Whether there were significant changes of the measurement attribute of the Company's main assets during the reporting period

Yes  No

## 3. Assets with restricted rights as of the end of the reporting period

Unit: RMB

Item	Book value as at December 31, 2022	Reason for restriction
Cash and cash equivalents	2,240,108,666.11	See Note V (1) for the reason for restriction
Inventories	480,000,000.00	Working capital loan
Fixed assets	16,211,489,154.59	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,182,810,522.81	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Construction in progress	477,997,814.58	Project loan, and finance lease

## VII. Analysis of investment status

### 1. General information

Applicable  Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Extent of change
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30,606,809,999.11	72,239,172,420.42	-57.63%
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**2. Significant equity investments acquired during the reporting period**

Applicable  Not applicable

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

☑Applicable ☐ Not applicable

Unit: RMB

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during this reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
Shengze Gas Turbine Cogeneration Project	Self-built	Yes	Electric power, thermal production and supply industry	244,270,053.14	700,700,442.80	Own fund + Special borrowings	Construction phase of the projects	January 17, 2018	CNINFO: Announcement on the Investment in Jiangsu Shengze Combustion Engine Cogeneration Co-production Project (Announcement No.: 2018-003)
Shenghong integrated refining and chemical projects	Self-built	Yes	Petroleum processing	23,703,664,879.06	69,514,251,521.17	Own fund + Special borrowings	Put into operation	March 9, 2019	CNINFO: Announcement on the Investment and Construction of Shenghong Refining & Chemical Integration Project (Announcement No.: 2019-031)

Recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	896,117,370.99	3,180,427,141.91	Own fund + Special borrowings	Put into operation	December 31, 2020	CNINFO: Announcement on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons by Reborn Technology (Announcement No.: 2020-139)
Sierbang Petrochemical Propane Industry Chain Project - Phase I	Self-built	Yes	Chemical industry	422,622,774.33	6,270,972,959.40	Own fund + Special borrowings	Put into operation	July 10, 2021	CNINFO, "Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related-Party Transactions"
Sierbang Petrochemical propane industry chain project - Phase II	Self-built	Yes	Chemical industry	641,203,623.49	646,920,430.84	Self-owned fund	Construction phase of the projects	July 10, 2021	CNINFO, "Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related-Party Transactions"

Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	2,082,376,861.43	3,209,910,680.76	Own fund + Special borrowings	Partially put into operation	July 17, 2021	CNINFO: Announcement on the Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons by Subsidiaries (Announcement No.: 2021-085)
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	Self-built	Yes	Chemical industry	1,278,874,998.25	4,039,002,462.67	Own fund + Special borrowings	In trial production phase	March 30, 2021	CNINFO: Announcement on the Additional Investment and Construction of 2# Ethylene Glycol + Phenol/Acetone Project by Shenghong Refining & Chemical (Announcement No.: 2021-029)
Hongwei Chemical POSM and Polyol Project	Self-built	Yes	Chemical industry	427,698,036.30	445,679,058.84	Own fund + Special borrowings	Construction phase of the projects	May 15, 2021	CNINFO: Announcement on the Investment and the Construction of POSM and Polyol Project by Hongwei Chemical (Announcement No.:2021-069)

Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	97,005,829.46	153,409,594.22	Own fund + Special borrowings	Construction phase of the projects	January 13, 2022	CNINFO: Announcement on the Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-010)
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	723,348,419.92	756,337,827.60	Own fund + Special borrowings	Construction phase of the projects	January 13, 2022	CNINFO: Announcement on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-011)

Biodegradable material project (Phase I) of Hongke New Material	Self-built	Yes	Chemical industry	62,598,934.80	62,598,934.80	Own fund + Special borrowings	In preliminary approval phase	March 24, 2022	CNINFO: Announcement on the Investment and Construction of Biodegradable Material Project (Phase I) by Subsidiaries (Announcement No.: 2022-047)
Intelligent functional fiber project with an annual output of 1 million tons of Honghai New Materials	Self-built	Yes	Chemical fiber manufacturing industry			Not yet invested	In preliminary approval phase	March 24, 2022	CNINFO: Announcement on the Investment and Construction of the Intelligent Functional Fiber Project with an Annual Output of 1 Million Tons by Subsidiaries (Announcement No.: 2022-046)
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	Self-built	Yes	Chemical industry	27,028,217.94	40,295,414.71	Own fund + Special borrowings	In preliminary approval phase	June 28, 2022	CNINFO: Announcement on the Investment and Construction of the 2.4 Million Tons/Year Purified Terephthalic Acid (PTA) Phase III Project (Announcement No.: 2022-091)



High-end new materials project of Shengjing New Materials	Self-built	Yes	Chemical industry			Not yet invested	In preliminary approval phase	November 30, 2022	CNINFO: Announcement on the Investment and Construction of POE and Other High-end New Materials Projects by Jiangsu Shengjing New Materials Co., Ltd. (Announcement No.: 2022-142)
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	Self-built	Yes	Chemical industry			Not yet invested	In preliminary approval phase	November 30, 2022	CNINFO: Announcement on the Investment and Construction of Supporting Raw Materials and Iron Phosphate and Lithium Iron Phosphate New Energy Materials Project by Hubei Haigesi New Energy Co., Ltd. (Announcement No.: 2022-141)
Total	--	--	--	30,606,809,999.11	89,020,506,469.72	--	--	--	--

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

☑Applicable ☐ Not applicable

Unit: RMB

Type of securities	Stock code	Abbreviation	Initial investment costs	Accounting measurement mode	Book value as at the beginning of the period	Profit or loss from changes in fair value in this period	Accumulated changes in fair value included in equity	Purchase/sale amount in the current period	Profit or loss during the reporting period	Book value as at December 31, 2022	Accounting of subjects	Source of funds
Domestic and overseas stocks	603323	Agricultural Bank of Suzhou	5,000,000.00	Measurement at fair value	86,338,213.82	-3,191,145.48	0.00	0.00	-3,191,145.48	83,147,068.34	Held-for trading financial assets	Self-owned funds
Total			5,000,000.00	--	86,338,213.82	-3,191,145.48	0.00	0.00	-3,191,145.48	83,147,068.34	--	--

**(2) Investment in derivatives**

☑Applicable ☐ Not applicable

**1) Derivatives investment for hedging purposes during the reporting period**

☑Applicable ☐ Not applicable

Unit: RMB'0,000

Investment type	Initial investment (Note)	Actual profit or loss in the reporting period	Accumulated changes in fair value included in equity	Ending amount	Investment at the end of the period in the Company's net assets at the end of the reporting period
Foreign exchange derivatives	1,013.19	1,053.47	0.00	0.00	0.00%
Interest rate swap	28.00	-1.90	0.00	0.00	0.00%
Commodity derivatives	641.88	-1,772.8	0.00	696.35	0.02%
Total	1,683.07	-721.23	0.00	696.35	0.02%

Notes to the accounting policies and specific accounting principles of hedging business during the reporting period and whether there are significant changes compared with the previous reporting period	N/A
Notes to the actual profits and losses during the reporting period	N/A
Source of funds for derivatives	Self-owned fund
Risk analysis and description of control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company has formulated annual commodity hedging, foreign exchange derivatives and other business plans, and has fully assessed and effectively controlled the possible abnormal price fluctuation risks, liquidity risks, operational risks, credit risks and legal risks. The Company shall establish and improve the relevant internal control system, standardize the business operation process and approval process, and operate in strict accordance with the approved plans.
Changes in the market price or fair value during the reporting period of invested derivatives; for the analysis of the fair value of the derivatives, the specific methodology used and the setting of relevant assumptions and parameters are required	The transaction varieties of commodity derivatives conducted by the Company have great market transparency and active transactions, and the transaction price and the settlement unit price on the current day can fully reflect the fair value of derivatives.
Litigation	None
Date of disclosure of board announcement for derivatives investment approval	January 13, 2022
Date of disclosure of board announcement for derivatives investment approval	January 29, 2022
Independent directors' special opinion on the Company's derivative investments and risk control	During the reporting period, the Company used its own funds to carry out commodity hedging business, which was conducive to fixing production costs and controlling operation risks. The Company carries out foreign exchange derivatives, interest rate swaps and other business to avoid the risk of fluctuation in exchange rate and interest rate, which is in line with the principle of prudent and stable risk management. The Company has established and perfected the relevant internal control system, standardized the business operation process and approval process, and can effectively control the risks of derivatives investment without harming the interests of the Company and all shareholders, especially small and medium shareholders.

Note: the amount of margin.

## 2) Derivatives investment for speculative purposes during the reporting period

Applicable  Not applicable

The Company had no derivative investment for speculative purposes during the reporting period.

**5. Use of the funds raised**

☑Applicable ☐ Not applicable

**(1) Overall use of the funds raised**

☑Applicable ☐ Not applicable

Unit: RMB'0,000

Year of fund raising	Way of fund raising	Net proceeds	Net proceeds used in the current period	Cumulatively used proceeds	Total proceeds with purpose changed during the reporting period	Cumulatively total proceeds with purpose changed	Proportion of accumulatively total proceeds with purpose changed	Total unused proceeds	Use and destination of unused proceeds	Amount of proceeds idle for more than two years
2021	Public issuance of convertible corporate bonds	497,250.00	714.7	498,187.27	0.00	0.00	0.00%	5.36	(Note 1)	0.00
2022	Private placement of shares	405,567.27	405,567.27	405,567.27	0.00	0.00	0.00%	0.00	(Note 2)	0.00
2022	Issuance of GDRs (Note 3)	498,462.55	0.00	0.00	0.00	0.00	0.00%	498,212.1	To be used	
Total	--	1,401,279.82	406,281.97	903,754.54	0.00	0.00	0.00%	498,217.46	--	0.00

**Overall use of the funds raised****1. Public issuance of convertible bonds in March 2021**

According to the Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXK [2021] No.512), the Company was approved to issue convertible bonds with a total nominal value of RMB 5 billion, with a term of 6 years and a total amount of raised funds of RMB 5 billion; the actual net amount of the raised funds after deduction of issuance costs was RMB 4,972.5 million.

In March 2021, the Company publicly issued the convertible corporate bonds, and the raised funds, after deducting the issuance costs, were intended to be used for the construction of the Shenghong Refining & Chemical Integration Project of the Company's secondary subsidiary Shenghong Refining & Chemical (Lianyungang) Co., Ltd. (hereinafter referred to as "Shenghong Refining & Chemical") and for repayment of bank loans.

As of December 31, 2022, the cumulative interest generated by the Company's proceeds deposited in the bank totaled RMB 10,717,200. The Company used RMB 7,147,000 of the raised funds during the reporting period, and the total amount of raised funds used was RMB 4,981,872,700. The unused amount of the Company's raised funds was

RMB 53,600 (the difference between the sum of the balances and the total amount is caused by rounding).

## 2. Non public offering of shares in June 2022

According to the Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Purchase Assets and Raise Matching Funds by Issuing Shares to Shenghong Petrochemical Group Co., Ltd. and Other Companies (ZJXX [2021] No.4179) issued by the China Securities Regulatory Commission, the Company was approved to issue shares to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd. for the purpose of purchasing assets and raising matching funds not exceeding RMB 4,088,727,300. As of June 24, 2022, the Company has actually issued to specific investors 66,714,109 RMB ordinary shares (A shares), raising a total amount of RMB 4,088,727,290.97, after deducting various issuance costs of RMB33,054,556.70 (excluding VAT input tax of RMB 1,983,273.41), the actual net amount of raised funds was RMB 4,055,672,734.27.

In June 2022, the Company raised matching funds through a non-public offering of shares, the proceeds, after deducting the issuance costs, were used to pay cash consideration for the major asset reorganization and to replenish the working capital of the listed company or to repay interest-bearing liabilities. As deliberated and approved by the 53rd meeting of the 8th Board of Directors and the 30th meeting of the 8th Board of Supervisors, the Company has used the matching raised funds to replace the self-financing funds already expended, and the total amount of this replacement was RMB 4,053,689,500.

As of December 31, 2022, the cumulative interest generated by the Company's raised funds deposited in the bank totaled RMB 150,500. The unused amount of the Company's raised funds was RMB 0 (the difference between the sum of the balances and the total amount is caused by rounding).

## 3. GDR issued in December 2022

Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on SIX Swiss Exchange (ZJXX [2022] No. 3151) issued by the China Securities Regulatory Commission. According to the Official Reply, China Securities Regulatory Commission has approved the issuance of no more than 434,926,886 new A-share underlying shares corresponding to GDRs by the Company, and according to the conversion ratio determined by the Company, the number of GDRs issued shall not exceed 43,492,688.

With the approval of the China Securities Regulatory Commission and the SIX Exchange Regulation AG, the GDRs issued by the Company were listed on the SIX Swiss Exchange on December 28, 2022 (Swiss time) under the full name of Jiangsu Eastern Shenghong Co., Ltd. and the listing code of DFSH. A total number of 39,794,000 GDRs was issued this time, corresponding to the underlying securities of 397,940,000 A-shares of the Company, and the total amount of funds raised in this issuance was approximately USD 718 million. The funds raised in this issuance were received on the issuance date, and the actual amount received after deducting the underlying underwriting expenses was approximately USD 715 million.

Note 1: The Shenghong Refining and Chemical Integration Project was put into operation in May 2022 and fully put into operation in December 2022, connecting the entire process. The total amount of funds raised and the total amount of committed investment are consistent. According to the requirements of standardized operation, in order to reduce the company's capital cost and make full use of the funds raised, the company is in the process of supplementing the unused funds with working capital and canceling the fund-raising special account. As of December 31, 2022, the company has used RMB 1.2909 million of unused funds raised to supplement working capital and is in the process of supplementing RMB 0.0536 million of remaining unused funds raised for working capital.

Note 2: Some of the unused funds are still deposited in the fund-raising account. The company has transferred the balance of the unused funds to its own fund account in January 2023 according to the requirements of standardized operation.

Note 3: The raised funds were not used during the reporting period, and the difference between the total unused raised funds and the total raised funds was an exchange loss of RMB 2,503,705.45.

**(2) Committed projects invested with the raised funds**

☑Applicable ☐ Not applicable

Unit: RMB'0,000

Committed investment projects and investment direction of over-raised funds	Whether the project has been changed (including partial change)	Total amount of committed investment with raised funds	Adjusted total investment amount(1) (Note 1)	Amount invested during this reporting period	Accumulated investment amount as of the end of the period (2)	Investment progress as of the end of the period(3)=(2)/(1)	Date when the project reached its intended useable status	Benefits realized in the reporting period	Whether the expected benefits have been achieved	Whether there is a significant change in the feasibility of the project
Committed investment projects										
Shenghong integrated refining and chemical projects	No	350,000	350,000	714.7	351,065.19	100.30%	May 2022	N/A	N/A	No
Repayment of bank loans	No	147,250	147,250	0	147,122.08	99.91%	N/A	N/A	N/A	N/A
Payment of cash consideration	No	208,872.73	208,872.72	208,872.72	208,872.72	100.00%	N/A	N/A	N/A	No
Replenishment of working capital or repayment of interest-bearing liabilities of the listed company	No	200,000	196,694.55	196,694.55	196,694.55	100.00%	N/A	N/A	N/A	No

Subtotal of committed investment projects	--	906,122.73	902,817.27	406,281.97	903,754.54	--	--	0	--	--
Investment direction of over-raised funds										
N/A										
Total	--	906,122.73	902,817.27	406,281.97	903,754.54	--	--	0	--	--
Description of and reasons for the failure to meet the planned progress and expected revenue by projects (including the reasons for selecting "Not applicable" for "Whether the expected benefits have been achieved")	The Shenghong Refining and Chemical Integration Project was put into operation in May 2022 and fully put into operation in December 2022, connecting the entire process. Therefore, whether the expected benefits have been achieved this year does not apply.									
Description of significant changes in the feasibility of the project	None									
Amount, purpose and progress of use of over-raised funds	N/A									
Change of implementation location of the projects invested with raised funds	N/A									
Adjustment of the implementation mode of the projects invested with raised funds	N/A									
Prior investment and replacement of projects invested with raised funds	<p>Applicable</p> <p>1. In 2021, the Company publicly issued convertible corporate bonds and invested RMB 1,090.7791 million with its own funds, which was replaced with the raised funds, and the replacement has been completed as at March 26, 2021.</p> <p>2. In 2022, the supporting raised funds of major asset reorganization are from non-public issue of shares, the Company paid cash consideration of RMB 2,088.7272 million with its own raised funds to supplement the working capital of the listed company or repay interest-bearing liabilities of RMB 1,964.9623 million. As deliberated and approved by the 53rd Meeting of the 8th Board of Directors and the 30th Meeting of the 8th Board of Supervisors, the Company has used the supporting raised funds to replace the self-financing funds already expended.</p>									
Temporary replenishment of working capital with idle raised funds	N/A									

Amount of and reasons for the balance of raised funds during the project implementation	<ol style="list-style-type: none"> <li>In March 2021, the company publicly issued convertible corporate bonds to raise funds with a balance of RMB 1.3445 million, which is the interest surplus generated by the raised funds. The balance of surplus funds is less than 1% of the net amount of funds raised for the project.</li> <li>In June 2022, non-public shares were issued to raise funds with a balance of RMB 9.2323 million, which is the payment of relevant intermediary agency fees by the company and the interest surplus generated by the raised funds. The balance of surplus funds is less than 1% of the net amount of funds raised for the project.</li> </ol>
Purpose and destination of the unused raised funds	As of December 31, 2022, the unused raised funds from the company's public issuance of convertible corporate bonds in March 2021 amounted to RMB 0.0536 million and are waiting to be used as working capital; some of the surplus funds raised from the non-public issuance of shares in June 2022 are still deposited in the fund-raising account, and the company has transferred the balance of surplus funds to its own fund account in January 2023 according to the requirements of standardized operation; the unused raised funds from GDR are still deposited in the fund-raising account and are waiting to be invested in projects. (Note 2)
Problems or other circumstances in the use and disclosure of raised funds	None

Note 1: After the adjustment of the non-public issuance of shares in June 2022, the total amount of committed investment was RMB 4,055.67 million, which is the actual total amount of funds raised by the company of RMB 40,887.27 million minus the amount of various issuance expenses of RMB 33.0546 million (excluding input VAT of RMB 1.9833 million). The net amount of actual funds raised was RMB 4,055.67 million.

Note 2: According to the Chinese version of the "Prospectus (Draft)", about 35% of the net proceeds from GDR will be used to expand the production capacity of new energy and new materials or build new product capacity; about 25% of the net proceeds will be used to develop our vertical integration refining business capabilities, including supporting the company's procurement of upstream raw materials from the global market; about 20% of the net proceeds will be used to seek potential investment and acquisition opportunities and develop management and marketing networks outside mainland China; about 10% of the net proceeds will be used to invest in the company's own research to enhance its product development technology capabilities; about 10% of the net proceeds will be used for working capital and other general corporate purposes.

### (3) Changes in the committed projects invested with the raised funds

Applicable  Not applicable

There was no change in the projects invested with raised funds during the reporting period.

## VIII. Sale of significant asset and equity

### 1. Sale of significant assets

Applicable  Not applicable



Counterparty	Assets sold	Date of sale	Transaction price (RMB '0000)	Impact of the sale on the Company	Proportion of net profit contributed by asset sales to the total net profit the listed company	Pricing principle of the asset sale	Whether it is a related-party transaction	Whether the property rights of the assets involved have been fully transferred	Date of disclosure	Disclosure index
Suzhou Shengze Urban Organic Renewal Development Co. Ltd.	Six original assets related to the traditional business before the restructuring and listing in 2018	September 19, 2022	108,773.03	The assets sold are not related to the Company's current main business and will not adversely affect the business continuity and management stability of the Company	67.29%	Public listing and transfer based on the appraisal price	No	Yes	September 6, 2022, September 21, 2022	CNINFO: Announcement on the Listing and Transfer of Assets (Announcement No. 2022-120); Announcement on the Results of the Listing and Transfer Transaction (Announcement No. 2022-122)

## 2. Sale of significant equity

Applicable  Not applicable

**IX. Analysis of major holding and participating companies**

Applicable  Not applicable

Major subsidiaries and participating companies with an impact of 10% or more on the net profit of the Company

Monetary Unit: RMB 100 million

Name	Company type	Main business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sierbang Petrochemical	Subsidiary	R&D, production, and sales of fine chemicals	55.88	275.88	121.41	203.97	16.50	14.28
Honggang Petrochemical	Subsidiary	Petrochemical product production and sales	35.00	92.90	20.56	157.25	2.67	1.94
Zhonglu Technology	Subsidiary	R&D, production and sales of polyester filament yarn	3.50	17.58	6.00	20.03	0.65	0.58
Guowang (Suqian)	Subsidiary	R&D, production and sales of polyester filament yarn	12.08	43.62	11.31	5.83	-0.89	-0.58
Shenghong Refining & Chemical	Subsidiary	Petrochemical product production and sales	235.45	949.34	226.48	58.20	-11.13	-7.86

Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Name	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and results
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Shenghong (Shanghai) New Material Technology Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Jiangsu Shengjing New Materials Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period

Siyang Yiyang Environmental Energy Co., Ltd.	Cash purchase	No significant impact on the production, operation, and performance during the reporting period
Shenghong New Energy (Suzhou) Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Hubei Hongrui New Materials Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Hubei Haigesi New Energy Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Suzhou Dongneng Innovation Technology Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	Cash purchase	No significant impact on the production, operation, and performance during the reporting period
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	New establishment	No significant impact on the production, operation, and performance during the reporting period
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.	Cancellation	No significant impact on the production, operation, and performance during the reporting period
Lianyungang Shenghong Refinery Industrial Fund Partnership (Limited Partnership)	Cancellation	No significant impact on the production, operation, and performance during the reporting period
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)	Cancellation	No significant impact on the production, operation, and performance during the reporting period

## X. Structured entities controlled by the Company

Applicable  Not applicable

## XI. Prospects for the future development of the Company

### (I) Development strategy of the Company

The Company takes the responsibility and mission of promoting social harmony, environmental friendliness and quality of life, integrates the benefit dimension, environmental dimension and social dimension measurement standards, strives to realize corporate value and create social value, provide high value for customers and contribute to social development through its own outstanding growth.

To this end, the Company grasps the business direction of extending the industrial chain from bottom to top and expanding the product chain from top to bottom, and guided by differentiation, technological innovation, high value-added, green and environmental protection, promotes comprehensively the transformation of strategic

emerging industries around new energy materials, high-performance new materials and low-carbon green industries, and constructs and forms the a new "1+N" pattern of diversified industrial chains of core raw material platform + new energy, new materials, electronic chemistry and biotechnology etc., so as to create a world-class new energy and new materials high-tech industry cluster for providing innovative chemistry and new materials for a green and sustainable future.

## **(II) Work plan for the next year**

2023 is the year when the Company's "1+N" new energy and new materials strategy will be in full swing. The Company will focus on the "1+N" strategy to promote the shaping and upgrading of "three new momentums": focusing on the field of new energy and new materials and accelerating the landing of major projects to shape new momentum for the industry; based on the innovation platform carrier, strengthening the construction of innovation system and talent team and accelerating original and leading innovation breakthroughs to shape new momentum for the development of technology; seizing the opportunity of economic recovery, taking the successful issuance of GDR as an opportunity to accelerate the globalization layout to shape new momentum for internationalization. To this end, we will focus on the following tasks:

### **1. Continuously strengthen core advantages with the goal of developing and building world-class industrial clusters**

In the context of the new era, the Company actively integrated into the national strategy, and through forward-looking planning and layout, took the lead in initiating strategic transformation in the industry to expand continuously the layout of new energy and new materials in depth and achieved the "first mover" advantage of leading industrial transformation and upgrading. With the full-scale production of Shenghong Refining & Chemical Integration Project in 2022, the Company's new development industry pattern has been fully opened. In 2023, the Company will, based on the raw material platform constructed by Shenghong Refining & Chemical, alcohol-based cogeneration and propane industry chain projects and with the assistance of "three million-ton" projects in the field of new energy and new materials, expand comprehensively the layout around the "1+N" strategy, and move towards a new starting point of building a world-class new energy and new materials industry cluster, striving to overcome difficulties to ensure that the construction of each project will be completed as scheduled.

### **2. Build a world-class innovation platform as the goal and create a highland of scientific and technological talents with the goal of building a world-class innovation platform**

Innovation is the first driving force, and talent is the first resource. Facing the frontier of world science and technology, the main battlefield of economy and the major needs of the country, the Company takes the opportunity of building the advanced materials research institute to carry out innovation work and actively integrate into the new development pattern. In 2023, the Company will take new energy, new materials, electronic chemicals and green industries as the key direction of development by building a world-class industrial innovation center, R&D pilot base and other platforms, accelerate key technology research, strive to break through a number of major high-end new technologies, solve a number of key neck problems, implement a number of strategic and leading innovation projects, and further enhance the industrial chain, the innovation chain and value chain.

At the same time, the Company will continue to optimize the innovation mechanism, and further create a "reservoir" of talent through a variety of ways to aggregate the research forces of industry institutions, scientific research institutes, universities and colleges. The Company will fully respect talents, believe in them and motivate them, create a working atmosphere of encouraging innovation, and make the Company an ideal stage for all kinds of talents to give full play to their strengths and reflect their values.

### **3. Continuously stimulate the vitality of the organization with the goal of shaping a world-class management mechanism**

As the Company's strategy continues to advance, higher requirements have been placed on the Company's management mechanism and personnel effectiveness, and it is necessary to maintain it "massive and agile". In 2023, the Company will fully introduce digital intelligence technology in each work link, analyze problems and clean up dead ends according to the workflow item by item, optimize the mechanism, reduce costs and increase efficiency through digital intelligence transformation; tighten job responsibilities, innovate the assessment mechanism, be "accurate, precise and excellent" in the introduction of personnel and "strict, detailed and practical" in the assessment and evaluation, so as to encourage through the incentive effect of scientific assessment the employees to give full play to their personal value creatively.

### **4. Build a solid foundation for high-quality development with the goal of building a world-class safety and environmental protection system**

"Green" is the base color and "safety" is the cornerstone. The Company takes "being green" as the most important quality and base for building a world-class enterprise, and takes "safety" as the highest "slope" and the heaviest "stone", and has heavier tasks, higher standards and stricter requirements in work safety, energy saving and emission reduction, green and low-carbon, and recycling, etc. In 2023, the Company will grasp the new opportunities brought by the transformation of national green development to build a firm foundation of safety and green, further explore energy-saving and emission reduction processes and low-carbon recycling technologies on the existing basis, accelerate the implementation of demonstration projects such as carbon dioxide recovery and comprehensive utilization, seize the industry's high ground, innovate a high-quality development path of circular economy and synergy, and continuously inject new momentum into the sustainable development of the enterprise.

### **(III) Risks and countermeasures**

#### **1. Macroeconomic fluctuation risks**

The Company's products and their downstream involve energy, transportation, textile, construction, agriculture and other pillar industries in the national economy, which are closely related to investment and consumer demand and are more obviously affected by macroeconomic fluctuations. Due to the complex and multiple reasons for the formation of macro environmental risks, if the global economy fluctuates significantly in the future and China's economic growth rate continues to slow down, the Company's operating results may fluctuate with the adjustment of the domestic and foreign macro environment.

#### **2. Industry policy risks**

In recent years, China's chemical and chemical fiber industry has developed rapidly, and a series of policies have been introduced in the industry, which have played a significant role in promoting the development of China's chemical and chemical fiber industry. However, at the same time, as the supply-side reform process advances, the relevant state departments are increasingly demanding on safety production, environmental protection, energy saving and emission reduction, and the overall supervision over the industry will become increasingly strict. If there are significant adverse changes in industrial policies or industry plans in the future, it may lead to changes in the market environment and development space of the relevant industry, which will have certain impact on the Company's operation.

#### **3. Risks caused by exchange rate fluctuations**

The currency value of RMB is affected by various internal and external factors such as domestic and international economic and political situations and currency supply and demand, and the exchange rate fluctuations will cause the Company to face exchange gains and losses on funds borrowing and lending activities and procurement and sales activities denominated in foreign currency. In addition, exchange rate fluctuations will affect the prices of the Company's raw materials imported from and products exported to regions and countries outside of Chinese mainland, which will have an impact on the Company's profitability. If the exchange rate of RMB to other currencies fluctuates significantly from the prevailing rate in the future, it will have an impact on the Company's operating results.

In order to control the risk of exchange rate fluctuations, the Company has established an internal control system for forward exchange settlement and foreign exchange option transactions, which clearly stipulates the instruments, objectives, decision-making procedures and implementation processes for controlling the risk of exchange rate fluctuations, so as to make comprehensive decisions on exchange rate risk management methods based on the exchange rate fluctuations. However, generally speaking, in the case of significant exchange rate fluctuations, it is difficult to completely eliminate the risks arising therefrom by the existing risk management methods. At the same time, if there is a major mistake in the selection of relevant instruments or the implementation of exchange rate risk management, or if the above system is not effectively implemented, it may lead to the Company's exposure to exchange rate risk or losses.

#### **4. Risk of price fluctuation in main raw materials and products**

The Company mainly purchases raw materials including crude oil and methanol for the production of important chemical and chemical fiber products in the ethylene, propylene and aromatics industry chain. The chemical and chemical fiber industry in which the Company is located is cyclical, and the market prices of major raw materials and products may fluctuate significantly with the fluctuation of commodity prices such as oil, natural gas and coal, as well as changes in the international political and economic situation, macroeconomic development and market supply and demand, which may have certain impact on the Company's operation and performance stability.

#### **5. Environmental protection and work safety risks**

The Company is mainly engaged in the R&D, production and sales of products related to chemical and chemical fiber industries, which will discharge pollutants such as waste water, waste gas and solid waste in its daily production and operation process. Meanwhile, some of the raw materials, intermediate products and finished products are flammable, explosive, corrosive, high temperature and toxic substances, which are hazardous chemicals within the scope of control. Therefore, the Company is exposed to certain risks related to production safety, environmental protection and other emergencies.

The Company's main management team has rich experience in production and management in the industry, and the Company has set up a special HSE department to take charge of safety and environmental protection matters, and has also formulated a series of work safety management and environmental protection related systems and established a major risk warning mechanism and emergency response mechanism. However, the possibility of the occurrence of work safety and environmental protection accidents due to other factors such as bad weather, natural disasters, personnel errors, equipment failures, or other emergencies that are not properly handled in a timely manner cannot be completely ruled out.

## XII. Research, communication and interview activities during the reporting period

Applicable  Not applicable

Date	Location	Met via	Type of the interviewee	Interviewee	Main points discussed and information provided	Index to the basics of research
April 27, 2022	Valueonline ( <a href="https://www.ir-online.com.cn/">https://www.ir-online.com.cn/</a> )	Others	Others	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-001)
August 22, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-002)
August 22, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-003)
August 22, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-004)
October 30, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-005)
October 31, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-006)
October 31, 2022	Tel.	Telephone	Institution	Online investors	Business situation and future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2022-007)

## Section IV Corporate governance

### I. Basic status of corporate governance

In strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, the Company continuously improves its corporate governance structure, enhances corporate governance, establishes and improves various management systems to standardize its operations, strengthen the management of insider information and enhance information disclosure, and thus effectively safeguarded the legitimate rights and interests of the Company and all shareholders and promote the healthy development of the enterprise.

The Company establishes a check-and-balance corporate governance structure with separation of powers among the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management, and by formulating and continuously improving the rules of procedure clarifying the scope of powers and responsibilities of each level, ensures that decision-making, execution and supervision are separated from each other and form effective checks and balances. The Company establishes and continuously improves the internal control system, strengthens the internal control management mechanism, optimizes the management process and improves the risk prevention mechanism to support the improvement of the Company's operational efficiency and achieve sustainable and healthy development.

During the reporting period, the Company revised or formulated rules and systems such as the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Board of Supervisors, the Management System for Information Disclosure Matters, the Work System for Confidentiality and File Management in relation to Overseas Issuance of Securities and Listing, etc. to further strengthen internal control management and improve the construction of internal control system.

Whether there is any material difference between the actual state of corporate governance and the laws, administrative regulations and regulations issued by the China Securities Regulatory Commission on the governance of listed companies

Yes  No

There were no material differences between the actual state of corporate governance and the laws, administrative regulations and regulations issued by the China Securities Regulatory Commission on the governance of listed companies.

### II. Independence of the Company vis-à-vis the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, institutions and business etc.

The Company insists on complete separation from the controlling shareholder in terms of business, personnel, assets, institutions and finance to ensure that the Company has independent and complete business and operation capability.

1. In terms of business: The Company is independent in business operation, and specifies the rights and obligations of the Company and the controlling shareholders in the related-party transaction between them in the form of contracts, which are concluded in accordance with the market-based principles, and the main terms therein are fair and reasonable for both parties, and there is no dependence on the controlling shareholder.

2. In terms of of personnel: The Company has established a human resources department to manage the labor, personnel and remuneration work of the Company, and has formulated a series of rules and regulations for the assessment, reward and punishment of the employees. The directors, supervisors and senior executives of the Company are appointed by the General Meeting of Shareholders and the Board of Directors through legal procedures in strict accordance with the Company Law, the Articles of Association and other relevant regulations. The decisions on the appointment and removal of personnel made by the Board of Directors and the General Meeting of Shareholders of the Company are final and there is no manipulation by the controlling shareholder.

3. In terms of assets: The Company has ownership and control over its assets, and the ownership of the assets is clear, and there is no irregular occupation of funds, assets and other resources by the controlling shareholder.

4. In terms of institutions: The Company has independent decision-making and management institutions and perfect production and operation units, and there is no subordinate relationship with the functional departments of the controlling shareholder.

5. In terms of finance: The Company has an independent finance department, has established an independent financial accounting system and financial management methods, independently opened accounts in banks and independently paid taxes according to regulations. The Company makes financial decisions independently and there is no case of controlling shareholders interfering with the use of the Company's funds.

### III. Competition in the same industry

Applicable  Not applicable

### IV. Information on the annual general meeting and extraordinary general meeting held during the reporting period

#### 1. General meeting held during the reporting period

Session	Type of meeting	Proportion of participating investors	Date of meeting	Date of disclosure	Resolutions made at the meeting
First Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	75.76%	January 28, 2022	January 29, 2022	CNINFO: Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-022)
2nd Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	74.25%	February 16, 2022	February 17, 2022	CNINFO: Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-027)
3rd Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	81.35%	March 16, 2022	March 17, 2022	CNINFO: Announcement on the Resolutions of the Third Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-043)
4th Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	79.78%	April 8, 2022	April 9, 2022	CNINFO: Announcement on the Resolutions of the Fourth Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-053)
5th Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	80.50%	April 28, 2022	April 29, 2022	CNINFO: Announcement on the Resolutions of the Fifth Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-071)
Annual General Meeting in 2021	Annual general meeting	79.82%	May 9, 2022	May 10, 2022	CNINFO: Announcement on the Resolutions of the General Meeting of Shareholders in 2022 (Announcement No. 2022-077)
6th Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	77.43%	August 11, 2022	August 12, 2022	CNINFO: Announcement on the Resolutions of the Sixth Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-109)



7th Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	76.16%	September 5, 2022	September 6, 2022	CNINFO: Announcement on the Resolutions of the Seventh Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-118)
8th Extraordinary General Meeting in 2022	Extraordinary general meeting of shareholders	76.25%	December 15, 2022	December 16, 2022	CNINFO: Announcement on the Resolutions of the Eighth Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-146)

## 2. Preferred shareholders whose voting rights have been restored requested to hold an extraordinary general meeting

Applicable  Not applicable

## V. Directors, supervisors and senior officers

### 1. Basic information

Name	Position	Post-holding status	Sex	Age	Beginning date of term	Ending date of term	Beginning number of shares (shares)	Number of shares increased in the current period	Number of shares reduced in the current period	Ending number of shares (shares)
Miao Han'gen	Chairman, general manager	Current	Male	57	September 17, 2018	February 9, 2026	0	0	0	0
Ji Gaoxiong	Deputy Chairman and Executive Deputy General Manager	Current	Male	50	September 17, 2018	February 9, 2026	0	0	0	0
Qiu Hairong	Director and Financial Principal	Current	Male	44	September 17, 2018	February 9, 2026	0	0	0	0
Luo Yukun	Director	Current	Male	52	April 23, 2019	February 10, 2023	0	0	0	0
Zhang Xiangjian	Independent director	Current	Male	47	May 22, 2017	February 10, 2023	0	0	0	0
Yuan Jianxin	Independent director	Current	Male	57	January 15, 2021	February 9, 2026	0	0	0	0
Xu Jinye	Independent director	Current	Male	54	March 16, 2022	February 9, 2026	0	0	0	0
Ni Genyuan	Chairman of the Board of Supervisors, Employee Supervisor	Current	Male	54	March 12, 2014	February 9, 2026	0	0	0	0
Pang Quanfang	Employee supervisor	Current	Female	46	March 6, 2019	February 10, 2023	0	0	0	0
Chen Jian	Supervisor	Current	Female	43	April 23, 2019	February 10, 2023	0	0	0	0
Zhou Xuefeng	Supervisor	Current	Female	43	January 28, 2022	February 9, 2026	0	0	0	0

Yang Fangbin	Supervisor	Current	Male	50	December 15, 2022	February 9, 2026	0	0	0	0
Wang Jun	Deput General Manager and Board Secretary	Current	Male	51	December 5, 2019	February 9, 2026	0	0	0	0
Zhang Songxun	Independent director	Leaving office	Male	59	February 24, 2020	March 16, 2022	0	0	0	0
Feng Qin	Supervisor	Leaving office	Female	49	September 17, 2018	January 12, 2022	0	5,000	-1,200	3,800
Li Wei	Supervisor	Leaving office	Male	38	September 17, 2018	November 29, 2022	0	0	0	0
Total	--	--	--	--	--	--	0	5,000	-1,200	3,800

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

Yes  No

Change in directors, supervisors and senior officers

Applicable  Not applicable

Name	Position	Type	Date	Reasons
Feng Qin	Supervisor	Leaving office	January 12, 2022	Resigned due to job changes
Zhou Xuefeng	Supervisor	Elected	January 28, 2022	Added as a supervisor of the Eighth Board of Supervisors of the Company
Zhang Songxun	Independent director	Leaving office	March 16, 2022	Resigned due to the employer's new regulations on part-time employment
Xu Jinye	Independent director	Elected	March 16, 2022	Added as an independent director of the Eighth Board of Directors of the Company
Li Wei	Supervisor	Leaving office	November 29, 2022	Resigned due to job changes
Yang Fangbin	Supervisor	Elected	December 15, 2022	Added as a supervisor of the Eighth Board of Supervisors of the Company

## 2. Employment status

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

### 1. Directors

Miao Han'gen, male, born in August 1965, Han nationality, Chinese nationality, without permanent residency outside China, member of the CPC, with a college degree.

From February 1984 to December 1992: technician, deputy director, and director of Wujiang Shenghong Silk Weaving Factory; from January 1993 to December 1996: director of Wujiang Shenghong Printing and Dyeing Factory; since January 1997: chairman of Shenghong Group Co., Ltd.; since May 2006: chairman of Shenghong Holding Group Co., Ltd.; since December 2002: chairman of Jiangsu Shenghong Technology Co., Ltd.; since September 2018: Chairman and General Manager of the Company.

Ji Gaoxiong, male, born in November 1972, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a bachelor's degree in economic management.

From May 2009 to December 2009: deputy director of the Investment Promotion Center of Shengze Town, Wujiang City; from January 2010 to October 2010: director of the Service Industry Development Bureau of China Eastern Silk Market; from November 2010 to March 2011: general manager of the Company; from March 2011 to

September 2018: chairman of the Company; from March 2014 to September 2018: general manager of the Company; since September 2018: deputy chairman and executive deputy general manager of the Company.

Qiu Hairong, male, born in September 1978, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a bachelor degree in accounting, a Chinese certified public accountant and a Chinese Certified Tax Agent.

From July 2001 to June 2003: accountant of Yongfengyu Paper Industry (Kunshan) Co., Ltd.; from July 2003 to February 2011: financial supervisor of Shanghai Branch and Suzhou Branch of Hongguang Precision Industry Co., Ltd.; from March 2011 to April 2014: cost accountant of Jiangsu Shenghong Technology Co., Ltd. and deputy general manager of Jiangsu Zhonglu Technology Development Co., Ltd.; from May 2014 to July 2018: head of the Group Financial Data Management Department of Shenghong Holding Group Co., Ltd.; since August 2018: working for the Company; since September 2018: director and financial principal of the Company; since February 2023: deputy general manager the company.

Luo Yukun, male, born in March 1970, Han nationality, Chinese nationality, without permanent residency outside China, non-party personage and with a bachelor's degree in finance.

From May 2009 to December 2018: deputy general manager of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; from December 2018 to present: general manager of Jiangsu Shengze Investment Co., Ltd.; from January 2019 to July 2022: chairman of Jiangsu Wujiang Silk Group Co., Ltd.; from April 2019 to February 2023: director of the Company.

Zhang Xiangjian, male, born in March 1975 in Luyi, Henan Province, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a doctorate degree in business management.

From July 2000 to August 2001: worked at the Economic System Reform Office of Zhabei District, Shanghai; since June 2005: served as a research assistant and associate researcher successively at the Institute of Finance and Economics at Shanghai University of Finance and Economics; since July 2015: researcher; from May 2017 to February 2023: an independent director of the Company.

Yuan Jianxin, male, born in January 1965, Han nationality, Chinese nationality, without permanent residency outside China, member of the CPC, with a doctorate degree in economics, a professor.

From August 1985 to November 1999: a teacher at the School of Politics and Public Administration of Soochow University; since December 1999: a teacher at the School of Business of Soochow University; since January 2021: an independent director of the Company.

Xu Jinye, male, born in October 1968, Han nationality, Chinese nationality, without permanent residency outside China, member of the CPC, PhD in accounting, associate professor, Chinese Certified Public Accountant, and Chinese Certified Public Appraiser.

From September 1991 to July 1997: Chief of Accounting Department at Xiqin Teaching Forest Farm of Fujian College of Forestry; from September 1997 to April 2005: a teacher at Fuzhou University; since May 2005: director of the Management Accounting and Information Technology Research Center of Shanghai University and a teacher in the Accounting Department of the School of Management of Shanghai University; since March 2022: an independent director of the Company.

## **2. Supervisors**

Ni Genyuan, male, born in November 1968, Han nationality, Chinese nationality, without permanent residency outside China, member of the CPC, with a bachelor's degree in automatic control, a senior engineer.

Since October 1991: working at the Shengze Thermal Power Plant of the company, serving as the director of Operations and Management Department, chief engineer, assistant plant director and deputy plant director successively; since January 2014: plant director of Shengze Thermal Power Plant; Since March 2014, chairman of the Company's Board of Supervisors and employee supervisor.

Pang Quanfang, female, born in December 1976, Han nationality, Chinese nationality, without permanent residency outside China, member of the CPC, with a bachelor's degree in accounting, a senior accountant and an internationally registered internal auditor.

From April 2015 to February 2017: financial manager of Jiangsu Honggang Petrochemical Co., Ltd.; from February 2017 to October 2018: financial manager of Jiangsu Guowang Hi-Tech Fiber Co., Ltd.; from October 2018 to August 2019: internal auditor of Jiangsu Guowang Hi-Tech Fiber Co., Ltd.; from March 2019 to February 2023: employee supervisor of the Company; since September 2019: deputy general manager of the Audit and

Compliance Department (formerly known as the Audit and Supervision Department) of the Company; since February 2020: head of the internal audit department of the company; from March 2019 to February 2023: employee supervisor of the Company.

Chen Jian, female, born in January 1979 in Wujiang, Jiangsu, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a bachelor's degree in English.

From February 2010 to March 2012: deputy chief of the Investment Promotion Section II of the Investment Promotion Bureau of Fenu Economic Development Zone; from March 2012 to December 2018: chief of the Investment Promotion Section of the Shengze Town Economic Development and Reform Bureau; since December 2018: deputy general manager of Jiangsu Shengze Investment Co., Ltd.; from April 2019 to February 2023: a supervisor of the Company.

Zhou Xuefeng, female, born in October 1979, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a bachelor degree in business administration, master's degree in computer technology, and intermediate economist.

Since August 2014: manager of Risk Control and Audit Department of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; since October 2020: chairman of the Board of Supervisors of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; since January 2022: a supervisor of the Company.

Yang Fangbin, male, born in March 1972, Han nationality, Chinese nationality, without permanent residency outside China, with a master's degree in business administration and accounting, master's degree, a Chinese Certified Public Accountant, Chinese Certified Tax Agent, and Chinese Certified Asset Appraiser.

From November 2003 to December 2015: department manager and deputy general manager of the Business Unit at Nantong Wanlong Certified Public Accountants; from December 2015 to November 2019: salaried partner of Ruihua Certified Public Accountants (Special General Partnership) Nantong Branch; from November 2019 to August 2021: senior manager of ShineWing Certified Public Accountants (Special General Partnership); since August 2021: general manager of the Data Management Department of Shenghong Holding Group Co., Ltd.; since December 2022: a supervisor of the Company.

### 3. Senior management

Miao Han'gen has been serving as the Chairman and General Manager of the Company since September 2018 (see the "Directors" section of this section for details).

Ji Gaoxiong has been serving as the Deputy Chairman and Executive Deputy General Manager of the Company since September 2018 (see the "Directors" section of this section for details).

Qiu Hairong has been serving as a director and financial principal of the Company since September 2018; and began to serve as the Deputy General Manager of the Company since February 2023 (see the "Directors" section of this section for details).

Wang Jun, male, born in December 1971, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a master's degree in economic law with legal qualifications.

From August 1993 to August 2002: worked at Zhejiang University of Science and Technology with the title of lecturer; from August 2002 to May 2016: worked at Zhejiang Orient Group Co., Ltd., serving as the director of the General Office, secretary of the Board of Directors, and financial controller successively; from May 2016 to October 2019: worked at Zhejiang Baolide Co., Ltd., serving as Vice President and Executive Vice President successively; since November 2019: working at the Company; since December 2019: deputy general manager and secretary of the Board of Directors of the Company.

Positions held in shareholders

Applicable  Not applicable

Name	Shareholders' name	Positions held in shareholders	Beginning date of term	Ending date of term	Whether or not to receive compensation allowance from the shareholders
Miao Han'gen	Jiangsu Shenghong Investment Development Co., Ltd.	Executive director	March 2013		No

	Suzhou Shenghong Investment Holding Co., Ltd.	Executive director	March 2017		No
	Shenghong Holding Group Co., Ltd.	Executive director	December 2006		No
	Shenghong (Suzhou) Group Co., Ltd.	Executive director	March 2013		No
	Shenghong Group Co., Ltd.	Chairman	January 1998		No
	Jiangsu Shenghong Health Industry Co., Ltd.	Executive director	March 2016		No
	Suzhou Taida Property Co., Ltd.	Executive director	April 2014		No
	Lianyungang Bochuang Investment Co., Ltd.	Executive director	September 2014		No
	Shenghong Petrochemical Group Co., Ltd.	Executive director	April 2013		No
	Jiangsu Shenghong New Material Group Co., Ltd.	Executive director	June 2017		No
	BEST Holding Group Co., Limited	Director	September 2016		No
	Shenghong International Holdings Limited	Director	March 2016		No
	Wujiang Xintai Industrial Co., Ltd.	Executive director	August 2017		No
	Ningbo Shengshan Equity Investment Co., Ltd.	Executive director	May 2018		No
	Jiangsu Shenghong Technology Co., Ltd.	Chairman	December 2002		No
	Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Executive director	June 2019		No
	Suzhou Hongda Business Service Co., Ltd.	Executive director	June 2019		No
	Jiangsu Shenghong Import and Export Co., Ltd.	Executive director	January 2020		No
	Shenghong New Energy (Shanghai) Co., Ltd.	Executive director	November 2020		No
	Jiangsu Shengbang Holding Group Co., Ltd.	Executive director	March 2022		No
	Shenghong Dongneng Technology (Jiangsu) Co., Ltd.	Chairman	November 2022		No
Yang Fangbin	Jiangsu Shengbang Holding Group Co., Ltd.	Supervisor	March 2022		No
	Jiangsu Shengbang New Materials Co., Ltd.	Supervisor	April 2022		No
	Jiangsu Lvhe'an Technology Co., Ltd.	Supervisor	April 2022		No
Explanation of employment in shareholders		The above-mentioned employment units are all enterprises controlled by the actual controllers.			

## Position in other entities

☑Applicable ☐ Not applicable

Name	Name of other entities	Positions held in other units	Beginning date of term	Ending date of term	Whether or not to receive compensation allowance from other units
Miao Han'gen	Wujiang Chamber of Commerce Real Estate Co., Ltd.	Director	March 2017		No
Ji Gaoxiong	Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Chairman	January 2021		No
Luo Yukun	Jiangsu Shengze Investment Co., Ltd.	General Manager	December 2018		Yes
	Wujiang Shengze Urban Old City Renovation Asset Operation Co., Ltd.	Executive director	March 2019	July, 2022	No
	Suzhou Wujiang Silk City Water Conservancy Construction and Development Co., Ltd.	Executive director	February 2019	July, 2022	No
	Suzhou Yingdong Software Co., Ltd.	Director			No
	Jiangsu Shengze Industrial Investment Co., Ltd.	Chairman	July, 2019		No
	CUC Co., Ltd.	Director	August 2020		No
Zhang Xiangjian	Institute of Finance and Economics, Shanghai University of Finance and Economics	Researcher	July, 2015		Yes
	Zhengzhou Zhongyuan District Zhongxin Small Loan Co., Ltd.	Supervisor	December 2014		No
Yuan Jianxin	Suzhou Institute of Building Science Group Co., Ltd.	Independent director	February 2021		Yes
	Nanjing Hujiang Composite Materials Co., Ltd.	Independent director	May 2021		Yes
	Suzhou Bearing Factory Co., Ltd.	Independent director	July, 2021		Yes
	Soochow Asset Management Co., Ltd.	Independent director	September 2022		Yes
Xu Jinye	Shanghai Medicilon Biopharmaceutical Co., Ltd.	Independent director	November 2018		Yes
	Fujian Fengzhu Textile Technology Co., Ltd.	Independent director	April 2019		Yes
	Kehua Holdings Co., Ltd.	Independent director	February 2021		Yes
	Shanghai Accessen Co., Ltd.	Independent director	September 2020		Yes
	Shanghai Wangdao Financial Consulting Co., Ltd.	Supervisor	January 2009		Yes

	Shanghai Shantanyuan Cultural Development Co., Ltd.	Supervisor	May 2020		Yes
Ni Genyuan	Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Director	January 2021		No
Chen Jian	Jiangsu Shengze Investment Co., Ltd.	Deputy General Manager	December 2018		Yes
	Jiangsu Shengze Tourism Development Co., Ltd.	Executive director	December 2018		No
	Jiangsu Shengze Industrial Investment Co., Ltd.	Director	December 2018		No
Explanation of employment in other units		None			

Penalties imposed by securities regulatory authorities on current and outgoing directors, supervisors and senior executives of the Company in the last three years

Applicable  Not applicable

Mr. Xu Jinye, an independent director, was criticized by the Shanghai Stock Exchange in a circular in August 2022 for being an independent director of Kehua Holdings.

### 3. Remuneration in directors, supervisors and senior officers

Decision-making procedures, basis for determination and actual payment of remuneration to directors, supervisors and senior executives

#### (1) Decision-making procedures for the remuneration of directors, supervisors and senior executives

The remuneration of directors and supervisors is subject to the deliberation of the General Meeting of Shareholders of the Company; and the remuneration of senior executives is subject to the deliberation of the Board of Directors of the Company.

#### (2) Basis for determining the remuneration of directors, supervisors and senior executives

① According to the Proposal on Adjustment of Allowance for Independent Directors of the Company deliberated and adopted at the Eighth Extraordinary General Meeting of the Company in 2020, the allowance for independent directors will be RMB 150,000 per year (including tax) from November 2020.

② According to the Remuneration Management System for Directors, Supervisors and Senior Executives deliberated and adopted at the First Extraordinary General Meeting of the Company in 2019, internal directors who are also senior executives of the Company shall be subject to the remuneration standards for senior executives; other internal directors shall receive remuneration in accordance with the relevant remuneration management system of the Company for the specific positions they hold in the Company; and the Company will no longer grant additional allowances to internal directors. Internal supervisors shall receive remuneration in accordance with the relevant remuneration management system of the Company for the specific positions they hold in the Company; and the Company will no longer grant additional allowances to internal supervisors.

③ The Company's senior executives are subject to an annual salary system, with the level of annual salary linked to their responsibilities, risks and business performance. The Remuneration and Assessment Committee of the Board of Directors of the Company proposes the annual remuneration plan for senior executives, and the annual remuneration of senior executives shall be submitted to the Board of Directors for approval.

#### (3) Actual payment of remuneration to directors, supervisors and senior executives

During the reporting period, the directors, supervisors and senior executives of the Company received a total pre-tax remuneration of RMB 10,030,300 from the Company. The Remuneration and Assessment Committee of the Board of Directors of the Company has reviewed the remuneration of the directors, supervisors and senior executives of the Company as disclosed in the 2022 annual report of the Company and issued the following review opinion:

The directors, supervisors and senior executives of the Company have conscientiously performed their corresponding duties in accordance with their respective division of work and have accomplished their work objectives in a better manner; the decision-making procedures and payment standards for the remuneration of the

directors, supervisors and senior executives of the Company are in compliance with the regulations; the remuneration of the directors, supervisors and senior executives of the Company as disclosed in the 2022 annual report of the Company is true and accurate and consistent with the actual situation.

Remuneration of directors, supervisors and senior executives of the Company during the reporting period

Unit: RMB'0,000

Name	Position	Sex	Age	Post-holding status	Total pre-tax remuneration received from the Company	Whether get paid from related parties of the company
Miao Han'gen	Chairman, general manager	Male	57	Current	195.90	No
Ji Gaoxiong	Deputy Chairman and Executive Deputy General Manager	Male	50	Current	157.22	No
Qiu Hairong	Director and Financial Principal	Male	44	Current	184.45	No
Luo Yukun	Director	Male	52	Current	0.00	Yes
Zhang Xiangjian	Independent director	Male	47	Current	15.00	No
Yuan Jianxin	Independent director	Male	57	Current	15.00	No
Xu Jinye	Independent director	Male	54	Current	12.50	No
Ni Genyuan	Chairman of the Board of Supervisors, Employee Supervisor	Male	54	Current	252.62	No
Pang Quanfang	Employee supervisor	Female	46	Current	34.79	No
Zhou Xuefeng	Supervisor	Female	43	Current	0.00	No
Yang Fangbin	Supervisor	Male	50	Current	0.00	Yes
Chen Jian	Supervisor	Female	43	Current	0.00	Yes
Wang Jun	Deput General Manager and Board Secretary	Male	51	Current	135.55	No
Zhang Songxun	Independent director	Male	59	Leaving office	0.00	No
Li Wei	Supervisor	Male	38	Leaving office	0.00	No
Feng Qin	Supervisor	Female	49	Leaving office	0.00	No
Total	--	--	--	--	1,003.03	--



## VI. Performance of directors' duties during the reporting period

### 1. Situation of the Board of Directors during this reporting period

Session	Date of meeting	Date of disclosure	Resolutions made at the meeting
The 42nd meeting of the 8th Board of Directors	January 12, 2022	January 13, 2022	Deliberated and adopted: 1. Proposal on Changing the Registered Capital of the Company and Revising the Articles of Association; 2. Proposal on Revising Certain Contents of Articles of Association; 3. Proposal on the Investment and Construction of Super-simulation Functional Fiber Project with Annual Output of 500,000t - Phase II by Subsidiaries; 4. Proposal on the Investment and Construction of the Filament Yarn and Supporting Materials Project with Annual Output of 250,000t - Phase II by Subsidiaries; 5. Proposal on Conducting Commodity Hedging Business; 6. Proposal on Conducting Foreign Exchange Derivatives Trading Business; 7. Proposal on Convening the First Extraordinary General Meeting of Shareholders in 2022.
The 43rd meeting of the 8th Board of Directors	January 28, 2022	January 29, 2022	Deliberated and adopted: 1. Proposal on the Expected Amount of Mutual Guarantee for 2022; 2. Proposal on Convening the Second Extraordinary General Meeting of Shareholders in 2022.
The 44th meeting of the 8th Board of Directors	February 28, 2022	March 1, 2022	Deliberated and adopted: 1. Proposal on Changing the Company's Business Scope and Revising the Articles of Association; 2. Proposal on Changing the Registered Capital of the Company and Revising the Articles of Association; 3. Proposal on Nominating Candidates for Independent Directors of the Company; 4. Proposal on Confirmation of Daily Related-party Transactions for 2021 and Expected Daily Related-party Transactions for 2022; 5. Proposal on Revising the Rules of Procedure of the General Meeting of Shareholders; 6. Proposal on Revising the Rules of Procedure of the Board of Directors; 7. Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2022.
The 45th meeting of the 8th Board of Directors	March 11, 2022	March 12, 2022	Deliberated and adopted: 1. Proposal on the Employee Stock Ownership Plan Phase II (Draft) and Abstract; 2. Proposal on the Management Measures for the Employee Stock Ownership Plan Phase II; 3. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Employee Stock Ownership Plan.
The 46th meeting of the 8th Board of Directors	March 16, 2022	March 17, 2022	Deliberated and adopted: Proposal on Adjusting the Members of Each Special Committee of the Board of Directors.
The 47th meeting of the 8th Board of Directors	March 23, 2022	March 24, 2022	Deliberated and adopted: 1. Proposal on the Investment and Construction of the Intelligent Functional Fiber Project with an Annual Output of 1 Million Tons by Subsidiaries; 2. Proposal on the Investment and Construction of Biodegradable Material Project (Phase I) by Subsidiaries; 3. Proposal on Convening the Fourth Extraordinary General Meeting of Shareholders in 2022.
The 48th meeting of the 8th Board of Directors	April 12, 2022	April 13, 2022	Deliberated and adopted: Proposal on Convening the 5th Extraordinary General Meeting of Shareholders in 2022.

The 49th meeting of the 8th Board of Directors	April 17, 2022	April 19, 2022	Deliberated and adopted: 1. 2021 General Manager's Work Report of the Company; 2. 2021 Annual Work Report of the Board of Directors of the Company; 3. Proposal on Retroactive Adjustment of Financial Data for Business Combination under the Same Control; 4. Report on the Company's Financial Final Settlement for 2021 and Financial Budget for 2022; 5. 2021 Plan for Profit Distribution and Conversion of Capital Reserve into Share Capital of the Company; 6. Summary Report on the Performance of the Audit Committee of the Board of Directors and the 2021 Audit Work; 7. 2021 Internal Control Evaluation Report of the Company; 8. Special Report on the Deposit and Use of Raised Funds by the Company in 2021; 9. 2021 Corporate Social Responsibility Report; 10. Proposal on the Remuneration of Senior Executives of the Company for 2021; 11. Full text and Abstract of the Company's 2021 Annual Report; 12. Proposal on the Proposed Appointment of the Company's Financial Audit and Internal Control Audit Institutions for 2022; 13. Proposal on Using Temporarily Idle Own Funds to Purchase Wealth Management Products; 14. Proposal on the Implementation of Performance Commitments for Major Asset Restructuring; 15. Proposal on the Implementation of Performance Commitments for Equity Acquisition; 16. Proposal on the Implementation of Performance Commitments for Issuing Shares and Paying Cash to Purchase Assets in 2021; 17. Proposal on Applying for Public Issuance of Green Corporate Bonds; 18. Proposal on Convening the Company's 2021 Annual General Meeting of Shareholders.
The 50th meeting of the 8th Board of Directors	April 28, 2022	April 30, 2022	Deliberate and adopt the First Quarterly Report of the Company in 2022.
The 51st meeting of the 8th Board of Directors	May 16, 2022	May 17, 2022	Deliberated and adopted: Proposal on the Proposed Signing of the Trust Contract for the Employee Shareholding Collective Fund Trust Plan Phase II.
The 52nd meeting of the 8th Board of Directors	June 14, 2022	June 15, 2022	Deliberated and adopted: 1. Proposal on Establishing a Special Account for Raising Funds and Authorizing the Signing of a Regulatory Agreement on Raised Funds; 2. Proposal on Revising the Information Disclosure Management System.
The 53rd meeting of the 8th Board of Directors	June 27, 2022	June 28, 2022	Deliberated and adopted: 1. Proposal on the Investment and Construction of the 2.4 Million Tons/year Purified Terephthalic Acid (PTA) Phase III Project; 2. Proposal on Using Raised Funds to Replace the Own Funds Invested in the Project in Advance.
The 54th meeting of the 8th Board of Directors	July 26, 2022	July 27, 2022	Deliberated and adopted: 1. Proposal on the Provision of Loans by Controlling Shareholders and Related Parties to the Company & Related-party Transactions; 2. Proposal on Changing the Registered Capital of the Company and Revising the Articles of Association; 3. Proposal on Convening the 6th Extraordinary General Meeting of Shareholders in 2022.
The 55th meeting of the 8th Board of Directors	August 11, 2022	August 12, 2022	Deliberated and adopted: 1. Proposal on Not Redeeming "Shenghong Convertible Bond" in advance; 2. Proposal on Increasing Capital for Subsidiaries.

The 56th meeting of the 8th Board of Directors	August 18, 2022	August 20, 2022	Deliberated and adopted: 1. Full Text and Abstract of the Company's 2022 Semi Annual Report; 2. Special Report on the Half-yearly Deposit and Use of Raised Funds for 2022; 3. Proposal on the Issuance of GDR and Its Listing on the SIX Swiss Exchange/London Stock Exchange and Conversion Into an Overseas Limited Liability Company; 4. Proposal on Issuing GDR and Listing on the Swiss Stock Exchange/London Stock Exchange; 5. Proposal on the Report on the Use of the Company's Previous Raised Funds; 6. Proposal on the Plan for the Use of Funds Raised From the Issuance of GDR; 7. Proposal on Authorizing the Board of Directors and Its Authorized Personnel to Handle All Matters Related to the Issuance of GDR and Its Listing on the SIX Swiss Exchange/London Stock Exchange; 8. Proposal on the Validity Period of the Resolution on Issuing GDR and Its Listing on the SIX Swiss Exchange/London Stock Exchange; 9. Proposal on the Distribution Plan of Accumulated Profits Before Issuing GDR and Its Listing on the SIX Swiss Exchange/London Stock Exchange; 10. Proposal on Revising the Articles of Association of Jiangsu Eastern Shenghong Co., Ltd. and Its Attachments to be Applied after the GDR Listing of the Company; 11. Proposal on Formulating the Work System for Confidentiality and File Management in relation to Overseas Issuance of Securities and Listing by Jiangsu Eastern Shenghong Co., Ltd.; 12. Proposal on Convening the Seventh Extraordinary General Meeting of Shareholders In 2022.
The 57th meeting of the 8th Board of Directors	September 5, 2022	September 6, 2022	Deliberated and adopted: Proposal on Listing and Transfer of Assets.
The 58th meeting of the 8th Board of Directors	October 27, 2022	October 29, 2022	Deliberate and adopt the Third Quarterly Report of the Company in 2022.
The 59th meeting of the 8th Board of Directors	November 10, 2022	November 11, 2022	Deliberated and adopted: 1. Proposal on the Employee Stock Ownership Plan Phase III (Draft) and Abstract; 2. Proposal on the Management Measures for the Employee Stock Ownership Plan Phase III; 3. Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Employee Stock Ownership Plan.
The 60th meeting of the 8th Board of Directors	November 29, 2022	November 30, 2022	Deliberated and adopted: 1. Proposal on the Investment and Construction of Supporting Raw Materials and Iron Phosphate and Lithium Iron Phosphate New Energy Materials Project by Hubei Haiges New Energy Co., Ltd.; 2. Proposal on the Investment and Construction of High-end New Materials Project by Jiangsu Shengjing New Materials Co., Ltd.; 3. Proposal on Convening the 8th Extraordinary General Meeting of Shareholders in 2022.
The 61st meeting of the 8th Board of Directors	December 15, 2022	December 16, 2022	Deliberated and adopted: Proposal on the Proposed Signing of the Trust Contract for the Employee Shareholding Collective Fund Trust Plan Phase III.

**2. Attendance of directors at the meetings of Board of Directors and General Meeting of Shareholders**

Attendance of directors at the meetings of Board of Directors and General Meeting of Shareholders							
Name of director	Number of board meetings that should be attended during the reporting period	Number of on-site attendances at the meetings of Board of Directors	Number of attendances at the meetings of Board of Directors through communication	Number of entrusted attendances at the meetings of Board of Directors	Number of absences from the meetings of Board of Directors	Whether fail to attend the board meetings in person for two consecutive times	Number of attendances at the meetings of General Meeting of Shareholders
Miao Han'gen	20	1	19	0	0	No	7
Ji Gaoxiong	20	2	18	0	0	No	9
Qiu Hairong	20	2	18	0	0	No	9
Luo Yukun	20	2	18	0	0	No	5
Zhang Xiangjian	20	1	19	0	0	No	9
Yuan Jianxin	20	1	19	0	0	No	9
Xu Jinye	16	0	16	0	0	No	7
Zhang Songxun	4	1	3	0	0	No	2

**3. Independent directors' objections to the relevant matters of the Company**

Whether the directors raised any objection to the relevant matters of the Company

Yes  No

The directors did not raise any objection to the relevant matters of the Company during the reporting period.

**4. Other explanations on the performance of duties by the directors**

Whether the directors' suggestions to the Company were adopted

Yes  No

Explanation on directors' suggestions to the Company that were or were not adopted:

None

**VII. Situation of special committees under the Board of Directors during the reporting period**

Committee name	Membership	Number of meetings held	Date of meeting	Contents of the meeting	Important opinions and suggestions	Other performance information	Details of objections
Strategy Committee	Miao Han'gen, Ji Gaoxiong, Luo Yukun, Zhang Xiangjian	1	April 17, 2022	Development Strategy	Deliberation and adoption of matters at meetings	None	None

Audit Committee	Zhang Songxun, Zhang Xiangjian, Yuan Jianxin, Qiu Hairong	10	January 12, 2022	Proposal on Conducting Commodity Hedging Business; Proposal on Conducting Foreign Exchange Derivatives Trading Business	Deliberation and adoption of matters at meetings	None	None
			February 28, 2022	Proposal on Confirmation of Daily Related-party Transactions for 2021 and Expected Daily Related-party Transactions for 2022	Deliberation and adoption of matters at meetings	None	None
			January 15, 2022	Audit Opinions on Reviewing the Preliminary Financial and Accounting Statements of the Company; First Urgent Letter on Requesting Accounting Firm to Submit Audit Report within the Agreed Time Limit	Deliberation and adoption of matters at meetings	None	None
	April 11, 2022		Audit Opinions on Reviewing the Financial Statements with Preliminary Audit Opinions Issued by Accounting Firm; Second Urgent Letter on Requesting the Accounting Firm to Submit Audit Report within the Agreed Time Limit	Deliberation and adoption of matters at meetings	None	None	
	Xu Jinye, Zhang Xiangjian, Yuan Jianxin, Qiu Hairong						

			April 17, 2022	Resolutions on the 2021 Audit Work of the Company; Summary Report on the Performance of the Audit Committee of the Board of Directors and the 2021 Audit Work	Deliberation and adoption of matters at meetings	None	None
			April 28, 2022	Financial and Accounting Statements of the Company for 2022Q1	Deliberation and adoption of matters at meetings	None	None
			June 27, 2022	Proposal on Using Raised Funds to Replace the Own Funds Invested in the Project in Advance	Deliberation and adoption of matters at meetings	None	None
			July 26, 2022	Proposal on the Provision of Loans by Controlling Shareholders and Related Parties to the Company & Related-party Transactions	Deliberation and adoption of matters at meetings	None	None
			August 18, 2022	Half-yearly Financial and Accounting Statements of the Company in 2022; Special Report on the Half-yearly Deposit and Use of Raised Funds for 2022	Deliberation and adoption of matters at meetings	None	None
			October 23, 2022	Financial and Accounting Statements of the Company for 2022Q3	Deliberation and adoption of matters at meetings	None	None

Remuneration and Assessment Committee	Zhang Xiangjian, Zhang Songxun, Yuan Jianxin	2	January 21, 2022	Proposal on the Remuneration Plan for Senior Executives of the Company in 2021; Proposal on the Remunerations for Senior Executives of the Company in 2021; Proposal on the Remunerations for Key Management Personnel of the Company in 2021	Deliberation and adoption of matters at meetings	None	None
	Zhang Xiangjian, Yuan Jianxin, Xu Jinye		April 17, 2022	Audit Opinions on the Remunerations of Directors, Supervisors, and Senior Executives in the 2021 Annual Report	Deliberation and adoption of matters at meetings	None	None
Nomination Committee	Yuan Jianxin, Zhang Songxun, Miao Han'gen	1	February 28, 2022	Audit Opinions on Nominating Candidates for Independent Directors of the Company	Deliberation and adoption of matters at meetings	None	None

### VIII. Work situation of the Board of Supervisors

Whether the Board of Supervisors has identified any risks to the Company in its supervisory activities during the reporting period

Yes  No

The Board of Supervisors has no objections to the supervisory matters during the reporting period.

### IX. Employee situation of the Company

#### 1. Number, professional composition and education level of employees

Number of in-service employees of the parent company at the end of the reporting period (persons)	500
Number of in-service employees of the main subsidiaries at the end of the reporting period (persons)	26,941
Total number of in-service employees at the end of the reporting period (persons)	27,441
Total number of salaried employees in the current period (persons)	27,441
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (persons)	0

Professional composition	
Category of professional composition	Number of professional members (persons)
Production personnel	17,803
Salesman	456
Technical personnel	5,340
Financial staff	356
Administrative personnel	1,554
Other personnel	1,932
Total	27,441
Education level	
Category of education level	Number (persons)
Doctoral/Postdoctoral	28
Postgraduate	210
Undergraduate	6,082
Junior College	8,690
High school and below	12,431
Total	27,441

## 2. Remuneration policy

The remuneration structure system is established according to different positions and duties, and the work objectives of employees are consistent with the corporate objectives to achieve the synchronous achievement of employees' objectives and the Company's objectives. The Company conducts in-depth research and continuously optimizes the performance assessment system of each branch and subsidiary, formulates the remuneration management system, and gradually forms a personalized performance assessment system that fully reflects the operating characteristics of its branches and subsidiaries to ensure reasonable and compliant distribution of remuneration.

## 3. Training plan

The Company establishes a sound employee training and development system, so that every employee can have a clear direction of development and realize self-worth. The Company formulates annual training plan, focusing on fine and deep talent cultivation, emphasizing the cultivation of potential and leadership, and from basic talent initial stage, grassroots cadres, middle-level cadres to senior leadership, creating a talent cultivation system covering all levels and all abilities, to enhance the endogenous power of employees, to encourage professional and managerial talents in the field to export knowledge, and to build a scientific and professional development and promotion path for employees.

## 4. Labor outsourcing

Applicable  Not applicable

## X. Profit distribution and the conversion of capital reserve to share capital of the Company

During the reporting period, the policies for the distribution of profit, especially the formulation, implementation or adjustment of the cash dividend policy

Applicable  Not applicable

During the reporting period, the Company formulated the profit distribution plan for 2021 in the form of cash dividends. This plan was approved at the Company's 2021 Annual General Meeting held on May 9, 2022 and was implemented completely on May 27, 2022, in compliance with the provisions of the Articles of Association and the requirements of the resolution of the General Meeting. The Announcement on the Implementation of the 2021 Annual Dividend Distribution was disclosed on CNINFO on 20 May 2022.



Special explanation on cash dividend distribution policy	
Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the General Meeting of Shareholders:	Yes
Whether the criteria and proportion for dividend distribution are clear and explicit:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due roles:	Yes
Whether small and medium-sized shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
If the cash dividend distribution policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	N/A

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

Applicable  Not applicable

Profit distribution and the increase of share capital by converting capital reserves during the reporting period

Applicable  Not applicable

Number of bonus shares per 10 shares (shares)	0
Amount of dividends per 10 shares (RMB) (tax included)	1.00
Share capital base for the distribution plan (shares)	Total share capital on the share registration date when the distribution plan is implemented in the future
Amount of cash dividends (RMB) (tax included)	661,121,240.20
Amount of cash dividends distributed by other means (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including those distributed by other means) (RMB)	Taking the total share capital as of the share registration date at the time of future implementation of the distribution plan as the distribution base, the distribution proportion remains unchanged
Allocable profits (RMB Yuan)	2,047,552,677.49
Proportion of total cash dividends (including those distributed by other means) to total profit distribution	100%
Distribution of cash dividends in the current period	
Others	
Detailed description of the profit distribution or capital reserve conversion plan	
<p>According to the audit of BDO CHINA Shu Lun Pan Certified Public Accountants LLP, the Company achieved a net profit attributable to shareholders of the listed company of RMB 548,162,571.15 in 2022. As of December 31, 2022, the Company's profit available for distribution at the end of the period (according to the parent company's standard) was RMB 2,047,552,677.49.</p> <p>After taking into account the reasonable return to shareholders and the long-term development of the Company, it is proposed to distribute a cash dividend of RMB 1.00 (tax included) for every 10 shares to all shareholders in 2022 on the basis of the total share capital on the share registration date at the time of the future implementation of the distribution plan, with 0 bonus shares to be distributed and no capital increase by way of capitalization from capital reserves, provided that the capital required for the production and operation of the Company is guaranteed. As of March 31, 2023, the total share capital of the Company was 6,611,212,402 shares, based on which the</p>	

proposed cash dividend is estimated to be RMB 661,121,240.20 (tax included), representing 120.61% of the net profit attributable to shareholders of the listed company in 2022. If the total share capital of the Company changes before the shares registration date for the implementation of the distribution plan, the Company will keep the distribution proportion per share unchanged and adjust the total amount of distribution accordingly.

The profit distribution plan is in compliance with relevant laws and regulations and the provisions of the Company's Articles of Association and the Company's Shareholder Return Plan for the Next Three Years (2022-2024), which can guarantee reasonable returns to shareholders and the sustainable development of the Company.

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

Applicable  Not applicable

### **1. Implementation status of employee stock ownership plan**

Applicable  Not applicable

Status of all active employee stock ownership plans during the reporting period

Scope of employees	Employees Number	Total number of shares held (shares)	Changes	Proportion to the total share capital of the listed company	Funding sources for implementing the plan
Middle-level and above employees of the Company and its holding subsidiaries as approved by the Board of Directors of the Company, and other personnel as determined by the Board of Directors	142	12,699,612	68,186,929 shares sold during the current period	0.19%	Self-financing by employees, funds from financial institutions
	2,011	116,630,870	116,630,870 shares purchased during the current period	1.76%	Employees' legal remuneration, self-financing, loans from controlling shareholder Shenghong Technology and other means permitted by laws and regulations
	452	53,025,178	53,025,178 shares purchased during the current period	0.80%	

Changes in asset management institutions during the reporting period

Applicable Not applicable

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

Applicable Not applicable

Exercise of shareholders' rights during the reporting period

None

Other relevant circumstances and description of the employee stock ownership plan during the reporting period

Applicable Not applicable

Changes in the members of the employee stock ownership plan management committee

Applicable Not applicable

Financial impact of the employee stock ownership plan on the listed company during the reporting period and related accounting treatment

Applicable  Not applicable

Information about the termination of the employee stock ownership plan during the reporting period

Applicable  Not applicable

### 3. Other employee incentive measures

Applicable  Not applicable

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

### 1. Construction and implementation of internal control

The Company establishes and continuously improves its internal control system, and carries out compliance requirements and awareness of compliance throughout the process of system construction, covering all aspects of business processes, while continuously strengthening the study and implementation of the system to ensure operational compliance through system execution. The Company actively plays the role of internal audit supervision, strengthens the prevention and control of integrity risks, improves the mechanism of accountability, supervises the implementation of management responsibility and the warning education, and continuously optimizes the operation of the compliance system to ensure the sustainable and high-quality development of the Company.

### 2. Details of the significant deficiencies in internal control identified during the reporting period

Yes  No

## XIII. Management control of subsidiaries during the reporting period

N/A

## XIV. Self-evaluation report or audit report on internal control

### 1. Self-evaluation report on internal control

Date of disclosure of the full text of the internal control evaluation report	April 18, 2023	
Index of disclosure of the full text of the internal control evaluation report	CNINFO: 2022 Internal Control Evaluation Report	
Proportion of total assets of units included in the scope of evaluation to total assets stated in the Company's consolidated financial statements	99.35%	
Proportion of revenues of units included in the scope of evaluation to the revenues stated in the Company's consolidated financial statements	99.95%	
Deficiency identification criteria		
Category	Financial Statements	Non-financial reports
Qualitative criteria	1. Significant deficiencies: the deficiencies that may, alone or together with other deficiencies, result in the failure to prevent or detect and correct material misstatements in financial reporting in a timely manner. A deficiency is considered to be a significant deficiency if: (1) the control environment is ineffective; (2) fraudulent practices by directors, supervisors and senior executives; (3) the external audit found a material misstatement in the current financial report while the Company failed to detect such misstatement in the course of operation; (4) a significant deficiency that has been identified and reported to the management is not corrected within 30 days; (5) ineffective supervision of internal control by the audit committee of the board of	The following circumstances are identified as significant deficiencies, and other circumstances are identified as important deficiencies or general deficiencies, respectively, according to the degree of their impact. (1) Violating national laws, regulations or normative documents, being punished by relevant authorities, resulting in greater social impact; (2) absence or failure of control of important business systems involving the Company's production and operation, affecting major decisions; (3) failure of internal control over information disclosure, resulting in the Company

	<p>directors and internal audit department; (6) other deficiencies that may affect the correct judgment of statement users.</p> <p>2. Important deficiencies: the deficiencies that may, alone or together with other deficiencies, result in the failure to prevent or detect and correct misstatements in financial reporting in a timely manner that do not meet or exceed the materiality level but should still be brought to the attention of management.</p> <p>3. General deficiency: other internal control deficiencies that do not constitute a significant deficiency or an important deficiency.</p>	<p>being publicly condemned by regulatory authorities; (4) significant or important deficiencies that cannot be rectified; (5) other circumstances that have a significant impact on the Company.</p>
Quantitative criteria	<p>1. Significant deficiency: potential omission in total profit: 5% of total profit <math>\leq</math> omission; potential omission in revenue: 0.5% of revenue <math>\leq</math> omission; potential omission in total assets: 0.5% of total assets <math>\leq</math> omission.</p> <p>2. Important deficiency: potential omission in total profit: 2% of total profit <math>\leq</math> omission <math>&lt;</math> 5% of total profit; potential omission in revenue: 0.1% of revenue <math>\leq</math> omission <math>&lt;</math> 0.5% of revenue; potential omission in total assets: 0.1% of total assets <math>\leq</math> omission <math>&lt;</math> 0.5% of total assets.</p> <p>3. General deficiency: potential omission in total profit: omission <math>&lt;</math> 2% of total profit; potential omission in revenue: omission <math>&lt;</math> 0.1% of revenue; potential omission in total assets: omission <math>&lt;</math> 0.1% of total assets.</p>	<p>1. Significant deficiency: direct property loss amounting to RMB 50 million (inclusive) or more.</p> <p>2. Important deficiency: direct property losses amounting to RMB 10 million (inclusive) - RMB 50 million.</p> <p>3. General deficiency: direct property damage amounting to less than RMB 10 million.</p>
Number of significant deficiencies related to the financial report (pcs)		0
Number of significant deficiencies not related to the financial report (pcs)		0
Number of important deficiencies related to the financial report (pcs)		0
Number of important deficiencies not related to the financial report (pcs)		0

## 2. Internal control audit report

applicable  not applicable

Review comments in the internal control audit report	
In our opinion, Jiangsu Eastern Shenghong Co., Ltd. maintained effective internal control over financial reports in all material aspects as at December 31, 2022 according to the Basic Standards for Enterprise Internal Control and relevant provisions.	
Disclosures in the internal control audit report	Disclosure
Date of disclosure of the full text of the internal control audit report	April 18, 2023
Index of disclosure of the full text of the internal control audit report	CNINFO: Internal Control Audit Report (Xin Kuai Shi Bao Zi [2023] No. ZA11337)
Types of opinions on the internal control audit report	Standard unqualified opinion
Whether there are significant deficiencies in non-financial reports	No

Whether the accounting firm has issued an internal control audit report with non-standard opinions

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the self-evaluation report of the board of directors

Yes  No

**XV. Rectification of self-examination issues of special actions on governance of listed companies**

N/A

## Section V Environment and social responsibility

### I. Major environmental issues

Whether the listed company and its subsidiaries are among the key emission units announced by the environmental protection authorities

Yes No

#### Environmental protection-related policies and industry standards

According to industry requirements, each subsidiary of the Company is required to comply with 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 Water Pollution, 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 Environmental Pollution Caused by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution, the Law of the People's Republic of China on Environment Impact Assessment, the Law of the People's Republic of China on the Prevention and Control of Soil Pollution and other laws and regulations, and industry standards related to environmental protection during their own production process.

#### Environmental protection related administrative licensing

The existing pollution discharge permit for Shenghong Refining & Chemical's main plant was received on July 29, 2022 and will be valid until July 28, 2027; and the existing pollution discharge permit for the outer tank area was received on December 16, 2022 and will be valid until December 15, 2027.

The existing pollution discharge permit of Sierbang Petrochemical was received on December 25, 2022 and will be valid until December 24, 2027; the existing radiation safety permit was received on September 15, 2022 and will be valid until November 29, 2025.

The existing pollution discharge permit of Honggang Petrochemical was received on September 20, 2022 and will be valid until September 19, 2027.

The existing pollution discharge permit of Shengze Thermal Power Plant was received on September 30, 2021 and will be valid until September 29, 2026.

The existing pollution discharge permit of Guowang High-Tech was received on May 23, 2022 and will be valid until May 22, 2027.

The existing pollution discharge permit of Ganghong Fiber was received on January 13, 2021 and will be valid until January 12, 2024.

The existing pollution discharge permit of Reborn Technology was received on August 20, 2021 and will be valid until August 19, 2026.

The existing pollution discharge permit of Guowang (Suqian) was received on September 22, 2022 and will be valid until September 21, 2027.

#### Industry discharge standards and specific situations of pollutant discharge involved in operating activities

Table 1:

Name of the company or subsidiary	Major pollutants and characteristics Name of pollutants	Major pollutants and characteristics Name of pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Total emissions	Approved total emissions	Excess emissions
Shenghong Refining & Chemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct discharge after treatment	70	Located in the main device area of the plant area	Particulate matter: 0.5989t; sulfur dioxide: 1.9555t; nitrogen oxides: 95.2184t; volatile organic compounds: 3.7798t	Particulate matter: 291.17t; sulfur dioxide: 470.35t; nitrogen oxides: 1,259.25t; volatile organic compounds: 1,845.1761t	None

Shenghong Refining & Chemical	Process wastewater	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Treatment Project for Chemical High Salt Wastewater Discharged to the Donggang Sewage Treatment Plant and Petrochemical Base in the Park after Pre-treatment by Sewage Treatment Station (Phase I); Discharge of regenerated concentrated water to Fangyang Outlet after treatment	3	Located in the final monitoring tank of each sewage treatment station	Chemical oxygen demand: 50.7006t; ammonia nitrogen: 3.8666t; total nitrogen: 14.5074t; total phosphorus: 0.3146t	Chemical oxygen demand: 1,205.31t; Ammonia nitrogen: 101.40t; total nitrogen: 141.29t; total phosphorus: 11.79t	None
Sierbang Petrochemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct discharge after treatment	64	Located in the main device area of the plant area	Particulate matter: 25.363197t; sulfur dioxide: 23.255775t; nitrogen oxides: 303.13355t; volatile organic compounds: 41.16865t	Particulate matter: 147.85t; sulfur dioxide: 250.171t; nitrogen oxides: 1269.758t; volatile organic compounds: 611.60677t	None
Sierbang Petrochemical	Process wastewater	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by the sewage treatment station	1	Located in the final observation tank of the sewage treatment station	Chemical oxygen demand: 183.9393t; ammonia nitrogen: 3.47123t; total nitrogen: 18.42087t; total phosphorus: 2.382170t	Chemical oxygen demand: 479.49t; ammonia nitrogen: 49.46t; total nitrogen: 70.6t; total phosphorus: 2.58t	None
Honggang Petrochemical	Exhaust gas	Dust, p-xylene, hydrogen bromide, volatile organic compounds	Direct discharge after treatment	29 (including backup facility outlets)	Located in the main device area and finished product silo within the plant area	Sulfur dioxide: 0.0138t; nitrogen oxide: 0.752t; particulate matter: 1.204t; volatile organic compounds: 63.45t	Sulfur dioxide: 6.75t; nitrogen oxides: 16.82t; particulate matter: 11.12t; volatile organic compounds: 206.07t	None
Honggang Petrochemical	Process wastewater	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Donggang Sewage Treatment Plant in the Park after treatment by the sewage pre-treatment station	1	Located at the main discharge outlet of the final monitoring tank of the sewage treatment station	Chemical oxygen demand: 650t; ammonia nitrogen: 13.6t; total nitrogen: 45.9t; total phosphorus: 0.833t	Chemical oxygen demand: 1,992.35t; ammonia nitrogen: 63.155t; total nitrogen: 62.943t; total phosphorus: 23.718t	None

Shengze Thermal Power Plant	Exhaust gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct discharge after treatment	3	Main chimney discharge outlet is arranged on the north side of the plant area	Smoke dust: 5.78t; sulfur dioxide: 35.43t; nitrogen oxides: 104.94t	Smoke dust: 34.05t; sulfur dioxide: 302.92t; nitrogen oxides: 427.07t	None
Guowang High-Tech	Exhaust gas	Nitrogen oxides, non methane total hydrocarbons	Direct discharge after treatment	4	Located in the main device area of the plant area	Nitrogen oxides: 21.502075t; non methane total hydrocarbons: 0.6011t	Nitrogen oxides: 163.9t; non methane total hydrocarbons: 6.39t	None
Ganghong Fiber	Exhaust gas	Volatile organic compounds	Organized discharge	1	Located in the main device area of the plant area	Volatile organic compounds: 0.4577t	Volatile organic compounds: 57.6t	None
Reborn Technology	Exhaust gas	Non methane total hydrocarbon	Organized discharge	12	Located in the main device area of the plant area	Non methane total hydrocarbon: 0.978094t	Non methane total hydrocarbon: 19.49t	None
Reborn Technology	Wastewater	Chemical oxygen demand, ammonia nitrogen	Discharged into the sewage treatment plant of Wood Industry Park in Siyang County after pre-treatment by the sewage treatment station	1	Located on the south side of the sewage treatment station in the plant area	Chemical oxygen demand: 0.153449t; ammonia nitrogen: 0.004778t	Chemical oxygen demand: 58.336t; ammonia nitrogen: 1.936t	None
Guowang (Suqian)	Exhaust gas	Sulfur dioxide, nitrogen oxides, particulate matter	Organized discharge	1	Arranged in the main device area in the plant area	Sulfur dioxide: 1.2619t Nitrogen oxide: 27.6919t Particulate matter: 2.3875t	Sulfur dioxide: 72.66t Nitrogen oxides: 90.74t Particulate matter: 17.08t	None

Table 2:

Name of the company or subsidiary	Discharge concentration/intensity	Emission standards of pollutants
Shenghong Refining & Chemical	<p>Waste gas treatment facilities: particulate matter: <math>\leq 20\text{mg}/\text{m}^3</math>; sulfur dioxide: <math>\leq 50\text{mg}/\text{m}^3</math>; nitrogen oxide: <math>\leq 100\text{mg}/\text{m}^3</math>; volatile organic compounds: <math>\leq 80\text{mg}/\text{m}^3</math>.</p> <p>Waste gas discharge outlet of waste liquid incinerator: particulate matter: <math>\leq 30\text{mg}/\text{m}^3</math>; sulfur dioxide: <math>\leq 100\text{mg}/\text{m}^3</math>; nitrogen oxide: <math>\leq 300\text{mg}/\text{m}^3</math>; volatile organic compounds: <math>\leq 80\text{mg}/\text{m}^3</math></p>	Standards for the Discharge of Malodorous Pollutants (GB 14554-93), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB 32/3151-2016), Integrated Emission Standard of Air Pollutants (DB32/4041-2021), Standard for the Control of Pollution from the Burning of Dangerous Wastes (GB 18484-2020), Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019)



Shenghong Refining & Chemical	<p>Pipeline connection standards for Donggang Sewage Plant: chemical oxygen demand: <math>\leq 500\text{mg/L}</math>; ammonia nitrogen: <math>\leq 35\text{mg/L}</math>; total nitrogen: <math>\leq 45\text{mg/L}</math>; total phosphorus: <math>\leq 5\text{mg/L}</math>.</p> <p>Pipeline connection standards for petrochemical base chemical high salt wastewater treatment project (Phase I): chemical oxygen demand: <math>\leq 200\text{mg/L}</math>; ammonia nitrogen: <math>\leq 15\text{mg/L}</math>; Total nitrogen: <math>\leq 35\text{mg/L}</math>; total phosphorus: <math>\leq 2\text{mg/L}</math>.</p> <p>Discharge standard of sea outfall: chemical oxygen demand: <math>\leq 50\text{mg/L}</math>; ammonia nitrogen: <math>\leq 5\text{mg/L}</math>; total nitrogen: <math>\leq 15\text{mg/L}</math></p>	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Water Pollutants in the Chemical Industry (DB32/929-2020), and pipeline connection standards for the sewage treatment plants in the Park
Sierbang Petrochemical	<p>Waste gas treatment facilities: particulate matter: <math>\leq 20\text{ mg/m}^3</math>; sulfur dioxide: <math>\leq 50\text{ mg/m}^3</math>; nitrogen oxides: <math>\leq 100\text{ mg/m}^3</math>; volatile organic compounds: <math>\leq 80\text{mg/m}^3</math>.</p> <p>Wastewater incineration facilities: particulate matter: <math>\leq 30\text{ mg/m}^3</math>; sulfur dioxide: <math>\leq 100\text{ mg/m}^3</math>; nitrogen oxides: <math>\leq 300\text{ mg/m}^3</math>; Volatile organic compounds: <math>\leq 80\text{mg/m}^3</math>.</p> <p>EVA and SAP devices: volatile organic compounds: <math>\leq 60\text{mg/m}^3</math></p>	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB32_3151-2016), Standard for the Control of Pollution from the Burning of Dangerous Waste (GB18484-2020), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)
Sierbang Petrochemical	Chemical oxygen demand: $\leq 200\text{mg/L}$ ; ammonia nitrogen: $\leq 15\text{mg/L}$ ; total nitrogen: $\leq 35\text{mg/L}$ ; total phosphorus: $\leq 2\text{mg/L}$	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015) and the pipeline connection standards for the sewage treatment plants in the Park
Honggang Petrochemical	Dust: $\leq 20\text{ mg/m}^3$ ; paraxylene: $\leq 20\text{mg/m}^3$ ; bromomethane: $\leq 20\text{mg/m}^3$	Integrated Emission Standard of Air Pollutants (GB16297-1996), Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), and Standard for the Discharge of Air Pollutants from Boilers (GB 13271-2014)
Honggang Petrochemical	Chemical oxygen demand: $\leq 500\text{mg/L}$ ; ammonia nitrogen: $\leq 35\text{mg/L}$ ; total nitrogen: $\leq 45\text{mg/L}$ ; total phosphorus: $\leq 5\text{mg/L}$	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015) and the pipeline connection standards for the sewage treatment plants in the Park
Shengze Thermal Power Plant	Smoke dust: $\leq 10\text{mg/Nm}^3$ ; sulfur dioxide: $\leq 35\text{mg/Nm}^3$ ; nitrogen oxide: $\leq 50\text{mg/Nm}^3$	Standard for the Discharge of Air Pollutants from Thermal Power Plants (GB13223-2011)
Guowang High-Tech	Nitrogen oxide: $\leq 150\text{mg/Nm}^3$ ; non methane total hydrocarbons: $\leq 60\text{ mg/Nm}^3$	Standard for the Discharge of Air Pollutants from Boilers (GB13271-2014), Integrated Emission Standard of Air Pollutants (DB32/4041-2021), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)
Ganghong Fiber	Volatile organic compounds: $\leq 60\text{mg/Nm}^3$	Integrated Emission Standard of Air Pollutants (GB16297-1996)
Reborn Technology	Non methane total hydrocarbon: $\leq 60\text{mg/Nm}^3$	Integrated Emission Standard of Air Pollutants (DB32/4041-2021)

Reborn Technology	Chemical oxygen demand: $\leq 400\text{mg/L}$ ; ammonia nitrogen: $\leq 25\text{mg/L}$	Water Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), Integrated Wastewater Discharge Standard (GB8978-1996), and pipeline connection standards for sewage treatment plants in the Park
Guowang (Suqian)	Sulfur dioxide: $\leq 25\text{ mg/m}^3$ ; nitrogen oxides: $\leq 30\text{ mg/m}^3$ ; particulate matter: $\leq 5\text{ mg/m}^3$ ;	Requirements for Implementing Emission Restrictions for "Green Benchmark" Demonstration Enterprises in Suqian City; Integrated Emission Standard of Air Pollutants (DB32/4041-2021)

### Treatment of pollutants

The above-mentioned units build pollutant treatment facilities in accordance with the requirements of the environmental impact assessment of construction projects. At present, the pollution prevention and control facilities are operating normally, and the daily maintenance and repair of equipment and facilities are emphasized to ensure the high efficiency and stability of pollutant treatment facilities, which can all meet the limits of the EIA and related design requirements.

### Emergency plan for environmental emergencies

Shenghong Refining & Chemical has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing numbers: 320741-2022-024-H (main plant area) and 320741-2022-016-H (outer tank area).

Sierbang Petrochemical has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 32074-2022-017-H.

Honggang Petrochemical has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 320741-2022-011-H.

Shengze Thermal Power Plant has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2020-094-M.

Guowang High-Tech has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2020-139-H.

Ganghong Fiber has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2022-003-H.

Reborn Technology has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2022-055-L.

Guowang (Suqian) has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2023-001-M.

### Environmental self-monitoring scheme

The above-mentioned units prepare their own environmental monitoring plan in accordance with the monitoring content of their pollution discharge permits, entrust qualified units to monitor regularly, and regularly declare environmental monitoring data.

### Investment in environmental treatment and protection and payment of environmental protection taxes

In accordance with the relevant requirements of the state and local government, the Company's branches and subsidiaries shall complete various monitoring and environmental treatment work. In 2022, the Company invested a total of RMB 5.845 billion in environmental protection-related investments for equipment construction and technical transformation, etc. Among them, the investment in the environmental protection equipment in the

Shenghong Refining & Chemical Integration Project was RMB 4.960 billion. In 2022, the Company paid RMB 8.8809 million in environmental protection tax.

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

Applicable  Not applicable

The Company focused on key technological innovation for green and safe development, explored the high-quality development path of energy saving and carbon reduction, synergy and efficiency enhancement, firmly established the new development concept of innovation, coordination, green, openness and sharing, and made every effort to build a safe, low-carbon and circular sustainable development system. The measures taken to reduce carbon emissions during the reporting period and their effects are detailed in the 2022 Social Responsibility Report disclosed by the Company on CNINFO on April 18, 2023.

**Administrative penalties for environmental issues during the reporting period**

None

**Other environmental information that should be disclosed**

The environmental information that should be disclosed has been disclosed on the environmental information disclosure platform as required.

**Other environmental protection-related information**

None

**Situation related to environmental accidents of the listed company**

None

**II. Social responsibility**

The Company's 2022 Social Responsibility Report was deliberated and adopted at the second meeting of the ninth Board of Directors, which recorded in detail the Company's fulfillment of social responsibility during the reporting period, and the full text of this report was disclosed on CNINFO on April 18, 2023.

During the reporting period, the relevant internal control system for safety management of the Company was well built and operating well; there were no major safety accidents.

**III. Consolidation of poverty alleviation achievements and rural revitalization**

None

## Section VI Significant matters

### I. Fulfillment of commitments

#### 1. Commitments of actual controller, shareholders, affiliates, acquirer, the Company and other related parties that are performed in the reporting period and not performed as at the end of the reporting period

Applicable  Not applicable

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Other commitments	Ensure that the consideration shares will be used for fulfilling the performance compensation commitment on a priority basis and not to escape from the compensation obligation by pledging shares, etc.; when pledging the consideration shares in the future, the pledgee will be notified in writing of the potential performance compensation obligations of the above shares according to the performance compensation agreement, and clear agreement will be made with the pledgee in the pledge agreement regarding the use of the relevant shares for payment of performance compensation matters, etc. During the performance commitment period, no pledge of the	January 27, 2022	To April 30, 2024	In the process of fulfillment

			consideration shares obtained in this transaction will be made to ensure that the consideration shares obtained by the Company can be fully used to fulfill the performance compensation commitment. If the Company breaches the above commitment, it will bear the corresponding legal responsibility in accordance with the law.			
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Performance commitments and compensation arrangement	Sierbang Petrochemical's net profit attributable to the parent company after deducting non-recurring profit or loss was not less than RMB 1,783.8004 million, RMB 1,508.6533 million and RMB 1,842.5290 million for 2021, 2022 and 2023 respectively. If the restructuring fails to complete the delivery of the target company before December 31, 2021 (inclusive), the compensation obligor agrees and undertakes that the target company's net profit attributable to	January 27, 2022	To April 30, 2024	Sierbang Petrochemical achieved the committed net profit in 2021 and 2022

			the parent company after deducting non-recurring profit or loss for 2022, 2023 and 2024 shall not be less than RMB 1,508.6533 million, RMB 1,842.5290 million and RMB 1,779.4817 million, respectively. If the actual audited net profit of the target company in the performance commitment year is higher than the committed net profit in the performance commitment year, the excess amount may be cumulated with the actual audited net profit of the target company in the subsequent years, and such cumulative amount shall be deemed to be the actual net profit achieved by the target company in the corresponding subsequent years.			
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Commitment on share restrictions	1. The newly issued shares of the listed company acquired by the Company as a result of this restructuring shall not be transferred in	January 27, 2022	To January 26, 2025	In the process of fulfillment

		<p>any way or entrusted to others to manage the said shares for 36 months from the date of closing of the issuance of such shares, and shall be subject to the relevant laws and regulations and the relevant requirements of the China Securities Regulatory Commission and the stock exchange after the expiration of the said 36 months. If the Company's profit compensation obligations under the Profit Forecast Compensation Agreement have not yet been fulfilled, the aforesaid lock-up period shall be extended to the date when the compensation obligor has fulfilled them. 2. Within 6 months after the Company acquires the shares of the listed company, if the closing price of the shares of the listed company is lower than the issuance price for 20 consecutive trading days, or if the closing price of the</p>			
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			<p>shares of the listed company is lower than the issuance price at the end of the period of 6 months after the Company acquires the shares of the listed company, the lock-up period of the said shares shall be automatically extended for at least 6 months. During the lock-up period of the above-mentioned shares, the shares increased due to bonus shares or capital increase of the listed company shall also comply with the above agreement. 3. If the aforementioned commitment on the lock-up period of the shares of the listed company acquired in this restructuring is not in line with the latest regulatory opinions of securities regulatory authorities such as the China Securities Regulatory Commission or Shenzhen Stock Exchange, the Company will make corresponding adjustments in accordance with the relevant</p>			
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			regulatory opinions. 4. In case of violation of the above statements and commitments, the Company is willing to bear the corresponding legal responsibilities.			
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.; Shenghong (Suzhou) Group Co., Ltd.; Zhu Hongjuan; Zhu Hongmei; Zhu Minjuan	Commitment on share reduction	1. The shares of the listed company held by the Company/myself before this restructuring shall not be transferred within 18 months from the date of acquisition of the shares of the listed company by the counterparty to this restructuring, except for the transfer of the shares of the listed company to other entities controlled by the actual controller of the Company/me. 2. After the expiration of the lock-up period, the transfer and trading of such shares shall be conducted in accordance with the laws and regulations in force at the time, as well as the regulations and rules of the China Securities Regulatory Commission and Shenzhen Stock Exchange. After	January 27, 2022	To July 26, 2023	In the process of fulfillment

			<p>the completion of this transaction, the increased shares of the listed company held by the Company/me based on the shares held prior to this transaction due to share bonus or capital increase of the listed company shall also comply with the aforesaid lock-up commitment. If the above-mentioned arrangement for the lock-up period is not in line with the latest regulatory opinion of the securities regulators, it will be adjusted accordingly in accordance with the relevant regulatory opinions.</p>			
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.	Commitment on share restrictions	<p>1. No transfer of the additional shares of the listed company acquired as a result of this transaction shall be conducted within 36 months from the date of listing. 2. If the closing price of the shares of the listed company is lower than the issuance price for 20 consecutive trading days within 6 months after the completion of</p>	September 3, 2018	To May 13, 2022	Commitments fulfilled

		<p>this transaction, or if the closing price at the end of 6 months after the completion of this transaction is lower than the issuance price, the aforementioned lock-up period for the additional shares of the listed company acquired by the Company as a result of this transaction shall be automatically extended for 6 months. 3. Upon the expiration of the aforementioned lock-up period, if the performance commitment period agreed in the Performance Commitment and Compensation Agreement and its supplemental agreement has not yet expired or the Company has not yet fulfilled its share compensation obligations thereunder, the aforementioned lock-up period shall be extended until the expiration of the performance commitment period and the date of fulfillment of the share compensation obligations (if no</p>			
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		<p>compensation is required, the date of announcement of the special audit report on the committed performance). 4. If this transaction is investigated by judicial authorities or investigated by the China Securities Regulatory Commission due to suspected false records, misleading statements or material omissions in the information provided or disclosed, the Company shall not transfer the additional shares of the listed company acquired as a result of this transaction until the conclusion of the case investigation is clear, and shall submit a written application for suspension of transfer and the stock account within two trading days of receiving the notice of investigation to the board of directors of the listed company, the board of directors shall apply to the stock exchange and the registration and settlement</p>			
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			<p>company for locking on its behalf; if the application for locking is not submitted within two trading days, the board of directors shall be authorized to submit the identity information and account information of the Company directly to the stock exchange and the registration and settlement company and apply for locking after verification; if the board of directors fails to submit my or my company's identity information and account information to the stock exchange and the registration and settlement company, the stock exchange and the registration and settlement company shall be authorized to lock the relevant shares directly. If the investigation conclusion reveals the existence of illegal and irregular circumstances, the Company undertakes to lock up the shares for the compensation</p>			
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			<p>arrangements for relevant investor voluntarily. 5. The additional shares of the listed company acquired by the Company due to this transaction, as well as the shares acquired from the distribution of dividends and capitalisation of capital reserves by the listed company, shall be subject to the above commitments. If the aforementioned lock-up period is not in line with the new regulatory requirements of the securities regulatory authorities in the future, the Company will make corresponding adjustments in accordance with the new regulatory opinions of the regulatory authorities, and shall be subject to the relevant regulations of the China Securities Regulatory Commission and Shenzhen Stock Exchange after the lock-up period expires.</p>			
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.	Other commitments	1. The Company has transferred the above 14 trademarks to Suzhou	January 31, 2018	Effective in the long term	Except for the Pakistan trademark, the transfer and change

			<p>Shenghong Fibers Co., Ltd., and the relevant transfer procedures are currently being processed. The application for the transfer of the above-mentioned trademarks with serial numbers 1-12 has been submitted to the Trademark Office of the State Administration for Industry and Commerce, and the owner change procedures would be completed by the end of June 2018. The application for the transfer of trademarks with serial numbers 13-14 has been filed with the relevant departments in Taiwan and the International Registration Office of the Trademark Office, and the procedures for changing the owner are currently being carried out normally. Due to the complexity of overseas trademark transfer procedures, it is estimated that it will take a long time, and the Company will complete the</p>			<p>procedures for other trademarks are completed</p>
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			<p>ownership change procedures as soon as possible. 2. The Company applied for a trademark to the Pakistani trademark authority in October 2013, and obtained a trademark certificate under the registration number "348483" in December 2017. On January 8, 2018, the Company signed an agreement on the transfer of such trademark with Suzhou Shenghong Fibers Co., Ltd., and entrusted a trademark agency to handle the transfer procedures. Due to the complexity of overseas trademark transfer procedures, it is estimated that it will take a long time, and the Company will complete the ownership change procedures as soon as possible. The above-mentioned trademarks do not have rights restrictions such as pledge, nor do they have any ownership disputes or potential ownership disputes. Before</p>			
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			the above-mentioned trademark transfer procedures are completed, the Company agrees and confirms that Suzhou Shenghong Fibers Co., Ltd. has the right to use such trademarks for free until the their transfer procedures are completed. If the transfer of the above trademarks fails, the Company will be responsible for all the losses caused to Suzhou Shenghong Fibers Co., Ltd.			
Commitments made during asset restructuring	Zhu Hongmei	Other commitments	I sold 300,000 shares of the Listed Company on November 9, 2016, and bought 234,000 shares of the Listed Company from November 18, 2016 to December 12, 2016. Regarding the above-mentioned trades, I made an explanation: "I have traded in the shares of the Listed Company within 6 months before the suspension of the Listed Company for major asset restructuring. In response to this matter, I make the following statement:	August 18, 2017	Effective in the long term	As of the end of 2022, no shares were sold

			<p>"During the above-mentioned period of buying and selling the shares of the Listed Company, I was not aware of matters related to the major asset restructuring of the Listed Company, and the behavior of trading shares of the Listed Company was an investment decision made by me based on market information and independent personal judgment. There are no other cases of stock trading by obtaining insider information on the securities of the Listed Company. At the same time, I promise that all the proceeds obtained from the disposal of the shares of the Listed Company purchased within 6 months before the suspension of the Listed Company for major asset restructuring would be vested in the Listed Company. "</p>			
Commitments made during asset restructuring	Jiangsu Wujiang Silk Group Co., Ltd.	Commitments on peer competition, related transactions, and capital	(1) Silk Group will not directly or indirectly engage in or participate in any business and	August 31, 2007	To September 7, 2022	When Silk Group no longer holds 5% of the Company's shares, the

		<p>occupation</p>	<p>activities that compete with the Company, or have interests in any economic entity, institution, or economic organization competing with the Company; or acquire control of such economic entity, institution or economic organization in any other form.                  (2) If Silk Group or enterprises controlled by Silk Group sells any assets, business, rights or interests related to the Company's production and operation, the Company has the right of first refusal; and Silk Group guarantees that the conditions offered to the Company when selling or transferring relevant assets or businesses are equivalent to those provided by it or its controlled enterprises to any independent third party. Silk Group is willing to responsible for all the economic losses caused to the Company due to violation of the above commitments. Before Silk Group no longer</p>			<p>commitments have been fulfilled</p>
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			holds 5% or more of the Company's shares, the above commitments are valid commitments.			
Commitments made at IPO or refinancing	15 shareholders including Shenghong (Suzhou) Group Co., Ltd. who participated in the Company's private placement	Commitment on share restrictions	During such placement, Shenghong (Suzhou) Group Co., Ltd. promises that the shares it subscribed for such placement will not be transferred within 18 months from the date of listing; The other 14 targets, namely Guotai Fund Management Co., Ltd., Xiamen Xiangyu Group Co., Ltd., Guosen Securities Co., Ltd., Zhejiang Transfar Chemical Group Co., Ltd., Guotai Junan Securities Co., Ltd., Golden Eagle Fund Management Co., Ltd., and CITIC Securities Co., Ltd. Company, Zhou Lei, Jiangsu Yingxiang Chemical Fiber Co., Ltd., Caitong Fund Management Co., Ltd., China Fund Management Co., Ltd., Huatai Asset Management Co., Ltd.-Huatai	July 15, 2020	To January 14, 2022	Commitments fulfilled

			Optimal No.3 stock-type pension products, Zhongyi Asset Management Co., Ltd.-Private Placement Optimal No.36 asset management product, Hangzhou Jinxi Investment Partnership (Limited Partnership), promise that the shares they subscribed for this placement will not be transferred within 6 months from the date of listing.			
Commitments made at IPO or refinancing	22 shareholders including Caitong Fund Management Co., Ltd. who participated in the Company's private placement	Commitment on share restrictions	<p>Within 6 months from the date when Jiangsu Eastern Shenghong Co., Ltd.'s private placement is completed and relevant shares are listed, the above-mentioned shares subscribed by these subscribers shall not be transferred.</p> <p>After the lock-up period expires, the reduction of the above shares subscribed by these subscribers is subject to the Company Law, Securities Law, Listing Rules of Shenzhen Stock Exchange and</p>	July 20, 2022	To January 19, 2023	Restricted shares were listed and circulated on January 20, 2023

			other laws, regulations, rules, normative documents, the relevant rules of the Shenzhen Stock Exchange and the relevant provisions of the Articles of Association.			
Commitments made at IPO or refinancing	Jiangsu Shenghong Technology Co., Ltd.; Jiangsu Shenghong New Material Group Co., Ltd.	Other commitments	Complying with Article 38 of the China Securities Regulatory Commission's "Provisions on the Supervision and Administration of Depositary Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges", which stipulates that "the depositary receipts subscribed by the controlling shareholders, actual controllers and enterprises controlled by domestic listed companies shall not be transferred within 36 months from the listing.	December 28, 2022	To December 27, 2025	In the process of fulfillment
Other commitments made to small and medium shareholders of the Company	Jiangsu Wujiang Silk Group Co., Ltd.	Other commitments	It is waiting for the regulatory departments and regulatory regulations to clarify the business format of the bulk commodity electronic trading market at the level of	February 14, 2014	Effective in the long term	As of the end of 2022, the commitment performance conditions have not been met

			the legal framework; and within two years of Suzhou Shengze China Oriental Market Textile Electronic Exchange Co., Ltd.'s return on net assets after non-recurring gains and losses for two consecutive years is higher than 6%, the Silk Group will unconditionally sell its 51% equity interest in the Exchange to the Listed Company at a fair market price if the Listed Company intends to purchase it.			
Whether the commitments are fulfilled on time						Yes
If the commitments are overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail.						N/A

**2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company explains whether the assets or projects have met the original profit forecast and the reasons**

Applicable  Not applicable

Asset or item with earnings forecast	Start date of forecast	End date of forecast	Cumulative performance commitment amount as of December 31, 2022 (RMB'0,000)	Cumulative realized amount as of December 31, 2022 (RMB'0,000)	Reason for not meeting forecast	Original forecast disclosure date	Original forecast disclosure index
Net profit attributable to owners of the parent company under the consolidated statement after deducting non-recurring gains and losses of	January 1, 2021	December 31, 2023	329,245.37	515,249.57	N/A	January 4, 2022	CNINFO, "Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related-Party Transactions"

Sierbang Petrochemical							
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Commitments made by the Company's shareholders and counterparties in respect of the operating performance of reporting year

Applicable  Not applicable

In July 2021, the Company and Shenghong Petrochemical and Bohong Industrial signed the conditional Supplemental Agreement on the Compensation Agreement on Earnings Forecast for the Issue of Shares and Payment of Cash to Purchase Assets, in which Shenghong Petrochemical and Bohong Industrial undertook that the net profit attributable to the parent company of Sierbang Petrochemical for the years 2021, 2022 and 2023 after deduction of non-recurring profit or loss shall not be less than RMB 1,783.8004 million, RMB 1,508,6533 million, and RMB 1,842.5290 million. If the actual audited net profit of the target company in the performance commitment year is higher than the committed net profit in the performance commitment year, the excess amount may be cumulated with the actual audited net profit of the target company in the subsequent years, and such cumulative amount shall be deemed to be the actual net profit achieved by the target company in the corresponding subsequent years.

Completion of performance commitments and its impact on goodwill impairment test

### 1. Fulfillment of performance commitments

According to the "Assurance Report on the Realization of 2022 Annual Performance Commitments of Jiangsu Eastern Shenghong Co., Ltd. on the Issue of Shares and Payment of Cash to Purchase Assets in 2021" issued by Ernst & Young Hua Ming (Special General Partnership) (Ernst & Young Hua Ming (2023) Zhuan Zi No.61328049\_B01), Sierbang Petrochemical's net profit attributable to the owner of the parent company under the consolidated statement as of December 31, 2022 after deducting non-recurring profit or loss has reached the cumulative net profit of the performance commitment.

### 2. Impact of goodwill impairment test

The goodwill in the Company's consolidated statements was formed during the reverse purchase of the Company's major asset reorganization in 2018, and the synergistic asset group related to the goodwill is the original business of the Listed Company, which is not related to the performance of Sierbang Petrochemical, the subject of the acquisition.

## II. Non-operational appropriation of funds by the controlling shareholder and other related parties to the listed company

Applicable Not applicable

None.

## III. Violation of external guarantees

Applicable Not applicable

The Company did not violate any external guarantee during the reporting period.

## IV. Notes of the Board of Directors on the latest "non-standard auditors' reports"

Applicable Not applicable

## V. Explanations of the Board of Directors, the Board of Supervisors and independent directors (if any) on the "non-standard auditors' report" issued by the accounting firm for this reporting period

Applicable Not applicable

## VI. Notes to the changes in accounting policies and accounting estimates or the correction of significant accounting errors compared with the financial report of the previous year

Applicable  Not applicable

According to the Notice by the Ministry of Finance of Issuing the Interpretation No.15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No.35) issued by the Ministry of Finance, the corresponding



accounting policies have been changed. The Company implemented such provisions as of January 1, 2022, without causing any significant impact on the Company's financial position, operating results or cash flows.

According to the Interpretation No.16 of the Accounting Standards for Business Enterprises Interpretation No.16 (Cai Kuai [2022] No.31) issued by the Ministry of Finance, the corresponding accounting policies have been changed. The Company implemented such provisions for 2022, without causing any significant impact on the Company's financial position, operating results or cash flows.

Related inquiries on the website for disclosure of interim reports on significant matters

Significant matters	Date of disclosure	Index of website queries for interim report disclosure
Changes in accounting policies	April 19, 2022	CNINFO, Announcement on Changes in Accounting Policies (Announcement No.: 2022-067)
	April 18, 2023	CNINFO, Announcement on Changes in Accounting Policies (Announcement No.: 2023-040)

## VII. Notes to changes in the scope of consolidated statements compared with the financial reports of the previous year

Applicable  Not applicable

The Company included 49 companies in the scope of consolidated statements in 2022, and 11 companies were newly added to the scope of consolidation in current period, including Jiangsu Shenghong Energy Chemical New Material Co., Ltd., Hubei Hongrui New Materials Co., Ltd., Hubei Haigesu New Energy Co., Ltd., Shenghong (Shanghai) New Material Technology Co., Ltd., Shenghong New Energy (Suzhou) Co., Ltd., Suzhou Dongneng Innovation Technology Co., Ltd., Shenghong Petrochemical Group Shanghai New Materials Co., Ltd., Jiangsu Shengjing New Materials Co., Ltd., Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd., Jiangsu Shenghong Chemical Fiber New Material Co., Ltd., and Siyang Yiyang Environmental Protection Energy Co., Ltd.; 3 companies were excluded, including Jiangsu Xingda Natural Gas Pipeline Co., Ltd., Lianyungang Shenghong Refining & Chemical Industry Fund Partnership (Limited Partnership), and Suzhou Yinghong Industrial Investment Fund (Limited Partnership).

## VIII. Appointment and dismissal of certified public accountants

Current accounting firm

Name of domestic certified public accountants	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Domestic accounting firm remuneration (RMB'0,000)	265
Consecutive years of audit services provided by domestic accounting firm	5
The names of the certified public accountants of the domestic accounting firm	Dong Shu, Jiang Xuelian, Tang Yi
Consecutive years of audit services from certified public accountants of domestic accounting firm	Dong Shu is providing audit service for 5 consecutive years, Jiang Xuelian is providing audit service for 4 consecutive years, and Tang Yi is providing audit service for 3 consecutive years

Note: The Company has engaged BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the Company's financial audit firm and internal control audit firm for 2022. The annual audit remuneration is RMB 2.65 million,

Whether to change the accounting firm in the current period

Yes  No

Engagement of internal control audit accounting firms, financial consultants or sponsors

Applicable  Not applicable

The Company has engaged BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the Company's internal control audit firm in 2022, the internal control audit remuneration is RMB 600,000.

**IX. Delisting after annual report disclosure**

Applicable  Not applicable

**X. Matters related to bankruptcy and reorganization**

Applicable  Not applicable

During the reporting period, the Company did not have any bankruptcy and reorganization related matters.

**XI. Significant litigation and arbitration**

Applicable  Not applicable

The Company did not have any major lawsuit or arbitration issues in the reporting period.

**XII. Punishment and rectification**

Applicable  Not applicable

There was no punishment and rectification during the reporting period.

**XIII. Credit status of the Company, its controlling shareholders and actual controllers**

Applicable  Not applicable

**XIV. Major related party transactions****1. Related-party transactions related to daily operations**

Applicable  Not applicable

Related party	Relationship	Type of related-party transactions	Related party transactions	Pricing principle of related-party transaction	Price of related party transactions	Amount of related-party transaction (RMB'0,000)	Proportion in the amount of similar transactions	Approved transaction quota (RMB '0,000)	Is the approved limit exceeded	Settlement method of related-party transactions	Available market price for similar transactions	Date of disclosure
Lianyungang Hongyang Thermolectricity Co., Ltd.	A enterprise controlled by the actual controller's family relatives	Purchase of fuel and power from related parties	Steam etc.	Steam deals priced based on government guidance	RMB 229.22/ton	302,105.68	99.95%	651,907.6	No	Billed monthly	RMB 232.50/ton	March 1, 2022
Total				--	--	302,105.68	--	651,907.6	--	--	--	--
Disclosure index		CNINFO, "Announcement on Confirming Daily Related Transactions in 2021 and Predicting Daily Related Transactions in 2022" (Announcement No.: 2022-033)										

**2. Related transactions related to the acquisition or sale of assets or equity**

Applicable  Not applicable

Related party	Relationship	Type of related-party transactions	Related party transactions	Pricing principle of related-party transaction	Book value of transferred assets (RMB'0,000)	Transfer price (RMB'0,000)	Settlement method of related-party transactions	Profit or loss from transaction (RMB'0,000)
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller	Equity acquisition	Acquisition of 100% equity of Petrochemical New Materials	The net asset of underlying asset on the merger date as the transaction price	381.20	299.35	Cash consideration	-1,781.05
Reason for the large difference between the transfer price and the book value or appraised value					N/A			
The impact on the Company's operating results and financial position					No significant impact			
Performance fulfillment during the reporting period where the relevant transaction involves the performance agreements					N/A			

**3. Related transactions related to joint foreign investment**

Applicable  Not applicable

During the reporting period, there was no related-party transaction involving joint external investment.

**4. Related claims and debts**

Applicable  Not applicable

Whether there are non-operating related debts and liabilities

Yes  No

Debts payable to related parties

Unit: RMB'0,000

Related party	Relationship	Forming reason	Balance as at January 1, 2022	Additions in this year	Refund in the current period	Interest rate (%)	Interest in this year	Balance as at December 31, 2022
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the same actual controller	Inter-bank lending	120,000	180,000	300,000	4.35%	1,666.29	0.00
Jiangsu Shenghong Technology Co., Ltd.	Controlling shareholder of the Company	Inter-bank lending	50,000	43,000	93,000	5.00%	675.44	0.00
Impact of related debts on the operating results and financial position of the Company		No significant impact						

**5. Dealing with related financial companies**

Applicable  Not applicable

There was no deposit, loan, credit or other financial business between the Company and the related financial companies and the related parties.

**6. Dealing between financial companies controlled by the Company and related parties**

Applicable  Not applicable

There is no deposit, loan, credit or other financial business between the financial companies controlled by the Company and related parties.

**7. Other related party transactions**

Applicable  Not applicable

During the reporting period, please refer to "XII. Related parties and related-party transaction" in Section X for other related-party transactions related to daily operations between the Company and related parties.

Related inquiries on temporary report disclosure website for major related transactions

Temporary announcement name	Temporary announcement disclosure date	Temporary announcement disclosure website name
"Announcement on Loans Provided by Related Parties to the Company and Related Transactions" (Announcement No.: 2020-146)	December 31, 2020	CNINFO
"Announcement on Loans Provided by Controlling Shareholders to Subsidiaries of the Company and Related Transactions" (Announcement	August 25, 2021	CNINFO

No.: 2021-104)		
"Announcement on Confirming Daily Related Transactions in 2021 and Predicting Daily Related Transactions in 2022" (Announcement No.: 2022-033)	March 1, 2022	CNINFO
"Announcement on Loans Provided by Controlling Shareholders and Related Parties to the Company and Related Transactions" (Announcement No.: 2022-102)	July 27, 2022	CNINFO

## XV. Major contracts and performance thereof

### 1. Major guarantee

Applicable  Not applicable

Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Total amount of external guarantees approved during the reporting period (A1)			0.00	Total actual amount of external guarantees during the reporting period (A2)			0.00	
Total amount of external guarantee approved as at the end of the reporting period (A3)			0.00	Total actual balance of external guarantees as at the end of the reporting period (A4)			0.00	
Guarantees provided by the Company to its subsidiaries								
Guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Guaranty period	Whether the guarantee has been discharged	Whether guaranteed by the related party
Combustion Engine Cogeneration	March 13, 2018	80,000	September 10, 2019	59,700	Joint liability guarantee	9/10/2037	No	No
Honggang Petrochemical	August 31, 2019	270,000	September 20, 2019	248,107.41	Joint liability guarantee	9/20/2032	No	No
Shenghong Refining & Chemical	July 4, 2020	4,150,000	November 13, 2020	4,070,000	Joint liability guarantee	11/12/2038	No	No
Guowang (Suqian)	July 17, 2021	275,000	August 23, 2021	210,000	Joint liability guarantee	3/1/2031	No	No
Reborn Technology	December 16, 2021	250,000	January 1, 2022	56,000	Joint liability guarantee	12/20/2031	No	No
Reborn Technology	December 16, 2021		January 20, 2022	68,787.55	Joint liability guarantee	1/20/2032	No	No
Zhonglu Technology	January 29, 2022	(Remark)	August 6, 2021	16,666.67	Joint liability guarantee	8/11/2027	No	No
Guowang High-Tech	January 29, 2022		January 20, 2021	104,054.4	Joint liability guarantee	12/23/2026	No	No
Guowang High-Tech	January 29, 2022		August 26, 2021	25,691.03	Joint liability	8/26/2025	No	No

					guarantee			
Guowang High-Tech	January 29, 2022		January 10, 2022	30,000	Joint liability guarantee	10/12/2026	No	No
Guowang High-Tech	January 29, 2022		January 20, 2022	20,000	Joint liability guarantee	4/26/2026	No	No
Guowang High-Tech	January 29, 2022		January 5, 2022	64,377.35	Joint liability guarantee	5/24/2026	No	No
Guowang High-Tech	January 29, 2022		December 2, 2022	31,866.31	Joint liability guarantee	12/4/2026	No	No
Guowang High-Tech	January 29, 2022		December 26, 2022	30,000	Joint liability guarantee	12/27/2026	No	No
Guowang High-Tech	January 29, 2022		January 26, 2022	37,500	Joint liability guarantee	1/28/2027	No	No
Guowang High-Tech	January 29, 2022		February 22, 2022	9,900	Joint liability guarantee	4/7/2026	No	No
Guowang High-Tech	January 29, 2022		January 13, 2022	50,000	Joint liability guarantee	4/24/2026	No	No
Guowang High-Tech	January 29, 2022		May 12, 2022	45,000	Joint liability guarantee	5/16/2029	No	No
Guowang High-Tech	January 29, 2022		November 21, 2022	4,550.69	Joint liability guarantee	11/20/2026	No	No
Guowang High-Tech	January 29, 2022		October 17, 2022	24,000	Joint liability guarantee	10/31/2026	No	No
Guowang High-Tech	January 29, 2022		November 29, 2022	60,000	Joint liability guarantee	11/28/2027	No	No
Reborn Technology	January 29, 2022		March 24, 2022	59,155.74	Joint liability guarantee	3/24/2033	No	No
Reborn Technology	January 29, 2022		June 1, 2022	16,325.39	Joint liability guarantee	5/31/2028	No	No
Reborn Technology	January 29, 2022		June 2, 2022	130.5	Joint liability guarantee	2 years from the date of expiry of the main debt performance period	No	No
Reborn	January 29,		August 25,	993.48	Joint	2 years	No	No

Technology	2022		2022		liability guarantee	from the date of expiry of the main debt performance period		
Reborn Technology	January 29, 2022		February 20, 2021	14,788.24	Joint liability guarantee	2/27/2030	No	No
Guowang (Suqian)	January 29, 2022		December 7, 2022	12,917.38	Joint liability guarantee	2 years from the date of expiry of the main debt performance period	No	No
Shenghong Refining & Chemical	January 29, 2022		June 30, 2022	334,542.05	Joint liability guarantee	6/29/2036	No	No
Shenghong Refining & Chemical	January 29, 2022		February 26, 2022	99,595.83	Joint liability guarantee	6/6/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		July 26, 2022	150,000	Joint liability guarantee	7/28/2027	No	No
Shenghong Refining & Chemical	January 29, 2022		April 28, 2022	120,511.38	Joint liability guarantee	11/30/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		May 7, 2022	88,852.32	Joint liability guarantee	8/23/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		May 20, 2022	56,204.73	Joint liability guarantee	10/31/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		November 16, 2022	32,000	Joint liability guarantee	11/17/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		April 29, 2022	200,000	Joint liability guarantee	10/17/2026	No	No
Shenghong Refining & Chemical	January 29, 2022		July 13, 2022	39,966.27	Joint liability guarantee	8/17/2026	No	No
Petrochemical (Singapore)	January 29, 2022		November 10, 2022	10,000	Joint liability guarantee	2/17/2025	No	No
Petrochemical (Singapore)	January 29, 2022		November 15, 2022	110,000	Joint liability guarantee	12/14/2026	No	No
Sierbang Petrochemical	January 29, 2022		April 20, 2022	7,002.49	Joint liability	12/28/2026	No	No

					guarantee			
Sierbang Petrochemical	January 29, 2022		December 27, 2022	1,500	Joint liability guarantee	12/31/2026	No	No
Sierbang Petrochemical	January 29, 2022		March 17, 2022		Joint liability guarantee	12/21/2026	No	No
Sierbang Petrochemical	January 29, 2022		February 24, 2022	30,717.49	Joint liability guarantee	2/16/2026	No	No
Sierbang Petrochemical	January 29, 2022		April 22, 2022	19,546.27	Joint liability guarantee	4/13/2026	No	No
Sierbang Petrochemical	January 29, 2022		November 21, 2022		Joint liability guarantee	11/20/2026	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)		(Remark)			Total actual amount of guarantees for subsidiaries during the reporting period (B2)			2,666,328.49
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (B3)		(Remark)			Total actual balance of guarantees for subsidiaries as at the end of the reporting period (B4)			6,670,950.96
Guarantees by subsidiaries to subsidiaries								
Guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Guaranty period	Whether the guarantee has been discharged	Whether guaranteed by the related party
Ganghong Fiber	January 29, 2022	(Remark)	January 30, 2018	28,600	Joint liability guarantee	12/25/2028	No	No
Ganghong Fiber	January 29, 2022		December 27, 2022	37,100	Joint liability guarantee	6/27/2026	No	No
Ganghong Fiber	January 29, 2022		January 7, 2019	33,285.67	Joint liability guarantee	1/8/2027	No	No
Ganghong Fiber	January 29, 2022		June 28, 2021	49,734	Joint liability guarantee	7/6/2031	No	No
Ganghong Fiber	January 29, 2022		February 23, 2022	20,000	Joint liability guarantee	2/24/2026	No	No
Ganghong Fiber	January 29, 2022		February 22, 2022	5,000	Joint liability guarantee	4/5/2026	No	No
Ganghong Fiber	January 29, 2022		June 28, 2022	39,000	Joint liability guarantee	10/25/2026	No	No
Shenghong	January 29,		December	21,910.42	Joint	6/26/2026	No	No

Fibers	2022		31, 2022		liability guarantee			
Shenghong Fibers	January 29, 2022		December 27, 2022		Joint liability guarantee	12/27/2023	No	No
Shenghong Fibers	January 29, 2022		December 31, 2019	8,000	Joint liability guarantee	1/28/2025	No	No
Shenghong Fibers	January 29, 2022		January 10, 2022	16,826.51	Joint liability guarantee	12/21/2026	No	No
Shenghong Fibers	January 29, 2022		February 21, 2022	29,560	Joint liability guarantee	4/12/2026	No	No
Shenghong Fibers	January 29, 2022		October 29, 2022		Joint liability guarantee	10/28/2023	No	No
Zhonglu Technology	January 29, 2022		January 5, 2022	30,485.43	Joint liability guarantee	7/13/2026	No	No
Zhonglu Technology	January 29, 2022		December 29, 2022	20,000	Joint liability guarantee	12/28/2026	No	No
Zhonglu Technology	January 29, 2022		October 31, 2022	10,000	Joint liability guarantee	11/1/2026	No	No
Suzhen Bioengineering	January 29, 2022		February 22, 2022	5,000	Joint liability guarantee	3/15/2026	No	No
Suzhen Bioengineering	January 29, 2022		January 19, 2022	4,990.28	Joint liability guarantee	7/18/2026	No	No
Reborn Technology	January 29, 2022		August 3, 2022	4,866.83	Joint liability guarantee	6/21/2026	No	No
Petrochemical industry	January 29, 2022		February 18, 2022	42,900	Joint liability guarantee	6/8/2026	No	No
Petrochemical industry	January 29, 2022		January 7, 2022	28,819.51	Joint liability guarantee	2/12/2026	No	No
Petrochemical industry	January 29, 2022		June 17, 2022	23,373.24	Joint liability guarantee	6/14/2026	No	No
Petrochemical (Singapore)	January 29, 2022		March 18, 2022	4,004.65	Joint liability guarantee	3/18/2026	No	No
Petrochemical (Singapore)	January 29, 2022		April 26, 2022	4,178.76	Joint liability guarantee	4/26/2026	No	No
Petrochemical (Singapore)	January 29, 2022		May 10, 2022	8,357.52	Joint liability	5/10/2026	No	No



				guarantee			
Petrochemical (Singapore)	January 29, 2022		April 15, 2021	Joint liability guarantee	4/15/2023	No	No
The TPL	January 29, 2022		January 1, 2022	159,000 Joint liability guarantee	12/28/2029	No	No
The TPL	January 29, 2022		February 28, 2022	21,000 Joint liability guarantee	12/28/2029	No	No
The TPL	January 29, 2022		March 29, 2022	20,000 Joint liability guarantee	12/28/2029	No	No
The TPL	January 29, 2022		April 15, 2022	80,000 Joint liability guarantee	12/28/2029	No	No
The TPL	January 29, 2022		February 25, 2022	210,000 Joint liability guarantee	11/29/2027	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (C1)		(Remark)	Total actual amount of guarantees for subsidiaries during the reporting period (C2)		762,541.15		
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (C3)		(Remark)	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (C4)		965,992.82		
The total amount of the Company's guarantees (that is, the total of the first three items)							
Total approved amount of guarantees during the reporting period (A1+B1+C1)		8,755,000	Total actual amount of guarantees during the reporting period (A2+B2+C2)		3,428,869.64		
Total approved amount of guarantees as at the end of the reporting period (A3+B3+C3)		13,780,000	Total actual balance of guarantee as at the end of the reporting period (A4+B4+C4)		7,636,943.78		
Ratio of the total actual guarantee amount (i.e. A4+B4+C4) to the Company's net assets				213.91%			
Of which:							
Balance of guarantees provided for shareholders, actual controllers and their related parties (D)				0			
The balance of debt guarantees provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (E)				5,883,745.09			
Excess of total guarantees over 50% of net assets (F)				5,851,926.10			
Total of the above three guarantees (D+E+F)				11,735,671.19			
Notes to the occurrence of guarantee liability during the reporting period, or evidence of the possibility of joint and several liability for unexpired guarantee contracts				N/A			
Notes to external guarantees in violation of prescribed procedures				N/A			

Note: The 43rd meeting of the 8th Board of Directors held by the Company on January 28, 2022 deliberated and

adopted the "Proposal on the Expected Amount of Mutual Guarantee in 2022". The amount of mutual guarantee between the Company and its subsidiaries in 2022 will not exceed the equivalent of RMB 87.55 billion, and the guarantee period will end on the date of the Company's 2022 annual general meeting. After the approval of this guarantee, the total amount of guarantees approved by the Company and its subsidiaries will not exceed the equivalent of RMB 137.8 billion. This proposal was deliberated and adopted at the second extraordinary general meeting of the Company for 2022 on February 16, 2022.

## 2. Entrustment cash asset management

### (1) Entrusted wealth management

Applicable  Not applicable

Overview of entrusted financial management during the reporting period

Unit: RMB'0,000

Type	Sources of funds for entrusted financial management	Amount incurred in entrusted financial management	Outstanding balance	Overdue uncollected amount	Overdue uncollected amount of wealth management with provisions made for impairment
Banking products	Self-owned fund	5,360	0	0	0
Total		5,360	0	0	0

High-risk entrusted wealth management with a individually significant amount, low security or poor liquidity

Applicable Not applicable

Entrusted financial management is expected to fail to recover the principal or there are other circumstances that may lead to impairment

Applicable Not applicable

### (2) Entrusted loans

Applicable Not applicable

The Company has no entrusted loan in the reporting period.

## 3. Other significant contracts

Applicable Not applicable

There were no other major contracts of the Company in the reporting period.

## XVI. Other important matters

Applicable  Not applicable

### 1. Changes in equity of Shenghong Refining & Chemical

(1) The 40th meeting of the eighth Board of Directors held by the Company on December 27, 2021 deliberated and adopted the "Proposal on the Subsidiary's Acquisition of Partial Equity in Shenghong Refining & Chemical (Lianyungang) Co., Ltd." The Petrochemical Industry, a wholly-owned subsidiary of the Company, intends to acquire 13.2861% equity interest in Shenghong Refining & Chemical held by Jiangsu Jiequan Shenghong Refining & Chemical Debt-to-Equity Swap Investment Fund (Limited Partnership).

During the reporting period, Shenghong Refining & Chemical completed the industrial and commercial registration procedures for the relevant equity changes. After the completion of this change, the Petrochemical Industry's shareholding in Shenghong Refining & Chemical increased to 75.819%, and the Company's total shareholding in Shenghong Refining & Chemical increased to 99.995%.

(2) The Company holds 99.996% and 99.967% of Lianyungang Shenghong Refining & Chemical Industry Fund Partnership (Limited Partnership) and Suzhou Yinghong Industrial Investment Fund (Limited Partnership), respectively.

During the reporting period, Suzhou Yinghong Industrial Investment Fund (Limited Partnership) held 13.20% of Shenghong Refining & Chemical, and Lianyungang Shenghong Refining & Chemical Industry Fund Partnership (Limited Partnership) held 10.98% of Shenghong Refining & Chemical. The property distribution was transferred to the Company and the industrial and commercial change registration procedures were completed.

As of the end of the reporting period, the Company held a total of 100% of Shenghong Refining & Chemical.

Related inquiries on the website for disclosure of interim reports on significant matters

Significant matters	Date of disclosure	Index of website queries for interim report disclosure
Changes in equity of Shenghong Refining & Chemical	December 28, 2021	CNINFO, "Announcement on the Subsidiary's Acquisition of Partial Equity in Shenghong Refining & Chemical (Lianyungang) Co., Ltd." (Announcement No.: 2021-148)
	January 20, 2022	CNINFO, "Announcement on the Completion of Industrial and Commercial Change Registration of Shenghong Refining & Chemical (Lianyungang) Co., Ltd." (Announcement No.: 2022-016)

#### XVII. Significant matters of the Company's subsidiaries

Applicable  Not applicable

## Section VII Changes in shares and shareholders' information

### I. Changes in shares

#### 1. Changes in shares

Unit: share

	Before this change		Changes in this period ("+", "-")				After this change	
	Quantity	Proportion	New shares issued	Bonus issue/conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
I. Shares with restrictive conditions for sales	3,103,046,968.00	64.18%	1,378,242,435.00		3,103,043,218.00	-1,724,800,783.00	1,378,246,185.00	20.85%
1. State-owned shares								
2. Shares held by state-owned legal person	0.00	0.00%	29,810,827.00		0.00	29,810,827.00	29,810,827.00	0.45%
3. Shares held by other domestic capital	3,103,046,968.00	64.18%	1,319,119,802.00		3,103,043,218.00	-1,783,923,416.00	1,319,123,552.00	19.96%
Of which: shares held by domestic legal persons	3,103,046,968.00	64.18%	1,277,175,903.00		3,103,046,968.00	-1,825,871,065.00	1,277,175,903.00	19.32%
Shares held by domestic natural person	0.00	0.00%	41,943,899.00		3,750.00	41,947,649.00	41,947,649.00	0.63%
4. Foreign shareholding	0.00	0.00%	29,311,806.00		0.00	29,311,806.00	29,311,806.00	0.44%
Of which: shares held by overseas legal persons	0.00	0.00%	29,311,806.00		0.00	29,311,806.00	29,311,806.00	0.44%
Shares held by overseas natural person								
II. Shares without restrictive conditions for sales	1,731,913,227.00	35.82%	397,940,000.00		3,103,089,820.00	3,501,029,820.00	5,232,943,047.00	79.15%
1. RMB common shares	1,731,913,227.00	35.82%	397,940,000.00		3,103,089,820.00	3,501,029,820.00	5,232,943,047.00	79.15%
2. Foreign shares listed domestically								
3. Foreign shares listed overseas								
4. Others								
III. Total shares	4,834,960,195.00	100.00%	1,776,182,435.00		46,602.00	1,776,229,037.00	6,611,189,232.00	100.00%

Reason for share change

 Applicable  Not applicable

#### 1. Major asset restructuring, purchase of assets and issuance of shares for fundraising

With the approval from the China Securities Regulatory Commission's "Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds" (ZJXK [2021] No.4179), the Company issued 1,111,528,326 ordinary shares denominated in RMB to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd., and the additional shares were listed on the Shenzhen Stock Exchange on January 27, 2022; the Company issued 266,714,109 ordinary shares denominated in RMB to 22 investors including Jinan Jiangshan Investment Partnership (Limited Partnership) to raise funds. The newly issued shares were listed on the Shenzhen Stock Exchange on July 20, 2022.

#### 2. Issuance of GDR

With the approval from the China Securities Regulatory Commission's "Official Reply on Approving the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Jiangsu Eastern Shenghong Co., Ltd." (ZJXK [2022] No.3151), the Company has issued 39,794,000 GDRs, each representing 10 A shares of the Company. The total number of additional underlying securities represented by the GDRs in this offering is 397,940,000 A shares. The additional shares were listed on the Shenzhen Stock Exchange on December 28, 2022.

#### 3. Convertible debt-to-equity swap

On March 22, 2021, the Company publicly offered convertible corporate bonds ("Shenghong Convertible Bond", under bond code "127030"), which were listed and traded on the Shenzhen Stock Exchange as of April 21, 2021, with a tenor of 6 years. "Shenghong Convertible Bond" can be converted into shares of the Company from September 27, 2022. During the reporting period, due to the conversion of some "Shenghong Convertible Bond" into ordinary A shares of the Company, the total share capital of the Company increased by 46,602 shares.

The above new shares were 1,776,229,037 shares, and the total share capital of the Company increased from 4,834,960,195 shares to 6,611,189,232 shares.

Approval of changes in shares

Applicable  Not applicable

### **1. Major asset restructuring, purchase of assets and issuance of shares for fundraising**

On May 12, 2021, the Company held the 27th meeting of the 8th Board of Directors, deliberating and adopting the restructuring proposal and other related proposals.

On July 9, 2021, the Company held the 29th meeting of 8th Board of Directors, deliberating and adopting the restructuring scheme and other related proposals.

On August 23, 2021, the Company held the 4th extraordinary general meeting in 2021, deliberating and adopting the restructuring report and other related proposals.

On December 22, 2021, the Committee for Mergers, Acquisitions and Restructurings of Listed Companies under the China Securities Regulatory Commission reviewed and approved the issuer's application for issuing shares and paying cash to purchase assets and raising supporting funds and related-party transactions.

On December 31, 2022, the Company received the "Official Reply on Approving the Application of Jiangsu Eastern Shenghong Co., Ltd. for Issuing Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds" issued by the China Securities Regulatory Commission (ZJXK [2021] No.4179), which approved this transaction of the Company.

### **2. Issuance of GDR**

On August 18, 2022, the Company held the 56th meeting of 8th Board of Directors, deliberating and adopting relevant proposals for this issuance and listing.

On September 5, 2022, the Company held the 7th extraordinary general meeting in 2022, deliberating and adopting the relevant proposals for this issuance and listing.

On October 27, 2022 (Swiss time), the SIX Swiss Exchange Supervisory Authority approved this offering with conditions.

On December 19, 2022, the China Securities Regulatory Commission approved this offering and issued the "Official Reply on Approving the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Jiangsu Eastern Shenghong Co., Ltd." (ZJXK [ 2022 ] No.3151).

On December 21, 2022 (Swiss time), the Prospectus Office of the SIX Swiss Exchange Supervisory Authority approved this offering prospectus of the Company.

Transfer of changes in shares

Applicable Not applicable

Impact of changes in shares on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the Company in the last year and the latest period

Applicable  Not applicable

Due to the impact of major asset restructuring, purchase of assets and supporting fundraising, issuance of shares, issuance of GDR, and the convertible debt-to-equity swap of the Company, the Company newly issued 1,776,229,037 shares, and the basic earnings per fully diluted share in 2022 were RMB 0.08 per share, the net assets attributable to shareholders of the Listed Company were RMB 5.40 per share.

Other content that the Company deems necessary or required to be disclosed by securities regulators

Applicable Not applicable

**2. Changes in restricted shares**

☑Applicable ☐ Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the current period	Number of shares lifted from sales restrictions in the current period	Number of restricted shares as at the end of the period	Reason for restriction	Release date
Jiangsu Shenghong Technology Co., Ltd.	2,768,225,540	0	2,768,225,540	0	Non-public issuance of additional shares in issuing shares to purchase assets in August 2018	May 18, 2022
Shenghong (Suzhou) Group Co., Ltd.	334,821,428	0	334,821,428	0	Non-public issuance of additional shares in July 2020	January 17, 2022
Shenghong Petrochemical Group Co., Ltd.	0	1,052,404,479	0	1,052,404,479	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	January 26, 2025
Lianyungang Bohong Industrial Co., Ltd.	0	59,123,847	0	59,123,847		
22 shareholders including Jinan Jiangshan Investment Partnership (Limited Partnership)	0	266,714,109	0	266,714,109	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in July 2022	January 20, 2023
Feng Qin	0	3,750	0	3,750	Buying shares after the resignation of the supervisor	
Total	3,103,046,968	1,378,246,185	3,103,046,968	1,378,246,185	--	--

**II. Securities issuance and listing****1. Securities issuance (excluding preferred shares) during the reporting period**

☑Applicable ☐ Not applicable

Names of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Issue number	Listing date	Number of securities approved for listing and trading	Disclosure index	Date of disclosure
Shares							

000301	January 27, 2022	RMB 11.04/share	1,111,528,326	January 27, 2022	1,111,528,326	CNINFO, "Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Implementation of Related-Party Transactions"	January 24, 2022
000301	June 14, 2022	RMB 15.33/share	266,714,109	July 20, 2022	266,714,109	CNINFO, "Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Implementation of Related-Party Transactions"	July 15, 2022
000301	December 21, 2022	US\$ 1.805/share	397,940,000	December 28, 2022	397,940,000	CNINFO, "Announcement on Issuing GDR and Listing on the SIX Swiss Exchange"	December 29, 2022
Convertible corporate bonds, convertible corporate bonds with separate transactions, corporate bonds							
Other derivative securities							

#### Explanation on securities issuance (excluding preferred shares) during the reporting period

1. With the approval from the China Securities Regulatory Commission's "Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds" (ZJXX [2021] No. 4179), the Company issued 1,111,528,326 ordinary shares denominated in RMB to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd., and the additional shares were listed on the Shenzhen Stock Exchange on January 27, 2022.

2. With the approval from the China Securities Regulatory Commission's "Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds" (ZJXX [2021] No.4179), the Company has issued 266,714,109 ordinary shares denominated in RMB to 22 investors including Jinan Jiangshan Investment Partnership (Limited Partnership) to raise funds, and the additional shares were listed on the Shenzhen Stock Exchange on July 20, 2022.

3. With the approval from the China Securities Regulatory Commission's "Official Reply on Approving the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Jiangsu Eastern Shenghong Co., Ltd." (ZJXX [2022] No.3151), the Company has issued 39,794,000 GDRs, each representing 10 A shares of the Company. The total number of additional underlying securities represented by the GDRs in this offering is 397,940,000 A shares. The additional shares were listed on the Shenzhen Stock Exchange on December 28, 2022.

#### 2. Changes in the total number of shares and shareholder structure of the Company and changes in the structure of the Company's assets and liabilities

Applicable  Not applicable

During the reporting period, the Company issued shares and convertible corporate bonds ("Shenghong Convertible Bond" under the bond code "127030") to increase the shares of the Company.

#### 3. Existing internal employee shares

Applicable  Not applicable

### III. Shareholders and actual controller

#### 1. Number of shareholders of the Company and their shareholdings

Unit: share

Total of common stock shareholders as at September 30, 2020	115,305	Total number of ordinary shareholders at the end of the latest month before the date of disclosure of annual report	117,155	Total of preferred shareholders holding resumed voting rights as at September 30, 2020	0	Total number of preferred shareholders whose voting rights have been restored at the end of the previous month prior to the disclosure date of the annual report	0
Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders							
Shareholder's name	Nature	Shareholding ratio	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of Shares with restricted conditions	Shares subject to no restrictions	Pledge or blocking
Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	41.87%	2,768,225,540	0	0	2,768,225,540	0
Shenghong Petrochemical Group Co., Ltd.	Domestic non-state-owned legal person	15.92%	1,052,404,479	+1,052,404,479	1,052,404,479	0	0
Citibank, National Association	Overseas legal person	6.02%	397,940,000	+397,940,000	0	397,940,000	0
Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	5.06%	334,821,428	0	0	334,821,428	0
Jiangsu Wujiang Silk Group Co., Ltd.	State-owned legal person	1.84%	121,662,170	-194,073,183	0	121,662,170	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.83%	120,767,326	-27,453,188	0	120,767,326	0
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	Others	1.25%	82,522,600	+82,522,600	0	82,522,600	0
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	Others	0.96%	63,756,084	+63,756,084	0	63,756,084	0
Lianyungang Bohong Industrial Co., Ltd.	Domestic non-state-owned legal person	0.89%	59,123,847	+59,123,847	59,123,847	0	0
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	Others	0.87%	57,289,332	+57,289,332	0	57,289,332	0



Strategic investors or legal persons becoming the top ten shareholders due to placement of new shares	N/A		
Notes to shareholders' related relationship or acting in concert	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., and Lianyungang Bohong Industrial Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Explanation of the above-mentioned shareholders entrusting others to vote or entrusted to vote on behalf of others and waiving voting rights	N/A		
Special note on the presence of repurchase accounts among the top 10 shareholders	N/A		
Shareholding of top 10 shareholders not subject to restricted conditions for sales			
Shareholder's name	Number of shares not subject to sales restrictions held as at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Jiangsu Shenghong Technology Co., Ltd.	2,768,225,540	RMB common share	2,768,225,540
Citibank, National Association	397,940,000	RMB common share	397,940,000
Shenghong (Suzhou) Group Co., Ltd.	334,821,428	RMB common share	334,821,428
Jiangsu Wujiang Silk Group Co., Ltd.	121,662,170	RMB common share	121,662,170
Hong Kong Securities Clearing Company Ltd.	120,767,326	RMB common share	120,767,326
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	82,522,600	RMB common share	82,522,600
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	63,756,084	RMB common share	63,756,084
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	57,289,332	RMB common share	57,289,332
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase III Employee Shareholding Collective Fund Trust Plan	53,025,178	RMB common share	53,025,178
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II No.2 Employee Shareholding Collective Fund Trust Plan	34,108,270	RMB common share	34,108,270
Explanation on the associated relationship or concerted action among the top 10 holders of shares not subject to sales restrictions, and between the top 10 holders of shares not subject to sales restrictions and the top 10 holders of shares	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., and Lianyungang Bohong Industrial Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Description of the participation of top 10 common shareholders in securities margin trading	Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund, holds 0 share of the Company through an ordinary securities account, holds 63,756,084 shares of the Company through a credit transaction guaranteed securities account, and actually holds a total of 63,756,084 shares of the Company.		

Whether the Company's top 10 common shareholders and top 10 unrestricted common shareholders engaged in agreed repurchase transactions during the reporting period

Yes  No

None.

**2. Information about the controlling shareholder 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 of entity	Date of establishment	Organization code	Main operating business
Jiangsu Shenghong Technology Co., Ltd.	Miao Han'gen	December 31, 2002	91320000744810452Y	Research and development of printing and dyeing technologies; wholesale, commission agency (except auction) and import and export business of machinery and equipment; industrial investment; equity investment; business management consulting; sale of textile raw materials and textile. (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments) Licensed items: operation of hazardous chemicals (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments and specific business items are subject to the approval) General items: sales of petroleum products (excluding hazardous chemicals); sales of lubricants; sales of special chemical products (excluding hazardous chemicals); sales of plastic products; sales of chemical products (excluding chemical products subject to licensing); wholesale of refined oil (excluding hazardous chemicals); sales of rubber products; sales of synthetic materials; sales of metal materials; sales of metal products; sales of building materials; sales of coal and products (except for the items that need to be approved according to law, it shall independently carry out business activities according to law with its business license)
Equities of other domestic and overseas public companies held by controlling shareholders during the reporting period				None

Change in controlling shareholder during the reporting period

 Applicable  Not applicable

During the reporting period, the controlling shareholder of the Company remained unchanged.

**3. The actual controller and his person acting in concert**

Nature of the actual controller: domestic natural person

Type of actual controller: natural person

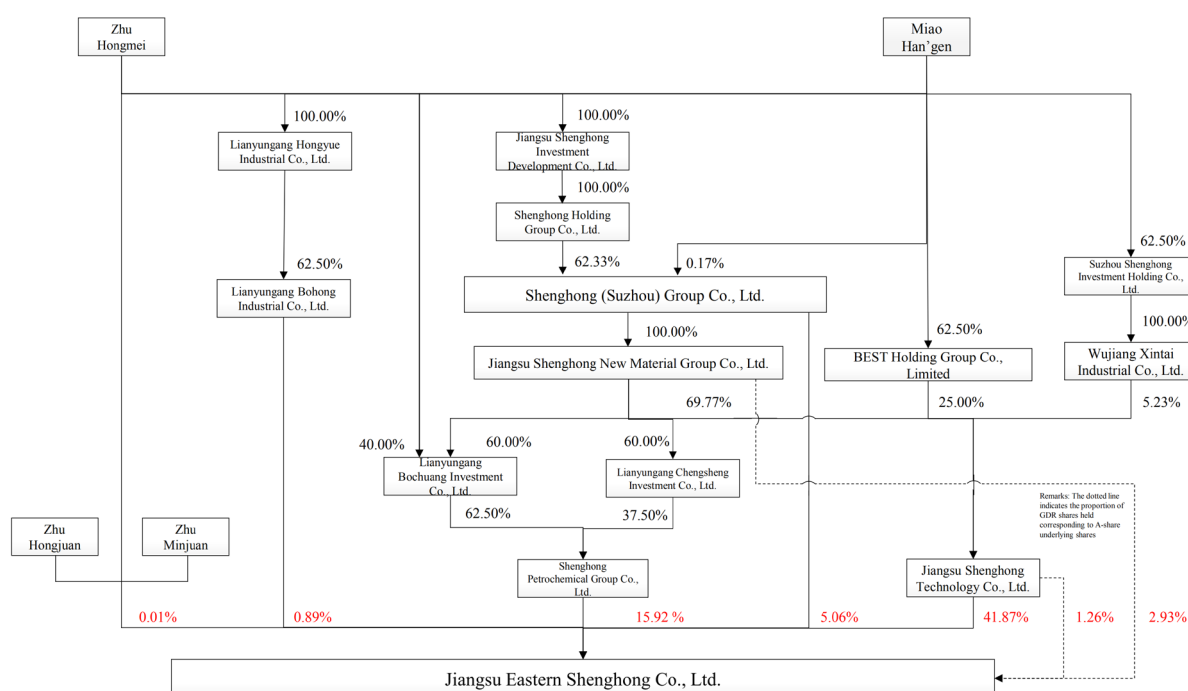
Name of the actual controller	Relationship with the actual controller	Nationality	Whether to obtain the right of abode in other countries or regions
Miao Han'gen	Per se	China	No
Zhu Hongmei	Per se	China	No
Main occupation and position	Mr. Miao Han'gen is the chairman and general manager of the listed company; Ms. Zhu Hongmei does not hold any position in the listed company.		
Domestic and foreign listed companies in which he had controlling interest in the past 10 years	None		

Change in the actual controller during the reporting period

 Applicable  Not applicable

The actual controller of the Company remained unchanged during the reporting period.

5. Chart for the property and controlling relationships between the company and the actual controllers



The actual controller controls the Company through trust or other asset management

 Applicable  Not applicable**4. The number of shares pledged by the controlling shareholder or the largest shareholder of the Company and its concert parties accounted for 80% of the number of shares held by the Company in aggregate** Applicable  Not applicable**5. Other legal person shareholders holding more than 10% of shares** Applicable  Not applicable

**6. Restrictions on shareholding reduction by controlling shareholders, actual controllers, restructuring parties and other committed entities**

Applicable  Not applicable

**IV. Specific implementation of share repurchase in the reporting period**

Share repurchase

Applicable  Not applicable

Implementation of the share repurchase sold by centralized competitive pricing

Applicable  Not applicable

## **Section VIII Preferred shares**

Applicable  Not applicable

During the reporting period, the Company had no preferred shares.

## Section IX Bond related information

Applicable  Not applicable

### I. Corporate bonds

Applicable Not applicable

The Company did not have corporate bonds during the reporting period.

### II. Corporate bonds

Applicable  Not applicable

#### 1. Basic information of the Company

Unit: RMB

Bond name	Abbreviation	Ticker	Issue Date	Value date	Maturity date	Bond balance	Interest rate	Principal and interest repayment method	Trading venue
2019 Non-public Issue of Green Corporate Bonds (Phase I)	19 Shenghong G1	114578	September 30, 2019	September 30, 2019	September 29, 2022	0.00	6%	Interest is paid annually without compound interest, and the principal is repaid in one lump sum at maturity. The interest would be paid on an annual basis and would be paid at maturity along with the principal in a lump sum.	Shenzhen Stock Exchange
Investor suitability arrangement			Professional investors who meet the relevant legal requirements.						
Applicable trading mechanism			The issuance and transfer of this bond is limited to professional investors, and the total number of investors holding the same bond shall not exceed two hundred.						
Whether there is a risk of termination of listing and trading (if any) and countermeasures			N/A						

Overdue bonds

Applicable Not applicable

#### 2. Triggering and implementation of the issuer or investor option clause and investor protection clause

Applicable Not applicable

#### 3. Intermediary

Name of the bond	Name of the intermediary	Office address	Signed accountants	Contact person of the intermediary	Contact number
2019 Non-public Issue of Green Corporate Bonds (Phase I)	Soochow Securities Co., Ltd	No.5 Xinyang Street, Suzhou Industrial Park	N/A	Deng Hongjun, Yin Xiangyu	0512-62938581

Whether the above institution changed during the reporting period

Yes  No

#### 4. Use of the funds raised

Unit: RMB'0,000

Name of the bond	Total amount of funds raised	Used amount	Unused amount	Operation of special account for fund-raising funds (if any)	Rectification of irregular use of proceeds (if any)	Whether it is consistent with the use, use plan and other agreements promised in the fund-raising prospectus
2019 Non-public Issue of Green Corporate Bonds (Phase I)	99,400.00	99,503.86	1.38	N/A	N/A	Yes

Use of proceeds for construction projects

Applicable  Not applicable

The actual net proceeds raised from "19 Shenghong G1", after deducting the issue costs of RMB6.0 million, amounted to RMB994 million, all of which was used for the construction of the oil refinery unit of the Shenghong Refining and Chemical Integration Project. As of the end of 2022, the Shenghong Refining and Chemical Integration Project has been put into operation and the whole process has been completed.

The Company changed the use of the above bond proceeds during the reporting period

Applicable  Not applicable

#### 5. Adjustment of credit rating results during the reporting period

Applicable  Not applicable

#### 6. Implementation of and changes in guarantees, debt service plans and other debt service guarantees during the reporting period and the impact on the rights and interests of bond investors

Applicable  Not applicable

"19 Shenghong G1" paid the principal and interest and was delisted on September 30, 2022. During the reporting period, the Company's debt service guarantees were operating effectively and information disclosure was performed in a timely manner.

### III. Debt financing instruments for non-financial enterprises

Applicable  Not applicable

There were no non-financial corporate debt financing instruments during the reporting period.

### IV. Convertible corporate bonds

Applicable  Not applicable

#### 1. Successive adjustments of the conversion price

As approved by the China Securities Regulatory Commission's Approval of the Public Offering of Convertible Bonds by Jiangsu Eastern Shenghong Co., Ltd. (ZJXK [2021] No.512), the Company publicly issued 50 million convertible bonds with a face value of RMB100 each on March 22, 2021, for a total issue amount of RMB5,000 million and a term of 6 years. The convertible bonds have been listed for trading on the Shenzhen Stock Exchange

since April 21, 2021, with an abbreviation "Shenghong Convertible Bond" and code "127030". The initial conversion price of "Shenghong Convertible Bond" is RMB14.20 per share.

According to the resolution of the Company's 2020 annual general meeting, the Company would implement the 2020 annual dividend distribution plan in June 2021. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20 per share to RMB14.10 per share, and the effective date of the conversion price adjustment was June 18, 2021.

With the approval of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (JZ XK [2021] No.4179), the Company issued 1,111,528,326 RMB ordinary shares to purchase assets in January 2022. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company would implement the 2021 annual dividend distribution plan in May 2022. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.53 per share to RMB13.38 per share, and the effective date of the conversion price adjustment was May 27, 2022.

With the approval of the China Securities Regulatory Commission in the Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJ XK [2021] No.4179), the Company issued 266,714,109 RMB ordinary shares to raise supporting funds in July 2022. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange (ZJ XK [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

The Announcement on Adjusting the Conversion Price of Convertible Bonds (Announcement No.2021-075, 2022-020, 2022-084, 2022-099 and 2022-155) was published on June 10, 2021, January 24, 2022, May 20, 2022, July 15, 2022 and December 28, 2022, respectively, on the Company's designated information disclosure media such as cninf.

## 2. Cumulative conversion status

Applicable  Not applicable

Abbreviation	Start and end date of conversion	Total number issued	Total amount of issue	Cumulative amount of conversion (RMB)	Cumulative number of shares converted (shares)	Number of shares transferred as a percentage of the total number of shares issued by the Company before the commencement date of the transfer	Amount of shares not yet converted ()	Proportion of the unconverted amount to the total amount issued
Shenghong Convertible Bond	September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	1,991,700.00	142,931	0.00%	4,998,008,300.00	99.96%



**3. Top ten convertible bond holders**

Unit: share

No.	Name of convertible bondholders	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Percentage of convertible bonds held at the end of the reporting period
1	Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	26,489,900	2,648,990,000.00	53.00%
2	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	3,462,389	346,238,900.00	6.93%
3	Agricultural Bank of China Limited - Penghua Convertible Bond Fund	Others	1,711,913	171,191,300.00	3.43%
4	Industrial and Commercial Bank of China Limited - Jinying Yuanfeng Bond Fund	Others	426,960	42,696,000.00	0.85%
5	Taikang Assets – Postal Savings Bank of China - Wentai Value No.3 Asset Management Product	Others	420,379	42,037,900.00	0.84%
6	Efunds Stable Return Fixed Income Pension Product - Bank of Communications Co., Ltd.	Others	413,430	41,343,000.00	0.83%
7	China Minsheng Bank Corporation - Jinying Min'an Return One-Year Regularly Opened Hybrid Fund	Others	399,070	39,907,000.00	0.80%
8	Industrial and Commercial Bank of China Limited - Huitianfu Convertible Bond Fund	Others	376,230	37,623,000.00	0.75%
9	China Construction Bank Corporation - China Merchant Credit Enhanced Bond Fund	Others	376,094	37,609,400.00	0.75%
10	Taikang Capital Management - Construction Bank - Taikang Pension Insurance Co., Ltd. - Insurance Products Collection 1- Taikang Asset Management Co., Ltd. credit-based assets management products	Others	365,871	36,587,100.00	0.73%

**4. Significant changes in the profitability, asset position and credit standing of the guarantor**

Applicable  Not applicable

**5. The Company's liabilities, changes in creditworthiness and cash arrangements for debt repayment in future years at the end of the reporting period**

On June 16, 2022, China Lianhe Credit Rating Co., Ltd. issued the LH [2022] No.4247 Credit Rating Announcement, which, through tracking analysis and evaluation of the credit status of the Company and its

related bonds, determines that the long-term credit rating of the Company was AA+; the credit rating of "Shenghong Convertible Bond" was AA+ and the rating outlook was stable.

#### V. Losses in the scope of consolidated statements during the reporting period exceeded 10% of net assets at the end of the previous year

Applicable  Not applicable

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

Applicable  Not applicable

#### VII. Whether there was any violation of rules and regulations during the reporting period

Yes  No

#### VIII. Major accounting data and financial indicators of the Company for the past two years as of the end of the reporting period

Unit: RMB'0,000

Item	End of the reporting period	As at December 31, 2012	Increase/decrease YoY
Current ratio	61.73%	62.88%	-1.83%
Asset-liability ratio	78.56%	77.70%	0.86%
Quick ratio	29.50%	47.58%	-38.00%
EBITDA	252,262.68	725,387.12	-65.22%
	This reporting period	Amount of the same period last year	Increase or decrease YoY
Net profits after deducting non-recurring profit or loss	8,506.94	127,631.81	-93.33%
EBITDA all debt ratio	4.55%	11.86%	-7.31%
Interest coverage multiple	0.5440	2.4740	-78.01%
Cash interest coverage multiple	0.4349	2.4200	-82.03%
EBITDA interest coverage multiple	1.0681	3.1937	-66.56%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

## Section X Financial Reports

### I. Audit report

Audit opinion type	Standard unqualified opinion
Audit report signing date	April 16, 2023
Name of auditor	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Audit report document No.	Xin Kuai Shi Bao Zi [2023] No.ZA11336
Name of the certified public accountant	Dong Shu, Jiang Xuelian, Tang Yi

### Auditor's Report

#### (I) Opinion

We have audited the accompanying financial statements of Jiangsu Eastern Shenghong Co., Ltd. (the "Company"), which comprise the consolidated and Company's balance sheets as at December 31, 2022, the consolidated and Company's income statements, the consolidated and Company's statements of cash flows, and the consolidated and Company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company's financial position as at December 31, 2022 and the consolidated and Company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

#### (II) Basis for Opinion

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

#### (III) Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
<b>1. Book value of fixed assets and constructions in progress</b>	
As stated in the Notes V (14) and V (15) to the financial statements, as at December 31, 2022, the book value of fixed assets and constructions in progress in the consolidated financial statements of the Company was RMB120,075.5958 million, accounting for 72.11% of the Company's total assets. The following judgments made by the management of the Company (the "Management") could affect the book value of fixed assets and constructions in progress and the depreciation policy for fixed assets, including: (1) determining the expenditures eligible for capitalization; (2) determining the time of transferring constructions in progress to fixed assets and accruing depreciation; and (3) estimating the useful life of the corresponding fixed assets.	The audit procedures we performed on the book value of fixed assets and constructions in progress mainly included: (1) evaluating the design and operational effectiveness of key internal controls related to the completeness, existence and accuracy of fixed assets and constructions in progress, including the estimated useful life and salvage value; (2) checking capitalized expenditures against contracts, payment documents, approval processes and other relevant supporting documents to examine the capitalized expenditures incurred in 2022; (3) recalculating the interest capitalization rate and evaluating the calculation of capitalized interest on construction in progress based on the capitalized expenditures and interest rate of the loan contracts; and (4) review the acceptance report or project supervision report to evaluate the accuracy

<p>The determination of the book value of fixed assets and constructions in progress involves significant accounting estimates by the Management and is material to the consolidated financial statements, so that recognition of book value of fixed assets and constructions in progress is determined as a key audit matter.</p>	<p>of the time of transferring constructions in progress to fixed assets.</p>
<p><b>2. Goodwill impairment</b></p>	
<p>As shown in Note V (18) to the financial statements, the book value of goodwill in the consolidated financial statements of Eastern Shenghong as of December 31, 2022 was RMB692 million. According to the Accounting Standards for Business Enterprises, the Management is required to test goodwill impairment annually to determine whether an impairment loss needs to be recognized. The Management tests the goodwill impairment by comparing the recoverable amount of the relevant asset group to which the goodwill has been allocated with the book value of that asset group and goodwill. The recoverable amount of an asset group is determined as the higher of the present value of the estimated future cash flows of the asset group or the fair value of the asset less the disposal costs. We identified the goodwill impairment as a key audit matter due to the significant amount of goodwill and the significant judgment required from the Management.</p>	<p>The audit procedures we performed on the testing and measurement of goodwill impairment include: (1) evaluating the Management's determination of the asset group or combination of asset groups to which goodwill is allocated; (2) understanding the historical performance and development plans of each asset group or combination of asset groups, as well as the macroeconomic and the industry trends to which they belong; (3) evaluating the valuation method for goodwill impairment testing; (4) evaluating the appropriateness of key assumptions for goodwill impairment testing; (5) evaluating the reasonableness of the parameters cited for testing; and (6) evaluating the impact of goodwill impairment testing.</p>
<p><b>(III) Revenue Recognition</b></p>	
<p>As shown in Note V (46) to the financial statements, the Company's revenues of RMB63,822,315,700 for 2022 in the consolidated financial statements were mainly revenues generated from domestic sales. The Company recognizes revenue when the principal risks and rewards of control over the merchandise are transferred, and the specific revenue recognition policies for each major type of revenue are detailed in Note III (26). We identified revenue recognition as a key audit matter because the amount of revenue is significant and is one of the key performance indicators and there is a risk that management may manipulate revenue recognition to meet specific objectives or expectations.</p>	<p>The audit procedures we performed on revenue recognition included:</p> <ol style="list-style-type: none"> <li>(1) Understanding and testing the design and implementation of the Company's internal control system and financial accounting system related to sales and revenue collection;</li> <li>(2) Examining major sales contracts, identifying contractual terms and conditions related to the transfer of control of goods, and evaluating whether the revenue recognition policy complies with the Accounting Standards for Business Enterprises;</li> <li>(3) Performing detail tests, examining external evidence such as contracts, invoices and revenue recognition documents on a sample basis, checking collection records and checking the authenticity and completeness of sales revenue;</li> <li>(4) Implementing correspondence procedures with major customers to confirm the amount of sales and the balance of transactions for the current period;</li> <li>(5) Performing cut-off tests on revenues recognized before and after the balance sheet date to confirm whether revenues are recorded in the correct accounting period;</li> <li>(6) Checking the adequacy and appropriateness of the presentation and disclosure of information related to revenue recognition in the financial statements.</li> </ol>

**(IV) Other Information**

The Management is responsible for other information. The other information comprises information of the 2022 annual report of the Company, but excludes the financial statements and our Auditor's report.

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

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

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

#### **(V) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **(VI) Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## II. Financial statements

Unit in the notes to the financial statements is: RMB Yuan

### 1. Consolidated balance sheet

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and cash equivalents	12,243,627,249.26	13,400,070,376.84
Deposit reservation for balance		
Lending funds		
Held-for trading financial assets	83,769,328.71	141,719,671.46
Derivative financial assets		
Notes receivable	91,597,634.56	348,987,413.80
Accounts receivable	694,576,855.29	531,097,626.60
Financing with receivables	121,280,859.60	77,650,379.06
Prepayments	409,108,480.99	739,125,199.02
Premiums receivable		
Reinsurances receivable		
Reinsurance contract reserve receivable		
Other receivables	819,622,327.79	93,350,427.86
Of which: interest receivable		
Dividends receivable		
Purchase of resale financial assets		
Inventories	17,533,086,586.31	6,085,991,650.69
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,589,003,836.83	3,602,277,611.19
Total current assets	33,585,673,159.34	25,020,270,356.52
Non-current assets:		
Loans and advances issued		
Debt investments		

Other debt investments		
Long-term receivables		
Long-term equity investments	110,741,030.96	139,961,042.52
Other equity instrument investments	580,780,040.00	583,395,820.00
Other non-current financial assets		4,477,532.09
Investment properties	703,380,396.54	1,134,963,721.44
Fixed assets	39,953,986,703.24	31,228,789,318.91
Construction in progress	80,121,609,139.42	59,972,450,211.13
Biological assets		
Oil and gas assets		
Right-of-use assets	1,612,861,760.99	1,092,117,728.00
Intangible assets	4,182,362,937.17	3,054,656,734.27
Development expenditure		
Goodwill	692,058,513.24	694,977,494.40
Long-term prepayments	4,386,809.81	21,591,500.41
Deferred tax assets	911,175,239.38	472,404,205.44
Other non-current assets	4,052,697,675.69	8,629,047,411.26
Total non-current assets	132,926,040,246.44	107,028,832,719.87
Total assets	166,511,713,405.78	132,049,103,076.39
Current liabilities:		
Short-term borrowings	26,155,359,814.42	11,640,180,358.86
Borrowings from the Central Bank		
Borrowing funds		
Held-for trading financial liabilities		3,567,808.37
Derivative financial liabilities		
Notes payable	2,364,309,399.89	5,792,969,431.39
Accounts payable	13,169,038,472.75	12,696,217,538.89
Advances from customers	31,031,697.74	34,444,991.05
Contract liabilities	1,401,254,796.06	884,411,615.82
Financial assets sold for repurchase		
Savings absorption and interbank deposits		
Acting trading securities		
Acting underwriting securities		
Employee benefits payable	539,995,029.57	534,427,595.94
Taxes payable	421,218,281.62	177,753,147.32
Other payables	405,928,757.49	2,589,749,884.22
Of which: interest payable		
Dividends payable		
Handling charges and commissions payable		
Accounts payable reinsurance		

Liabilities held for sale		
Non-current liabilities due within one year	9,743,348,814.61	5,071,129,222.05
Other current liabilities	177,892,150.07	368,691,811.04
Total current liabilities	54,409,377,214.22	39,793,543,404.95
Non-current liabilities:		
Provision for insurance contacts		
Long-term borrowings	66,234,747,647.66	52,373,793,742.68
Bonds payable	4,143,110,281.98	3,927,567,223.43
Of which: preferred shares		
Perpetual debts		
Lease liabilities	1,398,029,978.09	985,281,636.81
Long-term payables	1,383,990,471.34	2,691,695,545.75
Long-term employee benefits payable		
Provisions		
Deferred income	2,248,454,419.59	2,254,329,127.92
Deferred tax liabilities	971,493,075.48	542,445,448.41
Other non-current liabilities	24,984,480.48	33,269,790.86
Total non-current liabilities	76,404,810,354.62	62,808,382,515.86
Total liabilities	130,814,187,568.84	102,601,925,920.81
Shareholders' equity:		
Share capital	9,599,588,940.16	8,934,888,229.16
Other equity instruments	906,691,995.86	1,218,368,686.59
Of which: preferred shares		
Perpetual debts		
Capital reserves	18,209,793,170.31	10,169,443,217.42
Less: treasury stock		
Other comprehensive income	74,539,490.29	61,610,475.56
Special reserves	7,838,677.20	20,965,757.18
Surplus reserves	603,991,295.17	601,569,763.59
General risk reserves		
Retained earnings	6,298,390,031.62	6,646,836,487.36
Total equity attributable to owners of the parent company	35,700,833,600.61	27,653,682,616.86
Non-controlling interests	-3,307,763.67	1,793,494,538.72
Total shareholders' equity	35,697,525,836.94	29,447,177,155.58
Total liabilities and shareholders' equity	166,511,713,405.78	132,049,103,076.39

Legal representative: Miao Han'gen

Chief accountant: Qiu Hairong

Chief finance officer: Hu Guiyang



**2. Balance Sheet of the Parent Company**

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and cash equivalents	5,723,798,761.84	350,977,071.10
Held-for trading financial assets	83,147,068.34	86,357,171.46
Derivative financial assets		
Notes receivable	3,467,278.00	
Accounts receivable	104,708,347.83	81,581,660.48
Financing with receivables		11,597,971.23
Prepayments	1,562,123.96	794,484.75
Other receivables	892,626,224.88	927,682,975.81
Of which: interest receivable		
Dividends receivable		
Inventories	32,277,660.22	15,161,894.49
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	16,410,136.63	8,443,065.26
Total current assets	6,857,997,601.70	1,482,596,294.58
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	53,558,561,894.73	46,036,050,438.00
Other equity instrument investments	580,780,040.00	583,395,820.00
Other non-current financial assets		1,406,830,003.25
Investment properties	302,298,147.89	689,393,828.27
Fixed assets	357,857,430.66	378,136,332.02
Construction in progress	2,351,210.57	1,122,908.68
Biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	68,086,449.38	69,907,675.68
Development expenditure		
Goodwill		
Long-term prepayments		
Deferred tax assets	16,461,851.14	68,063,800.33
Other non-current assets	955,828.00	1,928,267.00
Total non-current assets	54,887,352,852.37	49,234,829,073.23
Total assets	61,745,350,454.07	50,717,425,367.81

Current liabilities:		
Short-term borrowings	2,342,696,894.48	2,523,513,438.99
Held-for trading financial liabilities		3,567,808.37
Derivative financial liabilities		
Notes payable	207,000,000.00	635,850,000.00
Accounts payable	1,868,972,248.83	247,406,837.44
Advances from customers	31,031,697.74	31,132,194.01
Contract liabilities	2,637,522,189.17	28,925,918.19
Employee benefits payable	19,893,689.67	21,757,749.42
Taxes payable	6,105,738.50	5,225,770.93
Other payables	3,837,265,391.21	5,814,246,665.10
Of which: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,589,328,002.58	1,625,330,341.78
Other current liabilities	342,264,314.20	3,791,388.68
Total current liabilities	12,882,080,166.38	10,940,748,112.91
Non-current liabilities:		
Long-term borrowings	4,404,000,000.00	1,864,000,000.00
Bonds payable	4,143,110,281.98	3,927,567,223.43
Of which: preferred shares		
Perpetual debts		
Lease liabilities		
Long-term payables		1,200,580,000.00
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred tax liabilities	256,864,919.68	160,430,710.48
Other non-current liabilities	24,984,480.48	33,269,790.86
Total non-current liabilities	8,828,959,682.14	7,185,847,724.77
Total liabilities	21,711,039,848.52	18,126,595,837.68
Shareholders' equity:		
Share capital	6,611,189,232.00	5,946,488,521.00
Other equity instruments	906,691,995.86	1,218,368,686.59
Of which: preferred shares		
Perpetual debts		
Capital reserves	29,749,769,769.71	21,394,743,718.63
Less: treasury stock		
Other comprehensive income	66,210,030.00	68,171,865.00
Special reserves		

Surplus reserves	652,896,900.49	652,896,900.49
Retained earnings	2,047,552,677.49	3,310,159,838.42
Total shareholders' equity	40,034,310,605.55	32,590,829,530.13
Total liabilities and shareholders' equity	61,745,350,454.07	50,717,425,367.81

### 3. Consolidated Income Statement

Unit: RMB

Item	2022	2021
I. Revenue	63,822,315,669.45	52,690,217,451.46
Of which: Revenue	63,822,315,669.45	52,690,217,451.46
Interest income		
Premiums earned		
Incomes from handling charges and commissions		
II. Cost of sales	62,958,954,687.55	46,535,944,873.95
Of which: cost of sales	58,929,661,036.42	44,000,478,281.97
Interest income		
Expenditures for handling charges and commissions		
Surrenders		
Net amount of compensation expenditure		
Net insurance liability reserve withdrawn		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	702,344,795.54	209,422,899.49
Selling expenses	216,957,095.21	155,396,328.60
General and administrative expenses	652,183,899.27	648,431,638.40
Research and development expenses	502,995,207.21	430,441,359.26
Financial expenses	1,954,812,653.90	1,091,774,366.23
Of which: interest expenses	2,076,080,964.32	1,163,780,314.49
Interest income	197,576,396.79	142,321,661.26
Add: other income	113,128,393.46	108,354,778.66
Investment income (losses expressed with "-")	-29,840,840.28	-22,845,888.62
Of which: share of net profits of associates and joint ventures	-15,700,011.56	12,792,766.35
Profit or loss arising from derecognised financial assets at amortised cost		
Exchange gains (losses expressed with "-")		

Net exposure hedging gains (losses expressed with "-")		
Income from changes in fair value (losses expressed with "-")	-2,814,626.02	19,602,121.17
Impairment losses on credit (losses expressed with "-")	-11,072,256.87	-13,820,308.96
Impairment losses of assets (losses expressed with "-")	-1,000,663,116.79	-215,740,376.30
Gains on disposal of assets (losses expressed with "-")	483,530,496.86	18,290,382.02
III. Operating profit ("-") for loss)	415,629,032.26	6,048,113,285.48
Add: non-operating income	60,426,178.09	52,869,927.78
Less: non-operating expenses	29,509,392.64	10,892,311.68
IV. Total profit ("-") for total losses)	446,545,817.71	6,090,090,901.58
Less: income tax expenses	-96,151,304.55	972,485,590.84
V. Net profit (net loss expressed with "-")	542,697,122.26	5,117,605,310.74
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss expressed with "-")	542,697,122.26	5,117,605,310.74
2. Net profit from discontinued operations (net loss expressed with "-")		
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the Company	548,162,571.15	4,574,963,214.07
2. Net profit attributable to non-controlling interests	-5,465,448.89	542,642,096.67
VI. Other comprehensive income, net of tax	12,927,222.95	-80,529,509.69
Other comprehensive income, net of tax attributable to owners of the Company	12,929,014.73	-79,900,667.91
(I) Other comprehensive income that will not to be reclassified to profit or loss	-1,961,835.00	-76,924,020.00
1. Changes arising from remeasurement of defined benefit plan		
2. Share of other comprehensive income of equity accounted investments that will not be reclassified to profit or loss		
3. Changes in fair value of Other equity instrument investments	-1,961,835.00	-76,924,020.00
4. Changes in the fair value of the		

enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	14,890,849.73	-2,976,647.91
1. Share of other comprehensive income of equity-accounted investments that will be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserve for cash flow hedges		
6. Translation differences of financial statements denominated in foreign currency	14,890,849.73	-2,976,647.91
7. Others		
Net after-tax amount of other comprehensive income attributable to non-controlling interests	-1,791.78	-628,841.78
VII. Total comprehensive income	555,624,345.21	5,037,075,801.05
Total comprehensive incomes attributable to owners of the Company	561,091,585.88	4,495,062,546.16
Total comprehensive incomes attributable to non-controlling interests	-5,467,240.67	542,013,254.89
VIII. Earnings per share		
(I) Basic earnings per share	0.09	0.77
(II) Diluted earnings per share	0.08	0.74

In case of business combination under the common control during the current period, the net profit of the combinee recognized before the combination was RMB -9,604,876.38 and the net profit of the combinee recognized in the prior period was RMB -9,403,913.23.

Legal representative: Miao Han'gen Chief accountant: Qiu Hairong Chief finance officer: Hu Guiyang

#### 4. The Company's Income Statement

Unit: RMB

Item	2022	2021
I. Revenue	6,757,349,507.99	6,795,760,267.56
Less: cost of sales	6,537,015,948.76	6,450,648,253.97
Taxes and surcharges	32,520,649.63	22,174,045.71
Selling expenses	296,224.72	441,023.08
General and administrative expenses	64,317,228.14	114,822,884.51

Research and development expenses		
Financial expenses	811,336,466.03	405,899,765.25
Of which: interest expenses	831,847,702.18	411,369,821.66
Interest income	49,899,462.46	8,653,785.42
Add: other income	6,208,475.24	7,016,425.40
Investment income (losses expressed with "-")	8,588,214.48	2,953,065,236.71
Of which: share of net profits of associates and joint ventures	2,817,533.81	14,397,830.28
Profit or loss arising from derecognised financial assets at amortised cost (losses expressed with "-")		
Net exposure hedging gains (losses expressed with "-")		
Income from changes in fair value (losses expressed with "-")	-3,191,145.48	193,642,851.87
Impairment losses on credit (losses expressed with "-")	1,504,118.34	-1,443,804.82
Impairment losses of assets (losses expressed with "-")		
Gains on disposal of assets (losses expressed with "-")	141,485,053.96	264,886.34
II. Operating profit ("- for loss)	-533,542,292.75	2,954,319,890.54
Add: non-operating income	498,710.81	879,411.17
Less: non-operating expenses	420,022.13	3,281,262.95
III. Total profit ("for" total loss)	-533,463,604.07	2,951,918,038.76
Less: income tax expenses	-162,832,811.74	58,624,352.52
IV. Net profit (net loss expressed with "-")	-370,630,792.33	2,893,293,686.24
(I) Net profit from continuing operations (net loss expressed with "-")	-370,630,792.33	2,893,293,686.24
(II) Net profit from termination of operation (net loss expressed with "-")		
V. Other comprehensive income, net of tax	-1,961,835.00	-76,924,020.00
(I) Other comprehensive income that will not be reclassified to profit or loss	-1,961,835.00	-76,924,020.00
1. Changes arising from remeasurement of defined benefit plan		
2. Share of other comprehensive income of equity accounted investments that will not be reclassified to profit or loss		

3. Changes in fair value of Other equity instrument investments	-1,961,835.00	-76,924,020.00
4. Changes in the fair value of the enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Share of other comprehensive income of equity-accounted investments that will be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Reserve for cash flow hedges		
6. Translation differences of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-372,592,627.33	2,816,369,666.24
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

### 5. Consolidated Statement of Cash Flows

Unit: RMB

Item	2022	2021
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	68,950,165,509.00	54,734,917,497.56
Net increase in deposits from customers and deposits in banks and other financial institutions		
Net increase in borrowings from the Central Bank		
Net increase in borrowing funds		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase of policy holder deposits and investment funds		

Cash received from interest, handling charges and commissions		
Net increase in borrowing funds		
Net capital increase in repurchase business		
Net cash from receivings from vicariously traded securities		
Refunds of taxes and surcharges	7,683,885,244.60	388,111,418.60
Cash received from other operating activities	8,144,107,032.82	7,273,667,309.11
Sub-total of cash inflows from operating activities	84,778,157,786.42	62,396,696,225.27
Cash paid for purchase of goods and receipt of services	71,390,582,719.36	44,106,942,148.69
Net increase in loans and advances to customers		
Net increase in deposits in central bank, other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in lending funds		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,679,226,249.98	2,051,834,980.20
Payments of taxes and surcharges	1,425,275,439.60	2,081,550,673.10
Cash paid relating to other operating activities	7,892,314,096.46	8,824,690,195.59
Sub-total of cash outflows from operating activities	83,387,398,505.40	57,065,017,997.58
Net cash flows from operating activities	1,390,759,281.02	5,331,678,227.69
II. Cash flows from investing activities:		
Cash received from disinvestment	99,935,409.81	1,469,048,210.16
Cash from investment income	48,377,318.98	22,957,557.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	261,739,502.03	154,619,227.95
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	4,745,632,385.75	807,790,634.52
Sub-total of cash inflows from investing activities	5,155,684,616.57	2,454,415,629.72
Cash paid to acquire and construct	31,365,693,125.30	41,718,720,515.67



fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments	2,178,693,784.38	1,745,304,798.91
Net increase in pledge loans		
Net cash paid for the acquisition of subsidiaries and other business units		
Cash payments relating to other investing activities	3,760,426,713.19	
Sub-total of cash outflows from investing activities	37,304,813,622.87	43,464,025,314.58
Net cash flows from investing activities	-32,149,129,006.30	-41,009,609,684.86
III. Cash flows from financing activities:		
Cash received from capital contributions	9,076,424,338.67	
Of which: cash received from capital contributions by non-controlling interests of subsidiaries		
Cash received from borrowings	58,949,141,346.06	52,877,996,262.84
Cash received relating to other financing activities	4,484,900,000.00	6,920,000,000.00
Sub-total of cash inflows from financing activities	72,510,465,684.73	59,797,996,262.84
Cash paid for debt repayments	28,458,573,929.01	16,233,037,978.54
Cash paid for distribution of dividends and profits or payment of interest	5,038,559,902.77	3,885,492,625.12
Of which: dividends and profits paid to minority shareholders by subsidiaries		96,000,000.00
Cash paid for other financing activities	8,024,647,024.13	10,267,394,901.34
Sub-total of cash outflows from financing activities	41,521,780,855.91	30,385,925,505.00
Net cash flows from financing activities	30,988,684,828.82	29,412,070,757.84
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	95,081,893.98	7,831,605.34
V. Net increase in cash and cash equivalents	325,396,997.52	-6,258,029,093.99
Add: beginning balance of cash and cash equivalents	9,678,121,585.63	15,936,150,679.62
VI. Ending balance of cash and cash equivalents	10,003,518,583.15	9,678,121,585.63

## 6. The Company's Statement of Cash Flows

Unit: RMB

Item	2022	2021
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and rendering of services	18,097,944,416.38	7,758,306,701.37
Refunds of taxes and surcharges	10,114,484.72	
Cash received from other operating activities	26,799,795,323.12	11,510,949,935.59
Sub-total of cash inflows from operating activities	44,907,854,224.22	19,269,256,636.96
Cash paid for purchase of goods and receipt of services	12,978,330,446.10	6,451,730,597.11
Cash paid to and on behalf of employees	107,959,983.16	104,311,003.21
Payments of taxes and surcharges	64,196,377.29	88,239,322.41
Cash paid relating to other operating activities	30,411,447,354.01	12,567,789,796.76
Sub-total of cash outflows from operating activities	43,561,934,160.56	19,212,070,719.49
Net cash flows from operating activities	1,345,920,063.66	57,185,917.47
<b>II. Cash flows from investing activities:</b>		
Cash received from disinvestment	1,245,005,224.33	1,270,588.24
Cash from investment income	209,070,970.86	2,704,888,860.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	62,691,670.91	348,249.74
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflows from investing activities	1,516,767,866.10	2,706,507,698.13
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	55,437,029.10	31,452,678.57
Cash paid to acquire investments	9,350,727,200.00	9,681,660,000.00
Net cash paid for the acquisition of subsidiaries and other business units		
Cash payments relating to other investing activities		
Sub-total of cash outflows from investing activities	9,406,164,229.10	9,713,112,678.57
Net cash flows from investing activities	-7,889,396,363.00	-7,006,604,980.44
<b>III. Cash flows from financing activities:</b>		

Cash received from capital contributions	9,062,424,338.67	
Cash received from borrowings	10,778,000,000.00	9,550,723,006.00
Cash received relating to other financing activities	7,629,337,805.36	5,500,000,000.00
Sub-total of cash inflows from financing activities	27,469,762,144.03	15,050,723,006.00
Cash paid for debt repayments	9,293,275,500.00	1,780,914,311.63
Cash paid for distribution of dividends and profits or payment of interest	1,471,337,884.63	702,818,976.10
Cash paid for other financing activities	4,892,122,822.05	5,700,200,000.00
Sub-total of cash outflows from financing activities	15,656,736,206.68	8,183,933,287.73
Net cash flows from financing activities	11,813,025,937.35	6,866,789,718.27
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-2,503,344.08	-95.08
V. Net increase in cash and cash equivalents	5,267,046,293.93	-82,629,439.78
Add: beginning balance of cash and cash equivalents	204,710,085.27	287,339,525.05
VI. Ending balance of cash and cash equivalents	5,471,756,379.20	204,710,085.27

## 7. Consolidated Statement of Changes in Owner's Equity

Year 2022

Unit: RMB

Item	2022														
	Equity attributable to owners of the Company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred shares	Perpetual debts	Others												
I. Balance as at the end of last year	8,934,888,229.16			1,218,368,686.59	10,161,654,344.13		61,610,475.56	20,965,757.18	601,569,763.59		6,615,477,283.13		27,614,534,539.34	1,793,494,538.72	29,408,029,078.06
Add: changes in accounting policies											40,763,117.46		40,763,117.46		40,763,117.46
Correction of prior errors															
Business combination under common control					7,788,873.29						-9,403,913.23		-1,615,039.94		-1,615,039.94
Others															
II. Balance as at the beginning of this year	8,934,888,229.16			1,218,368,686.59	10,169,443,217.42		61,610,475.56	20,965,757.18	601,569,763.59		6,646,836,487.36		27,653,682,616.86	1,793,494,538.72	29,447,177,155.58
III. Increases/decreases in this period ("+" for increases)	664,700,711.00			-311,676,690.73	8,040,349,952.89		12,929,014.73	-13,127,079.98	2,421,531.58		-348,446,455.74		8,047,150,983.75	-1,796,802,302.39	6,250,348,681.36
(I) Total comprehensive income							12,929,014.73				548,162,571.15		561,091,585.88	-5,467,240.67	555,624,345.21
(II) Capital contributed or reduced by owners	664,700,711.00			-153,775.60	8,355,026,051.08								9,019,572,986.48	-2,116,819,093.21	6,902,753,893.27
1. Common stock contributed by owners	664,654,109.00				8,354,412,302.90								9,019,066,411.90	-2,116,819,093.21	6,902,247,318.69
2. Capital contributed by the holders of other equity instruments	46,602.00			-153,775.60	613,748.18								506,574.58		506,574.58
3. Amounts of share-based payments recognized in shareholders' equity															
4. Others															
(III) Profit distribution									2,421,531.58		-894,397,900.18		-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves									2,421,531.58		-2,421,531.58				
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-891,976,368.60		-891,976,368.60		-891,976,368.60

4. Others															
(IV) Internal carry-forward of shareholders' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves							-13,127,079.98					-13,127,079.98			-13,127,079.98
1. Amount withdrawn in this period							88,832,161.00					88,832,161.00			88,832,161.00
2. Amount used in this period							101,959,240.98					101,959,240.98			101,959,240.98
(VI) Others				-311,522,915.13	-314,676,098.19						-2,211,126.71	-628,410,140.03	325,484,031.49		-302,926,108.54
IV. Balance as at the end of this period	9,599,588,940.16			906,691,995.86	18,209,793,170.31		74,539,490.29	7,838,677.20	603,991,295.17		6,298,390,031.62	35,700,833,600.61	-3,307,763.67		35,697,525,836.94

Year 2021

Unit: RMB

Item	2021														
	Equity attributable to owners of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Sub-total		
	Preferred shares	Perpetual debts	Others												
I. Balance as at the end of last year	7,823,263,574.16				7,269,062,496.38		141,511,143.47	34,298,948.63	371,183,266.63		1,906,149,960.23		17,545,469,389.50	5,002,390,105.22	22,547,859,494.72
Add: changes in accounting policies															
Correction of prior errors															
Business combination under common control					5,765,390,325.27			2,238,508.94			733,642,052.15		6,501,270,886.36	1,105,268,683.87	7,606,539,570.23
Others															
II. Balance as at the beginning of this year	7,823,263,574.16				13,034,452,821.65		141,511,143.47	36,537,457.57	371,183,266.63		2,639,792,012.38		24,046,740,275.86	6,107,658,789.09	30,154,399,064.95
III. Increases/decreases in this period ("-" for decreases)	1,111,624,655.00			1,218,368,686.59	-2,865,009,604.23		-79,900,667.91	-15,571,700.39	230,386,496.96		4,007,044,474.98		3,606,942,341.00	-4,314,164,250.37	-707,221,909.37
(I) Total comprehensive income							-79,900,667.91				4,574,963,214.07		4,495,062,546.16	542,013,254.89	5,037,075,801.05
(II) Capital contributed or reduced by owners	1,111,624,655.00			1,218,368,686.59	1,290,373.84								2,331,283,715.43	-5,804,613,991.73	-3,473,330,276.30
1. Common stock contributed by owners	1,111,528,326.00												1,111,528,326.00	-5,848,387,200.00	-4,736,858,874.00
2. Capital contributed by the holders of other equity instruments	96,329.00			1,218,368,686.59	1,290,373.84								1,219,755,389.43		1,219,755,389.43
3. Amounts of share-based payments recognized in shareholders' equity															
4. Others														43,773,208.27	43,773,208.27
(III) Profit distribution									154,991,088.91		1,202,477,475.51		-1,047,486,386.60	-96,000,000.00	-1,143,486,386.60
1. Withdrawal of surplus reserves									154,991,088.91		-154,991,088.91				
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											1,047,486,386.60		-1,047,486,386.60	-96,000,000.00	-1,143,486,386.60
4. Others															

(IV) Internal carry-forward of shareholders' equity																		
1. Conversion of capital reserves into paid-in capital (or share capital)																		
2. Conversion of surplus reserves into paid-in capital (or share capital)																		
3. Surplus reserves offsetting losses																		
4. Carry-forward of changes in the defined benefit plan for retained earnings																		
5. Carry-forward of other comprehensive income for retained earnings																		
6. Others																		
(V) Special reserves								-15,571,700.39					-15,571,700.39	-381,021.13				-15,952,721.52
1. Amount withdrawn in this period								41,785,777.82					41,785,777.82	4,460,412.85				46,246,190.67
2. Amount used in this period								57,357,478.21					57,357,478.21	4,841,433.98				62,198,912.19
(VI) Others						-2,866,299,978.07			75,395,408.05		634,558,736.42		-2,156,345,833.60	1,044,817,507.60				-1,111,528,326.00
IV. Balance as at the end of this period	8,934,888,229.16			1,218,368,686.59	10,169,443,217.42		61,610,475.56	20,965,757.18	601,569,763.59		6,646,836,487.36		27,653,682,616.86	1,793,494,538.72				29,447,177,155.58

**8. The Company's Statement of Changes in Shareholders' Equity**

Year 2022

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual debts	Others								
I. Balance as at the end of last year	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
Add: changes in accounting policies												
Correction of prior errors												
Others												
II. Balance as at the beginning of this year	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
III. Increases/decreases in this period ("-" for decreases)	664,700,711.00			-311,676,690.73	8,355,026,051.08		-1,961,835.00			1,262,607,160.93		7,443,481,075.42
(I) Total comprehensive income							-1,961,835.00			-370,630,792.33		-372,592,627.33
(II) Capital contributed or reduced by owners	664,700,711.00			-153,775.60	8,355,026,051.08							9,019,572,986.48
1. Common stock contributed by owners	664,654,109.00				8,354,412,302.90							9,019,066,411.90
2. Capital contributed by the holders of other equity instruments	46,602.00			-153,775.60	613,748.18							506,574.58
3. Amounts of share-based payments recognized in shareholders' equity												
4. Others												
(III) Profit distribution										-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves												
2. Profit distributed to owners										-891,976,368.60		-891,976,368.60



(or shareholders)												
3. Others												
(IV) Internal carry-forward of shareholders' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in this year												
2. Amount used in this year												
(VI) Others				-311,522,915.13								-311,522,915.13
IV. Balance as at the end of this period	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00	652,896,900.49	2,047,552,677.49			40,034,310,605.55

Year 2021

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual debts	Others								
I. Balance as at the end of last year	4,834,863,866.00				13,350,132,175.35		145,095,885.00		363,567,531.87	1,189,681,907.40		19,883,341,365.62
Add: changes in accounting policies												
Correction of prior errors												
Others												
II. Balance as at the beginning of this year	4,834,863,866.00				13,350,132,175.35		145,095,885.00		363,567,531.87	1,189,681,907.40		19,883,341,365.62
III. Increases/decreases in this period ("-" for decreases)	1,111,624,655.00			1,218,368,686.59	8,044,611,543.28		-76,924,020.00		289,329,368.62	2,120,477,931.02		12,707,488,164.51
(I) Total comprehensive income							-76,924,020.00			2,893,293,686.24		2,816,369,666.24
(II) Capital contributed or reduced by owners	1,111,624,655.00			1,218,368,686.59	1,290,373.84							2,331,283,715.43
1. Common stock contributed by owners	1,111,528,326.00											1,111,528,326.00
2. Capital contributed by the holders of other equity instruments	96,329.00			1,218,368,686.59	1,290,373.84							1,219,755,389.43
3. Amounts of share-based payments recognized in shareholders' equity												
4. Others												
(III) Profit distribution									289,329,368.62	-772,815,755.22		-483,486,386.60
1. Withdrawal of surplus reserves									289,329,368.62	-289,329,368.62		
2. Profit distributed to owners (or shareholders)										-483,486,386.60		-483,486,386.60

3. Others												
(IV) Internal carry-forward of shareholders' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in this period												
2. Amount used in this period												
(VI) Others					8,043,321,169.44							8,043,321,169.44
IV. Balance as at the end of this period	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13

### III. Company profile

#### (I) Company profile

Jiangsu Eastern Shenghong Co., Ltd. (the "Company"), formerly known as Jiangsu Wujiang China Oriental Silk Market Co., Ltd., is a joint stock limited company established by Jiangsu Wujiang Silk Group Co., Ltd., Jiangsu Silk Group Co., Ltd., China Silk Corporation, China National Garments Group Corp. and Suzhou Foreign Development Corporation with the approval of SZF [1998] No.71 issued by Jiangsu Provincial People's Government. The Company's unified social credit code is 91320500704043818X.

With the approval of ZJFXZ [2000] No.35 issued by China Securities Regulatory Commission, the Company issued 105 million RMB ordinary shares to the public in April 2000, which was listed on the Shenzhen Stock Exchange on May 29, 2000 for transaction. In August 2018, the Company completed the acquisition of 100% equities of Jiangsu Guowang High-tech Fibre Co., Ltd. ("Guowang Hi-tech") held by Jiangsu Shenghong Technology Co., Ltd. ("Shenghong Tech") and CDB Development Fund Ltd. ("CDB Fund") by way of non-public share offering. Upon completion of this transaction, the controlling shareholder and actual controller of the Company changed, and this transaction constituted a reorganization for listing. Upon completion of the reorganization, the name of the Company was changed to Jiangsu Eastern Shenghong Co., Ltd. and abbreviated as "Eastern Shenghong" in the exchange. The Company currently operates in the chemical fiber manufacturing industry.

As of December 31, 2022, the Company has a total issued share capital of 6,611.1892 million shares and a registered capital of RMB 6,611.1892 million, with registered office at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province and headquarters' address at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

The Company's business scope: general items: new materials technology research and development; new materials technology promotion services; emerging energy technology research and development; bio-based materials technology research and development; bio-chemical products technology research and development; resource recycling technology research and development; electronic special materials research and development; technology services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; engineering and technology research and experimental development; bio-based materials manufacturing; electronic special materials manufacturing; high-performance fiber and composite materials manufacturing; synthetic fiber manufacturing; thermal power production and supply; sales of bio-based materials, petroleum products (excluding dangerous chemicals) and chemical products (excluding licensed chemical products); wholesale of refined oil products (excluding dangerous chemicals); sales of special chemical products (excluding dangerous chemicals), new membrane materials, synthetic materials, eco-environmental materials, electronic special materials, high-performance fibers and composite materials, synthetic fibers, coal and products; investment activities with its own funds; business management consulting; non-residential real estate leasing; property management (except for items subject to approval by law, business activities shall be operated independently with business license); limited to branches: power generation business, power transmission business and power supply (distribution) business.

Jiangsu Shenghong Technology Co., Ltd. is the parent company of the Company, and Miao Han'gen and Zhu Hongmei are actual controllers of the same.

The financial statements have been approved by the board of directors of the Company on April 16, 2023 for disclosure.

#### (II) Scope of consolidated financial statements

As at December 31, 2022, companies within the scope of the consolidated financial statements of the Company are as follows:

Name
Jiangsu Guowang High-tech Fibre Co., Ltd.
Suzhou Shenghong Fiber Co., Ltd.
Jiangsu Zhonglu Technology Development Co., Ltd.
Jiangsu Shenghong Fiber Testing Co., Ltd.
Jiangsu Ganghong Fiber Co., Ltd.
Jiangsu Shenghong Technology and Trade Co., Ltd.

Lantean Holding Group Co., Limited
Suzhou Tangnan Sewage Treatment Co., Ltd.
Suzhou Suzhen Biological Engineering Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Jiangsu Xingda Natural Gas Pipeline Co., Ltd. [Note]
Suzhou Shenghong Data Cloud Technology Co., Ltd.
Suzhou Shengze Real Estate Leasing Co., Ltd.
Suzhou Shengze Warehousing Management Co., Ltd.
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.
Jiangsu Honggang Petrochemical Co., Ltd.
Lianyungang Guanhong Trading Co., Ltd.
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Shenghong (Lianyungang) Oils Sales Co., Ltd.
Shenghong Petrochemical (Singapore) International Co., Ltd.
Shenghong Shipping (Singapore) International Co., Ltd.
Lianyungang Shengtai New Materials Co., Ltd.
Shenghong (Shanghai) Polyester Material Co., Ltd.
Jiangsu Shengjing New Materials Co., Ltd.
Shenghong New Materials (Suqian) Co., Ltd.
Jiangsu Reborn Eco-tech Co., Ltd.
Guowang High-tech Fibre (Suqian) Co., Ltd.
Siyang Yiyang Environmental Protection Technology Co., Ltd.
Honghai New Materials (Suqian) Co., Ltd.
Hongbang New Materials (Suqian) Co., Ltd.
Siyang Yiyang Environmental Energy Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Jiangsu Hongjing New Materials Co., Ltd.
Jiangsu Hongwei Chemical Co., Ltd.
Lianyungang Hongke New Materials Co., Ltd.
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.
Shenghong (Shanghai) New Material Technology Co., Ltd.
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.
Shenghong New Energy (Suzhou) Co., Ltd.
Suzhou Dongneng Innovation Technology Co., Ltd.

Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.
Hubei Hongrui New Materials Co., Ltd.
Hubei Haigesi New Energy Co., Ltd.

Note: Jiangsu Xingda Gas Pipeline Co., Ltd. was cancelled on June 30, 2022.

See "Note VIII Changes in the scope of consolidation" for details of changes in the scope of consolidation in the reporting period.

See "Note IX Equity in other entities" for details about subsidiaries of the Company.

## **IV. Basis of preparation for financial statements**

### **1. Preparation basis**

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 - General Requirements for Financial Reports issued by the China Securities Regulatory Commission.

### **2. Going concern**

The financial statements are prepared based on going concern.

## **V. Significant accounting policies and accounting estimates**

Tips of specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. For details, please refer to Note V (26) Revenue in this note.

### **1. Statement on compliance with Accounting Standards for Business Enterprises**

The financial statements meet the Accounting Standards for Business Enterprises issued by the Ministry of Finance and truly and completely reflect the consolidated and parent company's financial position as at December 31, 2022 and consolidated and parent company's operating results and cash flows for the year then ended.

### **2. Accounting period**

The financial statements meet the Accounting Standards for Business Enterprises issued by the Ministry of Finance and truly and completely reflect the consolidated and parent company's financial position as at December 31, 2022 and consolidated and parent company's operating results and cash flows for the year then ended.

### **3. Operating cycle**

The Company's operating cycle is 12 months.

### **4. Functional currency**

The Company adopts RMB as its functional currency. Subsidiaries of the Company determine their functional currency based on the main economic environment in the place where they operate, while Shenghong Petrochemical (Singapore) International Co., Ltd. and Shenghong Shipping (Singapore) International Co., Ltd. adopt USD as the functional currency. The financial statements herein are presented in RMB.

### **5. Accounting treatment methods for business combinations under and not under common control**

Business combination under common control: Assets and liabilities obtained through business combination by the combining party (including the goodwill arising from the acquisition of the combinee by the ultimate controller) are measured at the book values of the combinee's assets and liabilities in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: The combination cost refers to the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the acquisition date for the purpose of acquiring the control over the acquiree. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. Various identifiable assets, identifiable liabilities and contingent liabilities which are obtained from the combinee in the course of business combination and eligible for recognition are measured at fair value on the acquisition date.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

## **6. Preparation method of consolidated financial statements**

### **Scope of consolidation**

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to the Company's return by using the power over the investee.

### **Process of consolidation**

The Company prepares the consolidated financial statements according to the uniform accounting policies by taking the enterprise group as a whole accounting entity, to reflect the overall financial position, operating results and cash flows of the enterprise group. Impacts of the internal transaction between the Company and its subsidiary or among subsidiaries of the Company should be offset. If any internal transaction indicates that relevant assets have been impaired, the impairment loss should be recognized in full. If the accounting policy or accounting period of any subsidiary is different from that of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policy and accounting period of the Company.

The share of shareholders' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the shareholders' equity of the subsidiary at the beginning of the period, non-controlling interests will be written down accordingly.

#### **(1) Increase of subsidiaries or business**

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows for the period from the beginning of the period for such business combination to the end of the reporting period will be included in the consolidated financial statements. Meanwhile, the beginning amounts in the consolidated financial statements and relevant items in the comparative financial statements will be adjusted accordingly, as if the reporting entity after the business combination has been existing since the time-point when the ultimate controller has the control.

If the control can be exercised over the investee under the common control as a result of additional investment and other reasons, equity investments held before obtaining the control over the combinee, relevant gains or losses and other comprehensive income recognized from the later of the date when the original equity is obtained or the date when the combining party and the combinee are under the same control to the combination date and other changes in net assets will respectively be used to offset the retained earnings at the beginning of period for the comprehensive financial statements or the current profit or loss.

During the reporting period, subsidiaries or business acquired from the business combination not under common control are included in the consolidated financial statements from the acquisition date based on the fair value of various identifiable assets, identifiable liabilities or contingent liabilities determined on the acquisition date.

If the control can be exercised over the investee not under common control as a result of additional investments and other reasons, the equity of the acquiree held before the acquisition date will be remeasured at the fair value of such equity on the acquisition date, and the difference between the fair value and book value of such equity will be included in the current investment income. Other comprehensive income that will be reclassified into profit or loss and other changes in shareholders' equity calculated by the equity method where the equity of the acquiree

held before the acquisition date involves with are transferred into the investment income for the period where the acquisition date belongs.

## (2) Disposal of subsidiaries

### ① General method of disposal

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive income that will be reclassified into profit or loss and other change in shareholders' equity calculated by the equity method, associated with the equity investments of original subsidiaries should be transferred into the investment income for the period where the control is lost.

### ② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions of disposing equity investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions belong to a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect.
- ii. The transactions as a whole can reach a complete business result.
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where the multiple transactions belong to a package deal, the accounting treatment should be made by taking them as the transaction where any subsidiary has been disposed and the corresponding control has been lost; before the loss of control, the difference between each disposal price and the share in net assets which should be enjoyed in such subsidiary on account of such investment disposal should be recognized as other comprehensive income in the consolidated financial statements, and at the loss of control, transferred into the profit or loss for the period where the control is lost.

Where multiple transactions do not belong to a package deal, before the loss of control, accounting treatment should be made via the partial disposal of equity investments in the subsidiary without losing control; at the loss of control, accounting treatment will be made by the general treatment method for the disposal of subsidiaries.

## (3) Purchase of non-controlling interests of subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share calculated at the newly increased shareholding ratio in the net assets the subsidiary continuously calculates from the acquisition date or combination date. If the share premium is insufficient to offset, retained earnings will be adjusted.

## (4) Partial disposal of equity investments in subsidiaries without losing control

The share premium of capital reserves in the consolidated balance sheet will be adjusted based on difference between the disposal price and the share which should be enjoyed for the disposal of long-term equity investments in the net assets the subsidiary continuously calculates from the acquisition date or the combination date; if the share premium is insufficient to offset, retained earnings will be adjusted.

## **7. Classification of joint venture arrangements and accounting treatment methods of joint operation**

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to the joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same.

The Company recognizes the following items related to its share of benefits in the joint operation:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;



- (3) Incomes from sale of output enjoyed by it from the joint operation;
- (4) Income from selling the production of the joint operation recognized based on the shares held by the Company; and
- (5) Separate costs and costs for the joint operation based on the shares held by the Company.

The Company had no investment in any joint venture.

## **8. Recognition criteria of cash and cash equivalents**

The term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term and highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **9. Foreign currency transactions and translation of foreign currency financial statements**

### **Foreign currency transactions**

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

### **Translation of foreign currency financial statements**

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; shareholders' equity items, except for the item of "retained earnings", are translated at the spot exchange rates on the dates when the transactions occur. The revenue or expense items in the income statement are translated at the exchange rate which is similar to the spot exchange rate prevailing on the transaction date and determined by the systematic and reasonable method, which means that they are translated at the exchange rate at the beginning of the month where relevant transaction takes place.

When the Company disposes of an overseas business, the translation differences of foreign currency financial statements related to such overseas business should be transferred to the current profit or loss from the shareholders' equity.

## **10. Financial instruments**

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instrument should be recognized.

### **Classification of financial instruments**

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through the current profit or loss.

The Company classifies the financial assets that meet the following conditions at the same time but have not been designated to be measured at fair value through profit or loss as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

The Company classifies the financial assets that meet the following conditions at the same time and have not been designated to be measured at fair value through profit or loss as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

At the initial recognition, the Company may irrevocably designate the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through other comprehensive income. The

designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss. On initial recognition, if it can eliminate or significantly reduce accounting mismatch, the Company irrevocably designates some financial assets that should be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

At the initial recognition, financial liabilities meeting one of the following conditions may be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the Company.
- 3) The financial liability contains embedded derivative needed to be separated.

### **Recognition basis and measurement method of financial instruments**

#### **(1) Financial assets measured at amortized cost**

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount; accounts receivable without significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company are initially measured at the contract transaction price.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

#### **(2) Financial assets (debt instruments) measured at fair value through other comprehensive income**

Financial assets (debt instruments) measured at fair value through other comprehensive income include financing of accounts receivable, other debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to the current profit or loss.

#### **(3) Financial assets (equity instruments) measured at fair value through other comprehensive income**

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. Dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to the retained earnings.

#### **(4) Financial assets measured at fair values through current profit or loss**

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

**(5) Financial liabilities measured at fair value through current profit or loss**

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

**(6) Financial liabilities measured at amortized cost**

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

**Derecognition of financial assets and transfer of financial assets**

In case one of the following conditions is met, the Company will derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets, though it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets should not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts should be included in the current profit or loss:

- (1) the book value of the financial asset transferred;
- (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred should be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts should be included in the current profit or loss:

- (1) the book value of derecognized part;
- (2) The sum of the consideration received from the derecognition and the amount of the derecognized part in the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets should continue to be recognized, and the consideration received should be recognized as a financial liability.

**Derecognition of financial liabilities**

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof should be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities should be derecognized, and at the same time, the new financial liabilities should be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities should be derecognized in whole or in part, and the financial liabilities of which terms have been modified should be recognized as the new financial liabilities.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in current profit or loss.

Where the Company repurchases part of its financial liabilities, it should, on the repurchase date, allocate the entire book value of whole financial liabilities based on the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

### **Determination method for the fair value of financial assets and financial liabilities**

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the asset or liability characteristics considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. And the unobservable input values can be used only when the observable input values are unable or unpractical to be obtained.

### **Testing method and accounting treatment method for impairment of financial assets**

#### **(1) Measurement and accounting for impairment of financial assets**

The Company estimates the expected credit loss of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contract individually or in portfolio.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the lifetime expected credit loss of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the future 12-month expected credit loss of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For receivables and contract assets arising from the transactions specified in the *Accounting Standards for Business Enterprises No. 14 - Revenue* (2017), whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the lifetime expected credit loss.

For lease receivables, the Company always makes the provision for credit loss at the amount equivalent to the lifetime expected credit loss.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

The Company estimates the expected credit risk and measures the expected credit loss based on the individual financial instrument or the financial instrument portfolio. When the Company does the above things based on the

financial instrument portfolio, it may divide financial instruments into different portfolios based on the common risk characteristics.

After considering the credit risk characteristics of different customers, the Company estimates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

**(2) Accounts receivable (excluding accounts receivable) for which expected credit losses are measured on a portfolio basis**

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic portfolio	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, the expected credit loss is calculated based on the default risk exposure and the 12-month or lifetime expected credit loss ratio.
Related-party portfolio	Related party	
Portfolio of government receivables	Non-operating receivables from government agencies and tax refund receivables during the credit period	

**(3) Accounts receivable subject to provision for expected credit losses on a portfolio basis**

**① Portfolio and measurement method for expected credit loss**

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic portfolio of accounts receivable	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, the expected credit loss is calculated based on the default risk exposure and the lifetime expected credit loss ratio.
Portfolio of related parties of accounts receivable	Related party	
Portfolio of those with high credit rating	Receivables from central government customers during the credit period	

**② Accounts receivable -- Comparison table for the credit risk characteristic portfolio aging and the lifetime expected credit loss ratio**

Credit risk characteristics (Aging)	Expected credit loss of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years (including 2 years)	20.00
2-3 years (including 3 years)	50.00
Over 3 years	100.00

**11. Inventories**

**Classification and cost of inventories**

Inventories are classified as materials in transit, raw materials, goods in progress, stock commodities and goods in transit.

Inventories are initially measured at cost, and the inventory cost includes the purchase cost, processing cost and other expenses arising from making the inventory at their present location and condition.

**Valuation method of inventories dispatched**

The inventories are measured by the weighted average method when dispatched.

**Recognition basis for net realizable values of inventories in different categories**

On the balance sheet date, inventories should be measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its realizable value, the provision for inventory depreciation should be made. During routine activities, net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In the normal production and operation process, for merchandise inventories for direct sale, including finished goods, stock commodities and materials for sale, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges; for material inventories required to be processed, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges. For inventories held to under any sales contract or service contract, their net realizable values are calculated based on the contract price. If the quantity of inventories held by the Company is more than that ordered in sales contract, the net realizable value of the excess inventories will be calculated based on general selling price.

When the provision for inventory depreciation is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realizable value of the inventory is higher than the book value of the same, the provision for inventory depreciation should be reversed from the amount of provision for inventory depreciation originally made, and the reversed amount should be included in the current profit or loss.

### **Inventory system**

Perpetual inventory system is adopted.

### **Amortization method for low-cost consumables and packaging materials**

- (1) Low-cost consumables: lump-sum amortization method;
- (2) Packaging materials are amortized at lump-sum method.

## **12. Contract assets**

### **Recognition method and standards for contract assets**

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

### **Determination method and accounting treatment of expected credit losses of contractual assets**

The method of determining expected credit losses and accounting treatment for contract assets are detailed in Note V.10(6) Methods of testing and accounting for impairment of financial assets".

## **13. Contract costs**

N/A

## **14. Assets held for sale**

Where the Company recovers the book value of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

If the book value of non-current assets (excluding financial assets, deferred tax assets) or disposal groups classified as held for sale is higher than the net fair value less costs to sell, the book value is written down to the

net fair value less costs to sell, and the write-down is recognized as Impairment losses of assets and charged to current profit or loss, together with a provision for impairment of assets held for sale.

## 15. Long-term equity investments

### Judgment criteria for joint control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee should be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee should be the Company's associate.

### Determination of initial investment cost

#### (1) A long-term equity investment as a result of business combination

The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the combinee's owners' equity on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the Control can be exercised over the investee under common control as a result of additional investment and other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium. If the share premium is insufficient to be offset, retained earnings will be offset accordingly.

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of additional investment and other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

#### (2) Long-term equity investments obtained by means other than business combination

For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For the long-term equity investment acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

### Subsequent measurement and recognition of gains and losses

#### (1) Long-term equity investments calculated under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

#### (2) Long-term equity investments calculated under equity method

Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company shall recognize the investment income and other comprehensive income at the shares of net profit or loss and other comprehensive income realized by the investee which the Company shall enjoy or bear and adjust the book value of long-term equity investments at the same time; the Company shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the book value of long-term equity investments; the book value of long-term equity investments shall be adjusted according to the investee's other changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution, which should be included in shareholders' equity.

The share of the investee's net profit or loss, other comprehensive income and changes in other shareholders' equity should be recognized after adjustments are made to net profit and other comprehensive income of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the Company.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions between the Company and the investee fall into the scope of impairment losses of assets, the full amount of such losses should be recognized.

For net losses incurred by joint ventures or associates, the Company shall, in addition to its obligation to bear additional losses, write down to zero the book value of long-term equity investments and other long-term equity that essentially constitutes net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the Company shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

### (3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity should be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity should be transferred to the current profit or loss in full.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owner's equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and book value on the date of loss of the control should be included in current profits or losses; other comprehensive income and other changes in owner's equity recognized before the control of the investee is obtained will be carried forward.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the book value of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into the current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.



## 16. Investment property

Measurement mode of investment property

Cost method measurement

Depreciation and amortization methods

Investment property is the property to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the Company and its cost can be measured reliably, should be recorded in the cost of investment property; otherwise, they should be recorded into the current profit or loss when occur.

The Company measures its existing investment properties by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for intangible assets.

Type	Depreciation/amortization life (year)	Net residual value rate (%)	Annual depreciation/amortization rate (%)
Buildings and constructions	10~50	4~5	1.92~9.60
Land use rights	31~50	0	2.00~3.23

## 17. Fixed assets

### (1) Recognition criteria

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the party replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

### (2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20~45	3~5	2.11~4.85
Machinery equipment	Straight-line method	3~20	3~5	4.75~32.33
Transportation equipment	Straight-line method	5~14	3~5	6.79~19.40
Office and other facilities	Straight-line method	2~20	0, 3~5, 65	4.75~50.00

Depreciation of the Company's fixed assets is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the book value after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or bring economic

benefits for the enterprise in different ways, then the company should choose different depreciation rates or methods to separately provide for depreciation.

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

### **(3) Disposal of fixed assets**

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the book value and related taxes should be included in the current profit or loss.

### **(4) Determination basis, valuation method and depreciation method of fixed assets acquired under financing leases**

## **18. Construction in process**

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

According to the costs actually incurred, the Company measures its construction in progress. The actual costs includes building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures to make the construction in progress achieve the working condition for its intended use. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

## **19. Borrowing costs**

### **Recognition principles of capitalization of borrowing costs**

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

### **Capitalization period of borrowing costs**

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs may be capitalized only when all the following conditions are met:

- (1) asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) borrowing costs have occurred;
- (3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale status.

### **Period of suspension for capitalization**

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

### **Calculation method of capitalization rate and capitalization amount of borrowing costs**

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

For general borrowings used for acquiring, constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalization, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

## 20. Intangible assets

### (1) Valuation methods, useful lives or impairment test

#### Measurement method of intangible assets

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenses incurred to prepare the assets for their intended uses.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on acquisition.

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.

#### Estimate of useful lives of intangible assets with definite useful lives

Item	Estimated useful life (year)	Basis
Land use rights	36~50	Period indicated on the land certificate
Software	2~10	Benefit period
Patent right	20	Benefit period
Others	10	Benefit period

#### Determination basis and procedure for review of useful life for intangible assets with indefinite useful life

The emission rights and coal replacement volume indexes acquired by the Company have no definite permitted period of use and will be used for operation continuously, and the period to bring future economic benefits to the Company cannot be reliably estimated. Therefore, the Company recognizes the emission rights and coal replacement volume indicators without a permitted period of use as intangible assets with indefinite useful lives.

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

Upon review, the useful life of this category of intangible assets remains indefinite.

#### Specific criteria for classification of research phase and development phase

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research stage: it is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development stage: development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

**Specific criteria for the capitalization of expenditures during the development stage**

The expenditures in research stage will be included in the current profit or loss on occurrence. Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in the current profit or loss if the following conditions are not satisfied:

- (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;
- (4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

**21. Long-term assets impairment**

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use asset and intangible assets with definite useful lives, are impaired on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for asset impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company will estimate the recoverable amount of the asset portfolio where the individual asset belongs. The asset group is the minimum asset group that can independently generate the cash inflow.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortized to related asset groups by the reasonable method as of the purchase date; if it is difficult do so, such value will be amortized to the relevant portfolio of asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or portfolio of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value, to recognize the corresponding impairment loss. Then, the Company shall test the impairment of the asset group or portfolio of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the portfolio of asset group, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the portfolio of asset group. The Impairment losses of assets cannot be reversed in subsequent accounting periods once recognized.

**22. Long-term prepayments**

Long-term prepayments refer to the expenses which have been already incurred but will be borne in this period and in the future with an amortization period of over 1 year.

**Amortization method:**

Long-term prepayments are amortized evenly over the beneficial period.

**Amortization period**

Lease fees are amortized evenly over the beneficial period.

### **23. Contract liabilities**

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligation to transfer goods or provide services to customers for consideration receivable for goods received is presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

### **24. Employee benefits**

#### **(1) Accounting treatment of short-term compensation**

During the accounting period of an employee' providing services, the Company recognizes the short-term compensation actually incurred as liabilities and includes them in the current profit or loss or the related asset costs.

The social insurance premiums and housing fund paid for employees by the Company, as well as the labor union expense and employee education expense accrued according to the provisions, shall be calculated according to the stipulated contribution base and proportion to determine the amount of corresponding employee benefits during the accounting period of employees providing services to the Company.

Employee benefits incurred by the Company are charged to current income or loss or the cost of related assets based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

#### **(2) Accounting treatment of post-employment benefits**

Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

#### **(3) Accounting treatment of dismissal benefits**

As to providing employees dismissal benefits, employee benefits incurred from dismissal benefits should be recognized as liabilities and included in the current profit or loss at the date when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal or when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

### **25. Provisions**

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as Provisions by the Company:

- (1) The obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- (3) The amount of the obligation can be measured reliably.

Provisions of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median range within the range; in other cases, the best estimate shall be accounted for as follows in different circumstances:

- If the contingency involves a single item, the best estimate shall be determined at the most likely outcome; or
- If the contingency involves multiple items, the best estimate shall be recognized at the various possible outcomes and the associated probabilities.

When all or part of the expenses necessary for the settlement of a provision of the Company is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the book value of the provisions.

On the balance sheet date, the book value of provisions shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected, the book value shall be adjusted based on the current best estimate.

## **26. Preferred shares, perpetual debts and other financial instruments**

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the initial recognition, in accordance with contractual terms relating to the preferred shares or perpetual debts issued and economic substance reflected and not only legal form.

The Company classifies the financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual debts/preferred shares and other financial instruments issued by it meet the following conditions:

- (1) there is any contractual obligation that the Company is unable to avoid the unconditional delivery of cash or other financial assets to fulfill;
- (2) The financial instruments contain any contractual obligation of delivering a variable number of their own equity instruments for settlement;
- (3) The financial instruments contain any derivative instrument settled with their own equity (such as equity transfer, etc.), which is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There is any contract term that indirectly forms any contract obligation;
- (5) When the issuer liquidates, the perpetual debts are liquidated in the same order as the ordinary bonds and other debts issued by the issuer.

The Company classifies the whole financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual debts/preferred shares and other financial instruments issued by it do not meet one of the above conditions:

## **27. Revenue**

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

### **Accounting policies adopted for revenue recognition and measurement**

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or provision of services to the customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to refund to the customer. The Company determines the transaction price based on the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount not exceeding the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. For contracts with a significant financing component, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method.

If the Company meets one of the following conditions, it is deemed to fulfill the performance obligations within a certain period of time; otherwise, it is deemed to so at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.
- The customer can control the commodities under construction during the Company's performance.
- The commodities produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance over that period, except when the progress of performance cannot be reasonably determined. The Company determines the progress of performance using the output method or the input method, taking into account the nature of the goods or services. When there is no reasonable certainty of the progress of performance, revenue is recognized at the costs incurred when the costs incurred are expected to be reimbursed until the progress of performance can be reasonably determined.

The Company recognizes the income from the performance obligations to be performed at certain time, that is, when the customer obtained control of the related goods or services. The Company will consider the following signs when judging whether the customer has acquired or services control over the goods, including:

- The Company has a present right to receive payment in respect of the commodity or services, i.e. the customer has a present payment obligation in respect of the commodity.
- The Company has transferred the legal title to the commodity to the customer, i.e. the customer has the legal title to the commodity.
- The Company has transferred the physical commodity to the customer, i.e. the customer has taken physical possession of the commodity.
- The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e. the customer has acquired principal risks and rewards with respect to the title to the commodity.
- The customer has accepted the goods or services, etc.

Specific principles:

(1) Petrochemical and chemical new materials: a. Domestic sales: Revenue from self-delivery goods is recognized when such goods are located at the ex-factory area according to the sales contract and sales order, and revenue from delivery of goods is recognized when the goods are delivered to the customer. b. Foreign sales: Revenue is recognized when export customs clearance procedures are completed and customs declaration documents are obtained after the goods have been shipped out of the country.

(2) Revenue from sales of electricity and heat energy: Revenue from sales is recognized when electricity and heat energy services have been provided.

(3) Revenue from property leasing: the Company signs a Lease Contract with the lessee and receives the rent for the lease period once or by installments. When the monthly leasing services are completed, the Company recognizes the lease revenue by amortizing it evenly under the straight-line method over the lease term.

### **Similar business with different business models resulting in differences in accounting policies for revenue recognition**

None.

## **28. Government subsidies**

### **Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants other than asset-related government grants.

**Confirmation of time**

Government grants shall be recognized only if the Company is able to comply with the conditions for the government grants, and is likely to receive the government grants.

**Accounting treatment**

Assets-related government grants shall be recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (Where such subsidies are related to the routine activities of the Company, they will be included in other income; where such subsidies are not related to the routine activities of the Company, they will be included in non-operating income);

government grants relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where government grants relating to income are relevant to routine activities of the Company, such grants shall be included in the other income; where government grants relating to income is irrelevant to routine activities of the Company, such grants shall be included in the non-operating income); government grants relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where government grants relating to income are relevant to routine activities of the Company, such grants shall be included in the other income; where government grants relating to income is irrelevant to routine activities of the Company, such grants shall be included in the non-operating income).

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

(1) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.

(2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

**29. Deferred tax assets and deferred tax liabilities**

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business mergers and such transactions or items as are directly included in shareholders' equity (including other comprehensive income), the Company shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and book value of the assets and liabilities.

Deferred tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the Company recognized deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Such special circumstances include:

- The initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when incurred, affects accounting profit and taxable income (or deductible loss).

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.



On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be listed by the net amount after offset if:

- The taxpayer has the statutory right to settle the current tax assets and current tax liabilities with net amount;
- Deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred tax assets and liabilities, the involved taxpayer intends to balance tax assets and liabilities for this period with net settlement at the time of obtaining assets and discharging liabilities, deferred tax assets and deferred tax liabilities shall be presented based on the net amount after offset.

### **30. Leases**

#### **(1) Accounting treatment method of operating lease**

Lease refers to a contract where the lessor transfers the asset use right to the lessee for a certain period to get relevant consideration. On the commencement date of a contract, the Company evaluates whether the contract is concluded for lease or involved with lease. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is or includes a lease.

If the contract contains multiple separate leases at the same time, the Company may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

For rent concessions such as rent concessions and deferred payments entered into in connection with existing leases that are directly triggered by the COVID-19 outbreak and that also meet the following conditions, the Company applies the simplified method to all lease options and does not assess whether a lease change has occurred or reassess the lease classification:

The lease consideration after the reduction decreases or remains substantially unchanged from that before the concession, where the lease consideration is either undiscounted or discounted at the pre-concession discount rate;

Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

#### **• The Company as the lessee**

##### **(1) Right-of-use assets**

As at the beginning of the lease term, the Company recognizes the leases other than short-term leases and leases of low-value assets as the right-of-use assets. Right-of-use assets are initially measured at cost. Such costs include: the initial measurement amount of lease liabilities;

In case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term:

The initial direct costs incurred of the Company;

The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease term, excluding the costs incurred for the production of inventories.

The Company subsequently makes the provision for depreciation of right-of-use assets by the straight-line method. Where the Company can reasonably confirm that the ownership of the leased assets can be obtained at the expiration of the lease term, the provision for depreciation of right-of-use assets should be made over the

remaining useful life for the leased assets; otherwise, such provision should be made over the lease term or the remaining useful life for the leased assets, whichever is shorter.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note III (20), "Impairment of long-term assets".

## (2) Lease liabilities

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

for fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;

variable lease payments depending on the index or ratio;

the payments expected to be payable based on the residual value of the guarantee provided by the Company;

exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;

The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company takes the interest rate implicit in lease as the discount rate, or takes the interest rate for incremental borrowings of the Company as the discount rate if the interest rate implicit in lease cannot be determined reasonably.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the related asset costs.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the related asset costs when they actually occur.

After the commencement date of the lease term, in case of the following situations, the Company will remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of right-of-use assets has been reduced to zero, but the lease liabilities still need to be reduced, the Company will include the difference in the current profit or loss:

If the Company's assessment result of call option, renewal option or lease termination option changes, or the actual execution situation of the aforesaid option is inconsistent with the original assessment result, the Company will remeasure the lease liabilities at the present value calculated based on the lease payment after the change at the revised discount rate;

If the actual fixed payment, the amount expected to be payable of the residual value of the guarantee or the index or ratio used to determine the lease payment changes, the Company will remeasure the lease liabilities at the present value calculated based on the lease payment after the change at the original discount rate. However, if the change in lease payment is caused by the change in the floating rate, the present value will be calculated at the revised discount rate.

## (3) Short-term lease and lease of low-value assets

The Company chooses not to recognize the short-term lease and low-value asset lease as the right-of-use assets and lease liabilities, and includes relevant lease payments in the current profit or loss or asset-related cost by the straight-line method over all periods within the lease term. Short-term lease refers to the lease where the lease term does not exceed 12 months as of the commencement date of lease term and which does not include the call option. Low-value asset lease refers to the lease where the price is low when the individual leased asset is the brand new asset. When the Company subleases or is expected to sublease the leased assets, the original lease will not be the low-value asset lease any more.

## (4) Lease changes

Where any lease has changed and meet the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment:

Such lease change has expanded the lease scope by adding one or more rights to the use of leased assets;

The added consideration is equal to the amount of adjustment made based on the contract to the separate price for the expended part of the lease.

Where the lease change is not taken as an individual lease for accounting treatment, on the effective date of lease change, the Company re-amortizes the contract consideration after change, re-determines the lease term, and remeasures the lease liabilities based on the present value calculated based on the changed lease payment at the revised discount rate.

If the lease scope or term is reduced due to the lease change, the Company will reduce the book value of right-of-use assets accordingly and include relevant gains or losses from the partial or whole termination of the lease in the current profit or loss. If other lease change causes the remeasurement of lease liabilities, the Company will adjust the book value of right-of-use assets accordingly.

#### (5) Rent concessions related to the novel coronavirus pneumonia (COVID-19) epidemic

For the adoption of simplified methods of rent concession related to the COVID-19 epidemic, the Company will not evaluate whether the lease change has occurred, it will continue to calculate the interest expense of the lease liabilities according to the same discount rate as before the concession and include it in the current profit or loss, and continue to accrue the depreciation for the right-to-use assets according to the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments. When the original rent payment obligation is relieved by reaching a concession agreement, the undiscounted amount or the discounted amount at the discount rate before the concession is used to offset the cost or expenses of related assets, and the lease liabilities will be adjusted accordingly; if the rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term lease and low-value asset lease, the Company continues to include the rent in the original contract in the costs or expenses of related assets according to the method consistent with that before concession. When a rent concession occurs, the Company recognizes the reduced rent as variable lease payment and reduces the cost or expense of the related assets in the period of the reduction; when a rent payment is deferred, the Company recognizes the rent payable as a payable in the original payment period and reduces the payable recognized in prior periods when the actual payment is made.

### **The Company as the lessor**

On the lease commencement date, the Company divides leases into the finance lease and operating lease. The finance lease refers to the lease where all risks and rewards related to the ownership of leased assets have been transferred, no matter whether the ownership has been finally transferred. The operating lease refers to other leases than the finance lease. The Company, as the sublessor, classifies subleases based on the right-of-use assets generating from the original leases.

#### (1) Accounting treatment of operating leases

The lease receipt from operating lease is recognized as the rent revenue by the straight-line method during each period within the lease term. The Company capitalizes the incurred initial direct expense relevant to the operating lease, and amortizes the same on the same basis for rent revenue recognition during the lease term to include the same in the current profit or loss. Variable lease payment not included in the lease receipt is included in the current profit or loss when it is actually incurred. In case of any change in operating lease, the Company will make accounting treatment for the operating lease changed by taking it as a new lease from the change commencement date, the amount receivable of the new lease will be recognized at the lease payment to be received or receivable which is relevant to the lease before the change.

#### (2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables finance leases, and derecognizes assets under the finance lease. At the initial measurement of finance lease receivables, the Company takes the net lease investment as the entry value as the finance lease receivables. The net lease investment refers to the sum of the unguaranteed residual value and the present value calculated via discount based on the lease receipt which has not been received on the commencement date of lease term at the interest rate implicit in lease.

The Company determines via calculation the interest income over all periods within the lease term based on the fixed and periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with Note "III (10) Financial instruments".

Variable lease payment not included in the net lease investment for measurement is included in the current profit or loss when it is actually incurred.

Where any finance lease has changed and meets the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment:

where the change expands the scope of the lease by adding the right to use one or more leased assets;

The added consideration is equal to the amount of adjustment made based on the contract to the separate price for the expended part of the lease.

Where the changed finance lease does not be taken as an individual lease for accounting treatment, the Company will treat such changed finance lease according to the following situations:

If the change takes effect on the commencement of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased assets;

If the change comes into effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will carry out accounting treatment according to the policy in Note III (10) Financial Instruments on modifying or renegotiating the contract.

### (3) Rent concessions related to the novel coronavirus pneumonia (COVID-19) epidemic

For the operating leases that adopt the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to recognize the rent in the original contract as lease income according to the method consistent with that before concession; in case of any rent reduction or exemption, the Company will treat the reduced rent as variable lease payments to offset rental income during the reduction or exemption period; in case of any deferred collection of rent, the Company will recognize the rent that shall be collected during the original collection period as receivables to offset the receivables recognized in the previous period at the time of actual collection.

For the finance leases that adopt the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to calculate interest according to the same discount rate consistent with that before concession and recognize it as rental income. In case of the rent relief, the Company should take the rent relieved as the variable lease payment, and offset the originally recognized lease revenue at amount undiscounted or discounted at the discount rate before the rent concession when the original rent collection right is waived by reaching a rent concession agreement, and the part insufficient for offset should be included in the investment income; meanwhile, the Company should adjust the finance lease receivables accordingly; if case of the deferred rent collection, the Company should offset the originally recognized finance lease receivables at the actual payment.

### **Sale-and-leaseback deal**

The Company evaluates and determines whether the asset transfer in the sale-and-leaseback deals is a sale in accordance with the principles described in Note "3.26 Revenue".

#### (1) As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor; if the asset transfer in the sale-leaseback transaction does not belong to sales, as the lessee, the Company continues to confirm the transferred assets, and at the same time confirms a financial liability equivalent to the transfer income. Refer to Note "III (10) Financial instruments" for the accounting treatment of financial liabilities.

#### (2) As the lessor

Where the asset transfer in the sale-leaseback transactions belongs to sales, the Company as the lessor conducts the accounting treatment for purchase of assets, and conducts the lease of assets in accordance with the policies on "2. the Company as a lessor" stated above; where the asset transfer in the sale-leaseback transactions belongs to sales, the Company as the lessor does not recognize the transferred assets, but confirms a financial asset equivalent to the transfer revenue. Refer to Note " III (10) Financial instruments" for the accounting treatment of financial assets.

### **31. Discontinued operations**

Discontinued operations refer to the component that can be separately divided and meets any of the following conditions and has been disposed by the Company or classified as held for sale by the Company:

#### (1) the component represents an independent major business or a sole major business area;

- (2) the component is a part of the plan on intended disposal of an independent major business or a separately major business area; or
- (3) the component is a subsidiary acquired only for re-sale.

Profit or loss from continuing operations and profit or loss from discontinued operations are presented in the income statement. Impairment losses from discontinued operations, reversed amount and other operation profit or loss and disposal profit or loss are presented as profit or loss from discontinued operations. For the discontinued operations reported in the current period, the information previously reported as profit or loss from continuing operations are re-presented as the profit or loss from discontinued operations for the comparable accounting period in the current financial statements.

## **32. Hedge accounting**

### **Category of hedges**

- (1) A "fair value hedging" refers to a hedging of the risk to changes in the fair value of a recognized asset or liability or a previously unrecognized firm commitment (excluding foreign exchange risks).
- (2) The term "cash flow hedging" refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a foreign exchange risk contained in an unrecognized firm commitment.
- (3) A "hedging of net investment in an overseas operation" refers to a hedging of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refer to the equity proportion of an enterprise in net assets in an overseas operation.

### **Designation of hedging relationship and recognition of hedging effectiveness**

At the commencement of the hedge, the enterprise formally designates the hedging relationship and prepares a formal written document about the hedging relationship, risk management objectives and the strategies of hedging. Such document specifies the nature and quantity of the hedging instrument, nature and quantity of the hedged projects, nature of the hedged risks, type of hedging and effective evaluation methods on hedging instrument by the Company. Hedging effectiveness refers to the degree of the changes in fair value or cash flow of the hedging instrument offsetting the changes in fair value or cash flow of the hedged item arising from hedged risks.

The Company continues to evaluate the hedging effectiveness, and ensures that whether the hedging meets the requirement for effectiveness by use of the hedging accounting during the accounting period designated as to the hedging relationship. If it doesn't meet the requirement, the hedging relationship will be terminated.

The use of hedge accounting should meet the following requirements on the effectiveness of hedging:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) For the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.
- (3) It is required to adopt the proper hedging rate, which will not form an imbalance of relative weight between the hedging item and the hedging instrument, resulting in an accounting result that is inconsistent with the hedging accounting objective. If the hedging rate is no longer proper, but the hedge risk management objective does not change, the number of hedged items or hedging instruments should be adjusted so as to make the hedging rate meet the requirements for effectiveness again.

### **Accounting treatment of a hedge**

- (1) Fair value hedges:

Changes in fair value of the hedging derivative shall be included in the current profit or loss. Changes in fair value of the hedged item attributable to hedged risk shall be included in the current profit or loss, and book value of the hedged item shall be adjusted simultaneously.

For fair value hedges related to financial instruments measured at the amortized cost, an adjustment made to the book value of the hedged item should be amortized during the remaining period from the adjustment date to the maturity date and should be recorded in the current profit or loss. Amortization pursuant to effective interest method can be conducted hereupon after the adjustment of book value, but shall not be later than the date, when the hedged item terminates adjustment on changes in fair value due to hedging risks.

If the hedged item is derecognized, the unamortized fair value should be recognized as the current profit or loss.

If a hedged item is an unrecognized firm commitment, the accumulative amount of the changes in the fair value of the firm commitment incurred by the hedged risk should be recognized as an asset or liability and the relevant profit or loss shall be recorded into the current profit or loss. Changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

## (2) Cash flow hedges

The portion of profit or loss on the hedging instrument attributable to the effective hedge shall be directly recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in the current profit or loss.

Where the hedged transaction affects current profit or loss, amount recognized in other comprehensive income shall be transferred in the current profit or loss, if recognition of hedged financial revenue or financial expenses or anticipated sales occurs. If the hedged item is the cost of a non-financial asset or non-financial liability, then the amount previously recognized in other comprehensive income should be transferred into the initially recognized amount of the non-financial asset or the non-financial liability (or then the amount previously recognized in other comprehensive income should be transferred in the same period when the non-financial asset or the non-financial liability affects profit or loss and should be included in the current profit or loss).

If the forecast transaction or definite undertaking is not expected to occur, the gains or losses of the hedging instrument included in other comprehensive income will be transferred out and included in the current profit or loss. If the hedging instrument has matured or been sold, or the contract is terminated or has been exercised (or not replaced or renewed), or the Company revokes the designation of the hedge relationship, amounts previously recognized in other comprehensive income shall not be transferred out until the forecast transaction or definite undertaking affects the current profit or loss.

## (3) Hedges of net investment in an overseas operation

For hedges of net investment in an overseas operation including the hedges of monetary items as a part of net investment, the disposal of such hedges is similar to that of cash flow hedges. The portion of profit or loss on the hedging instrument attributable to the effective hedge shall be recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in the current profit or loss. When overseas operation is disposed, any accumulated profit or loss recognized in other comprehensive income shall be transferred out and included in the current profit or loss.

## 33. Segment report

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segment based on the operating segment and discloses the segment information.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) the Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts. If two or more operating segments have the similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

## 34. Changes in significant accounting policies and accounting estimates

### 4.25.1 Adjustments for changes in significant accounting policies

Applicable  Not applicable

#### (1) Implementation of the *Interpretation No. 15 to the Accounting Standards for Business Enterprises*

On December 30, 2021, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 15 (CK [2021] No. 35, hereinafter referred to as "Interpretation No. 15").

#### Accounting treatment for trial run sales

Interpretation No.15 stipulates the accounting treatment and presentation of products or by-products produced by an enterprise before a fixed asset reaches the working condition for its intended use or in the process of research and development, and stipulates that the net amount after offsetting costs by revenue related to trial run sales shall not be used to offset the costs of fixed assets or research and development expenditures. The provisions came into

force as of January 1, 2022, and retroactive adjustment shall be made for trial operation sales occurring between the beginning of the earliest period for presentation of financial statements and January 1, 2022. Main impacts of the provisions implementation of the Company are as follows:

### Consolidation

Content of and reason for changes in accounting policies	Affected items	12/31/2022 /FY2022	12/31/2021 /FY2021
Interpretation of Accounting Standards for Business Enterprises No. 15	Fixed assets	42,081,006.41	42,081,006.41
	Accumulated depreciation	3,225,036.76	1,317,888.95
	Retained earnings	38,855,969.65	40,763,117.46

#### (2) Implementation of the Circular on Issues Relating to the Application of the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic

On May 19, 2022, the Ministry of Finance issued a Circular on Issues Relating to the Application of the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic (Cai Kuai [2022] No.13), which again adjusted the scope of the COVID-19-related rent concessions for which simplified method was allowed, removing the previous restriction that the simplified method could only be applied to concessions for lease payments payable before June 30, 2022. Lessees and lessors may continue to elect to account for concessions on lease payments payable after June 30, 2022 that are directly attributable to COVID-19 by using the simplified method regulated in the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic. Other applicable conditions remain unchanged.

The Company has elected to adopt the simplified accounting for all eligible leases prior to the scope of application adjustment and for all similar leases that qualify after the scope of application adjustment, and retroactively adjusts the relevant lease contracts that have been accounted for using lease changes prior to the issuance of the Circular, but do not adjust the comparative financial statement data for the prior period; the relevant rent reductions that occurred between January 1, 2022 and the effective date of the Circular that were not accounted for in accordance with the provisions of the Circular are adjusted in accordance with the Circular.

#### (3) Implementation of the *Interpretation No. 16 to the Accounting Standards for Business Enterprises*

On November 30, 2022, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 16 (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16").

① Accounting for the income tax effect of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No.16 provides that for financial instruments classified as equity instruments by an enterprise, if the related dividend expense is deducted before corporate income tax in accordance with the tax policy, the income tax effect related to the dividend shall be recognized when the dividend payable is recognized, and the income tax effect of the dividend shall be recognized in current profit or loss or in accordance with the accounting treatment consistent with that used in the past for transactions or events giving rise to distributable profits (including other comprehensive income).

This provision is effective from the date of publication. The relevant dividend payable occurred between January 1, 2022 and the effective date will be adjusted in accordance with the provision; for those occurred before January 1, 2022 and for which the relevant financial instruments have not been derecognized on January 1, 2022, they will be adjusted retroactively. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

② Accounting treatment for the modification of cash-settled share-based payments to equity-settled share-based payments

Interpretation No.16 clarifies that if an enterprise modifies the terms and conditions of a cash-settled share-based payment agreement so that it is paid in equity-settled shares, the difference between the modification date (whether during or after the waiting period) should be measured at the fair value of the equity instrument granted at the fair value of the date of modification of the equity instrument; the services obtained should be included in the capital reserve, and the liabilities recognized for the cash-settled share-based payments on the modification date should be derecognized, and the difference between the two should be included in current profit or loss.

The regulation is effective from the date of publication. The relevant transactions added from January 1, 2022 to the effective date shall be adjusted in accordance with the regulation; relevant transactions occurring before January 1, 2022 that are not treated in accordance with the regulation shall be retroactively adjusted by adjusting the cumulative effect to retained earnings and other related items as of January 1, 2022, without adjusting the comparative financial statement data of prior periods. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

③ Accounting treatment for deferred income tax related to assets and liabilities arising from a single transaction without applying the initial recognition exemption

Interpretation No.16 provides that for individual transactions that are not business combinations, where neither accounting profits nor taxable income (or deductible losses) are affected at the time of the transaction, and the assets and liabilities initially recognized result in equal taxable temporary differences and deductible temporary differences (including lease transactions in which the lessee initially recognizes lease liabilities and is included in right-of-use assets at the lease commencement date and transactions in which provisions are recognized and included in the cost of related assets due to disposal obligations such as fixed assets), the initial recognition exemption of deferred tax liabilities and deferred tax assets does not apply, and an enterprise should recognize the corresponding deferred tax liabilities and deferred tax assets separately in accordance with the Accounting Standards for Business Enterprises No.18 - Income Tax and other relevant provisions at the time of the transaction.

This provision is effective from January 1, 2023, with early implementation permitted from 2022. For individual transactions that occur between the beginning of the earliest period in which the regulation is first implemented and the date of implementation, the lease liabilities and right-of-use assets recognized at the beginning of the earliest period in which the financial statements are presented as a result of the individual transactions to which the regulation applies, and the provisions related to abandonment obligations and corresponding related assets recognized, if taxable temporary differences and deductible temporary differences arise, an enterprise shall make adjustment in accordance with the provision.

The Company implemented this provision in 2022, and the implementation did not have a significant impact on the Company's financial position, results of operations and cash flow.

#### 4.25.2 Changes in significant accounting estimates

Applicable  Not applicable

## VI. Taxation

### 1. Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value added tax (VAT)	The balance from output tax calculated on the basis of revenue from the sale of goods and taxable services calculated by tax laws deducting input tax deductible for current period shall be VAT payable	According to the Announcement of the Ministry of Finance, the General Taxation Administration and the General Administration of Customs on Policies Relating to the Deepening of VAT Reform (Announcement of the Ministry of Finance, the General Taxation Administration and the General Administration of Customs 2019 No.39), the VAT rates become five types, 3%, 5%, 6%, 9% and 13% starting from April 1, 2019.
Consumption tax	Taxable sales (volume)	Consumption tax is paid on sales of fuel oil and diesel fuel at RMB1.2/liter and on sales of gasoline and naphtha at RMB1.52/liter.
Urban maintenance and construction tax	Calculated and paid on the actual VAT and consumption tax paid	5%, 7%
Enterprise income tax	Levied based on the amount of taxable income	See the table below for details



Property taxes	Levied based on 12% of the rental revenue from rental housing; levied based on 1.2% of the remaining value after deducting 30% of the original value of the houses for self-use	1.2%, 12%
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Notes to disclosure of enterprises with different enterprise income tax rates

Name of taxpayer	Income tax rate
Jiangsu Eastern Shenghong Co., Ltd.	25%
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	25%
Suzhou Shenghong Data Cloud Technology Co., Ltd.	25%
Suzhou Shengze Real Estate Leasing Co., Ltd.	25%
Suzhou Shengze Warehousing Management Co., Ltd.	25%
Shenghong (Shanghai) New Material Technology Co., Ltd.	25%
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	25%
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	25%
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	25%
Jiangsu Guowang High-tech Fibre Co., Ltd.	15%
Suzhou Shenghong Fiber Co., Ltd.	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%
Suzhou Suzhen Biological Engineering Co., Ltd.	15%
Jiangsu Shenghong Fiber Testing Co., Ltd.	25%
Jiangsu Ganghong Fiber Co., Ltd.	15%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%
Lantean Holding Group Co., Limited	Calculated according to the relevant regulations of the region where the business is conducted
Suzhou Tangnan Sewage Treatment Co., Ltd.	25%
Shenghong New Materials (Suqian) Co., Ltd.	25%
Jiangsu Reborn Eco-tech Co., Ltd.	25%
Guowang High-tech Fibre (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Protection Technology Co., Ltd.	25%
Honghai New Materials (Suqian) Co., Ltd.	25%
Hongbang New Materials (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Energy Co., Ltd.	25%
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	25%
Shenghong (Shanghai) Polyester Material Co., Ltd.	25%
Jiangsu Honggang Petrochemical Co., Ltd.	25%
Lianyungang Guanhong Trading Co., Ltd.	25%
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	25%
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.	25%

Shenghong Petrochemical (Singapore) International Co., Ltd.	Calculated according to the relevant regulations of the region where the business is conducted
Shenghong Shipping (Singapore) International Co., Ltd.	Calculated according to the relevant regulations of the region where the business is conducted
Shenghong Oils Sales Co., Ltd.	25%
Shenghong (Lianyungang) Oils Sales Co., Ltd.	25%
Lianyungang Shengtai New Materials Co., Ltd.	25%
Jiangsu Shengjing New Materials Co., Ltd.	25%
Jiangsu Hongwei Chemical Co., Ltd.	25%
Lianyungang Hongke New Materials Co., Ltd.	25%
Jiangsu Sierbang Petrochemical Co., Ltd.	15%
Lianyungang Shunmeng Trading Co., Ltd.	25%
Jiangsu Hongjing New Materials Co., Ltd.	25%
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	25%
Jiangsu Xingda Natural Gas Pipeline Co., Ltd. (cancelled)	20%
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	25%
Inner Mongolia Shenghuayi Energy Co., Ltd.	25%
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.	25%
Hubei Hongrui New Materials Co., Ltd.	25%
Hubei Haigesi New Energy Co., Ltd.	25%
Shenghong New Energy (Suzhou) Co., Ltd.	25%
Suzhou Dongneng Innovation Technology Co., Ltd.	25%

## 2. Tax preference

### (1) Jiangsu Guowang Hi-Tech Fiber Co., Ltd.

On December 2, 2020, Jiangsu Guowang High-tech Fibre Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202032001747 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2020 to 2022, it shall be entitled to income tax reduction at the rate of 15%.

### (2) Jiangsu Zhonglu Technology Development Co., Ltd.

Jiangsu Zhonglu Technology Development Co., Ltd. was subject to a reduced income tax rate of 15% from 2022 to 2024 according to the high-tech enterprise certificate (Certificate No.GR202232000817, valid for three years) issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, State Taxation Administration and Jiangsu Provincial Taxation Service on October 12, 2022.

### (3) Suzhou Shenghong Fibers Co., Ltd.

On November 30, 2021, Suzhou Shenghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132009556 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

### (4) Suzhou Suzhen Bioengineering Co., Ltd.

Suzhou Suzhen Bioengineering Co., Ltd. was subject to a reduced income tax rate of 15% from 2022 to 2024 according to the high-tech enterprise certificate (Certificate No.GR202232014670, valid for three years) issued by Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology and Jiangsu Provincial Taxation Service, STA on December 12, 2022.

**(5) Jiangsu Ganghong Fiber Co., Ltd.**

On November 30, 2021, Jiangsu Ganghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003582 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

**(6) Jiangsu Sierbang Petrochemical Co., Ltd.**

On November 30, 2021, Jiangsu Sierbang Petrochemical Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003995 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

**(7) Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.**

According to Article 87 of *the Implementing Regulations of the Enterprise Income Tax Law*, for Shenghong Refinery (Lianyungang) Port Storage and Transportation Co., Ltd., the enterprises engaged in the port, airport, railway, highway, urban public transportation, electricity and water conservancy and other projects as listed in *the Catalogue of Public Infrastructure Projects for Preferential Enterprise Income Tax Treatment*, the income from the investment and operation, from the tax year when such project has obtained the first income from putting into the commercial production and operation to the third year, the enterprise income tax is exempted, and in the following 3 years, the enterprise income tax is half exempted. Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. received its first production and operation income in 2021 and will be exempted from corporate income tax on the abovementioned projects in 2021, 2022 and 2023.

**(8) According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Deepening the Value Added Tax-related Reform Policy (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No.39), from April 1, 2019 to December 31, 2022, taxpayers providing production and living services are allowed to claim a credit against the tax payable at 10% above the input tax deductible in the current period. According to the Notice of the National Development and Reform Commission and 13 other departments on Several Policies for Promoting the Continued Development of Difficult Industries in the Service Sector (FGCJ [2022] No.271), the policy of additional reduction for VAT in service industry is continued and the creditable input tax amount for the current period for taxpayers of production and living service industries were used to reduce the taxable amount at 10% and 15% respectively in 2022.**

**(9) According to the Announcement on Increasing Support for Pre-tax Deduction for Scientific and Technological Innovation jointly issued by the Ministry of Finance, the General Administration of Taxation and the Ministry of Science and Technology (Ministry of Finance, General Taxation Administration and Ministry of Science and Technology [2022] No.28), the newly purchased equipment and apparatus of high-tech enterprises during the period from October 1, 2022 to December 31, 2022 are allowed to be fully deducted before tax in the calculation of taxable income in a lump sum in the current year.**

**VII. Notes to the main items of the consolidated financial statements****1. Cash and cash equivalents**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Cash on hand	17,922.98	100,907.36
Digital currency	2,052,571.13	
Bank deposits	11,143,975,313.67	10,732,091,287.00
Other Cash and cash equivalents	1,094,944,603.08	2,667,536,122.35
Interest on outstanding time deposits	2,636,838.40	342,060.13
Total	12,243,627,249.26	13,400,070,376.84
Of which: total amount of deposit abroad	5,106,729,675.87	108,555,051.56
Total amount restricted for use due to	2,240,108,666.11	3,721,948,791.21

mortgage, pledge or freezing		
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Cash and cash equivalents restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation as follows:

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Bank acceptance bill deposit	326,892,865.80	1,656,234,434.52
L/C deposit	745,467,346.00	754,539,709.73
Time deposits or call deposits used for guarantee	1,155,798,868.02	1,153,120,625.00
Others	11,949,586.29	158,054,021.96
Total	2,240,108,666.11	3,721,948,791.21

## 2. Trading financial assets

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Financial assets measured at fair value through the current profit or loss	83,769,328.71	141,719,671.46
Of which:		
Equity instrument investment	83,147,068.34	86,338,213.82
Derivative financial assets	622,260.37	1,781,457.64
Bank wealth management and trust products		53,600,000.00
Total	83,769,328.71	141,719,671.46

## 3. Notes receivable

### (1) Notes receivable presented by category

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Bank acceptance bill	91,597,634.56	348,987,413.80
Total	91,597,634.56	348,987,413.80

If the provision for bad debts of notes receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable  Not applicable

### (2) Notes receivable of the Company pledged at the end of the period

None.

### (3) Notes receivable endorsed or discounted by the Company as at the end of the period but not expired on the balance sheet date

Unit: RMB

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at 31 December 2021
Bank acceptance bill	0.00	57,350,103.42

Total	0.00	57,350,103.42
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#### 4. Accounts receivable

##### (1) Disclosure by classification

Unit: RMB

Category	Balance as at December 31, 2022					Balance as at January 1, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provisions for bad debts based on portfolio	728,512,954.58	100.00%	33,936,099.29	4.66%	694,576,855.29	562,404,431.30	100.00%	31,306,804.70	5.57%	531,097,626.60
Total	728,512,954.58	100.00%	33,936,099.29	4.66%	694,576,855.29	562,404,431.30	100.00%	31,306,804.70	5.57%	531,097,626.60

Provision for bad debts made by portfolio:

Unit: RMB

Name	Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	24,555,589.86		
Accounts receivable with allowance for bad debts accrued by aging analysis method	668,025,106.50	33,936,099.29	5.08%
Portfolio of those with high credit rating	35,932,258.22		
Total	728,512,954.58	33,936,099.29	

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	727,938,717.93
1-2 years	13,351.10
Over 3 years	560,885.55
Sub-total	728,512,954.58
Less: provision for bad debts	33,936,099.29
Total	694,576,855.29

##### (2) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance as at	Changes in 2022	Balance as at
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	January 1, 2022	Provision	Recovery or reversal	Write off	Others	December 31, 2022
Provision for bad debts of accounts receivable	31,306,804.70	6,185,938.47		3,556,643.88		33,936,099.29
Total	31,306,804.70	6,185,938.47		3,556,643.88		33,936,099.29

**(3) The accounts receivable actually charged-off in this period**

Unit: RMB

Item	Charge-off amount
Actual write-off of accounts receivable	3,556,643.88

**(4) Top five accounts receivable by the debtor in terms of the ending balance**

Unit: RMB

Entity name	Accounts receivable as at December 31, 2022	Proportion in the balance of total receivables as at December 31, 2022	Balance of provision for bad debts as at December 31, 2022
Entity No.1	283,756,185.67	38.95%	14,187,809.28
Entity No.2	55,059,821.90	7.56%	2,752,991.10
Entity No.3	51,264,218.67	7.04%	2,563,210.93
Entity No.4	35,932,258.22	4.93%	
Entity No.5	30,990,942.00	4.25%	1,549,547.10
Total	457,003,426.46	62.73%	

**(5) The amount of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement**

None.

**(6) The accounts receivable derecognized due to the transfer of financial assets**

None.

**(7) Accounts receivable from related parties in the ending balance are detailed in Note XII (6)****5. Receivables financing**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Notes receivable	121,280,859.60	77,650,379.06
Total	121,280,859.60	77,650,379.06

Changes in receivables financing and changes in fair value in the current period

Applicable  Not applicable

Item	Balance as at December 31, 2021	Increase in 2022	Derecognized in 2022	Balance as at December 31, 2022	Provision for losses accumulatively recognized in other comprehensive income
Notes receivable	77,650,379.06	2,471,989,132.84	2,428,358,652.30	121,280,859.60	

Total	77,650,379.06	2,471,989,132.84	2,428,358,652.30	121,280,859.60	
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If the provision for impairment of receivables financing is made according to the general model of expected credit losses, please disclose the relevant information on the provision for impairment by reference to the disclosure methods of other receivables:

Applicable  Not applicable

#### Provision for impairment of receivables financing

None.

#### Receivables financing pledged by the Company as at the end of the period

None.

### 6. Prepayment

#### (1) Presentation of prepayment by aging

Unit: RMB

Aging	Balance as at December 31, 2022		Balance as at January 1, 2022	
	Amount	Proportion	Amount	Proportion
Within 1 year	401,889,437.53	98.24%	728,123,604.60	98.51%
Over 1 year	7,219,043.46	1.76%	11,001,594.42	1.49%
Total	409,108,480.99		739,125,199.02	

#### (2) Top five of Prepayments in terms of their balance as at the end of the period presented by the payee

Advance receiver	Balance as at December 31, 2022	Proportion in the total ending balance of Prepayments (%)
Entity No.1	54,428,500.10	13.30
Entity No.2	28,773,803.07	7.03
Entity No.3	23,023,790.37	5.63
Entity No.4	22,392,042.49	5.47
Entity No.5	16,623,065.02	4.06
Total	145,241,201.05	35.49

### 7. Other receivables

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Other receivables	819,622,327.79	93,350,427.86
Total	819,622,327.79	93,350,427.86

#### (1) Other receivables

##### 1) Category of other receivables by nature

Unit: RMB

Nature of payment	Book balance as at December 31, 2022	Book balance as at the beginning of the year
Transfer from government assets receivable	757,730,315.46	
Advances and current accounts	28,977,732.76	19,438,584.69
Deposit and security deposit	47,643,137.54	81,101,743.74

Petty cash	121,800.74	886,931.03
Others	717,861.90	1,810,453.54
<b>Total</b>	<b>835,190,848.40</b>	<b>103,237,713.00</b>

**2) Changes in the book balance of other receivables**

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2022	103,840,346.30			103,840,346.30
Balance as at January 1, 2022 in the current period				
Changes in 2022	731,350,502.10			731,350,502.10
Balance as at December 31, 2022	835,190,848.40			835,190,848.40

**3) Provision for bad debts**

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2022	10,489,918.44			10,489,918.44
Balance as at January 1, 2022 in the current period				
Provision in 2022	4,886,318.40			4,886,318.40
Other changes	192,283.77			192,283.77
Balance as at December 31, 2022	15,568,520.61			15,568,520.61

Provision for losses/Changes in current period/Significant amount/Changes in book balance

 Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	806,393,507.27
1-2 years	8,919,080.07
2-3 years	17,047,121.62
Over 3 years	2,831,139.44
Sub-total	835,190,848.40
Less: provision for bad debts	15,568,520.61



Total	819,622,327.79
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**3) Provision, reversal or recovery of provision for bad debts in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Balance as at January 1, 2022	Changes in 2022				Balance as at December 31, 2022
		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts of other receivables	10,489,918.44	4,886,318.40			192,283.77	15,568,520.61
<b>Total</b>	<b>10,489,918.44</b>	<b>4,886,318.40</b>			<b>192,283.77</b>	<b>15,568,520.61</b>

**4) Other receivables actually written off during the period**

None.

**5) Information about top 5 other receivables in terms of ending balances by debtors**

Unit: RMB

Entity name	Nature of amount	Balance as at December 31, 2022	Aging	Proportion in the total ending balance of other receivables	Balance of provision for bad debts as at December 31, 2022
Entity No.1	Transfer from government assets receivable	757,730,315.46	Within 1 year	90.73%	
Entity No.2	Advances and current accounts	21,844,807.69	Within 1 year	2.62%	1,092,240.38
Entity No.3	Deposit and security deposit	19,436,472.00	Within 1 year	2.33%	971,823.60
Entity No.4	Deposit and security deposit	15,201,350.00	1-2 years, 2-3 years	1.82%	6,892,810.00
Entity No.5	Deposit and security deposit	4,360,000.00	Within 1 year; 1-2 years; 2-3 years	0.52%	861,500.00
<b>Total</b>		<b>818,572,945.15</b>		<b>98.02%</b>	<b>9,818,373.98</b>

**6) Receivables involving government grants**

None.

**7) Other receivables derecognized as a result of a transfer of financial assets**

None

**8) Amounts of assets, liabilities as a result of transfer of other receivables and constant involvement**

None

**9) Other receivables from shareholders holding 5% or more (including 5%) of the Company's voting shares in the ending balance are detailed in Note XII (6)****10) Other receivables from related parties in the ending balance are detailed in Note XII (6)****8. Inventories**

Is the Company required to observe disclosure requirements in the real estate industry

No

**6.6.1 Classification of inventories**

Unit: RMB

Item	Balance as at December 31, 2022			Balance as at January 1, 2022		
	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value
Raw materials	10,414,421,911.36	43,566,831.93	10,370,855,079.43	3,247,245,125.74	15,312,686.19	3,231,932,439.55
Products in process and semi-finished products	2,616,426,516.97	55,260,099.37	2,561,166,417.60	236,442,390.13	8,283,173.87	228,159,216.26
Stock commodities	4,811,299,314.44	322,086,006.81	4,489,213,307.63	2,352,938,275.51	102,688,828.20	2,250,249,447.31
Dispatched goods	62,815,447.76		62,815,447.76	196,535,155.08	1,038,611.90	195,496,543.18
Materials in transit	49,036,333.89		49,036,333.89	180,140,146.31		180,140,146.31
Others				13,858.08		13,858.08
Total	17,953,999,524.42	420,912,938.11	17,533,086,586.31	6,213,314,950.85	127,323,300.16	6,085,991,650.69

**(2) Provision for inventory depreciation reserve or provision for impairment of contract performance costs**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022		Decrease in 2022		Balance as at December 31, 2022
		Provision	Others	Reversal or write-off	Others	
Raw materials	15,312,686.19	104,611,183.83		76,357,038.09		43,566,831.93
Products in process and semi-finished products	8,283,173.87	61,639,911.35		14,662,985.85		55,260,099.37
Stock commodities	102,688,828.20	834,412,021.61		615,014,843.00		322,086,006.81
Dispatched goods	1,038,611.90			1,038,611.90		
Total	127,323,300.16	1,000,663,116.79		707,073,478.84		420,912,938.11

**(3) Specific bases for determining net realizable value and reasons for reversal or reversal of provision for decline in value of inventories during the period**

Item	Specific basis of determining net realization value	Reason for reversal of provision for inventory depreciation in 2022	Reason for write-off of provision for inventory depreciation in 2022
Raw materials	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant	N/A	Inventories with provision for depreciation made on or

	taxes and surcharges.		before January 1, 2022 have been sold in 2022
Goods in process	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2022 have been sold in 2022
Stock commodities	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2022 have been sold in 2022
Dispatched goods	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2022 have been sold in 2022

**(4) Explanation on ending balance of stock which contains capitalized borrowing costs**

None.

**(5) See Note VII (63) for details of inventories used as security in the closing balance****9. Other current assets**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Excess VAT paid for future offsetting	1,448,913,851.49	3,201,921,988.04
Uncertified input tax	109,014,997.92	104,969,343.08
Prepaid income tax, etc.	31,074,987.42	295,386,280.07
<b>Total</b>	<b>1,589,003,836.83</b>	<b>3,602,277,611.19</b>

**10. Long-term equity investments**

Unit: RMB

Investee	Balance as at January 1, 2022 (book value)	Increase/decrease in this period								Balance as at December 31, 2022 (book value)	Balance of provision for impairment as at December 31, 2022	
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others			
<b>I. Joint ventures</b>												
<b>II. Associates</b>												
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	48,930,309.54			18,894,100.13		480,000.00					30,516,209.41	
Tianjiao Technology Venture Capital Co., Ltd.	36,876,188.39			2,817,533.81			14,000,000.00				25,693,722.20	
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	54,154,544.59			376,554.76							54,531,099.35	
<b>Sub-total</b>	<b>139,961,042.52</b>			<b>-</b>		<b>480,000.00</b>	<b>14,000,000.00</b>				<b>110,741,030.96</b>	

				15,700,011.56						
Total	139,961,042.52			15,700,011.56	-	480,000.00	14,000,000.00			110,741,030.96

### 11. Investment in other equity instruments

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Non-trading equity instruments	580,780,040.00	583,395,820.00
Total	580,780,040.00	583,395,820.00

Itemized disclosure of investments in non-trading equity instruments for the period

Unit: RMB

Unit: RMB Item	Initial cost	Dividend income recognized in 2022	Accumulated change in fair value	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income
Investment in equities of Goldstate Securities Co., Ltd.	492,500,000.00	3,817,017.83	88,280,040.00		The investment is held by the Company for long-term strategy

### 12. Other non-current financial assets

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Financial assets measured at fair value through the current profit or loss		4,477,532.09
Total		4,477,532.09

### 13. Investment property

#### (1) Investment properties measured under cost model

 Applicable  Not applicable

Unit: RMB

Item	Buildings and constructions	Land use rights	Total
I. Total original book value			
1. Balance as at the beginning of the period	1,122,989,942.95	516,874,566.26	1,639,864,509.21
2. Increase in this period	7,439,155.98		7,439,155.98
(1) Outsourcing	709,821.96		709,821.96
(2) Transfer from inventory/fixed assets/construction in progress	6,407,775.02		6,407,775.02
(3) Increase in business			

combination			
(4) Others	321,559.00		321,559.00
3. Decrease in this period	439,370,690.87	116,656,293.72	556,026,984.59
(1) Disposal	439,370,690.87	116,656,293.72	556,026,984.59
(2) Other transfers			
4. Ending balance	691,058,408.06	400,218,272.54	1,091,276,680.60
II. Accumulated depreciation and accumulated amortization			
1. Beginning balance	346,344,577.54	158,556,210.23	504,900,787.77
2. Increase in this period	34,698,479.10	16,290,285.11	50,988,764.21
(1) Provision or amortization	34,389,782.46	16,290,285.11	50,680,067.57
(2) Others	308,696.64		308,696.64
3. Decrease in this period	138,118,731.65	29,874,536.27	167,993,267.92
(1) Disposal	138,118,731.65	29,874,536.27	167,993,267.92
(2) Other transfers			
4. Ending balance	242,924,324.99	144,971,959.07	387,896,284.06
III. Provision for impairment			
1. Beginning balance			
2. Increase in this period			
(1) Provision			
3. Decrease in this period			
(1) Disposal			
(2) Other transfers			
4. Ending balance			
IV. Book value			
1. Book value as at the end of the period	448,134,083.07	255,246,313.47	703,380,396.54
2. Book value as at the beginning of the period	776,645,365.41	358,318,356.03	1,134,963,721.44

**(2) Investment properties measured at fair value**

Applicable  Not applicable

**(3) Investment properties with certificate of title uncompleted**

Unit: RMB

Item	Book value	Reasons for pending certificate of title
A small number of business premises in Dongfang Market, Shengze Town	17,699,433.29	In the process of negotiation

**14. Fixed assets**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Fixed assets	39,953,986,703.24	31,228,789,318.91
Total	39,953,986,703.24	31,228,789,318.91

**(1) Details of fixed assets**

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other facilities	Total
I. Total original book value:					
1. Balance as at the beginning of the period	11,904,924,102.53	29,352,295,148.59	104,008,587.96	1,019,882,330.46	42,381,110,169.54
2. Increase in this period	3,015,618,417.91	7,639,462,584.76	67,431,992.02	464,279,288.11	11,186,792,282.80
(1) Purchase		39,209,996.20	48,531,789.72	23,930,762.50	111,672,548.42
(2) Transfer from construction in progress	3,015,618,417.91	7,600,252,588.56	18,900,202.30	439,990,690.15	11,074,761,898.92
(3) Increase in business combination					
(4) Others				357,835.46	357,835.46
3. Decrease in this period	60,251,538.33	144,946,098.16	7,536,466.84	7,020,476.84	219,754,580.17
(1) Disposal or scrapping	58,600,347.22	144,946,098.16	7,536,466.84	7,020,476.84	218,103,389.06
(2) Others	1,651,191.11				1,651,191.11
4. Ending balance	14,860,290,982.11	36,846,811,635.19	163,904,113.14	1,477,141,141.73	53,348,147,872.17
II. Accumulated depreciation					
1. Beginning balance	1,938,560,393.29	8,245,343,674.59	46,604,874.66	580,843,171.86	10,811,352,114.40
2. Increase in this period	434,063,417.47	1,737,284,196.27	16,311,246.34	163,318,361.66	2,350,977,221.74
(1) Provision	434,063,417.47	1,737,284,196.27	16,186,147.38	163,285,562.06	2,350,819,323.18
(2) Others			125,098.96	32,799.60	157,898.56
3. Decrease in this period	18,100,665.99	81,455,448.48	4,954,153.50	4,625,648.40	109,135,916.37
(1) Disposal or scrapping	18,100,171.21	81,455,448.48	4,954,153.50	4,625,477.32	109,135,250.51
(2) Others	494.78			171.08	665.86
4. Ending balance	2,354,523,144.77	9,901,172,422.38	57,961,967.50	739,535,885.12	13,053,193,419.77
III. Provision for					

impairment					
1. Beginning balance	29,974,546.99	310,862,119.51	98,147.94	33,921.79	340,968,736.23
2. Increase in this period					
(1) Provision					
3. Decrease in this period			987.07		987.07
(1) Disposal or scrapping			987.07		987.07
4. Ending balance	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
IV. Book value					
1. Book value as at the end of the period	12,475,793,290.35	26,634,777,093.30	105,844,984.77	737,571,334.82	39,953,986,703.24
2. Book value as at the beginning of the period	9,936,389,162.25	20,796,089,354.49	57,305,565.36	439,005,236.81	31,228,789,318.91

**(2) Temporarily idle fixed assets**

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	35,909,365.63	20,392,677.69		15,516,687.94	

**(3) Fixed assets without certificate of title**

Unit: RMB

Item	Book value	Reason for pending certificates of title
Buildings and constructions, etc.	1,618,594,034.01	In process

**(4) See Note VII (63) for information on fixed assets used as collateral in the closing balance****15. Construction in process**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Construction in progress	79,704,199,847.50	56,844,804,505.00
Project materials	417,409,291.92	3,127,645,706.13
Total	80,121,609,139.42	59,972,450,211.13

**(1) Construction in progress**

Unit: RMB

Item	Balance as at December 31, 2022			Balance as at January 1, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Refining-chemical integration project with the annual output of 16 million tons	66,679,830,915.79		66,679,830,915.79	45,273,976,209.69		45,273,976,209.69
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	4,039,002,462.67		4,039,002,462.67	2,760,127,464.42		2,760,127,464.42
Shengze Gas Turbine Cogeneration Project	700,700,442.80		700,700,442.80	456,430,389.66		456,430,389.66
Phase I recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	551,995,916.34		551,995,916.34	1,023,968,477.29		1,023,968,477.29
Phase II	756,337,827.60		756,337,827.60	32,989,407.68		32,989,407.68



recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons						
Ganghong Fiber Project with Annual Output of 200,000 Tons of Differential Functional Fibers (CP7)	1,047,012,842.25		1,047,012,842.25	403,612,944.47		403,612,944.47
Phase I super simulation functional fiber project with an annual production capacity of 500,000 tons	1,972,024,474.79		1,972,024,474.79	891,993,734.68		891,993,734.68
Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	153,409,594.22		153,409,594.22	56,403,764.76		56,403,764.76
Propane Industry Chain				5,233,836,441.10		5,233,836,441.10

Project Phase I						
Propane Industry Chain Project Phase II	646,920,430.84		646,920,430.84	5,716,807.35		5,716,807.35
Hongwei Chemical POSM and Polyol Project	445,679,058.84		445,679,058.84	17,981,022.54		17,981,022.54
Biodegradable materials project (Phase I)	62,598,934.80		62,598,934.80			
Hongjing new material project	756,135,409.97		756,135,409.97	202,496.50		202,496.50
Others	1,892,551,536.59		1,892,551,536.59	687,565,344.86		687,565,344.86
<b>Total</b>	<b>79,704,199,847.50</b>		<b>79,704,199,847.50</b>	<b>56,844,804,505.00</b>		<b>56,844,804,505.00</b>

**(2) Changes of significant construction in progress in the current period**

Unit: RMB

Item	Budget	Balance as at January 1, 2022	Increase in 2022	Amount transferred to fixed assets in 2021	Other decreases in 2022	Balance as at December 31, 2022	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Of which: capitalized amount of interest in the current period	Capitalization rate of interest in 2022 (%)	Source of funds
Refining-chemical integration project with the annual output of 16 million tons	67,663,960,000.00	45,273,976,209.69	23,703,664,879.06	2,297,810,172.96		66,679,830,915.79	104.50%	Pre-transfer of partially completed assets	4,068,355,362.08	2,304,500,654.61	4.82%	Self-owned funds and loans
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	5,572,990,000.00	2,760,127,464.42	1,278,874,998.25			4,039,002,462.67	89.43%	Under construction	37,348,517.27	37,348,517.27	4.32%	Self-owned funds and loans

Shengze Gas Turbine Cogeneration Project	1,040,000,000.00	456,430,389.66	244,270,053.14			700,700,442.80	69.76%	Under construction	60,822,504.80	31,348,661.55	4.91%	Self-owned funds and loans
Phase I recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	3,337,876,000.00	1,023,968,477.29	896,117,370.99	1,055,416,499.09	312,673,432.85	551,995,916.34	107.17%	Pre-transfer of partially completed assets	16,439,191.99	5,700,969.82	4.50%	Self-owned funds and loans
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	2,656,875,000.00	32,989,407.68	723,348,419.92			756,337,827.60	32.63%	Under construction	16,291,746.91	16,291,746.91	4.50%	Self-owned funds and loans
Ganghong Fiber Project with Annual Output of 200,000 Tons of Differential Functional Fibers (CP7)	1,433,300,000.00	403,612,944.47	643,399,897.78			1,047,012,842.25	82.00%	Under construction	19,988,635.88	17,829,338.62	4.55%	Self-owned funds and loans
Phase I super simulation functional fiber project with an annual production capacity of 500,000 tons	3,882,051,000.00	891,993,734.68	2,082,376,861.43	976,293,999.46	26,052,121.86	1,972,024,474.79	93.60%	Pre-transfer of partially completed assets	67,025,336.29	61,766,461.18	4.17%	Self-owned funds and loans

Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	3,537,940,000.00	56,403,764.76	97,005,829.46			153,409,594.22	5.71%	Under construction				Self-owned fund
Propane Industry Chain Project Phase I	6,005,699,500.00	5,233,836,441.10	422,622,774.33	5,656,459,215.43			104.42%	Completed	185,557,284.04	79,632,693.43	4.99%	Self-owned funds and loans
Propane Industry Chain Project Phase II	2,271,352,600.00	5,716,807.35	641,203,623.49			646,920,430.84	28.48%	Under construction				Self-owned fund
Hongwei Chemical POSM and Polyol Project	6,034,120,000.00	17,981,022.54	427,698,036.30			445,679,058.84	10.05%	Under construction	117,947.36	117,947.36	4.30%	Self-owned fund
Biodegradable materials project (Phase I)	7,671,280,000.00		62,598,934.80			62,598,934.80	0.96%	Under construction				Self-owned fund
Hongjing new material project	15,580,824,100.00	202,496.50	755,932,913.47			756,135,409.97	4.85%	Under construction	196,566.14	196,566.14	4.30%	Self-owned fund
Total	126,688,268,200.00	56,157,239,160.14	31,979,114,592.42	9,985,979,886.94	338,725,554.71	77,811,648,310.91			4,472,143,092.76	2,554,733,556.89		

**16. Right-of-use assets**

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Total
I. Total original book value			
1. Balance as at the beginning of the period	999,284,885.04	193,812,909.36	1,193,097,794.40
2. Increase in this period	667,619,456.45		667,619,456.45
- Newly-added leases	666,852,806.41		666,852,806.41
- Others	766,650.04		766,650.04
3. Decrease in this period	5,452,637.99		5,452,637.99
- Disposal	5,452,637.99		5,452,637.99
4. Ending balance	1,661,451,703.50	193,812,909.36	1,855,264,612.86
II. Accumulated depreciation			
1. Beginning balance	62,314,859.08	38,665,207.32	100,980,066.40
2. Increase in this period	104,575,124.15	38,665,207.32	143,240,331.47
(1) Provision	103,930,873.26	38,665,207.32	142,596,080.58
- Others	644,250.89		644,250.89
3. Decrease in this period	1,817,546.00		1,817,546.00
(1) Disposal	1,817,546.00		1,817,546.00
4. Ending balance	165,072,437.23	77,330,414.64	242,402,851.87
III. Provision for impairment			
1. Beginning balance			
2. Increase in this period			
(1) Provision			
3. Decrease in this period			
(1) Disposal			
4. Ending balance			
IV. Book value			
1. Book value as at the end of the period	1,496,379,266.27	116,482,494.72	1,612,861,760.99
2. Book value as at the beginning of the period	936,970,025.96	155,147,702.04	1,092,117,728.00

**17. Intangible assets****(1) Intangible assets**

Unit: RMB

Item	Land use rights	Patent right	Non-patented technology	Software	Concessions (emission rights, coal replacement volume targets)	Others	Total
I. Total original book value							
1. Balance as at the beginning of the period	3,210,667,911.52	59,480,000.00		57,543,924.91	130,800,799.21	1,589,796.76	3,460,082,432.40
2. Increase in this period	1,184,746,014.16			26,341,837.26	22,037,325.29		1,233,125,176.71
(1) Purchase	1,184,746,014.16			25,187,120.28	15,634,700.38		1,225,567,834.82
(2) Internal research and development							
(3) Increase in business combination					6,402,624.91		6,402,624.91
- Transfer from construction in progress				1,154,716.98			1,154,716.98
3. Decrease in this period	26,217,503.33						26,217,503.33
(1) Disposal	26,217,503.33						26,217,503.33
4. Ending balance	4,369,196,422.35	59,480,000.00		83,885,762.17	152,838,124.50	1,589,796.76	4,666,990,105.78
II. Accumulated accumulation							
1. Beginning balance	362,575,200.53	21,722,594.75		20,929,178.25		198,724.60	405,425,698.13
2. Increase in this period	75,507,641.80	3,020,592.42		7,915,476.25		158,979.68	86,602,690.15
(1) Provision	75,507,641.80	3,020,592.42		7,915,476.25		158,979.68	86,602,690.15
3. Decrease in this period	7,401,219.67						7,401,219.67
(1) Disposal	7,401,219.67						7,401,219.67
4. Ending balance	430,681,622.66	24,743,187.17		28,844,654.50		357,704.28	484,627,168.61
III. Provision for impairment							
1. Beginning balance							
2. Increase in this period							
(1) Provision							

3. Decrease in this period							
(1) Disposal							
4. Ending balance							
IV. Book value							
1. Book value as at the end of the period	3,938,514,799.69	34,736,812.83		55,041,107.67	152,838,124.50	1,232,092.48	4,182,362,937.17
2. Book value as at the beginning of the period	2,848,092,710.99	37,757,405.25		36,614,746.66	130,800,799.21	1,391,072.16	3,054,656,734.27

There were no intangible assets formed through internal research and development as at the end of this period.

## (2) Land use right without certificate of title

Unit: RMB

Item	Book value	Reason for pending certificates of title
Pingpianku land	7,112,573.92	In process
East of Petrochemical Sixth Road and South of Zhanshan Road in Xuwei New District	11,283,069.85	In process
Total	18,395,643.77	

## (3) See Note V (63) for intangible assets used for guarantee in the ending balance

### 18. Goodwill

#### (1) Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2021	Increase in 2022		Decrease in 2022		Balance as at December 31, 2022
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Counter purchase	1,293,588,590.25			284,892,367.11		1,008,696,223.14
Sub-total	1,293,588,590.25			284,892,367.11		1,008,696,223.14
Provision for impairment						
Counter purchase	598,611,095.85			281,973,385.95		316,637,709.90
Sub-total	598,611,095.85			281,973,385.95		316,637,709.90
Book value	694,977,494.40			2,918,981.16		692,058,513.24

In the current period, the underlying assets that formed goodwill due to the original asset restructuring were reduced, and the corresponding goodwill was transferred out together with them.

## (2) Asset group or combination of asset groups the goodwill belongs to

The composition of the asset groups or portfolios of assets groups subject to goodwill impairment testing is as follows:

The Company completed a material asset restructuring in August 2018, accounted for as a reverse purchase. The long-term assets (including fixed assets, investment real estate, intangible assets, construction in progress) of the operating room rental business and the thermal power plant business are the asset groups forming the goodwill, which are consistent with the asset groups determined on the purchase date.

The recoverable values of the asset groups of the business premises leasing business and the thermal power plant business respectively applied the Asset Appraisal Report of Jiangsu Eastern Shenghong Co., Ltd. on the Recoverable Value of the Asset Group of Business Premises of Jiangsu Eastern Shenghong Co., Ltd. in connection with the Impairment Test of Goodwill Formed by the Consolidation of Jiangsu Guowang High-tech Fiber Co., Ltd. (DZPBZ [2023] No.0547) issued on March 15, 2023 and the Asset Appraisal Report of Jiangsu Eastern Shenghong Co., Ltd. on the Recoverable Value of the Asset Group of Long-term Assets of Thermal Power Plants of Jiangsu Eastern Shenghong Co., Ltd. in connection with the Impairment Test of Goodwill Formed by the Consolidation of Jiangsu Guowang High-tech Fiber Co., Ltd. (DZPBZ [2023] No.0392) issued on March 15, 2023 by Shanghai Orient Appraisal Co., Ltd..

## (3) Procedures and key parameters of impairment test of goodwill, and recognition method of impairment loss of goodwill

## ① Business house asset group

The recoverable amount of the asset group is mainly assessed using the market method. According to the geographical location of the asset group and the activity of the market, some real estate transaction instances with similar conditions or the same value in use are selected for comparison in terms of transaction conditions, transaction date, real estate conditions and other conditions, and are modified and adjusted to calculate the recoverable amount of the asset group.

## ② Thermal power plant asset group

The discounted cash flow model is used to assess the recoverable amount of the asset group. The estimated cash flows for future years are calculated based on the information on contracts in hand, orders and target customers provided by the Management of the evaluated entity as well as the forecast table of future income, costs and expenses. The discount rate of 9.22% is used to estimate the present value of the expected future cash flows and calculate the recoverable amount of the asset group.

## (4) Impact of goodwill impairment test

On December 31, 2022, the Company performed a further impairment test on the asset groups with relevance to the goodwill at the end of the period. Results of impairment testing are as follows:

As at December 31, 2022	Asset group of business premises	Asset group of thermal power plants
Book balance of goodwill ①	319,915,535.18	688,780,687.96
Balance of provision for goodwill impairment ②	316,637,709.90	-
Book value of goodwill ③=①-②	3,277,825.28	688,780,687.96
Unrecognized value of goodwill attributable to non-controlling interests④		
Including unrecognized value of goodwill belonging to the minority shareholders' equity ⑤=④+③	3,277,825.28	688,780,687.96
Book value of asset groups ⑥	703,894,634.13	443,362,209.75
Book value of asset groups containing overall goodwill ⑦=⑤+⑥	707,172,459.41	1,132,142,897.71
Recoverable amount of asset groups ⑧	1,102,605,534.00	1,325,000,000.00
Loss of goodwill impairment (> 0) ⑨=⑦-⑧		
Total		



As a result of the above tests, there was no further impairment in the Company's goodwill as at December 31, 2022.

## 19. Long-term prepayments

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Amortization in 2022	Other decreases	Balance as at December 31, 2022
Deferred expenses of refining and chemical projects	13,703,797.34		8,491,403.03	1,530,501.48	3,681,892.83
Others	7,887,703.07	62,269.73	7,245,055.82		704,916.98
Total	21,591,500.41	62,269.73	15,736,458.85	1,530,501.48	4,386,809.81

## 20. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets without offset

Unit: RMB

Item	Balance as at December 31, 2022		Balance as at January 1, 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	657,815,423.63	128,067,713.99	378,868,278.69	57,487,812.81
Unrealized profits of internal transactions	118,690,666.55	27,977,357.98	29,381,807.24	4,407,271.09
Deductible loss	2,766,620,462.33	572,985,438.87	1,043,699,593.00	243,695,759.45
Provision for credit impairment	47,144,576.96	10,259,939.08	35,558,801.05	6,994,881.41
Deferred income	686,561,207.84	120,292,769.83	670,205,244.22	117,641,107.13
Others	312,918,616.39	51,592,019.63	263,598,813.31	42,177,373.55
Total	4,589,750,953.70	911,175,239.38	2,421,312,537.51	472,404,205.44

### (2) Deferred tax liabilities without offset

Unit: RMB

Item	Balance as at December 31, 2022		Balance as at January 1, 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset evaluation increment from business combination not under common control	438,050,829.23	109,512,707.32	505,050,562.60	126,262,640.66
Changes in fair value of Other equity instrument investments	166,427,108.34	41,606,777.09	176,413,858.73	44,103,464.69
Accelerated depreciation of fixed assets	2,614,115,170.97	451,674,793.68	1,832,624,473.34	287,360,853.35

Convertible bond tax difference	861,032,570.34	215,258,142.59		
Others	613,762,619.19	153,440,654.80	338,873,958.85	84,718,489.71
Total	4,693,388,298.07	971,493,075.48	2,852,962,853.52	542,445,448.41

**(3) Deferred tax assets or liabilities listed net amount after write-offs**

Unit: RMB

Item	Ending amount after mutual offset of deferred tax assets and liabilities	Ending balance after offset of deferred tax assets and liabilities	Beginning amount after mutual offset of deferred tax assets and liabilities	Beginning balance after offset of deferred tax assets and liabilities
Deferred tax assets		911,175,239.38		472,404,205.44
Deferred tax liabilities		971,493,075.48		542,445,448.41

**(4) Unrecognized deferred tax assets**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Deductible temporary differences	1,693,135.24	6,053,509.12
Deductible loss	468,860,922.18	475,765,885.02
Total	470,554,057.42	481,819,394.14

**(5) Deductible losses from unrecognized deferred tax assets will be expired in the following years**

Unit: RMB

Year	Ending amount	Beginning amount	Remark
2022		3,949,182.33	
2023	398,687.98	1,718,943.93	
2024	65,771,111.18	66,526,849.34	
2025	109,168,661.20	110,183,925.20	
2026	193,995,900.92	293,386,984.22	
2027	99,526,560.90		
Total	468,860,922.18	475,765,885.02	

**21. Other non-current assets**

Unit: RMB

Item	Balance as at December 31, 2022			Balance as at January 1, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payment in advance for purchase and construction of long-term assets	4,052,697,675.69		4,052,697,675.69	8,629,047,411.26		8,629,047,411.26
Total	4,052,697,675.69		4,052,697,675.69	8,629,047,411.26		8,629,047,411.26

**22. Short-term loans****(1) Classification of short-term borrowings**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Pledged borrowings		11,303,527.00
Mortgaged borrowings	190,000,000.00	180,000,000.00
Guaranteed borrowings	11,734,652,397.45	3,591,386,869.68
Credit borrowings	11,280,300,889.77	4,881,171,115.41
Mortgaged and guaranteed borrowings	2,919,140,254.67	2,956,043,039.38
Interest on short-term borrowings	31,266,272.53	20,275,807.39
<b>Total</b>	<b>26,155,359,814.42</b>	<b>11,640,180,358.86</b>

**23. Trading financial liabilities**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Held-for trading financial liabilities		3,567,808.37
Of which:		
Derivative financial liabilities		3,567,808.37
<b>Total</b>		<b>3,567,808.37</b>

**24. Notes payable**

Unit: RMB

Category	Balance as at December 31, 2022	Balance as at January 1, 2022
Commercial acceptance bill	200,000,000.00	135,983,649.04
Bank acceptance bill	2,164,309,399.89	5,656,985,782.35
<b>Total</b>	<b>2,364,309,399.89</b>	<b>5,792,969,431.39</b>

**25. Accounts payable****(1) Presentation of accounts payable**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Payables for goods	2,643,055,989.06	2,152,437,802.04
Payables for equipment and projects	10,525,982,483.69	10,543,779,736.85
<b>Total</b>	<b>13,169,038,472.75</b>	<b>12,696,217,538.89</b>

**6.16.2 Significant account payables with aging more than one year**

Unit: RMB

Item	Balance as at December 31, 2022	Reason for no payment or carry-forward
Sinopec Tenth Construction Co., Ltd.	134,815,404.50	Unsettled project fund
Erzhong (Deyang) Heavy Equipment Co., Ltd.	132,069,456.88	Unsettled project fund
<b>Total</b>	<b>266,884,861.38</b>	

**26. Advances from customers****(1) Presentation of advances from customers**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Advances from customers	31,031,697.74	34,444,991.05
Total	31,031,697.74	34,444,991.05

**6.17.2 Significant advances from customers with aging of more than 1 year**

Unit: RMB

Item	Balance as at December 31, 2022	Reason for no payment or carry-forward
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	--

**27. Contract liabilities**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Advances from customers	1,401,254,796.06	884,411,615.82
Total	1,401,254,796.06	884,411,615.82

**28. Employee benefits payable****(1) Presentation of employee benefits payable**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
I. Short-term compensation	534,427,595.94	3,764,412,629.78	3,759,123,205.22	539,717,020.50
II. Post-employment benefits-defined contribution plans		226,871,507.21	226,593,498.14	278,009.07
III. Dismissal welfare		3,522,521.97	3,522,521.97	
Total	534,427,595.94	3,994,806,658.96	3,989,239,225.33	539,995,029.57

**(2) Presentation of short-term remuneration**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
1. Salaries, bonuses, allowances and subsidies	534,005,634.71	3,281,352,241.75	3,277,889,344.00	537,468,532.46
2. Employee benefits		261,273,899.09	259,163,275.56	2,110,623.53
3. Social insurance premium		117,627,581.69	117,626,452.52	1,129.17

Of which: medical insurance premiums		93,375,750.70	93,375,750.70	
Work-related injury insurance premiums		11,620,139.22	11,620,139.22	
Maternity insurance premiums		12,317,180.30	12,317,180.30	
Others		314,511.47	313,382.30	1,129.17
4. Housing provident fund		100,276,970.26	100,276,970.26	
5. Labor union funds and employee education funds	421,961.23	3,881,936.99	4,167,162.88	136,735.34
Total	534,427,595.94	3,764,412,629.78	3,759,123,205.22	539,717,020.50

**(3) Presentation of defined contribution plans**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
1. Basic endowment insurance premiums		220,017,396.44	219,739,387.37	278,009.07
2. Unemployment insurance premiums		6,854,110.77	6,854,110.77	
Total		226,871,507.21	226,593,498.14	278,009.07

**29. Taxes payable**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Value added tax (VAT)	48,041,175.48	69,492,684.43
Consumption tax	234,360,591.25	
Enterprise income tax	32,221,344.70	34,008,828.21
Individual income tax	16,060,556.86	15,903,484.09
Urban maintenance and construction tax	19,140,245.93	15,464,337.29
Educational surtax	14,456,046.21	13,393,253.75
Property taxes	14,922,678.69	12,889,367.25
Land use tax	8,886,767.64	7,631,735.29
Stamp duty	29,916,273.48	5,427,579.03
Environmental protection tax	3,212,601.38	3,541,877.98
Total	421,218,281.62	177,753,147.32

**30. Other payables**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Other payables	405,928,757.49	2,589,749,884.22
Total	405,928,757.49	2,589,749,884.22

**(1) Other payables****1) Other payables by nature**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Payment for equity payable	2,993,519.91	2,088,727,200.00
Margin, deposit, risk fund	358,733,561.31	365,489,835.59
Accrued expenses	13,269,275.28	116,040,826.11
Collection, payment and transactions	30,895,772.14	19,469,713.38
Others	36,628.85	22,309.14
<b>Total</b>	<b>405,928,757.49</b>	<b>2,589,749,884.22</b>

**2) Other significant payables aged over 1 year**

Unit: RMB

Item	Balance as at December 31, 2022	Reason for no payment or carry-forward
Sinopec Tenth Construction Co., Ltd.	5,424,750.00	Performance bond
Anshan Iron and Steel Construction Group Co., Ltd.	3,264,682.95	Performance bond
China National Chemical Engineering No. 3 Construction Co., Ltd.	3,148,724.40	Performance bond
<b>Total</b>	<b>11,838,157.35</b>	

**31. Non-current liabilities due within one year**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Long-term borrowings due within one year	8,170,114,992.68	2,980,467,493.76
Bonds payable due within one year		998,584,905.54
Long-term payables due within one year	1,213,395,600.95	909,895,313.23
Lease liabilities due within one year	238,454,238.50	77,877,881.53
Interest on long-term borrowings with interest paid by installments and principal paid at maturity	105,773,213.24	81,495,920.92
Interest on bonds payable with interest paid by installments and principal paid at maturity	15,610,769.24	22,807,707.07
<b>Total</b>	<b>9,743,348,814.61</b>	<b>5,071,129,222.05</b>

**32. Other current liabilities**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Short-term bonds payable		257,667,960.09

Output tax to be carried forward	177,882,150.07	111,023,850.95
Others	10,000.00	
<b>Total</b>	<b>177,892,150.07</b>	<b>368,691,811.04</b>

### 33. Long-term loans

#### (1) Classification

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Mortgage borrowings	450,000,000.00	450,000,000.00
Guaranteed borrowings	7,710,728,322.68	5,650,559,231.62
Credit borrowings	400,000,000.00	
Guaranteed and mortgaged borrowings	57,853,246,707.75	46,454,245,132.47
Of which: interest adjustment	-179,227,382.77	-181,010,621.41
<b>Total</b>	<b>66,234,747,647.66</b>	<b>52,373,793,742.68</b>

### 34. Bonds payable

#### (1) Bonds payable

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Convertible corporate bonds	4,143,110,281.98	3,927,567,223.43
<b>Total</b>	<b>4,143,110,281.98</b>	<b>3,927,567,223.43</b>

#### (2) Increase/decrease of bonds payable (excluding preferred share, perpetual debt and other financial instruments divided into the financial liabilities)

Unit: RMB

Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at January 1, 2022	Bonds issued in this period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in 2022	Debt-to-equity swap in 2022	Balance as at December 31, 2022
Shenghong Convertible Bond	100.00	3/22/2021	6	5,000,000,000.00	3,927,567,223.43		17,799,861.17	216,173,958.55		630,900.00	4,143,110,281.98
<b>Total</b>	--	--	--	<b>5,000,000,000.00</b>	<b>3,927,567,223.43</b>		<b>17,799,861.17</b>	<b>216,173,958.55</b>		<b>630,900.00</b>	<b>4,143,110,281.98</b>

#### (3) Conversion conditions and date of convertible corporate bonds

As approved by the China Securities Regulatory Commission's Approval of the Public Offering of Convertible Bonds by Jiangsu Eastern Shenghong Co., Ltd. (ZJXK [2021] No.512), the Company issued on March 22, 2021 50 million convertible bonds, each with a face value of RMB 100; the total issue amount was RMB 5,000 million. The Chinese abbreviation of the convertible bond is "Shenghong Convertible Bond" and the bond code is "127030". The coupon rates of the convertible bonds are 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year, with interest paid once a year and the principal and last year's interest returned at maturity. The term of the convertible bonds is six years from the date of issue, i.e. from March 22, 2021 to March 21, 2027 and the conversion period is from the first trading day (September 27, 2021) six months after the end of the convertible bonds issue (March 26, 2021) to the maturity date of the convertible bonds (March 21, 2027), and the initial conversion price of the bond is RMB 14.20 per share.

Due to the implementation of the Company's 2020 annual equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20 per share to RMB14.10 per share, with the adjusted conversion price effective from June 18, 2021 (ex-rights and ex-dividend date).

According to the CSRC's Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds (ZJXK [2021] No.4179), the Company issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company would implement the 2021 annual dividend distribution plan in May 2022. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.53/share to RMB13.38/share, and the effective date of the conversion price adjustment was May 27, 2022.

With the approval of the China Securities Regulatory Commission in the Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJXK [2021] No.4179), the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The new shares were listed on the Shenzhen Stock Exchange on July 20, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.38 per share to RMB13.46 per share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange (ZJXK [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The new shares were listed on the Shenzhen Stock Exchange on December 28, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.46 per share to RMB13.41 per share, and the effective date of the conversion price adjustment was December 28, 2022.

During the period, a total of RMB630,900.00 of "Shenghong Convertible Bond" were converted into 46,602 shares of the Company's stock, with a cash payment of RMB1,375.65 for the shortfall of one share, and RMB613,748.18 of capital surplus was recognized for the conversion and RMB153,775.60 of other equity instruments were carried forward. The amortized cost of the liability portion of RMB 216,051,008.78 was adjusted by the effective interest rate method, and the interest transferred from the conversion was adjusted by RMB 122,949.77, totaling RMB 216,173,958.55 in interest adjustment.

### 35. Lease Liabilities

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Payables for leases	1,636,484,216.59	1,063,159,518.34
Of which: lease liability due within one year	-238,454,238.50	-77,877,881.53
Total	1,398,029,978.09	985,281,636.81

### 36. Long-term payables

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Long-term payables	1,383,990,471.34	2,691,695,545.75
Total	1,383,990,471.34	2,691,695,545.75

#### (1) Presentation by nature

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Account payable for finance lease	2,787,954,175.95	2,023,501,802.59
Less: unrecognized financing expense	190,568,103.66	130,546,499.16
Less: the part due within one year	1,213,395,600.95	909,895,313.23



Related-party borrowings		1,708,635,555.55
Total	1,383,990,471.34	2,691,695,545.75

**37. Deferred income**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Forming reason
Government grants	2,254,329,127.92	54,316,755.00	60,191,463.33	2,248,454,419.59	Asset-related government grants received
Total	2,254,329,127.92	54,316,755.00	60,191,463.33	2,248,454,419.59	--

Items involves with government grants:

Unit: RMB

Liabilities	Balance as at January 1, 2022	New grants in the current period	Amount included in non-operating incomes in the current period	Amounts included in other income in the current period	Amount of offsetting costs and expenses for the period	Other changes	Balance as at December 31, 2022	Asset/income-related
Land subsidy	1,243,570,550.77			5,706,631.16			1,237,863,919.61	Asset-related
Subsidy for the construction of the central financial emergency material security system	22,266,666.70			1,600,000.00			20,666,666.70	Asset-related
Technological transformation in regenerated fiber production	454,337.37			32,849.16			421,488.21	Asset-related
Industrial fund for industrial transformation and upgrading in Wujiang District	445,505.66			55,688.20			389,817.46	Asset-related
Infrastructure supporting fees for investment projects	15,479,044.47			333,189.72			15,145,854.75	Asset-related
Suzhou municipal special and upgraded fund for industrial economy (major and special project in advanced manufacturing)	1,357,655.29			154,162.72			1,203,492.57	Asset-related
Award and subsidy for demonstrative smart workshop (smart manufacturing workshop of full dull polyester filament)	794,631.18			70,411.92			724,219.26	Asset-related

Special fund for the transformation and upgrade of provincial industry and information industry (the comprehensive award and subsidy for technological transformation of industrial enterprises)	748,499.55			95,434.64			653,064.91	Asset-related
Special project for the transformation and upgrade of provincial industry and information industry (the comprehensive award and subsidy for technological transformation of industrial enterprises)	279,138.43			53,524.80			225,613.63	Asset-related
Provincial subsidy for industrial and information industry transformation and upgrading		15,000,000.00		775,862.07			14,224,137.93	Asset-related
Indicators for provincial special fund for industrial and information technology transformation and upgrading		4,240,000.00		70,962.36			4,169,037.64	Asset-related
Three funds for science and technology	6,400,000.00			2,400,000.00			4,000,000.00	Asset-related
The first batch of science and technology fund for the major project "Science and Technology Innovation 2025" in Ningbo	503,109.50			38,666.68			464,442.82	Asset-related
Differentiated technology transformation project for low stretch yarn production with the annual output of 20,000 tons	612,900.85			88,612.17			524,288.68	Asset-related
Fund for science and technology development in PTA project with the annual output of 1.5 million tons	169,907,529.87			4,231,016.04			165,676,513.83	Asset-related
Government grants for energy conservation and utilization	466,666.70			57,142.84			409,523.86	Asset-related
Subsidy for the integration of informatization and industrialization	7,641,500.00			986,000.00			6,655,500.00	Asset-related

Subsidy for anti-UV project	1,069,550.56			76,853.93			992,696.63	Asset-related
Special support fund for national eco-industrial park in Xuwei New Area	1,195,674.99			220,740.00			974,934.99	Asset-related
Special fund for business development in 2018	2,265,400.00						2,265,400.00	Asset-related
Construction of the project with the output of 80,000 tons of ultra-fine denier polyester low elastic yarn	1,927,692.29			481,923.08			1,445,769.21	Asset-related
Construction of the project with the output of 200,000 tons of CDP	5,507,671.25			1,376,917.80			4,130,753.45	Asset-related
Subsidy for the construction of 110 KV and 220KV electric circuits	52,992,983.31			5,976,374.72			47,016,608.59	Asset-related
Innovation capacity building project of the technology center	2,583,333.36			333,333.32			2,250,000.04	Asset-related
Special subsidy for technical transformation	35,070,671.32			1,992,570.12			33,078,101.20	Asset-related
Supporting subsidy fund for Guowang high-tech project	18,036,809.81			1,472,392.64			16,564,417.17	Asset-related
Special project for capital and technology transformation under the supporting project of special and upgraded fund for industrial economy	117,500.00			30,000.00			87,500.00	Asset-related
Special and upgraded fund for industrial economy (smart devices and the Internet of things)	732,124.40			107,146.60			624,977.80	Asset-related
Special subsidy of the MIIT for industrial transformation and upgrading and strengthening foundation project	2,600,000.00			150,000.00			2,450,000.00	Asset-related
First batch special fund for the transformation and upgrade of provincial industry and information industry (Award and subsidy for demonstrative smart workshop)	363,888.93			33,333.32			330,555.61	Asset-related

Third batch of special fund at the provincial level for the transformation of provincial industry and information industry (national intelligent manufacturing demonstration project)	330,781.64			41,440.84			289,340.80	Asset-related
Industrial development guiding fund	116,213,798.82	6,346,755.00		5,343,168.69			117,217,385.13	Asset-related
400,000 tons of CDP	27,375,438.57			1,777,193.00			25,598,245.57	Asset-related
Differentiated technological transformation of 200,000 tons of semi-dull fiber to full-dull fiber each year	1,192,674.00			196,056.00			996,618.00	Asset-related
First batch of special fund for the industrial and information-based transformation and upgrade at the provincial level in 2021	4,381,897.81			392,408.76			3,989,489.05	Asset-related
Intelligent transformation of industrial high-quality development funds in Wujiang District in 2020	7,909,604.52			542,372.88			7,367,231.64	Asset-related
2020 Wujiang District industrial high-quality development fund (Batch II) in intelligent transformation category - Annual differential functional chemical fiber technical transformation project	5,946,902.66			318,584.04			5,628,318.62	Asset-related
Fund for industrial high-quality development in Wujiang District in 2020 (Batch II)	4,984,034.17			257,794.87			4,726,239.30	Asset-related
2019 provincial demonstration smart workshop award	463,276.83			33,898.31			429,378.52	Asset-related
Award fund of the provincial engineering technology research center in 2019	255,827.92			21,202.60			234,625.32	Asset-related

Second batch of the special fund for the transformation and upgrade of provincial industry and information industry in 2019 (functional polyester fiber smart factory)	2,215,245.59			236,712.40			1,978,533.19	Asset-related
Support fund for industrial high-quality development in Wujiang District in 2018	4,791,721.39			439,374.04			4,352,347.35	Asset-related
Special fund for building the advanced municipal manufacturing base in Suzhou in 2018	3,049,267.95			278,263.04			2,771,004.91	Asset-related
Award and subsidy funds for intelligent technology transformation in industrial enterprises in 2018	1,617,559.42			135,331.80			1,482,227.62	Asset-related
Special fund for industrial and information transformation and upgrading in 2018	1,649,289.90			146,176.24			1,503,113.66	Asset-related
Government grants of the Central Government for industrial transformation and upgrading in 2017	43,379,126.71			2,502,641.88			40,876,484.83	Asset-related
Support fund for industrial transformation and upgrading in Wujiang District in 2017	3,925,617.33			358,534.64			3,567,082.69	Asset-related
"Replacement of Man by Machines" project supported by the special industrial upgrading industry fund in Wujiang District in 2016 (Batch II)	1,087,149.72			207,166.73			879,982.99	Asset-related
Special fund at the provincial level for industrial and information industry transformation and upgrading in 2016	1,111,738.95			133,227.24			978,511.71	Asset-related
Award for artificial intelligence technology transformation of the replacement of man by machines in 2016	1,403,010.67			166,175.40			1,236,835.27	Asset-related

Special fund at the provincial level for industrial and information industry transformation and upgrading in 2015	383,333.33			100,000.00			283,333.33	Asset-related
Award for artificial intelligence technology transformation of the replacement of man by machines in 2015	2,580,026.57			305,577.00			2,274,449.57	Asset-related
Award for engineering intelligentization technology transformation (batch I) of the replacement of man by machines in 2015	434,687.65			51,483.80			383,203.85	Asset-related
Differentiated chemical fiber (PTT) project with a production scale of 120,000 tons	985,714.31			246,428.56			739,285.75	Asset-related
Government grants of RMB 1.03 million for equipment import (400,000 tons)	353,142.84			88,285.72			264,857.12	Asset-related
Special subsidy for recycling transformation	7,428,838.31			492,616.44			6,936,221.87	Asset-related
Subsidy for alcohol-based polyproduction project	409,000,609.70			15,902,933.52			393,097,676.18	Asset-related
Special fund for industrial transformation and upgrading	1,003,539.69			63,716.88			939,822.81	Asset-related
Subsidy for technological transformation of industrial enterprises	3,484,234.39	3,570,000.00		305,694.84			6,748,539.55	Asset-related
Carbon peaking technology award		12,000,000.00					12,000,000.00	Asset-related
Green low-carbon development		1,500,000.00		105,263.16			1,394,736.84	Asset-related
Technical transformation loan interest subsidy and equipment subsidy		11,660,000.00					11,660,000.00	Asset-related
Total	2,254,329,127.92	54,316,755.00		60,191,463.33			2,248,454,419.59	

### 38. Other non-current liabilities

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Long-term house rent	24,984,480.48	33,269,790.86
Total	24,984,480.48	33,269,790.86

**39. Share capital**

Unit: RMB

	Balance as at January 1, 2022	Changes during the current period ( "+", "-" )					Balance as at December 31, 2022
		New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	8,934,888,229.16	664,654,109.00			46,602.00	664,700,711.00	9,599,588,940.16

Reasons for changes in share capital in 2022:

(1) For conversion of Shenghong Convertible Bond with 46,602 shares, please refer to Note VII (34) Bonds Payable.

(2) China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJXK [2021] No. 4179), the Company issued shares to Jinan Jiangshan Investment Partnership (Limited Partnership) and other 21 specific investors to raise matching funds; the total number of shares issued was 266,714,109, increasing capital reserve by RMB3,788,958,625.27 and RMB4,088,727,290.97 was raised in total. These new shares were listed on the Shenzhen Stock Exchange on July 20, 2022.

(3) With the conditional approval by the Supervisory Authority of the SIX Swiss Exchange for the issuance of Global Depositary Receipts ("GDRs") and listing on the SIX Swiss Exchange and approved by the CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange (ZJXK [2022] No.3151), the Company issued 39,794,000 GDRs and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares and the capital reserve increased by RMB 4,565,453,677.63. The final price of the offering was USD 18.05 per GDR, raising total proceeds of USD 718,281,700.00. These new shares were listed on the Shenzhen Stock Exchange on December 28, 2022.

**40. Other equity instruments****(1) Preferred shares, perpetual debt and other financial instruments issued as at the end of the period**

As approved by the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB 100 on March 22, 2021. These convertible corporate bonds amount to RMB 5,000.00 million, and are called "Shenghong Convertible Bond" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB 14.20 per share.

Due to the equity distribution implemented by the Company in 2020, the conversion price of "Shenghong Convertible Bond" was adjusted to RMB 14.10 per share from RMB 14.20 per share, and the new price took effect from June 18, 2021 (date of record).

According to the CSRC's Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds (ZJXK [2021] No.4179), the Company issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company would implement the 2021 annual dividend distribution plan in May 2022. After the implementation of this equity distribution, the

conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.53 per share to RMB13.38 per share, and the effective date of the conversion price adjustment was May 27, 2022.

With the approval of the China Securities Regulatory Commission in the Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJXK [2021] No.4179), the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The additional shares were listed on the Shenzhen Stock Exchange on July 20, 2022 and the conversion price of Shenghong Convertible Bond was adjusted from RMB13.38 per share to RMB13.46 per share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange (ZJXK [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The additional shares were listed on the Shenzhen Stock Exchange on December 28, 2022 and the conversion price of Shenghong Convertible Bond was adjusted from RMB13.46 per share to RMB13.41 per share, and the effective date of the conversion price adjustment was December 28, 2022.

## (2) Changes in preferred shares, perpetual debt and other financial instruments issued as at the end of this period

Unit: RMB

Outstanding financial instruments	Beginning		Increase in 2022		Decrease in 2022		As at December 31, 2022	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Shenghong Convertible Bond	49,986,392.00	1,218,368,686.59			6,309.00	311,676,690.73	49,980,083.00	906,691,995.86
Total	49,986,392.00	1,218,368,686.59			6,309.00	311,676,690.73	49,980,083.00	906,691,995.86

Other equity instruments decreased by RMB 153,775.60 during the period, as described in Note VII (34) Bonds payable.

Other equity instruments decreased by RMB311,522,915.13 due to the recognition of the deferred impact of the convertible bond tax difference.

## 41. Capital reserve

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Capital (share capital) premium	10,158,002,121.53	8,368,243,657.88	328,373,704.99	18,197,872,074.42
Other capital reserves	11,441,095.89	480,000.00		11,921,095.89
Total	10,169,443,217.42	8,368,723,657.88	328,373,704.99	18,209,793,170.31

Other notes, including notes to increase and decrease and reason for the changes in the current period:

(1) Capital premium (equity premium) of the Company increased by RMB3,788,958,625.27 during the period due to the non-public offering of shares to Jinan Jiangshan Investment Partnership (Limited Partnership) and 21 other specific investors to raise matching funds during the period, as described in Note VII (39) Share capital;

(2) The capital premium (equity premium) of the Company increased by RMB613,748.18 during the period due to the increase in capital surplus as a result of the conversion of the Company's Shenghong Convertible Bond into shares during the period, as described in Note VII (34) Bonds payable;

(3) Capital premium (equity premium) of the Company increased by RMB13,217,606.80 during the period due to the business combination under common control during the reporting period, as described in Note VIII (2);



(4) Capital premium (equity premium) of the Company decreased by RMB325,484,031.49 during the period due to the effect on minority interests and shareholders' equity attributable to the Company as a result of the change in the share of ownership interest of secondary subsidiary, Shenghong Refining and Chemical (Lianyungang) Co., Ltd., as described in Note IX (1);

(5) Capital premium (equity premium) of the Company increased by RMB4,565,453,677.63 for the period due to the issuance of global depositary receipts by the Company during the period, as described in Note VII (39) Share capital;

(6) Other capital surplus of the Company increased by RMB480,000.00 during the period due to the change in other equity of the Company's associate, Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd. and will be included in other changes in capital reserve according to the shareholding ratio.

#### 42. Other comprehensive income

Unit: RMB

Item	Balance as at January 1, 2022	Amount in this period						Balance as at December 31, 2022
		Amount before income tax in 2022	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the Company	Amount after tax attributable to minority shareholders	
I. Other comprehensive income that will not be reclassified to profit and loss	68,171,865.00	-2,615,780.00			-653,945.00	-1,961,835.00		66,210,030.00
Changes in fair value of Other equity instrument investments	68,171,865.00	-2,615,780.00			-653,945.00	-1,961,835.00		66,210,030.00
II. Other comprehensive income that will be reclassified to profit or loss	-6,561,389.44	14,889,057.95				14,890,849.73	-1,791.78	8,329,460.29
Translation differences of foreign currency financial statements	-6,561,389.44	14,889,057.95				14,890,849.73	-1,791.78	8,329,460.29
Total of other comprehensive income	61,610,475.56	12,273,277.95			-653,945.00	12,929,014.73	-1,791.78	74,539,490.29

#### 43. Special reserve

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Work safety expenses	20,965,757.18	88,832,161.00	101,959,240.98	7,838,677.20
Total	20,965,757.18	88,832,161.00	101,959,240.98	7,838,677.20

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

**44. Surplus reserve**

Unit: RMB

Item	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Statutory surplus reserves	601,569,763.59	2,421,531.58		603,991,295.17
Total	601,569,763.59	2,421,531.58		603,991,295.17

**45. Retained earnings**

Unit: RMB

Item	This period	Previous period
Retained earnings as at the end of the previous period before the adjustment	6,615,477,283.13	1,906,149,960.23
Adjustment to total retained earnings as at the beginning of the period (+ for increase and - for decrease)	31,359,204.23	733,642,052.15
Retained earnings at the beginning of the period after adjustment	6,646,836,487.36	2,639,792,012.38
Add: net profit attributable to owners of the Company in the current period	548,162,571.15	4,574,963,214.07
Less: withdrawal of statutory surplus reserves	2,421,531.58	154,991,088.91
Common stock dividends payable	891,976,368.60	1,047,486,386.60
Add: business combination under common control	-2,211,126.71	634,558,736.42
Retained earnings at the end of the period	6,298,390,031.62	6,646,836,487.36

Adjustment to the retained earnings at the beginning of the period:

- 1) The retrospective adjustment on the Accounting Standards for Business Enterprises and relevant rules has influenced the undistributed opening profit by RMB 40,763,117.46.
- 2) The change of scope of combination involving enterprises under common control has influenced the undistributed opening profit by RMB -9,403,913.23.

**46. Revenue and cost of sales**

Unit: RMB

Item	Amount in this period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	55,390,900,866.96	50,665,026,162.27	45,847,544,461.72	37,378,516,503.91
Other business	8,431,414,802.49	8,264,634,874.15	6,842,672,989.74	6,621,961,778.06
Total	63,822,315,669.45	58,929,661,036.42	52,690,217,451.46	44,000,478,281.97

Whether the lower of audited net profit before and after deduction of non-recurring gain or loss is negative

 Yes  No

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted but not yet performed or not yet completed at the end of the reporting period was RMB1,401,254,796.06, of which RMB1,401,254,796.06 is expected to be recognized as revenue in 2023.

#### 47. Taxes and surtaxes

Unit: RMB

Item	Amount in this period	Amount in the previous period
Consumption tax	413,836,961.34	
Urban maintenance and construction tax	63,281,600.52	49,965,287.35
Educational surtax	45,799,795.37	39,764,410.07
Property taxes	64,440,590.20	55,780,815.36
Land use tax	32,354,159.39	30,901,826.24
Stamp duty	73,683,078.99	23,994,130.46
Environmental protection tax	8,529,476.43	6,367,257.87
Land value increment tax		2,648,095.24
Others	419,133.30	1,076.90
Total	702,344,795.54	209,422,899.49

#### 48. Selling expenses

Unit: RMB

Item	Amount in this period	Amount in the previous period
Employee benefits	94,660,118.82	75,501,035.13
Warehousing expenses	74,851,666.13	49,849,845.80
Others	47,445,310.26	30,045,447.67
Total	216,957,095.21	155,396,328.60

#### 49. Administration cost

Unit: RMB

Item	Amount in this period	Amount in the previous period
Employee benefits	418,079,598.49	293,277,806.98
Consulting service fees	53,130,756.84	85,994,214.27
Depreciation and amortization	84,952,413.85	83,217,114.55
Office expenses	16,500,923.03	14,813,495.83
Water, electricity and property management expenses	11,960,320.64	13,179,830.39
Others	67,559,886.42	157,949,176.38
Total	652,183,899.27	648,431,638.40

#### 50. Research & development expenses

Unit: RMB

Item	Amount in this period	Amount in the previous period
Technology research and development expenses	502,995,207.21	430,441,359.26
Total	502,995,207.21	430,441,359.26

**51. Financial expenses**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Interest expenses	2,076,080,964.32	1,163,780,314.49
Less: interest income	197,576,396.79	142,321,661.26
Profit or loss on foreign exchange	21,109,810.07	25,994,483.52
Handling fees and others	55,198,276.30	44,321,229.48
<b>Total</b>	<b>1,954,812,653.90</b>	<b>1,091,774,366.23</b>

**52. Other incomes**

Unit: RMB

Item	Year 2022	Year 2021
Government grants	109,792,622.53	107,481,457.93
Input tax deduction	1,783,497.89	
Withholding of personal income tax fees	1,552,273.04	873,320.73
<b>Total</b>	<b>113,128,393.46</b>	<b>108,354,778.66</b>

Government grants included in other income

Unit: RMB

Item	Year 2022	Year 2021
Subsidy for job stability	8,265,867.00	3,708,511.06
High quality development incentive	6,570,100.00	21,630,000.00
Industrial transformation and upgrading	5,400,000.00	
Refinancing incentive for listed companies	5,000,000.00	4,600,000.00
Smart reform and digital transfer incentive s	2,920,000.00	
Annual economic incentive	2,000,000.00	1,000,000.00
Subsidy for 300,000 tons of differentiated functional chemical fiber project	2,000,000.00	
Subsidy for work with training	1,835,500.00	2,140,500.00
Responding to the anti-dumping investigation of polyester filament originated in Vietnam	1,517,000.00	
Trainee retention subsidy	1,393,670.00	754,386.00
Subsidy for job expansion	1,294,500.00	
Subsidies for employment	1,275,534.43	
Funds obtained according to the science and technology innovation policies	1,057,500.00	
Municipal award for smart factories	1,000,000.00	1,000,000.00
Incentives for innovation carrier	800,000.00	

construction		
The first batch of subsidies from Lianyungang Human Resources and Social Security Bureau	796,360.00	
Industry guidance bonus	600,000.00	
Rewards for Hi-tech enterprises	500,000.00	
Subsidies for trainings and job skills upgrading	491,300.00	2,715,870.00
Taxes and fees refund	444,263.75	
Subsidy for employment as an intern	436,011.00	791,110.00
Central government's grants for foreign trade and economic development	432,000.00	
Subsidy for troubled enterprises		4,802,379.49
Provincial funds for business development		1,754,321.26
Special subsidy fund of the economic development bureau for the development of modern service industry at the provincial level		1,080,000.00
Key project of industrial chain core technology		1,000,000.00
Grants for industrial giant network innovation development projects		180,000.00
Provincial industrial enterprise technology transformation comprehensive award funds		670,000.00
Special subsidy granted to non-local employees to enjoy the Chinese New Year at the workplace		580,500.00
Award and subsidy fund for reduction in coal utilization		797,000.00
Development Fund in 2020 - Municipal enterprise technology center - Municipal smart factory		550,000.00
Second batch of subsidy of the Human Resources and Social Security Bureau for online work safety in 2021		525,300.00
Others	3,571,553.02	4,358,309.26
2. Government grants transferred from deferred income	60,191,463.33	52,843,270.86
Total	109,792,622.53	107,481,457.93

**53. Investment income**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Long-term equity investment income calculated under the equity method	-15,700,011.56	12,792,766.35
Investment income from Held-for trading financial assets during the holding period	2,855,653.29	2,735,606.01
Investment income obtained from disposal of Held-for trading financial assets	-20,813,499.84	-39,631,642.68
Dividend income earned during the holding of Other equity instrument investments	3,817,017.83	1,257,381.70
Total	-29,840,840.28	-22,845,888.62

**54. Income from changes in fair value**

Unit: RMB

Sources of Income from changes in fair value	Amount in this period	Amount in the previous period
Held-for trading financial assets	-2,814,626.02	19,971,470.73
Held-for trading financial liabilities		-3,567,808.37
Other non-current financial assets		3,198,458.81
Total	-2,814,626.02	19,602,121.17

**55. Credit impairment loss**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Losses from bad debts of other receivables	-4,886,318.40	-3,865,996.72
Losses on bad debts of accounts receivable	-6,185,938.47	-9,954,312.24
Total	-11,072,256.87	-13,820,308.96

**56. Impairment losses of assets**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Losses from inventory depreciation	-1,000,663,116.79	-215,740,376.30
Total	-1,000,663,116.79	-215,740,376.30

**57. Income from asset disposal**

Unit: RMB

Income from asset disposal	Amount in this period	Amount in the previous period
Gains on disposal of non-current assets	483,530,496.86	18,290,382.02
Total	483,530,496.86	18,290,382.02

**58. Non-operating income**

Unit: RMB

Item	Amount in this period	Amount in the previous period	Amount included in non-recurring profit or loss in the current period
Donation received	6,480.00	1,857,572.50	6,480.00
Revenue from indemnity and fines	49,213,570.68	46,367,579.29	49,213,570.68
Payments not required to be paid	4,839,587.39	579,994.44	4,839,587.39
Others	6,366,540.02	4,064,781.55	6,366,540.02
<b>Total</b>	<b>60,426,178.09</b>	<b>52,869,927.78</b>	<b>60,426,178.09</b>

**59. Non-operating expenses**

Unit: RMB

Item	Amount in this period	Amount in the previous period	Amount included in non-recurring profit or loss in the current period
Donations made	16,648,000.00	128,300.00	16,648,000.00
Expenses on compensation, fines and overdue fines	10,326,707.42	2,426,669.44	10,326,707.42
Others	217,745.99	3,274,728.20	217,745.99
Losses from the damage and scrapping of non-current assets	2,316,939.23	5,062,614.04	2,316,939.23
<b>Total</b>	<b>29,509,392.64</b>	<b>10,892,311.68</b>	<b>29,509,392.64</b>

**60. Income tax expenses****(1) List of income tax expenses**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Current income tax expenses	224,441,067.85	860,547,872.41
Deferred income tax expenses	-320,592,372.40	111,937,718.43
<b>Total</b>	<b>-96,151,304.55</b>	<b>972,485,590.84</b>

**(2) Accounting profit and income tax expense adjustment process**

Unit: RMB

Item	Amount in this period
Total profit	446,545,817.71
Income tax expenses calculated at the statutory/applicable tax rate	111,636,454.43
Effect of the application of various tax rates by subsidiaries	-138,633,085.47
Effect of adjustments to the income tax for the prior years	1,049,373.08
Effect of non-taxable income	-2,045,189.35

Effect of non-deductible costs, expenses and losses	17,074,859.27
Effect of deductible losses from using the deferred tax assets unrecognized in previous periods	-24,142,839.36
Effect of deductible temporary differences or losses from deferred tax assets unrecognized in the current period	30,430,956.12
Others	-91,521,833.27
Income tax expenses	-96,151,304.55

## 61. Items in the statement of cash flows

### (1) Cash received from other operating activities

Unit: RMB

Item	Amount in this period	Amount in the previous period
Government grants	108,948,599.75	208,392,317.98
Interest income	195,049,832.75	152,598,635.16
Current accounts	465,096,517.82	341,153,023.14
Non-operating income and others	23,160,734.70	48,936,773.37
Recovery of restricted funds	4,851,304,223.49	6,522,586,559.46
Employee shareholding payments received	2,500,547,124.31	
Total	8,144,107,032.82	7,273,667,309.11

### (2) Cash paid relating to other operating activities

Unit: RMB

Item	Amount in this period	Amount in the previous period
Current account	269,177,360.00	1,197,918,853.93
Expenditure on selling expenses and general and administrative expenses	271,663,112.50	146,013,422.59
Financial expenses	39,880,475.51	38,749,753.48
Non-operating expenses and others	27,059,700.21	5,829,703.94
Expenditure on restricted funds	4,787,485,608.46	7,436,178,461.65
Payments for employee stock ownership	2,497,047,839.78	
Total	7,892,314,096.46	8,824,690,195.59

### (3) Cash received relating to other investing activities

Unit: RMB

Item	Amount in this period	Amount in the previous period
Cash received from business combination	50.00	111,154,505.56
Restricted funds recovery (investment)	4,727,055,777.53	
Others	18,576,558.22	696,636,128.96
Total	4,745,632,385.75	807,790,634.52



**(4) Cash payments relating to other investing activities**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Restricted funds expenditure (investment)	3,760,426,713.19	
Total	3,760,426,713.19	

**(5) Cash received relating to other financing activities**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Capital of related parties	2,230,000,000.00	6,000,000,000.00
Financial sale-leaseback	2,085,000,000.00	920,000,000.00
Recovery of restricted loan deposits	169,900,000.00	
Total	4,484,900,000.00	6,920,000,000.00

**(6) Cash payments relating to other financing activities**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Capital of related parties	3,944,358,158.30	5,700,000,000.00
Financial sale-leaseback	1,711,386,932.53	632,295,584.72
Lease	164,412,890.04	175,239,316.62
Purchase of minority interest of subsidiaries	2,116,819,093.21	3,759,660,000.00
Others	87,669,950.05	200,000.00
Total	8,024,647,024.13	10,267,394,901.34

**62. Supplementary information to the statement of cash flows****(1) Supplementary information to the statement of cash flows**

Unit: RMB

Supplementary information	Year 2022	Year 2021
1. Net profit adjusted to cash flows from operating activities		
Net profit	542,697,122.26	5,117,605,310.74
Add: provision for assets impairment	1,000,663,116.79	215,740,376.30
Impairment losses on credit	11,072,256.87	13,820,308.96
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets	2,281,938,086.76	2,049,908,625.77
Depreciation of right-of-use assets	69,575,314.52	
Amortization of intangible assets	68,594,595.76	58,814,274.87
Amortization of Long-term prepayments	7,245,055.82	2,938,511.10
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-483,530,496.86	-15,699,224.28

Losses from scrapping of fixed assets ("- for gains)	2,312,446.15	874,160.70
Losses from changes in fair value ("- for gains)	2,814,626.02	-19,602,121.17
Financial expenses ("- for gains)	2,113,833,141.72	1,185,508,752.36
Investment losses ("- for gains)	17,979,491.75	20,753,488.41
Decreases in deferred tax assets ("- for increases)	-438,771,033.94	-7,381,365.84
Increases in deferred tax liabilities ("- for decreases)	118,178,656.94	119,319,084.27
Decreases in inventories ("- for increases)	-10,671,058,811.24	-2,390,882,654.67
Decreases in operating receivables ("- for increases)	7,153,486,292.84	-1,508,920,038.56
Increases in operating payables ("- for decreases)	-393,143,501.16	438,991,867.30
Others	-13,127,079.98	49,888,871.43
Net cash flows from operating activities	1,390,759,281.02	5,331,678,227.69
2. Significant investing and financing activities not involving in cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net change in cash and cash equivalents:		
Ending balance of cash	10,003,518,583.15	9,678,121,585.63
Less: beginning balance of cash	9,678,121,585.63	15,936,150,679.62
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	325,396,997.52	-6,258,029,093.99

**(2) Breakdown of cash and cash equivalents**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
I. Cash	10,003,518,583.15	9,678,121,585.63
Of which: cash on hand	17,922.98	100,907.36
Digital currency readily available for payment	2,052,571.13	
Unrestricted bank deposit	9,980,546,939.65	9,578,970,662.00
Other unrestricted monetary funds	20,901,149.39	99,050,016.27

III. Ending balance of cash and cash equivalents	10,003,518,583.15	9,678,121,585.63
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**63. Assets with restrictions on the ownership or right of use**

Unit: RMB

Item	Book value as at December 31, 2022	Reason for restriction
Cash and cash equivalents	2,240,108,666.11	For reasons for being restricted, please refer to Note VII(1) for details
Inventories	480,000,000.00	Working capital loan
Fixed assets	16,211,489,154.59	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,182,810,522.81	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Construction in progress	477,997,814.58	Project loan, and finance lease
Total	21,592,406,158.09	

**64. Foreign currency monetary items****(1) Foreign currency monetary items**

Unit: RMB

Item	Balance in foreign currency as at December 31, 2022	Exchange rate for conversion	Balance in RMB converted as at December 31, 2022
Cash and cash equivalents			5,701,821,924.46
Of which: USD	815,158,889.55	6.9646	5,677,255,602.15
EUR	702,722.09	7.4229	5,216,235.79
HKD	390.30	0.8933	348.64
SGD	175,031.69	5.1797	906,608.45
JPY	352,250,457.00	0.0524	18,443,129.43
Accounts receivable			546,389,275.25
Of which: USD	78,452,355.54	6.9646	546,389,275.25
EUR			
HKD			
Long-term borrowings			793,365,322.68
Of which: USD	95,000,000.00	6.9646	661,637,000.00
EUR	17,746,207.37	7.4229	131,728,322.68
HKD			
Other receivables			3,896,509.06
Of which: USD	391,741.67	6.9646	2,728,324.03

SGD	225,532.20	5.1797	1,168,185.03
Short-term borrowings			165,409,250.00
Of which: USD	23,750,000.00	6.9646	165,409,250.00
Accounts payable			990,683,400.15
Of which: USD	131,689,225.27	6.9646	917,162,778.33
EUR	9,373,811.78	7.4229	69,580,867.45
JPY	1,915,000.00	0.0524	100,265.57
CHF	509,000.00	7.5432	3,839,488.80
Non-current liabilities due within one year			444,550,582.00
Of which: USD	61,435,436.20	6.9646	427,873,238.95
EUR	2,246,742.25	7.4229	16,677,343.05
Other payables			13,842,954.12
Of which: USD	1,927,718.99	6.9646	13,425,791.67
SGD	73,301.99	5.1797	379,680.95
CHF	5,000.00	7.4963	37,481.50

**(2) Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the recording currency and the basis of selection, and disclosure of the reasons for any change in the recording currency**

Applicable  Not applicable

## 65. Government subsidies

### (1) Government subsidies

Unit: RMB

Category	Amount	Item	Amount included into profit or loss for the period
Government subsidies related to assets	54,316,755.00	Deferred income	60,191,463.33
Government subsidies related to income	49,601,159.20	Other income	49,601,159.20

### (2) Return of government subsidies

Applicable  Not applicable

## 66. Leases

### (1) As the lessee

Unit: RMB

Item	Amount in this period
Interest expense on lease liabilities	61,149,974.12

Item	Amount in this period
Short-term lease and low-value asset leasing expenses that are included in profit or loss for the period	41,021,606.63
Total cash outflows associated with leases	206,147,032.59

For right-of-use assets, see Note VII(16) for details; for lease liabilities, see Note VII(35).

## (2) As the lessor

Operating lease

Unit: RMB

	Amount in this period
Income from operating lease	76,493,338.27

The amount of undiscounted lease receipts to be received after the balance sheet date is as follows:

Unit: RMB

Remaining lease term	Amount in this period
Within 1 year	17,579,961.99
1 - 2 years	16,699,526.99
2 - 3 years	14,504,068.99
3 - 4 years	980,117.19
4 -5 years	264,220.19
More than 5 years	1,385,779.95
Total	51,413,675.30

## 67. Trial run sales

Unit: RMB

Item	Year 2022	Year 2021
Revenue	4,017,901,985.23	968,037,753.54
Cost of sales	3,528,158,684.62	927,274,636.08

## VIII. Change of consolidation scope

### 1. Business combination not under the common control

#### (1) Business combination not involving enterprises under common control in the current period

Unit: RMB

Name of acquiree	Time for obtaining equity	Cost on equity acquisition	Proportion of equity acquisition	Method of equity acquisition	Acquisition date	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Siyang Yiyang Environmental Energy Co.,	January 4, 2022		100.00%	Acquisition in cash	January 4, 2022	Date of the industrial and commercial registration		- 667,893.22

Ltd.						for change		
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**(2) Combination cost and goodwill**

Unit: RMB

Combination cost	Siyang Yiyang Environmental Energy Co., Ltd.
- Cash	
- Fair value of non-cash assets	
- Fair value of debt issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value of the equities on the acquisition date held prior to the acquisition date	
-Others	
Total combination costs	
Less: fair value of identifiable net assets obtained	
Difference of goodwill / the combination costs in short of the fair value of net identifiable assets	

**(3) Identifiable assets and liabilities of the acquiree on the acquisition date**

Unit: RMB

	Siyang Yiyang Environmental Energy Co., Ltd.	
	Fair value on the date of purchase	Book value on the date of purchase
Assets:	6,786,832.50	6,786,832.50
Cash and cash equivalents	50.00	50.00
Receivables		
Inventories		
Fixed assets		
Intangible assets	6,402,624.91	6,402,624.91
Other current assets	384,157.59	384,157.59
Liabilities:	6,786,832.50	6,786,832.50
Borrowings		
Payables	6,786,782.50	6,786,782.50
Deferred tax liabilities		
Other payables	50.00	50.00
Net assets		
Less: Minority interests		
Net assets obtained		

**(4) Gains and losses arising from the re-measurement of the equity held before the acquisition date at the fair value**

Whether there are business combinations realized step by step through multiple transactions and transactions with control obtained during the reporting period

Yes  No

**2. Business combination under common control****(1) Business combination under common control occurred in the current period**

Unit: RMB

Name of combinee	Proportion of equity acquired during the business combination	Basis for business combination under the same control	Combination date	Basis for determination of the combination date	Income of the combinee party from the beginning of the combination period to the combination date	Net profit of the combined party from the beginning of the combination period to the combination date	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	100.00%	Before and after the transaction, the combining party and the combined party are under the control of the same ultimate controller, and the control is not temporary	August 4, 2022	Actual acquisition of control		-9,604,876.38		-9,403,913.23

**(2) Consolidation costs**

Unit: RMB

Combination cost	Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.
- Cash	2,993,519.91
- Book value of the non-cash assets	
- Book value of liabilities issued or assumed	
- Nominal value of issued equity securities	
- Contingent consideration	

**(3) Book value of assets and liabilities of the acquiree on the combination date**

Unit: RMB

	Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	
	Combination date	As at the end of last year
Assets:	3,812,030.36	5,796,780.18
Cash and cash equivalents	12,893.77	1,619,837.89
Receivables		
Inventories		
Fixed assets	1,355,234.40	1,423,836.26
Intangible assets		
Prepayments	462,860.36	334,948.70
Other receivables	426,981.67	524,833.56
Other current assets	595,218.47	501,496.24
Long-term prepayments	958,841.69	1,391,827.53

Liabilities:	1,031,946.68	7,411,820.12
Borrowings		
Payables		
Employee benefits payable	1,008,196.68	411,820.12
Other payables	23,750.00	7,000,000.00
Net assets	2,780,083.68	-1,615,039.94
Less: Minority interests		
Net assets obtained	2,780,083.68	-1,615,039.94

### 3. Counter purchase

None

### 4. Disposal of subsidiaries

Single disposal of the investment in a subsidiary leading the loss of the control right over the subsidiary

Yes  No

Whether there is any step-by-step disposal of investments in subsidiaries through multiple transactions and a loss of control during the current period

Yes  No

### 5. Change of consolidation scope due to other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the related situations:

#### ① Subsidiaries and other operating entities newly included in the scope of consolidated statements during the period

Name	Equity obtained via	Equity obtained on	Registered capital	Contribution proportion
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Newly established subsidiary	March 4, 2022	RMB 50 million	100%
Shenghong (Shanghai) New Material Technology Co., Ltd.	Newly established subsidiary	March 30, 2022	RMB 80 million	100%
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Newly established subsidiary	April 24, 2022	RMB 50 million	100%
Jiangsu Shengjing New Materials Co., Ltd.	Newly established subsidiary	April 8, 2022	RMB 200 million	65%
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Newly established subsidiary	July 7, 2022	RMB 80 million	100%
Shenghong New Energy (Suzhou) Co., Ltd.	Newly established subsidiary	August 30, 2022	RMB 50 million	100%
Hubei Hongrui New Materials Co., Ltd.	Newly established subsidiary	July 22, 2022	RMB 1,000 million	100%
Hubei Haiges New Energy Co., Ltd.	Newly established	August 8, 2022	RMB 30 million	90%



	subsidiary			
Suzhou Dongneng Innovation Technology Co., Ltd.	Newly established subsidiary	October 17, 2022	RMB 100 million	92%

**② Subsidiaries and other operating entities no longer included in the scope of consolidated statements for other reasons during the period**

Name	Date of establishment	Date of equity exit	Basis for equity exit
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)	December 20, 2019	June 22, 2022	Completion of liquidation and business cancellation
Lianyungang Shenghong Refinery Industrial Fund Partnership (Limited Partnership)	July 10, 2019	July 28, 2022	Completion of liquidation and business cancellation
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.	September 18, 2013	June 30, 2022	Business cancellation

**IX. Equities in other entities**

**1. Rights and interests in subsidiaries**

**(1) Structure of the enterprise group**

Name of subsidiary	Main premise	Registration place	Business nature	Shareholding ratio		Method of acquisition
				Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Suzhou	Suzhou	Energy sales and management	100.00%		Investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100.00%		Investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Suzhou	Suzhou	Petrochemical industry investment	100.00%		Investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology service industry	100.00%		Investment
Suzhou Shengze Real Estate Leasing Co., Ltd.	Suzhou	Suzhou	Real estate lease	100.00%		Investment
Suzhou Shengze	Suzhou	Suzhou	Warehousing services	100.00%		Investment

Warehousing Management Co., Ltd.						
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Investment
Shenghong (Shanghai) New Material Technology Co., Ltd.	Shanghai	Shanghai	New material technology research and development	100.00%		Investment
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Investment
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Lianyungang	Lianyungang	New material technology research and development	100.00%		Investment
Shenghong New Energy (Suzhou) Co., Ltd.	Suzhou	Suzhou	Emerging energy technology research and development	100.00%		Investment
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	Shanghai	Shanghai	Technology development in the field of new chemical materials	100.00%		Business combination under common control

Notes to the differences between the shareholding ratios in subsidiaries and the corresponding voting ratios:

1. The purchase of minority interest in Shenghong Refining (Lianyungang) Co., Ltd., occurred during the period, and the transaction resulted in a decrease in the minority interest in Shenghong Refining (Lianyungang) Co., Ltd., to 0.00% from 7.99% in the previous period.
2. Effect of transactions on minority interests and equity attributable to owners of the Company

Unit: RMB

	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
Purchase cost/disposal consideration	
- Cash	2,116,819,093.21
- Fair value of non-cash assets	

Total purchase cost/disposal consideration	2,116,819,093.21
Less: share of net assets of subsidiaries calculated by the ratio of equity acquired/disposed	1,791,335,061.72
Difference	325,484,031.49
Including: adjustment of capital reserves	325,484,031.49
Adjustment of surplus reserves	
Adjustment of retained earnings	

## 2. Equity in joint venture arrangements or associates

### (1) Major joint ventures or associates

Name of joint ventures or associates	Main premise	Registration place	Business nature	Shareholding ratio		Accounting treatment method in investments in joint ventures or associates
				Direct	Indirect	
Tianjiao Technology Venture Capital Co., Ltd.	Suzhou	Suzhou	Venture capital	33.33%		Accounting via the equity method
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Suzhou	Suzhou	Research and experimental development		48.00%	Accounting via the equity method
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Suzhou	Suzhou	Gas operation		49.00%	Accounting via the equity method

## X. Risk related to financial instruments

In the course of business operation, the Company will face various financial risks, including the credit risk, market risk and liquidity risk. The Board of Directors of the Company takes full responsibilities for determining the risk management objects and policies and bearing the ultimate liabilities for that, however, the Board of Directors has authorized the management of the Company to design and implement the process capable of ensuring the effective implementation of the risk management objects and policies. The Board of Directors review the effectiveness of the enforced procedures and the rationality of risk management objectives and policies by quarterly reports submitted by financial departments. The internal auditors of the Company also will audit the risk management policies and procedures, and report the relative facts to the audit committee.

The overall objective of risk management of the Company is to prepare the risk management policies ensuring the risk under control as far as possibility without affecting the Company's business development goals.

### (I) Credit risk

Credit risk refers to a risk that one party to the financial instruments suffers financial losses due to the failure of the other party in performing the obligations. The Company mainly faces customer credit risks caused by sales on account. Prior to the conclusion of the new contract, the Company will evaluate the credit risk of the new customer including the external credit rating and bank credential letter under some circumstances (if it is

available). The Company sets a credit limit for each customer. The limit is the maximum amount unnecessary for additional approval.

The Company quarterly monitors the existing customer credit rating and monthly reviews aging analysis of accounts receivable to ensure that the Company's overall credit risk is within the controllable range. When monitoring the credit risk of the customer, the Company will divide the customer into groups by their credit characteristics. Customers rated as "high risk" level will be placed in a restricted customer list. The Company may sell goods to such customers on credit in future periods in case of additional approval, otherwise the Company must require advance payments of the corresponding amount.

## (II) Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets. Policies of the Company are to ensure sufficient cash to pay matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

## (III) Market Risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risks.

### 1. Interest rate risk

Interest rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market interest rate.

Interest rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market interest rate. The Company's interest rate risk mainly derives from long-term or short-term borrowings and bonds payable with fixed interest rate from banks. The Company makes loans according to the amount and time demand of funds and after comprehensive analysis of interest rate and time of borrowing from various banks. The Company has established good bank-enterprise relationship with banks and has sufficient bank credit lines. The Company has consistently maintained a good credit record, and the interest rates of the borrowing contracts signed with banks basically float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

### 2. Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate. The Company will match the foreign currency income with the foreign currency expenses as far as possible to reduce the exchange rate risk.

### 3. Other price risks

As for the equity investments held by the Company in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.

The equity investments held by the Company in the listed companies are listed as below:

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Held-for trading financial assets	83,147,068.34	86,338,213.82
Total	83,147,068.34	86,338,213.82

As at December 31, 2022, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 30%, then the Income from changes in fair value of the Company will increase or decrease by RMB 24.9441 million. The management believes that rate of 30% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

**XI. Disclosure of Fair Value****1. Ending fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value as at December 31, 2022			
	Measured at the fair value of the 1st level	Measured at the fair value of the 2nd level	Measured at the fair value of the 3rd level	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Held-for trading financial assets	83,332,229.20	437,099.51		83,769,328.71
1. Financial assets measured at fair value through current profit or loss	83,332,229.20	437,099.51		83,769,328.71
(2) Equity instrument investment	83,147,068.34			83,147,068.34
(3) Derivative financial assets	185,160.86	437,099.51		622,260.37
◆ Financing with receivables			121,280,859.60	121,280,859.60
◆ Other equity instrument investments			580,780,040.00	580,780,040.00
Total assets constantly measured at fair value	83,332,229.20	437,099.51	702,060,899.60	785,830,228.31
II. Measurement at fair value not on a going concern	--	--	--	--

**2. Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern**

① Investments in equity instruments classified as at fair value through profit or loss of RMB83,147,068.34, recognized at the closing price on December 31, 2022 in open market transactions.

② Derivative financial assets of RMB185,160.86 were recognized at the fair value of contracts held in the futures market as of December 31, 2022.

**3. Qualitative and quantitative valuation techniques and important parameters of sustainable and non-sustainable items measured on the basis of fair value of level 2**

Item	Fair value as at December 31, 2022	Valuation techniques
Derivative financial assets	437,099.51	Income method

#### 4. Qualitative and quantitative valuation techniques and important parameters of sustainable and non-sustainable items measured on the basis of fair value of level 3

Item	Fair value as at December 31, 2022	Valuation techniques
Financing with receivables	121,280,859.60	[Remark]
Other equity instrument investments	580,780,040.00	Market method

[Remark] The Financing with receivables represents notes receivable of RMB 121,280,859.60 that are discounted or expected to be transferred by endorsement. The maturity of the notes is usually shorter than 6 months, and the difference between the fair value and the face value is insignificant, and the face amount is used as the fair value measurement

## XII. Related party and related party transactions

### 1. Information on the parent company

Name	Registration place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting share ratio in the Company (%)
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment-based	RMB 2,992.7411 million	43.13% [Note]	43.13%

Note: the percentage of shareholding includes the parent company's share of GDRs issued by the Company.

The ultimate controllers of the Company are Mr. and Mrs. Miao Han'gen and Zhu Hongmei.

### 2. Subsidiaries of the Company

See "Note IX Equity in other entities" for details on the subsidiaries of the Company.

### 3. Joint ventures and associates of the Company

See the Note IX Equity in Other Entities for the details of significant joint ventures and associates of the Company.

### 4. Other related parties

Other related parties	Relationship between other related parties with the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the parent company
Jiangsu Shenghong Technology Co., Ltd.	Parent company
Jiangsu Orient Inta Security and Safety Systems Co., Ltd.	Other related party relationship
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related party relationship
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related party relationship
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Controlled by the same actual controller
Lianyungang Xinrongtai Terminal Co., Ltd.	Controlled by the same actual controller
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the actual controller
Shenghong Group Co., Ltd.	Controlled by the same actual controller
Shenghong Holding Group Co., Ltd.	Controlled by the same actual controller
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller
Suzhou Shenghong Hotel Co., Ltd. Wujiang Shenghong Renaissance Hotel	Other related party relationship
Suzhou Suzhen Thermal Power Co., Ltd.	Other related party relationship

Wujiang Feixiang Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Rongwei Jet Weaving Factory	Other related party relationship
Yu Xiaofang	Other related party relationship
Jiangsu Shengze Oriental Development Co., Ltd.	Other related party relationship
Tang Jinkui	Other related party relationship
Lianyungang Guanghong Industrial Co., Ltd.	Controlled by the same actual controller
Shenghong Technology (Shanghai) Co., Ltd.	Other related party relationship

## 5. Related party transactions

### (1) Related party transaction on purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Unit: RMB

Related party	Related party transactions	Amount in this period	Transaction limit approved	Whether the transaction limit is exceeded	Amount in the previous period
Shenghong Group Co., Ltd.	Commodities, steam, electricity, etc.	73,172,788.59	100,100,000	No	90,613,962.06
Jiangsu Orient Inta Security and Safety Systems Co., Ltd.	Security services, etc.	428,806.40	666,500	No	621,752.46
Suzhou Suzhen Thermal Power Co., Ltd.	Energy, steam, water, etc.	1,521,144.08	4,080,000	No	2,026,761.12
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Storage services and electricity	217,706,654.24	397,130,000	No	153,002,376.58
Suzhou Shenghong Hotel Co., Ltd. Wujiang Shenghong Renaissance Hotel	Meeting, catering, etc.	615,937.47	846,900	No	146,599.68
Lianyungang Xinrongtai Terminal Co., Ltd.	Terminal fees	69,717,584.58	114,770,000	No	80,801,461.77
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Steam	3,021,056,810.11	6,519,076,000	No	852,402,303.84
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Commodities, etc.	34,599,419.00	N/A	No	

Lianyungang Guanghong Industrial Co., Ltd.	Utilities, properties, etc.	1,320,629.76	1,320,629.76	No	
Shenghong Petrochemical Group Co., Ltd.	Vehicles, etc.	2,143,447.80	2,729,096.00	No	
Total		3,422,283,222.03	--		1,179,615,217.51

Sales of goods/ rendering of services

Unit: RMB

Related party	Related party transactions	Amount in this period	Amount in the previous period
Shenghong Group Co., Ltd.	Commodities, energy, etc.	49,702,987.94	47,742,060.69
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Steam, water	6,771,244.63	7,099,149.75
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Steam, water	675,249.91	750,214.52
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Steam, water, electricity, sewage treatment, etc.	62,719,122.77	20,789,238.36
Lianyungang Xinrongtai Terminal Co., Ltd.	Steam, water, electricity, sewage treatment, etc.	113,811.94	406,157.69
Shenghong Petrochemical Group Co., Ltd.	Commodities, water, electricity, sewage treatment	399,916.27	1,430,948.92
Wujiang Rongwei Jet Weaving Factory	Goods	1,322,208.43	18,801.43
Jiangsu Shengze Oriental Development Co., Ltd.	Steam	453,826.43	110,666.89
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Goods	2,728,613.51	
Lianyungang Guanghong Industrial Co., Ltd.	Goods	7,352.60	
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Commodities, etc.	108,904,423.81	
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Commodities, etc.	2,842,528.30	
Total		236,641,286.54	78,347,238.25

**(2) Management on commission/ contract and commissioned management/ sub-contract**

Table of information on the management on commission and contracting by the Company:

None

Table of information on entrusted management and sub-contract by the Company:

None



**(3) Related party lease**

The Company acted as the lessor:

Unit: RMB

Lessee	Type of leased asset	Lease income recognized in this period	Lease income recognized in previous period
Wujiang Oriental Market Supply Chain Service Co., Ltd.	House rent		182,285.72
Shenghong Group Co., Ltd.	Lease of transformer and its supporting appurtenances	10,397,839.52	14,705,115.96
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Lease of buildings and equipment	279,857.86	436,217.14
Lianyungang Xinrongtai Terminal Co., Ltd.	Lease of buildings and equipment	108,068.51	87,421.22
Shenghong Petrochemical Group Co., Ltd.	House rent	784,224.88	2,098,952.79
Yu Xiaofang	House rent	146,672.58	146,672.58
Lianyungang Guanghong Industrial Co., Ltd.	House rent	27,042.18	
Total		11,743,705.53	17,656,665.41

The Company acted as lessee:

Unit: RMB

Lessor	Type of leased asset	Rental expenses for short-term leases and leases of low-value assets subject to simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rents		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Lease of storage tanks					45,000,015.00	45,706,140.00	5,400,812.19	6,904,825.61		195,829,090.32
Lianyungang Guanghong Industrial Co., Ltd.	House rent							6,736,992.67		324,000,511.87	
Zhu Hongmei	House rent	54,000.00	216,000.00								

**(4) Related-party guarantees**

The Company as a guarantor

None.

The Company as the guaranteee

Unit: RMB'0,000

Guarantor	Guaranteed amount	Commencement date of guarantee	End date	Whether the guarantee has been discharged
Jiangsu Shenghong Technology Co., Ltd.	20,000.00	11/16/2022	11/16/2028	No
Jiangsu Shenghong Technology Co., Ltd., Miao Han'gen and Zhu Hongmei	43,000.00	1/30/2018	12/25/2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	USD 4,000.00	2/20/2020	2/20/2025	No
	70,000.00	2/20/2020	2/20/2026	No
	32,782.00	7/5/2022	7/4/2026	No
	35,000.00	6/24/2021	6/23/2026	No
	25,000.00	8/16/2021	8/16/2026	No
	50,000.00	9/26/2021	11/27/2027	No
	52,000.00	1/1/2022	2/7/2026	No
Jiangsu Shenghong New Material Group Co., Ltd., Miao Han'gen and Zhu Hongmei	35,000.00	1/24/2022	2/16/2026	No
	70,000.00	4/22/2021	3/9/2025	No
Miao Han'gen and Zhu Hongmei	44,000.00	12/31/2019	12/20/2026	No
	150,000.00	6/10/2022	10/13/2026	No
Shenghong Holding Group Co., Ltd.	19,200.00	6/15/2022	12/11/2026	No
	75,000.00	12/15/2020	6/8/2032	No
	30,000.00	1/19/2020	2/28/2026	No
	87,806.50	7/14/2022	11/16/2027	No
	52,000.00	1/27/2022	3/22/2026	No
	453.30	11/24/2022	6/23/2023	No
	74,000.00	1/1/2021	12/31/2025	No
	JPY 11,300.00	3/11/2022	2 years from the date of expiry of the main debt performance period	No
	EUR 830.24	1/10/2022	2 years from the date of expiry of the main debt performance period	No
	EUR 16.37	1/29/2022	2 years from the date of expiry of the main debt performance period	No
	USD 1151.54	3/21/2022	2 years from the date of expiry of the main debt performance period	No
USD 962.65	3/18/2022	2 years from the date of expiry of the main debt performance period	No	

	USD 2159.14	3/25/2022	2 years from the date of expiry of the main debt performance period	No
	EUR 25.31	7/22/2022	2 years from the date of expiry of the main debt performance period	No
	USD 19.80	7/27/2022	2 years from the date of expiry of the main debt performance period	No
	EUR 624.08	8/18/2022	2 years from the date of expiry of the main debt performance period	No
	EUR 1075.00	5/13/2022	Two years from the expiration of the period of performance of the principal debt	No
	EUR 693.00	8/17/2022	Two years from the expiration of the period of performance of the principal debt	No
	EUR 716.67	10/28/2022	Two years from the expiration of the period of performance of the principal debt	No
	EUR 531.00	8/12/2022	1/6/2025	No
	EUR 885.00	8/12/2022	Two years after the expiration of the performance period of all debts of the guarantor	No
	EUR 292.00	8/11/2022	Two years after the expiration of the performance period of all debts of the guarantor	No
	EUR 110.00	9/27/2022	Two years after the expiration of the performance period of all debts of the guarantor	No
	EUR 452.10	10/11/2022	1/4/2025	No
	EUR 299.40	10/26/2022	Two years after the expiration of the performance period of all debts of the guarantor	No

	EUR 186.90	10/27/2022	1/6/2025	No
	EUR 76.20	12/8/2022	Two years after the expiration of the performance period of all debts of the guarantor	No
Shenghong (Suzhou) Group Co., Ltd.	20,000.00	10/14/2022	10/13/2026	No
	5,755.00	9/9/2022	9/8/2026	No
	66,400.00	11/29/2021	11/29/2028	No
	15,000.00	11/21/2022	11/20/2026	No
Shenghong (Suzhou) Group Co., Ltd., Miao Han'gen and Zhu Hongmei	96,000.00	5/10/2022	12/26/2026	No
	119,000.00	6/28/2019	6/27/2028	No
	84,000.00	8/9/2022	8/8/2026	No
Jiangsu Shenghong New Material Group Co., Ltd., additional guarantee for recycling loan of Shenghong Petrochemical Group Co., Ltd.	35,000.00	7/29/2021	8/25/2026	No
	35,000.00	8/26/2021	7/21/2026	No
Shenghong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Han'gen, Zhu Hongmei, Tang Jinkui, Zhu Yuqin	4,150,000.00	11/13/2020	11/12/2038	No
Jiangsu Shenghong Technology Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	611,500.00	4/25/2014	4/24/2028	No
	USD 32,500.00	6/10/2014	4/24/2028	No
	47,000.00	6/30/2016	4/24/2028	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Holding Group Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	213,262.00	6/27/2018	6/27/2029	No
Shenghong Petrochemical Group Co., Ltd., Shenghong Holding Group Co., Ltd., Miao Han'gen and Zhu Hongmei	80,000.00	10/20/2020	12/10/2026	No
Shenghong Holding Group Co., Ltd., Shenghong Petrochemical Group Limited, Han'gen Miao, Hongmei Zhu	500,000.00	5/13/2021	4/18/2034	No

Miao Han'gen, Zhu Hongmei, Shenghong (Suzhou) Group Co., Ltd., Jiangsu Shenghong Technology Co., Ltd.	300,000.00	11/30/2021	11/29/2027	No
Mr. and Mrs. Miao Han'gen, 136.8 million real estate mortgage	80,000.00	9/20/2019	9/20/2032	No
	20,000.00	9/20/2019	9/20/2032	No
	75,000.00	9/20/2019	9/20/2032	No
	50,000.00	9/20/2019	9/20/2032	No
	30,000.00	9/20/2019	9/20/2032	No
	15,000.00	9/20/2019	9/20/2032	No

**(5) Loans from and to related parties**

Unit: RMB

Related party	Amount borrowed	Starting date	Maturity date	Description
Borrowed from				
Shenghong (Suzhou) Group Co., Ltd.	1,800,000,000.00			
Jiangsu Shenghong Technology Co., Ltd.	430,000,000.00			

**(6) Assets transfer and debt restructuring of related parties**

None.

**(7) Remuneration of key officers**

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Key management personnel emoluments	2,257.49	2,386.33

**(8) Other related party transactions**

In August 2022, Shenghong Petrochemical Group Limited ("Sinopec Group") and the Company signed an Equity Transfer Agreement, under which Sinopec Group transferred its 100% equity interest in Shenghong Petrochemical Group Shanghai New Materials Co., Ltd. ("Sinopec New Materials") at a price of RMB 2.9935 million. Sinopec Group is an enterprise controlled by the actual controller of the Company. As of December 31, 2022, Sinopec Group directly holds 15.92% equity interest in the Company, and this transaction constitutes a related party transaction of the Company. During this reporting period, Petrochemical New Materials has completed the relevant business change registration procedures.

**6. Receivables from and payables to related parties****(1) Receivables**

Unit: RMB

Item	Related party	Balance as at December 31, 2022		Balance as at January 1, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	6,222,987.67		3,468,912.92	
	Lianyungang Xinrongtai Terminal Co., Ltd.	8,957.03		83,348.14	
	Shenghong Group Co., Ltd.	6,555,952.84		8,461,903.98	
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	1,054,367.82		1,453,513.86	
	Shenghong Petrochemical Group Co., Ltd.	7,739.78		204,341.88	
	Wujiang Oriental Market Supply Chain Service Co., Ltd.			26,755.13	
	Lianyungang Guanghong Industrial Co., Ltd.	773.98			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.				
	Jiangsu Shengze Oriental Development Co., Ltd.	58,777.69			
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	10,646,033.05			
	Sub-total	24,555,589.86		13,698,775.91	
Other receivables					
	Shenghong Petrochemical Group Co., Ltd.	4,083.50			
	Sub-total	4,083.50			

**(2) Payables**

Unit: RMB

Item	Related party	Book balance as at December 31, 2022	Book balance as at January 1, 2022
Accounts payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	648,001,329.30	144,034,078.44
	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	24,117,578.90	16,528,913.43
	Lianyungang Xinrongtai Terminal Co., Ltd.	8,230,363.81	24,390,133.94
	Suzhou Suzhen Thermal Power Co., Ltd.	82,218.00	1,213,727.50
	Jiangsu Oriental Inta Security Service Co., Ltd.		34,200.00
	Lianyungang Guanghong Industrial Co., Ltd.	1,200,653.59	
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	463,320.00	
	Sub-total	682,095,463.60	186,201,053.31
Notes payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	200,374,561.45	27,785,681.00
	Sub-total	200,374,561.45	27,785,681.00
Other payables			
	Yu Xiaofang	15,500.00	15,500.00
	Shenghong Petrochemical Group Co., Ltd.	3,000,854.49	
	Shenghong Technology (Shanghai) Co., Ltd. [Note]		7,000,000.00
	Sub-total	3,016,354.49	7,015,500.00
Advances from customers			
	Yu Xiaofang	134,584.18	134,584.18
	Sub-total	134,584.18	134,584.18
Contract liabilities and other current liabilities			
	Jiangsu Shengze Oriental Development Co., Ltd.		435,662.40
	Wujiang Oriental Market Supply Chain Service Co., Ltd.	36,587.95	
	Sub-total	36,587.95	436,382.53

Long-term payables			
	Jiangsu Shenghong Technology Co., Ltd.		508,055,555.55
	Shenghong (Suzhou) Group Co., Ltd.		1,200,580,000.00
	Sub-total		1,708,635,555.55

Note: Related party transactions arising from the business combination under same control of Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.

### XIII. Share-based payments

None.

### XIV. Commitments or contingencies

#### 1. Significant commitments

Significant commitments on the balance sheet date

#### Maximum amount guarantee and guarantees for consortium loans:

Miao Han'gen, Zhu Hongmei, their controlled enterprises and other related parties provided the maximum joint liability guarantee of RMB 3,664 million for Jiangsu Jiangsu Eastern Shenghong Co., Ltd., the maximum joint liability guarantee of RMB 2,020 million for Jiangsu Guowang High-tech Fibre Co., Ltd., the maximum joint liability guarantee of RMB 192 million for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint liability guarantee of RMB 430 million for Jiangsu Ganghong Fiber Co., Ltd., the maximum joint liability guarantee of RMB 1190 million for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., the maximum joint liability guarantee of RMB 34,800 million and the guarantee for consortium loans amounting to RMB 2,700 million for Jiangsu Honggang Petrochemical Co., Ltd., the maximum joint liability guarantee of RMB 4.533 million and the guarantee for consortium loans amounting to RMB 41,500 million for Shenghong Refining and Chemical (Lianyungang) Co., Ltd. and the maximum joint liability guarantee of RMB 2,280 million and the guarantee for consortium loans amounting to RMB 13,247.62 million for Jiangsu Sierbang Petrochemical Co., Ltd.

#### 2. Contingencies

##### 1. Contingent liabilities and financial impacts arising from pending litigation or arbitration

As of December 31, 2022, the company has no significant pending lawsuits.

##### 2. Contingent liabilities arising from debt guarantee provided for other units and financial impact thereof

As at December 31, 2022, details of mutual guarantee provided between the Company and subsidiaries and between subsidiaries are as follows:

Unit: RMB'0,000

Guarantor	Guaranteed party	Amount of guarantee used	Commencement date of guarantee	End date	Whether the guarantee has been discharged
Company and subsidiaries:					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	104,054.40	1/20/2021	12/23/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	25,691.03	8/26/2021	8/26/2025	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	30,000.00	1/10/2022	10/12/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	20,000.00	1/20/2022	4/26/2026	No



Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	64,377.35	1/5/2022	5/24/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	31,866.31	12/2/2022	12/4/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	30,000.00	12/26/2022	12/27/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	37,500.00	1/26/2022	1/28/2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	9,900.00	2/22/2022	4/7/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	50,000.00	1/13/2022	4/24/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	45,000.00	5/12/2022	5/16/2029	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	4,550.69	11/21/2022	11/20/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	24,000.00	10/17/2022	10/31/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	60,000.00	11/29/2022	11/28/2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	16,666.67	8/6/2021	8/11/2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	210,000.00	8/23/2021	3/1/2031	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	12,917.38	12/7/2022	2 years from the date of expiry of the main debt performance period	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	56,000.00	1/1/2022	12/20/2031	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	68,787.55	1/20/2022	1/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	59,155.74	3/24/2022	3/24/2033	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	16,325.39	6/1/2022	5/31/2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	130.50	6/2/2022	2 years from the date of expiry of the main debt performance period	No
Jiangsu Eastern	Jiangsu Reborn Eco-tech	993.48	8/25/2022	2 years	No

Shenghong Co., Ltd.	Co., Ltd.			from the date of expiry of the main debt performance period	
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	14,788.24	2/20/2021	2/27/2030	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	59,700.00	9/10/2019	9/10/2037	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	70,700.00	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	20,000.00	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	69,444.44	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	46,296.30	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	27,777.78	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	13,888.89	9/20/2019	9/20/2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	4,070,000.00	11/13/2020	11/12/2038	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	334,542.05	6/30/2022	6/29/2036	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	99,595.83	2/26/2022	6/6/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	150,000.00	7/26/2022	7/28/2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	120,511.38	4/28/2022	11/30/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	88,852.32	5/7/2022	8/23/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	56,204.73	5/20/2022	10/31/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	32,000.00	11/16/2022	11/17/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	200,000.00	4/29/2022	10/17/2026	No

Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	39,966.27	7/13/2022	8/17/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	10,000.00	11/10/2022	2/17/2025	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	110,000.00	11/15/2022	12/14/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	7,002.49	4/20/2022	12/28/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	1,500.00	12/27/2022	12/31/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		3/17/2022	12/21/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	30,717.49	2/24/2022	2/16/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	19,546.27	4/22/2022	4/13/2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		11/21/2022	11/20/2026	No
Between subsidiaries:					
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	28,600.00	1/30/2018	12/25/2028	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	37,100.00	12/27/2022	6/27/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	33,285.67	1/7/2019	1/8/2027	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	49,734.00	6/28/2021	7/6/2031	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	20,000.00	2/23/2022	2/24/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	5,000.00	2/22/2022	4/5/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	39,000.00	6/28/2022	10/25/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	21,910.42	12/31/2021	6/26/2026	No
Jiangsu Guowang	Suzhou Shenghong Fiber		12/27/2022	12/27/2023	No

High-tech Fibre Co., Ltd.	Co., Ltd.				
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	8,000.00	12/31/2019	1/28/2025	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	16,826.51	1/10/2022	12/21/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	29,560.00	2/21/2022	4/12/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.		10/29/2022	10/28/2023	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	30,485.43	1/5/2022	7/13/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,000.00	12/29/2022	12/28/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	10,000.00	10/31/2022	11/1/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	5,000.00	2/22/2022	3/15/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	4,990.28	1/19/2022	7/18/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	4,866.83	8/3/2022	6/21/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	42,900.00	2/18/2022	6/8/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	28,819.51	1/7/2022	2/12/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	23,373.24	6/17/2022	6/14/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	159,000.00	1/1/2022	12/28/2029	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	21,000.00	2/28/2022	12/28/2029	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	20,000.00	3/29/2022	12/28/2029	No
Jiangsu Guowang	Jiangsu Eastern	80,000.00	4/15/2022	12/28/2029	No

High-tech Fibre Co., Ltd.	Shenghong Co., Ltd.				
Jiangsu Sierbang Petrochemical Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	210,000.00	2/25/2022	11/29/2027	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	4,004.65	3/18/2022	3/18/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	4,178.76	4/26/2022	4/26/2026	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	8,357.52	5/10/2022	5/10/2026	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.		4/15/2021	4/15/2023	No
	Sub-total	7,636,943.78			

**(2) Notes should be given even though there were no contingencies required to be disclosed by the Company**

There were no material or contingent matters that require disclosure by the Company.

**XV. Events after the balance sheet date**

1. Profit distribution

According to the proposal on profit distribution and conversion of capital reserves into share capital in 2022 approved at the 2nd meeting of the 9th Board of Directors of the Company held on April 16, 2023. In 2022, it is planned to take the total share capital on the equity registration date when the distribution plan is implemented in the future as the distribution base, to distribute a cash dividend of RMB 1 (including tax) for every 10 shares to all shareholders, without any bonus issue and no conversion of reserves into or share capital will be made. This proposal still needs to be deliberated and adopted at the general meeting of shareholders of the Company.

Unit: RMB

**XVI. Other significant events**

1. Segment information

**(1) Determination basis and accounting policies of reporting segments**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system and the report segment based on the operating segment.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) these constituent parts can cause revenue or expense during the routine activities; (2) the Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) the Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts.

Reporting segments of the Company include: (1) fiber segment (2) electricity and heat segment (3) petrochemical segment (4) headquarters and others

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management. These measurement basis is consistent with the accounting and measurement basis used in preparing the financial statements.

**(2) Financial information on the reporting segments**

Unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Sub-total	Inter-segment offset	Total
Revenue	20,095,896,766.73	1,048,729,606.90	41,158,558,928.83	5,726,141,215.80	68,029,326,518.26	- 4,207,010,848.81	63,822,315,669.45
Cost of sales	18,903,937,089.91	885,408,754.69	37,659,072,150.82	5,686,200,479.73	63,134,618,475.15	- 4,204,957,438.73	58,929,661,036.42
Total assets	31,195,119,883.64	2,442,136,320.63	130,673,142,688.35	55,942,794,431.43	220,253,193,324.05	- 53,741,959,918.27	166,511,233,405.78
Total liabilities	20,125,506,171.94	1,222,759,353.43	95,061,630,899.48	21,613,089,567.30	138,022,985,992.15	-7,208,798,423.31	130,814,187,568.84

**2. Other important transaction and events affecting decision-making of investors**

According to the Proposal on Issuing Shares and Paying for the Purchase of Assets in Cash and Raising Matching Funds and Related Transactions approved by the resolutions of the 29th meeting of the 8th Board of Directors of the Company held on July 9, 2021 and the 4th extraordinary general meeting of shareholders in 2021 held on August 23, 2021, upon the approval of the China Securities Regulatory Commission with *the Official Reply to the Approval on Issuing Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Matching Funds* (ZJXK [2021] No.4179), the Company issued shares to two counterparties, such as Shenghong Petrochemical and Bohong Industrial, to purchase 85.4546% equity of Sierbang held by them and raise matching funds. Two counterparties, such as CCB Investment and BOC Financial Assets, paid the cash of RMB 2,088.7272 million to purchase 14.5454% equity of Sierbang. The number of new shares issued was 1,111,528,326, with the par value of RMB 1 per share, and the registered capital was increased by RMB 1,111,528,326.00.

According to the Profit Forecast Compensation Agreement and the supplementary agreement, the compensation obligors Shenghong Petrochemical and Bohong Industrial have made the following commitments to the performance of Sierbang: the compensation obligor agrees and promises that the net profit attributable to the Company after deducting the non-recurring profit or loss of Sierbang in 2021, 2022 and 2023, shall not be less than RMB 1,783.8004 million, RMB 1,508.6533 million and RMB 1,842.5290 million.

According to the Assurance Report on the Achievement of Performance Commitments of Issuing Shares and Paying Cash to Purchase Assets in 2021 (AYHM [2023] ZZ No.61328049-B01) issued by Ernst & Young Hua Ming LLP, as of December 31, 2022, the net profit attributable to the owner of the parent company under the caliber of the consolidated statement after deducting non-recurring profit or loss of Sierbang reached the cumulative net profits of the performance commitment.

**XVII. Notes to the main items of the Company's financial statements****1. Accounts receivable****(1) Disclosure by classification**

Unit: RMB

Category	Balance as at December 31, 2022					Balance as at January 1, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provisions for bad debts based on portfolio	107,802,149.45	100.00%	3,093,801.62	2.87%	104,708,347.83	89,427,409.94	100.00%	7,845,749.46	8.77%	81,581,660.48
Total	107,802,149.45	100.00%	3,093,801.62		104,708,347.83	89,427,409.94	100.00%	7,845,749.46		81,581,660.48

Provision for bad debts made by portfolio:

Unit: RMB

Name	Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	56,614,865.58		
Accounts receivable with allowance for bad debts accrued by aging analysis method	51,187,283.87	3,093,801.62	6.04%
Portfolio of those with high credit rating			
<b>Total</b>	<b>107,802,149.45</b>	<b>3,093,801.62</b>	

Instructions for determining the basis for this combination:

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	107,230,622.90
1-2 years	10,641.00
Over 3 years	560,885.55
<b>Total</b>	<b>107,802,149.45</b>

## (2) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance as at January 1, 2022	Changes in 2022				Balance as at December 31, 2022
		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts of accounts receivable	7,845,749.46	-1,195,303.96		3,556,643.88		3,093,801.62
<b>Total</b>	<b>7,845,749.46</b>	<b>-1,195,303.96</b>		<b>3,556,643.88</b>		<b>3,093,801.62</b>

## (3) The accounts receivable actually charged-off in this period

Unit: RMB

Item	Charge-off amount
Actual write-off of accounts receivable	3,556,643.88

## (4) Top five accounts receivable by the debtor in terms of the ending balance

Unit: RMB

Entity name	Ending balance of accounts receivable	Proportion in the total ending balance of accounts receivable	Ending balance of provision for bad debts
Entity No.1	38,299,734.18	35.53%	

Entity No.2	10,646,033.05	9.88%	
Entity No.3	9,616,543.94	8.92%	480,827.20
Entity No.4	6,555,952.84	6.08%	
Entity No.5	6,466,741.33	6.00%	323,337.07
Total	71,585,005.34	66.41%	

**(5) The amount of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement**

None

**(6) The accounts receivable derecognized due to the transfer of financial assets**

None

**2. Other receivables**

Unit: RMB

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Other receivables	892,626,224.88	927,682,975.81
Total	892,626,224.88	927,682,975.81

**(1) Other receivables**

**1) Category of other receivables by nature**

Unit: RMB

Nature of payment	Book balance as at December 31, 2022	Book balance as at January 1, 2022
Advances and current accounts	892,648,941.46	927,642,123.48
Deposit and security deposit		320,000.00
Petty cash	30,929.29	25,682.86
Others		57,629.72
Total	892,679,870.75	928,045,436.06

**2) Changes in the book balance of other receivables**

Unit: RMB

Book balance	Stage I	Stage II	Stage III	Total
	Expected credit losses over the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2022	928,045,436.06			928,045,436.06
Balance as at January 1, 2022 in the current period				
Changes in 2022	-35,365,565.31			-35,365,565.31
Balance as at December 31, 2022	892,679,870.75			892,679,870.75

**2) Provision for bad debts**

Unit: RMB

Provision for bad	Stage I	Stage II	Stage III	Total
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debts	Expected credit losses over the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2022	362,460.25			362,460.25
Balance as at January 1, 2022 in the current period				
Provision in 2022	-308,814.38			-308,814.38
Balance as at December 31, 2022	53,645.87			53,645.87

Provision for losses/Changes in current period/Significant amount/Changes in book balance

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	836,127,955.10
1-2 years	56,500,929.29
Over 3 years	50,986.36
Sub-total	892,679,870.75
Less: provision for bad debts	53,645.87
Total	892,626,224.88

### 3) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Balance as at January 1, 2022	Changes in 2022				Balance as at December 31, 2022
		Provision	Recovery or reversal	Write off	Others	
Provision for bad debts of other receivables	362,460.25	-308,814.38				53,645.87
Total	362,460.25	-308,814.38				53,645.87

### 4) Other receivables actually written off during the period

None.

### 5) Information about top 5 other receivables in terms of ending balances by debtors

Unit: RMB

Entity name	Nature of amount	Balance as at December 31, 2022	Aging	Proportion in the total ending balance of other receivables	Balance of provision for bad debts as at December 31, 2022
Entity No.1	Current account	321,546,094.44	Within 1 year	36.02%	
Entity No.2	Current account	204,322,387.66	Within 1 year	22.89%	

Entity No.3	Current account	200,000,000.00	Within 1 year	22.40%	
Entity No.4	Current account	98,800,000.00	Within 1 year, 1-2 years	11.07%	
Entity No.5	Current account	52,000,000.00	Within 1 year	5.83%	
Total		876,668,482.10		98.21%	

**6) Receivables involving government grants**

None

**7) Other receivables derecognized as a result of a transfer of financial assets**

None

**8) Amounts of assets, liabilities as a result of transfer of other receivables and constant involvement**

None

**3. Long-term equity investments**

Unit: RMB

Item	Balance as at December 31, 2022			Balance as at January 1, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	53,532,868,172.53		53,532,868,172.53	45,999,174,249.61		45,999,174,249.61
Investments in associates and joint ventures	25,693,722.20		25,693,722.20	36,876,188.39		36,876,188.39
Total	53,558,561,894.73		53,558,561,894.73	46,036,050,438.00		46,036,050,438.00

**(1) Investment in subsidiaries**

Unit: RMB

Investee	Balance as at January 1, 2022 (book value)	Increase/decrease in 2022				Balance as at December 31, 2022 (book value)	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Provision for impairment	Others		
Jiangsu Guowang High-tech Fibre Co., Ltd.	12,732,999,999.81		12,732,999,999.81				
Shenghong New Materials (Suqian) Co., Ltd.	2,000,000,000.00	430,000,000.00	2,430,000,000.00				
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	120,000,000.00					120,000,000.00	

Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	235,000,000.00					235,000,000.00	
Jiangsu Shenghong Petrochemical Industry Development Co., Ltd.	13,395,000,000.00	24,305,072,645.30				37,700,072,645.30	
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)	3,324,473,348.84		3,324,473,348.84				
Lianyungang Shenghong Refinery Industrial Fund Partnership (Limited Partnership)	2,946,124,205.52		2,946,124,205.52				
Suzhou Shengze Real Estate Leasing Co., Ltd.	1,000,000.00	210,416,889.42				211,416,889.42	
Suzhou Shengze Warehousing Management Co., Ltd.	1,000,000.00	93,385,118.09				94,385,118.09	
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.		6,235,495,949.86	6,235,495,949.86				
Jiangsu Sierbang Petrochemical Co., Ltd.	11,243,576,695.44		11,243,576,695.44				
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.		15,162,999,999.81				15,162,999,999.81	
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.		2,993,519.91				2,993,519.91	
Shenghong (Shanghai) New Material Technology Co., Ltd.		6,000,000.00				6,000,000.00	
<b>Total</b>	<b>45,999,174,249.61</b>	<b>46,446,364,122.39</b>	<b>38,912,670,199.47</b>			<b>53,532,868,172.53</b>	

**(2) Investment in associates and joint ventures**

Unit: RMB

Investment unit	Balance as at January 1, 2022 (book value)	Increase/decrease in this period								Balance as at December 31, 2022 (book value)	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Tianjiao Technology Venture Capital Co., Ltd.	36,876,188.39			2,817,533.81			14,000,000.00			25,693,722.20	
Sub-total	36,876,188.39			2,817,533.81			14,000,000.00			25,693,722.20	
Total	36,876,188.39			2,817,533.81			14,000,000.00			25,693,722.20	

**4. Revenue and cost of sales**

Unit: RMB

Item	Amount in this period		Amount in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	1,128,605,676.47	907,563,053.07	1,162,776,905.67	900,142,766.21
Other business	5,628,743,831.52	5,629,452,895.69	5,632,983,361.89	5,550,505,487.76
Total	6,757,349,507.99	6,537,015,948.76	6,795,760,267.56	6,450,648,253.97

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted but not yet performed or not yet completed as of the end of the reporting period was RMB2,637,522,189.17, of which RMB2,637,522,189.17 is expected to be recognized as revenue in 2023.

**5. Investment income**

Unit: RMB

Item	Amount in this period	Amount in the previous period
Long-term equity investment income calculated under the cost method		2,700,000,000.00
Long-term equity investment income calculated under the equity method	2,817,533.81	14,397,830.28
Investment income from Held-for trading financial assets during the holding period	2,855,653.29	2,735,606.01
Investment income obtained from disposal of Held-for trading financial assets	-901,990.45	234,674,418.72
Dividend income earned during the holding of Other equity instrument investments	3,817,017.83	1,257,381.70
Total	8,588,214.48	2,953,065,236.71

**XVIII. Supplementary information****1. Breakdown of current non-recurring profit or loss**

Applicable  Not applicable

Unit: RMB

Item	Amount	Description
Profit or loss from disposal of non-current assets	481,218,050.71	
Government subsidies included in the current profit or loss (except for government subsidies closely related with the normal business of the Company, obtained by quota or quantity in accordance with the policies and provisions of the State)	113,128,393.46	
Profit or loss from assets investment or management entrusted to other persons	721,617.52	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date	-9,604,876.38	
Profit or loss on changes in fair values of Held-for trading financial assets and Held-for trading financial liabilities and investment income obtained from disposal of Held-for trading financial assets, Held-for trading financial liabilities and Held-for trading financial assets, except for effective hedging operations associated with the company's normal operations	-14,061,568.84	
Impact on the current profit or loss of the one-time adjustment to the current profit or loss made as required by the laws and regulations on tax and accounting	3,634,531.80	
Other non-operating income and expenses except for the above-mentioned items	33,229,231.60	
Less: income tax effects	144,765,979.19	
Affected amount of non-controlling interests	406,206.42	
Total	463,093,194.26	--

Other items of profit or loss subject to the definition of non-recurring profit or loss:

Applicable  Not applicable

The Company had no other specific gain and loss items that meet the definition of non-recurring gains and losses.

Explanations on defining the non-recurring profits or losses listed in the Explanatory Announcement on Information Disclosure by Companies that Issue Securities to the Public No.1 - Non-Recurring Profit or Loss as recurring profits or losses

Applicable  Not applicable

**2. Return on net assets and earnings per share**

Profit during the reporting period	Return on weighted average net assets	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net profit attributable to ordinary shareholders of the Company	1.88%	0.09	0.08
Net profit attributable to ordinary shareholders of the Company after deducting the non-	0.29%	0.01	0.01

recurring profit or loss			
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**3. Accounting data difference between the domestic and overseas accounting standards****(1) Differences between net profit and net assets in financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards**

Applicable  Not applicable

**(2) Differences between net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards**

Applicable  Not applicable

**Jiangsu Eastern Shenghong Co., Ltd.**

**Chairman: Miao Hangen**

**April 17, 2023**